

Annex

Official Journal

of the

European Communities

No 231

June 1978

English edition

Debates of the European Parliament

1978-1979 Session

Report of Proceedings

from 12 to 16 June 1978

Europe House, Strasbourg

Contents

Sitting of Monday, 12 June 1978	1
Resumption of session, p. 2 — Appointment of Members and verification of credentials, p. 2 — Election of chairman of political group, p. 2 — Committees, p. 2 — Petitions, p. 2 — Transfer of appropriations, p. 2 — Authorization of reports, p. 2 — Documents received, p. 3 — Texts of treaties, p. 5 — Withdrawal of motion for resolution, p. 6 — Order of business, p. 6 — Speaking-time, p. 7 — Estimates of Parliament, p. 8 — Action taken on Parliament's opinions, p. 8 — Safety and health at work, p. 10 — Cardio-vascular diseases, p. 19 — Fire safety regulations, p. 23 — Parliament's working languages, p. 28 — Transfer of appropriations, p. 33 — Marine pollution, p. 34 — Safety in shipping, p. 36 — Next sitting, p. 36.	
Sitting of Tuesday, 13 June 1978	37
Minutes, p. 39 — Documents, p. 39 — Urgent procedure, p. 39 — Armaments procurement cooperation (contd), p. 42 — Question Time, p. 62 — Votes, p. 69 — Armaments procurement cooperation (contd), p. 71 — Estimates of Parliament, p. 77 — Agricultural prices, p. 86 — Oils and fats, p. 95 — Monetary compensatory amounts, p. 95 — Floods in Germany, p. 102 — Next sitting, p. 103.	
Sitting of Wednesday, 14 June 1978	105
Minutes, p. 107 — Urgent procedure, p. 107 — Danish presidency — Situation in Africa, p. 107 — Question Time (resumption), p. 133 — Votes, p. 145 — Danish presidency — Situation in Africa (contd), p. 146 — Agenda, p. 150 — Fishing, p. 151 — Inter-institutional dialogue on budgetary questions, p. 181 — Next sitting, p. 182 — Annex, p. 183.	

(Continued overleaf)

NOTE TO READER

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

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

Contents (continued)

Sitting of Thursday, 15 June 1978 186

Minutes, p. 188 — Documents, p. 188 — Texts of treaties, p. 188 — Committees, p. 188 — Resolution pursuant to Rule 47 (5), p. 188 — Agenda, p. 189 — EEC-CMEA relations, p. 190 — Agenda, p. 206 — Multilateral negotiations in GATT, p. 206 — Question Time (conclusion), p. 211 — Votes, p. 216 — Multilateral negotiations in GATT (contd), p. 218 — Code of conduct for multinationals, p. 236 — Abuse of dominant positions, p. 241 — Group accounts, p. 242 — Accounts of railway undertakings, p. 249 — VAT, p. 253 — Milk and milk products, p. 255 — Next sitting, p. 260 — Annex, p. 262.

Sitting of Friday, 16 June 1978 272

Minutes, p. 274 — Documents, p. 274 — Texts of treaties, p. 274 — Committees, p. 274 — Release of appropriations, p. 275 — Statement by President, p. 275 — Pigmeat, p. 275 — Prepackaged liquids, p. 280 — Residential adult education, p. 282 — Heifers, cows and bulls, p. 291 — Agricultural products from Cyprus, p. 291 — Stores of vessels, aircraft and international trains, p. 294 — International telex rates, p. 294 — ITT bribery, p. 295 — Release of appropriations, p. 297 — Votes, p. 297 — Next part-session, p. 301 — Minutes, p. 301 — Adjournment, p. 301.

Resolutions adopted at sittings of 12 to 16 June 1978 appear in the Official Journal of the European Communities C 163 of 10. 7. 1978.

SITTING OF MONDAY, 12 JUNE 1978

Contents

1. Resumption of the session	2	<i>Mr Vredeling, Vice-President of the Commission; Mr Spicer; Mrs Squarcialupi</i>	21
2. Appointment of Members and verification of credentials	2	17. Fire safety regulations — Report by Mr Spicer on behalf of the Committee on the Environment, Public Health and Consumer Protection (Doc. 95/78):	
3. Election of the chairman of a political group	2	<i>Mr Spicer, rapporteur</i>	23
4. Membership of the committees	2	<i>Mr Feit, on behalf of the Liberal and Democratic Group; Mr Nyborg, on behalf of the Group of European Progressive Democrats; Sir Brandon Rhys-Williams, on behalf of the European Conservative Group; Mr Vredeling, Vice-President of the Commission; Mr Spicer</i>	25
5. Petitions	2	18. Oral Question with debate: Working languages of Parliament (Doc. 571/77):	
6. Transfer of appropriations	2	<i>Mrs Cassanmagnano-Cerretti, author of the question</i>	28
7. Authorization of reports	2	<i>Mr Vredeling Vice-President of the Commission; Mr Dalyell; Mr Cifarelli; Mr Veronesi; Mr Nyborg; Mr Vredeling; Mr Dalyell; Mr Vredeling</i>	29
8. Documents received	3	19. Transfer of appropriations from the 1977 to the 1978 financial year — Report by Lord Bruce of Donington on behalf of the Committee on Budgets (Doc. 149/78):	
9. Texts of treaties forwarded by the Council	5	<i>Lord Bruce of Donington, rapporteur</i> . . .	33
10. Withdrawal of a motion for a resolution	6	<i>Mr Vredeling, Vice-President of the Commission</i>	33
11. Order business:		20. Marine pollution — Interim report by Lord Bruce of Donington on behalf of the Committee on Regional Policy Regional Planning and Transport (Doc. 147/78):	
<i>Mr Nyborg</i>	6	<i>Lord Bruce of Donington, rapporteur</i> . . .	34
12. Limit on speaking-time	7	<i>Mr Vredeling, Vice-President of the Commission; Mr Veronesi, draftsman of an opinion: Lord Bruce of Donington</i> . . .	35
13. Amendments to the estimates of Parliament	8	21. Directive on safety in shipping — Interim report by Lord Bruce of Donington on behalf of the Committee on Regional Policy, Regional Planning and Transport (Doc. 162/78)	36
14. Action taken by the Commission on the opinions of Parliament:		22. Agenda for the next sitting	36
<i>Mr Vredeling, Vice-President of the Commission; Lord Bruce of Donington; Mr Dalyell; Mr Vredeling</i>	8		
15. Safety and health at work — Report by Mrs Squarcialupi on behalf of the Committee on the Environment, Public Health and Consumer Protection (Doc. 97/78):			
<i>Mrs Squarcialupi, rapporteur</i>	10		
<i>Mr Ellis, on behalf of the Socialist Group; Mr Feit, on behalf of the Liberal and Democratic Group; Mr Veronesi, on behalf of the Communist and Allies Group; Mr Brugha, on behalf of the Group of European Progressive Democrats; Mrs Ewing; Mr Brown, on behalf of the Socialist Group; Mr Vredeling, Vice-President of the Commission</i>	11		
16. Oral Question with debate: Cardiovascular diseases (Doc. 139/78):			
<i>Mrs Krouwel-Valm, author of the question</i>	19		

IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 5.00 p.m.)

President. — The sitting is open.

1. *Resumption of the session*

President. — I declare resumed the session of the European Parliament adjourned on 12 May 1978.

2. *Appointment of Members and verification of credentials*

President. — On 18 May 1978, the National Assembly of the French Republic appointed the following Members of the European Parliament :

Mr Gustave Ansart, Mr Vincent Ansquer, Mr Gérard Bordu, Mr Jean-Marie Garo, Mr Michel Cointat, Mr Jean-Pierre Cot, Mr Maurice Faure, Mr René Feit, Mr Raymond Forni, Mr Paul Granet, Mr Michel Inchauspé, Mr Pierre Joxe, Mr Gabriel Kaspereit, Mr Pierre-Charles Krieg, Mr Pierre Lagorce, Mr Jean Laurain, Mr Albert Liogier, Mr Christian de la Malène, Mr Emile Muller, Mr Georges Piantat, Mr Antoine Porcu, Mr Hector Rivierez, Mr André Rossi, Mr Soury.

At its meeting of 25 May 1978, the enlarged Bureau verified the credentials of these Members, pursuant to Rule 3 (1) of the Rules of Procedure, and ascertained that their appointments complied with the provisions of the Treaties.

Since there are no objections, these appointments are ratified.

I congratulate the Members whose mandates have been renewed and welcome the new Members to the House.

3. *Election of the chairman of a political group*

President. — The Liberal and Democratic Group has informed me that it has elected Mr Pintat as its chairman.

I congratulate Mr Pintat on behalf of the House.

4. *Membership of committees*

President. — I have received from the Liberal and Democratic Group requests for the appointment of

— Mr Cifarelli, as a member of the Committee on Economic and Monetary Affairs, to replace Mr Feit ;

— Mr Feit, as a member of the Committee on Development and Cooperation and of the ACP-EEC Consultative Assembly.

Since there are no objections, these appointments are ratified.

5. *Petitions*

President. — I have received from Mr W. Yorck and 89 other signatories, all members of the temporary staff employed by the political groups or officials of the European Parliament, a petition on severance insurance for temporary staff.

This petition has been entered under No 10/78 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 that same rule.

At its meeting of 24 May 1978, the Committee on the Rules of Procedure and Petitions also considered Petition No 8/77, by Mrs Rosenzweig, on behalf of the 'Mondial Alternatif' Foundation. It decided to file it without further action, pursuant to Rule 48 (4) of the Rules of Procedure.

6. *Transfer of appropriations*

President. — On the basis of a procedural decision taken by Parliament at its sitting of 18 September 1973. I have, at the unanimous request of the Committee on Budgets, informed the Commission and Council of the committee's views on the transfer of appropriations contained in Working Document 46/78, on which Parliament had been consulted on 6 April 1978.

The Committee on Budgets has had no particular comment to make concerning the transfer of 145 000 EUA for the construction of buildings and 150 000 EUA for the assessment and utilization of research findings. As regards the transfer of 120 000 EUA for studies of limited scope, however, the committee felt that as the Commission had not provided all the information required under the Financial Regulation, the deadlines were considered as being suspended.

At this point I should also like to state that the Bureau will examine as soon as possible the procedural problems arising from the new Financial Regulation with a view to enabling Parliament to assume as competently as possible the responsibilities conferred on it.

7. *Authorization of reports*

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

— *Committee on Social Affairs, Employment and Education :*

President

- report on the creation of a European Youth Forum to be recognized and financially assisted by the Community;
- report on certain aspects of the policy to aid handicapped persons;
- *Committee on Energy and Research*;
- report on the guidelines for Community research on energy production based on nuclear fusion;
- *Committee on Development and Cooperation*;
- report on negotiations for the renewal of the Lomé Convention — the *Committee on External Economic Relations* has been asked for an opinion.

8. *Documents received*

President. — I have received the following documents:

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

- proposal for a decision adopting a programme of research for the European Atomic Energy Community on safety in thermal water reactors (indirect nuclear action) — (Doc. 124/78)

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

- proposal for a decision adopting a programme concerning the decommissioning of nuclear power plants (Doc. 126/78)

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

- proposal for an eighth directive pursuant to Article 54 (3) (g) of the EEC Treaty concerning the approval of persons responsible for carrying out statutory audits of the annual accounts of limited liability companies (Doc. 127/78)

which has been referred to the *Legal Affairs Committee* as the committee responsible and to the *Committee on Economic and Monetary Affairs* for its opinion;

- **proposal for a regulation on a common measure for forestry in certain dry Mediterranean zones of the Community (Doc. 130/78)**

which has been referred to the *Committee on Agriculture* as the committee responsible and to the *Committee on Regional Policy, Regional Planning and Transport* and the *Committee on Budgets* for their opinions;

- amended proposal for a regulation amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products (Doc. 133/78)

which has been referred to the *Committee on Agriculture*;

- proposal for a directive amending the Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation (Doc. 134/78)

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

- draft regulation on the conclusion of the Supplementary Protocol to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus and the Protocol laying down certain provisions relating to trade in agricultural products between the European Economic Community and the Republic of Cyprus (Doc. 135/78)

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

- a common position of the Council of the European Communities on the proposal for a Regulation concerning financial and technical aid to non-associated developing countries (Doc. 151/78)

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

- a common position of the Council of the European Communities on the proposal for a decision empowering the Commission to contract loans for the purpose of promoting investment within the Community (Doc. 152/78)

which has been referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Regional Policy, Regional Planning and Transport for their opinions;

- proposal for a regulation amending Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats (Doc. 153/78)

which has been referred to the *Committee on agriculture*;

President

- proposal for a Ninth Directive on the harmonization of the laws of the Member States Directive on the harmonization of the laws of the Member States relating to turnover taxes (derogation from Article 1 of Sixth Council VAT Directive of 17 May 1977) (Doc. 155/78)

which has been referred to the Committee on Budgets ;

— proposals for :

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for wines of fresh grapes falling within subheading ex 22.05 of the Common Customs Tariff, originating in Cyprus
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for liqueur wines falling within subheading ex 22.05 of the Common Customs Tariff originating in Cyprus
- III. a regulation opening, allocating and providing for the administration of a Community tariff quota for table grapes falling within subheading No ex 08.04 A I of the Common Customs Tariff, originating in Cyprus

(Doc. 160/78)

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

- proposal for a directive concerning the Ratification of the Convention on safety in shipping (Doc. 161/78)

which has been referred to the Committee on Regional Policy, Regional Planning and Transport ;

- a proposal for a regulation amending Regulation (EEC) No 2759/75 on the common organization of the market in pigmeat (Doc. 164/78)

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

(b) from the committees, the following reports :

- by Lord Reay, on behalf of the Political Affairs Committee, on the internal procedures of the European Parliament (Doc. 128/78) ;
- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council (Doc. 12/78) for a regulation laying down the customs procedure applicable to the stores of vessels, aircraft and international trains (Doc. 129/78) ;

- by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission of the European Communities to the Council (Doc. 462/77) for a regulation amending Regulation (EEC) No 1192/69 on common rules for the normalization of the accounts of railway undertakings (Doc. 142/78) ;

- by Mr Vanderwiele, on behalf of the Committee on External Economic Relations, on the effects of the Community's trade policy on the level of economic activity in the nine Member States (Doc. 143/78) ;

- by Mr Shaw, on behalf of the Committee on Budgets, on the unfreezing of appropriations entered under chapter 21 of the budget of the European Communities for the 1978 financial year (Doc. 144/78) ;

- by Mr Spicer, on behalf of the Committee on External Economic Relations, on a draft Council Regulation (Doc. 135/78) on the conclusion of the Supplementary Protocol to the Agreement establishing an association between the European Economic Community and the Republic of Cyprus and the protocol laying down certain provisions relating to trade in agricultural products between the European Economic Community and the Republic of Cyprus (Doc. 146/78) ;

- by Lord Bruce of Donington on behalf of the Committee on Regional Policy, Regional Planning and Transport on the communication and the proposals from the Commission of the European Communities to the Council (Doc. 121/78) on marine pollution arising from the carriage of oil 'Amoco Cadiz' (Doc. 147/78) ;

- by Lord Reay, on behalf of the Political Affairs Committee on inter-institutional relations (Doc. 148/78) ;

- by Lord Bruce, of Donington on behalf of the Committee on Budgets on the initial list of requests for the carry-over of appropriations from the 1977 to the 1978 financial year (non-automatic carry-overs) — (Doc. 122/78) — (Doc. 149/78) ;

- by Mr Cointat, on behalf of the Committee on Budgets on the inter-institutional dialogue on certain budgetary questions (Doc. 150/78) ;

- by Mr Cifarelli on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 153/78) for a regulation amending Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats (Doc. 154/78) ;

- by Mr Ripamonti, on behalf of the Committee on Budgets on the estimates of revenue and expenditure of the European Parliament for the financial year 1979 (Doc. 156/78) ;

- by Mrs Kellett-Bowman, on behalf of the Committee on Social Affairs, Employment and Education on residential adult education as an element of the European Community's education policy (Doc. 281/77) — (Doc. 158/78) ;

- by Lord Bruce of Donington, on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission of the European Communities to the Council in Safety in Shipping (Doc. 162/78) ;

President

(c) the following oral questions without debate :

- by Mr Seefeld to the Commission of the European Communities on differing rates for international telex lines (Doc. 137/78);
- by Mr Hamilton to the Commission of the European Communities on alleged bribery in Europe by the American International Telephone and Telegraph Corporation (Doc. 138/78);

(d) the following oral questions with debate :

- by Mrs Krouwel-Vlam, on behalf of the Committee on the Environment, Public Health and Consumer Protection to the Commission of the European Communities on Community preventive action on cardio-vascular diseases (Doc. 139/78);
- by Mr Rippon, Mr Scott-Hopkins, Mr Spicer and Lord Bethell on behalf of the European Conservative Group to the Council of the European Communities on common strategy for an economic recovery (Doc. 140/78),
- by Mr Haase, Mr Patijn, Mr Lange, Mr Dondelinger, Mrs Dahlerup, Lord Bruce of Donington and Mr Dankert to the Commission of the European Communities on abuse of power by firms with a dominant market position (Doc. 141/78);

(e) For Question Time on 13, 14 and 15 June 1978, pursuant to Rule 47A of the Rules of Procedure, oral questions by

- Mrs Walz, Mr Scott-Hopkins, Mr Noè, Lord Bessborough, Sir Geoffrey de Freitas, Mr Hoffmann, Mr Edwards, Mr Kavanagh, Mr Johnston, Mr Patijn, Mr Fitch, Mr Osborn, Lord Reay, Mr Brown, Mr Muller, Mr Glinne, Mrs Dahlerup, Mr Mitchell, Mr Yeats, Mr Herbert, Mrs Dunwoody, Mr Howell, Mr Dalyell, Mr Geurtsen, Mrs Kellelt-Bowman, Mr Ryan, Mr van Aerssen, Mr Ibrugger, Mr Seefeld, Mr Brosnan, Mr McDonald, Mr L'Estrange, Mr Schyns, Mr Caillavet, Mr Fellermaier, Mr Schmidt, Mr Jakobsen, Mr Brugha, Mr Delmotte, Mrs Walz, Mr Osborn, Mr Brown, Sir Geoffrey de Freitas, Mr Stetter, Mr Ryan, Mr Bertrand, Lord Bessborough, Mr Howell, Mrs Dunwoody, Mr Dalyell, Mr Schyns, Mr McDonald, Mr L'Estrange, Mr Kofoed, Mr Fellermaier, Mr Berkhouwer, Lord Reay, Mr Schmidt, Sir Geoffrey de Freitas, Mr Ryan, Mr Spicer, Mr Dondelinger, Mrs Dunwoody, Mr L'Estrange and Mrs Dahlerup (Doc. 33/78);

(f) from the Council :

- opinion of the Council on the proposal for the transfer of appropriations between chapters in Section V — Court of Auditors — of the general budget of the European Communities for the financial year 1978 (Doc. 99/78)

(Doc. 125/78)

which has been referred to the Committee on Budgets :

This proposal was approved by Parliament when it adopted the Cointat report (Doc. 113/78) on 11 May 1978.

(g) from the Commission :

- operating accounts and financial statements relating to the budget operations for the financial year 1976 (Doc. 132/78-I) Volumes I, II, III A, III B and financial management analysis (Doc. 132/78-II)

report of the Audit Board on the accounts for the financial year 1976 and the Institutions' replies

— Volumes One and Two

(Doc. 132/78-III);

which have been referred to the Committee on Budgets ;

On 5 June 1978 :

- proposals for the transfer of appropriations between chapters in Section III — Commission — of the General Budget for the European Communities for the financial year 1978 (Doc. 159/78)

which has been referred to the Committee on Budgets ;

As these proposals concern expenditure not necessarily resulting from the Treaties I have consulted the Council on behalf of Parliament, pursuant to the provisions of the Financial Regulation.

(h) from the Joint Parliamentary Committee of the EEC-Greece Association, a recommendation adopted at Salonika on 17 May 1978 (Doc. 131/78)

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

(i) from the EEC-Greece Association Council, a report on the activities of the Association Council (May 1977 to April 1978) (Doc. 145/78)

which has been referred to the Committee on External Economic Relations.

9. Texts of treaties forwarded by the Council

President. — I have received from the Council certified true copies of :

- Agreement between the European Economic Community (EEC) and Belgium, Denmark, the Federal Republic of Germany, France, Ireland, Italy, Luxembourg, the Netherlands, the United Kingdom, Member States of that Community (Member States), on the one hand, and the International Development Association on the other hand ;
- Supplementary protocol to the agreement establishing an association between the European Economic Community and the Republic of Cyprus ;
- Protocol laying down certain provisions relating to trade in agricultural products between the European Economic Community and the Republic of Cyprus, and final act ;
- Agreement in the form of an exchange of letters amending Annex A to Protocol No 1 to the agreement between the European Economic Community and the Swiss Confederation ;
- Act of notification of the approval by the Community of the trade agreement between the European Economic Community and the People's Republic of China ;

These documents have been deposited in Parliament's archives.

10. *Withdrawal of a motion for a resolution*

President. — I have been informed by Mr Kofoed that he is withdrawing his motion for a resolution (Doc. 123/78), tabled on behalf of the Liberal and Democratic Group, on air transport fares.

11. *Order of business*

President. — The next item is the order of business. At its meeting of 24 May 1978, the enlarged Bureau drew up the draft agenda which has been distributed.

On 24 May 1978 the Committee on Regional Policy, Regional Planning and Transport approved two interim reports by Lord Bruce of Donington on marine pollution (Doc. 147/78) and the ratification of certain conventions on safety in shipping (Doc. 162/78).

In view of the fact that the Council of Transport Ministers is meeting today, the committee responsible has asked that Parliament should consider these two interim reports as the last items on today's agenda. The enlarged Bureau had already approved this request, but was unable to place these items on the agenda since they had not been approved by the committee. The two documents have now been distributed and I believe the House will wish to include them on today's agenda.

Since there are no objections, that is agreed.

I have received requests for urgent debate, pursuant to Rule 14 (1) of the Rules of Procedure, on:

- the proposal for a Nine Directive on the harmonization of the laws of the Member States relating to turnover taxes (derogation from Article 1 of Sixth Community VAT Directive of 17 May 1977)

(Doc. 155/78);

This derogation is to enable Germany, Denmark, France, Italy, Ireland, Luxembourg and the Netherlands to implement the provisions of the directive on 1 January 1979.

- the proposal for a regulation on pigmeat

(Doc. 164/78)

I have been informed that the Committee on Agriculture will be considering this item at its meeting today.

At this point I should like to ask the Council and the Commission to ensure that, in future, the texts of items for consultation, whether urgent or not, reach Parliament in good time and in all the Community languages. In the case of the item on VAT, despite repeated requests by our administration, the relevant documents were not received until 8 June and were incomplete even so.

I also have requests for urgent procedure for:

- the motion for a resolution tabled by Mr Lagorce on behalf of the Socialist Group, Mr Klepsch on behalf of the Christian-Democratic Group (EPP Group), Mr Pintat on behalf of the Liberal and Democratic Group, Mr de la Malène on behalf of the Group of European Progressive Democrats, Mr Scott-Hopkins on behalf of the European Conservative Group and Mr Pistillo on behalf of the Communist and Allies Group on the political situation in Africa (Doc. 136/78)
- the report drawn up by Mr Cointat, on behalf of the Committee on Budgets, on the inter-institutional dialogue on certain budgetary questions (Doc. 150/78);
- the motion for a resolution tabled by Mr Bangemann, on behalf of the Liberal and Democratic Group, on the flood disaster in Baden-Württemberg, Bavaria and Rhineland Palatinate (Doc. 163/78).

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

I now propose the following order of business:

This afternoon:

- Commission statement on action taken on the opinions of Parliament
- Squarcialupi report on safety and health at work
- Oral question with debate to the Commission on cardio-vascular diseases
- Spicer report on fire safety regulations
- Oral question with debate to the Commission on the working languages of the Parliament
- Bruce report on the carry-over of appropriations from 1977 to 1978
- Bruce interim report on marine pollution
- Bruce interim report on safety in shipping

Tuesday, 13 June 1978, 10.00 a.m. and afternoon:

- Vote on requests for urgent debate
- Klepsch report on European armaments procurement cooperation
- Ripamont report on the estimates of Parliament for 1979
- Commission statement on agricultural prices
- Cifarelli report on oils and fats (without debate)
- Oral question with debate to the Commission on monetary compensatory amounts

3.00 p.m.:

- Question Time (questions to the Commission)

3.45 p.m.:

- Voting time (vote on motions for resolutions on which the debate has closed)

Wednesday, 14 June 1978, 9.30 a.m. and afternoon:

- Council statement on the Danish presidency

President

- Oral question with debate to the Council on economic recovery
- Motion for a resolution by all the groups on the political situation in Africa¹
- Joint debate on the Schmidt report, the Corrie report, an oral question to the Council and three oral questions to the Commission on the fisheries policy

3.00 p.m.:

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

4.30 p.m.:

- Voting time

Thursday, 15 June 1978, 10.00 a.m. and afternoon:

- Possibly, Ripamonti supplementary report on the estimates of Parliament for 1979
- Schmidt report on relations between the EEC and Comecon
- Cousté report on multilateral negotiations in GATT
- Oral question with debate to the Commission on multinationals
- Oral questions with debate to the Commission on the abuse of dominant positions
- Schwörer report on group accounts
- Nyborg report on the accounts of railway undertakings

3.00 p.m.:

- Question Time² (questions to the Commission)

3.45 p.m.

- Voting time

Friday, 16 June 1978

9.00 a.m.:

- Brown report on pre-packaged liquids
- Kellett-Bowman report on adult education
- Tolman report on tariff quotas for heifers, cows and bulls
- Spicer report on the EEC-Cyprus Association Agreement
- Nyborg report on the stores of vessels, aircraft and international trains
- Oral question without debate to the Commission on international telex rates
- Oral question without debate to the Commission on alleged bribery in Europe by the ITT

End of sitting:

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

Are there any comments?

I call Mr Nyborg.

Mr Nyborg. — (DK) Mr President, the chairman of the Committee on Economic and Monetary Affairs is unfortunately absent and I would therefore like to point out to you and the honourable Members that since the beginning of February our committee has constantly called for a debate with the Council on the abolition of frontier formalities and completion of the customs union and the internal market. First of all, the Bureau changed the committee's oral question into a question for Question Time. The committee had therefore for procedural reasons to adopt a new oral question to the Council in the middle of April for the express purpose of having the problem discussed at the June part-session. And now again the Bureau has postponed the debate.

When the committee submitted its report on the customs union all the political parties voted in favour of it. All the political parties see customs union as an essential aspect of the European Communities. Customs union is one of our cornerstones and we therefore consider it essential to discuss the problem with the Council. We have the Commission's support in this. We are therefore very disappointed to see that the topic has once again been taken off the agenda, or more correctly, was never put on it. I quite understand that the Bureau finds it difficult to include everything on the agenda and I do not expect that anything could be done about it at this sitting, but I would strongly urge the Bureau to promise the Committee on Economic and Monetary Affairs to put it on the agenda for the July part-session so that we can discuss the problem before the summer recess.

President. — Mr Nyborg, I shall submit the matter you have raised to the Bureau at its meeting next Thursday.

Are there any further comments?

The order of business is approved.

12. *Limit on speaking time*

President. — In accordance with our usual practice I propose that, except for the Klepsch report on armaments (Doc. 83/78), speaking time on all reports and motions for resolutions should be limited as follows:

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

At its meeting of 24 May 1978, the enlarged Bureau decided, pursuant to Rule 28 of the Rules of Procedure, that speaking time in the debate on the report (Doc. 83/78) by Mr Klepsch, on behalf of the Political Affairs Committee, on European armaments procurement cooperation, would be allocated as follows:

¹ Subject to Parliament's adopting urgent procedure.

President

Rapporteur and Commission (including replies):	60 minutes
Socialist Group :	30 minutes
Christian-Democratic Group (EPP Group):	25 minutes
Liberal and Democratic Group :	17 minutes
European Conservative Group :	15 minutes
Communist and Allies Group :	15 minutes
Group of European Progressive Democrats :	15 minutes
Non-attached Members :	7 minutes

Since there are no objections, that is agreed.

13. Amendments to the estimates of Parliament

President. — I have fixed the time limit for tabling amendments to the draft estimates of Parliament for the financial year 1979 at 10.00 a.m. on Tuesday, 13 June.

14. Action taken by the Commission on the opinions of Parliament

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

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, in May the Parliament delivered its opinion on twenty-one Commission proposals. It approved twelve of these proposals as they stood and proposed amendments to nine others. The Commission has informed you why it could not endorse five of these amendments; in four other cases, however, the Commission is able to agree with Parliament. I want to make a few remarks on this.

Tomorrow Mr Gundelach will be making a statement on the outcome of the meeting of the Council of Ministers of Agriculture in May.

I should like to say something further about the reports by Mr Hoffmann and Mr Tolman.

The fact that the Council meeting in May coincided with the European Parliament's part-session meant that the Commission did not take up a position, during the last part-session, on the report by Mr Hoffmann on an amended proposal for a regulation relating to the fixing of representative conversion rates in agriculture.

Parliament was informed that the Council of Ministers of Agriculture, at its meeting in May, adopted a resolution on 'agromonetary' questions but rejected the Commission's proposal. This then is the reason why the Commission is unable to take any action on Mr Hoffmann's report.

The Commission has, in addition, met with very strong opposition from the Member States to the proposal on which Mr Tolman drew up a report, namely the proposal for a regulation amending Regulation (EEC) No 974/71 as regards the price level to be taken into consideration for the calculation of monetary compensatory amounts.

After calculating the chances for having the proposal adopted, the Commission has drawn its conclusions and is considering withdrawing its proposal.

The opinions which Parliament has drawn up in recent months have nevertheless supported the Commission in its attempts to lower the monetary compensatory amounts. It will continue to follow this line of action.

At your last part-session my colleague, Mr Brunner, did not state a position on the amendments proposed in Mrs Walz' report to the amended proposal for a regulation on support for Community hydrocarbon exploration projects.

After examining the amendment proposed by Parliament as regards the division of decision-making powers between the Commission and Council, the Commission has now decided to amend its proposal in order to define its powers more closely. This amendment will very shortly be submitted to the Council and the Commission will be reporting on it to you at a later part-session.

The Commission will shortly be submitting to the Council an amended proposal taking account of the changes proposed by Mr Normanton in his report on a directive amending directive 68/414/EEC of 20 December 1968 requiring the Member States to hold minimum stocks of crude oil and/or oil products and on the need to improve Community policy on the storage of crude oil and oil products; these changes relate to Article 3 of the directive.

As regards Mr Guerlin's report on a directive on the protection of participants in home-study courses, the Commission has decided to adopt the new Article 4a proposed by Parliament relating to the legal recourse open to an organizer. The wording of this article will, however, differ somewhat from the text proposed by Parliament because of the need to adjust it to the provisions of other Community directives.

There is still some doubt in the Netherlands as to whether compulsory recognition is compatible with the Dutch constitution. The Commission therefore believes that a final decision on this will have to be left to the Council. The Commission shares the view of your Legal Affairs Committee that Article 100 provides the most direct legal basis for this directive. The Commission therefore sees no need for explicit reference to Articles 57, 177 and 128.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, you will recall that at the last part-session the Commission made a report on the actions it had taken on the proposals and opinions delivered by Parliament and that you yourself considered it generally desirable that the Commission should let us have in writing the particulars of where they have agreed or disagreed instead of gabbling off a series of statements which makes it very difficult to refer to any particular document. This is particularly the case for new Members, and we do have new Members here this afternoon. General Services has been good enough to provide us with Document No PE 53 871, which lists the opinions delivered by the European Parliament in the May 1978 part-session. I presume that the Commissioner has been provided with a copy of this document. It is therefore a pity that he didn't refer specifically to it. He could, for example, have facilitated the consideration by Members by referring to that document instead of to Mrs Walz's report, Mr Hoffmann's report, Mr Guerlin's report and so on, except that the report by Mr Tolman does not appear in the list. The reference number could have been given in each instance. I return to the proposal which I understand commanded your particular approval Mr President — that when we do get reports from the Commission on the action taken on Parliament's opinions these could be expressed in a coherent and written form so that they can be considered by Members. You will observe that there has been absolutely no improvement whatsoever since the last part-session, and I should be grateful if some steps could be taken to improve the situation.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, Mr Vredeling referred to the Normanton report on oil stocks and the problems of oil refineries and we understood him to say that this was being handed over to the Council to deal with. I would like to enquire, if he has it in his documents, precisely what the timing of decisions is likely to be in this matter. I ask, not out of idle curiosity but because at this very time decisions are being made about the possible future of a major oil-refining complex financed by the Daniel K. Ludwig Organization of the United States, in an area of the Cromarty Firth, which seems to some of us to be an extraordinary development in view of the fact that in most of our countries oil-refining capacities are running at 63 % or less. I am asking the Commission whether, in view of Mr Vredeling's statement that this has been given to the Council, they will look as hard as they can at this particular problem and look at it urgently, because, after all, they themselves are becoming involved by the allocation — a matter on which some of us on the Committee on Budgets have some doubts

— of some 10 million u.a. to ease the problems of oil refineries that are working at under-capacity. Some of us might think that among the recipients of Community benefits the international oil companies are not exactly the most needy, but nevertheless, this is the Commission's policy it has been challenged, it will be challenged again, and sometime during this week it will be extremely helpful to have a statement on the timing of these approaches and any further background information that may be available, because some of us have the greatest doubts not only about the policy of our own governments in this matter but also about the Commission that has allocated funds in a meaningless way.

President. — I should like to assure Lord Bruce that the new procedure for reports of this kind which had already been laid down by the Bureau, has been communicated to the Commission, and that we await its approval to put it into effect.

I should like to take this opportunity of asking Mr Vredeling to pass on this Assembly's urgent request for an appropriate response, so that the new procedure can be put into operation with effect from the next part-session.

I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission — (NL) Mr President, I was here in Parliament last time when Lord Bruce of Donington made a similar observation and I thought then that he was quite right. There are surely more intelligent activities than reading out a list like this; it could equally be provided in written form. Lord Bruce also said on the last occasion that this is a one-sided affair. I know that there has been some discussion between the Bureau and the representation of the Commission on the procedure to be followed. We have just received the Bureau's opinion and the Commission will have to determine its position on this. You know that we work as a collegiate body and that I cannot personally speak in the name of the Commission but only express my personal view on the matter. I personally feel that we could have managed things rather better than up to now. I gladly promise to pass your views on to the Commission and that we shall react as quickly as possible to your observations and to those of Lord Bruce.

Mr Dalyell spoke about Mr Normanton's report. I repeat — and I can do no more than this — that the Commission will shortly be submitting an amended proposal to the Council taking account of the changes adopted by Parliament in the light of the Normanton report. I cannot say exactly when we shall be making our submission, Mr Dalyell, but it will be done very soon. As to your other observations on the content of the proposal, I do not think that we have a debate on the agenda at present about refinery problems so that we cannot discuss the matter now.

15. *Safety and health at work*

President. — The next item is the report (Doc. 97/78) drawn up by Mrs Squarcialupi, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the

draft resolution of the Council of the European Communities on a Community action programme on safety and health at work.

I call Mrs Squarcialupi.

Mrs Squarcialupi, rapporteur. — (I) Mr President, we are about to discuss and, I hope, see the implementation of a programme which is of extreme importance to the citizens of our Community: our aim is to provide protection against industrial accidents and illness which attack the most precious asset of the Community countries — their labour force.

In Italy alone close on one hundred thousand persons have died in industrial accidents since the war and thousands more have been injured and disabled. We are therefore delighted that the Commission has worked out this action programme for safety and health at work to protect these men and women. Even if it has been presented later than we could have hoped and is merely an outline programme which may seem to fall short of the requests advanced some time ago by the Committee on Social Affairs, we still want to see it implemented as soon as possible; the report makes a great many points but we have refrained from proposing amendments so as to speed up the implementation of the programme. To be effective, however, this document must be backed by a genuine political resolve and by the participation of all the social partners and of the workers in particular.

I shall take the title of this programme as my point of departure: *safety and health at work*. Safety means protection against accidents and health the fight against occupational illnesses. Although the most impressive statistics relate to industrial accidents, the more dangerous, underlying aspect which tends to be neglected concerns occupational illnesses which are constantly increasing, given the large number of harmful substances which are processed in industry today. In Italy alone 72 types of occupational illness are recognized: 51 in industry and 21 in agriculture. While industrial accidents often involve the criminal responsibility of the entrepreneur concerned and have a much greater impact on public opinion, occupational illnesses are more subtle and develop more slowly; sometimes they are only discovered when a worker goes into retirement. That is why, when we

come to consider accidents and illness, greater emphasis must be placed than at present on occupational illnesses; such compensation as may be provided can never make up for the moral harm done.

I repeat, health has no price. Dangers and harmful influences at the workplace must be eliminated; it is not enough merely to lessen them.

But this concept has been overlooked for many years even by the trade unions: very often damage to health has merely been compensated for by financial payments. We consider that workers have an inalienable right to health and we want this programme of action to translate that principle into reality.

I shall now look at a number of paragraphs in the motion for a resolution. We greatly appreciated the fact that the Commission, in its efforts to avoid damage to health, is proposing to control not simply the typically physiological disorders but also the psycho-social factors which are perhaps of still greater interest to modern medicine. These psycho-social factors are to be found in the present division of labour, in the rigid supervisor-worker relationship, in the loss of professional skills and in the lack of job satisfaction experienced by workers; it is very interesting to note that these factors too are taken into account in the Community's action programme.

Another very interesting aspect is the need to take account of individual characteristics at the commencement of active life: we have placed particular emphasis on the special needs of migrant workers especially when they first arrive and have to contend with the trauma of a different cultural environment, different diets and different climatic conditions. They therefore require special attention, as do young workers and women for whom we consider greater protection to be necessary not only during their pregnancy but in all the years when they may become mothers. Our view may seem controversial but, at a time when we are fighting for greater emancipation of women and greater equality it would be wrong to introduce an element of inequality and to penalize women in the employment sector. But we must approach equality from the angle of diversity: genuine health protection consists in ensuring parity for women while having regard to their specific role in society when they become mothers.

I want also to stress our request for greater attention to be given to the design of equipment, plant and machinery which must ensure not merely incidental but effective protection against accidents and health

Squarcialupi

protection; we also feel that particular emphasis must be placed on maintenance of equipment and machinery at the workplace since this is generally a major source of harm to workers. I have recently been particularly impressed by a series of invitations which I have received in Italy to attend colloquies on the maintenance of agricultural machinery.

The time is ripe for progress in this sector in agriculture as well as in industry. In this connection we want to see small and medium-sized undertakings — including a good many agricultural holdings — providing the same level of safety and health protection for workers as is ensured in the big undertakings. In nationalized steel companies, for example, the accident rate is fairly low while it is very high in the secondary companies where workers have fewer safeguards; these are generally small companies in which the trade unions are less well represented.

I come now to the role of the industrial doctor: he must play a vital role in implementing this action programme for protection of the health and safety of workers. He must enjoy independence and have access to full information on the production process and the substances used in it. Those who are responsible for safeguarding the health of workers must be acquainted with the mechanisms of the production cycle which sometimes entail harmful factors. We want to open a breach in industrial secrecy as has already been done with the employment contracts of the Italian mechanical engineering industry. The role of the industrial doctor must be clearly defined, as must his training, to ensure the free movement of industrial doctors within the Community.

One vital point with which our approval of this proposal is bound up is that of the cooperation of all the social partners in the implementation of this programme. We are chosen to stress the involvement of workers because, in the presence of regulations drawn up by the best qualified experts and provisions based on careful study, it seems essential for these regulations and provisions to be implemented with the full cooperation of the workers directly concerned. We have seen strikes — by pilots, customs officers and magistrates for example — in all our countries as a result of the detailed application of the rules. However perfect the regulations may be, they will not be implemented unless the workers directly concerned are willing to do so and have the means of implementing them on the basis of their experience. That is why we are asking not only for the involvement of all the social partners but for an increased awareness among workers of their responsibility for their own health.

Resources and personnel are obviously needed for the implementation of a programme, as is apparent from the opinion of the Committee on Budgets attached to our report.

In conclusion, I would invite the Commission to act quickly and come forward with concrete proposals: the European elections are rapidly approaching and we must be able to promise not only welfare but also good health to our citizens; we must promise not only to eliminate or reduce unemployment but also that the workplaces created in the future will not be detrimental to their health. The Council of Ministers has had before it for almost one year a directive on workers in the polyvinyl chloride sector; I wish to remind the Council that experts throughout the world have now demonstrated that PVC is highly carcinogenic in its effects. The directive has been awaiting approval for almost a year although the carcinogenic effects of PVC make themselves felt in a matter of months, perhaps even days.

The Commission has shown good will in presenting this proposal, but it cannot be implemented without an equal demonstration of good will on the part of the Council of Ministers.

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

Mr Ellis. — Mr President, I would like, first of all, to congratulate Mrs Squarcialupi on her report and on her presentation of it, and also congratulate the Commission on — at last — bringing out this action programme. As Mrs Squarcialupi said, it has come later than the committee would have liked, but it is better to have it now than never at all, and therefore I am very happy indeed to be able to congratulate both parties. She is quite right when she says that the fundamental necessity in this field is the political will and I suspect that this is what has been lacking for so long in the past in all our countries. It is quite interesting in point of fact to compare the safety and health records of various sectors of industry in our countries and one can see quite clearly that the political aspect has been important, for it is the industry where there has been a political punch over a period of time which is invariably found to have a much tighter safety and health record. The general tradition, I think, of all our countries in the past has been that the safety and health provisions fall within a legislative ambit. Legislation exists in the various sectors of industry, whether it is in the factories or the atomic plants or the coalmines or the farms, legislation safeguarding the lives and limbs of the people who work in these sectors, but that particular legislative approach in the past, it seems to me, has been essentially a negative approach, negative in the sense that the legislation has come along *ex post facto*. An accident has occurred and then as a consequence of that accident legislation has been prepared, and it is interesting for example, to compare a hazardous industry like coal with an industry which is also very hazardous but which has not had quite the political punch and

Ellis

has not had the regulatory powers that have existed in the coal industry, an industry such as the construction industry. In the coal industry in my country and, I suspect, in some of the other countries of the Community, the fact that the industry was an extremely hazardous industry, the fact that over many years there was considerable loss of life so awakened public opinion that the political pressure was there, insisting on legislation, and legislation was enacted which codified the best practice current at a particular time in that particular industry; but for this reason one criticism to be made of that kind of approach is that it is a very after-the-occurrence approach rather than a positive approach planning for the future. In the construction industry, which is a much more fragmented industry, and where for all kinds of obvious reasons there have not been the political pressures, the regulations are nowhere nearly as strictly drawn up as they are in the coal industry, and therefore the comparison of the accident rates of the two industries rather surprises people, because one would expect the accident rate in coal to be considerably higher than in the construction industry, but especially in the smaller enterprises in the construction industry the accident rates compare badly with those in the coal industries. Another typical example of a fragmented industry is farming. I happen myself to live in a hill-farming area and during the last five years within 10 miles of my home I can think of at least three, possibly four, farm-workers who have been killed while driving tractors on steep hills on their farms. So it seems to me something more than simply this negative legislative approach is required. Just in making that point, though, I would like to express considerable disappointment at certain sections of opinion in my own country about the introduction of the tachometer. There is resistance to the introduction of this instrument, which seems to me an extraordinarily useful thing from the safety point of view. It has always rather surprised me, and I speak as one who knows the history of social legislation in the coalmines, that 150 years ago, when we passed legislation preventing the employment of children aged five underground in the mines, there was uproar from the coalowners, who said this would bankrupt the industry; but the industry carried on. The same thing happened at various stages in the 1930s: legislation was passed limiting the hours of work, again the coalowners said this would bankrupt the industry, but the industry carried on and everything was better. Therefore it does surprise me that, on this particular tachometer issue, it is the trade union which is saying that it is going to bankrupt the industry. This very essential social improvement, it seems to me, is being resisted for a number of reasons by the trade union movement, and I am very sorry indeed about it. I make this point in passing.

Well, having said all that, that is why I rather welcome the approach of the action programme, for it seems a more positive thing than this *ex post facto* legislation which has characterized action in this field

in the last 150 years. For example, the first point in the action programme here in paragraph 5 talks about an emphasis on incorporating safety aspects in the design and the production and the operation of various kinds of equipment. Well, a typical example is this tractor I spoke of. One would have thought that it would have been a fairly simple thing, quite positive, to have some kind of legislation to ensure that every tractor that is to be employed on a farm had certain design characteristics, like a very low centre of gravity or an inability to work above a certain gradient, and so forth, which I am sure, without knowing the precise figures, would have saved hundreds of lives in my country by now. Mrs Squarcialupi speaks in her report about differentiating between the prevention and the limitation of accidents. Here is the kind of positive thinking which I hope will result from this action programme, ensuring safety where otherwise safety is not ensured.

The other very good point, it seems to me, in the action programme is this question of the monitoring of the workers' safety and health. This raises the whole question of the inspectorate, not simply the State inspectorate, the factory inspectorate, the mines inspectorate or whatever, but also the whole question of workmen's inspectors. I was again disappointed to see in my country legislation passed fairly recently ensuring that workmen's inspectors be employed in a number of sectors in our industry, but it was quite clear that the appropriate provision for the right kind of workmen's inspector was not there. It seems quite obvious to me as a person who has had a long experience in an industry which did have workmen's inspectors that the workmen's inspector must be properly trained and properly qualified, and I certainly agree with Mrs Squarcialupi that he must have a great deal of authority and independence, just like the medical officer, so the workmen's inspector and, indeed, the State inspectorate. I used to go, and I speak as a former colliery manager, in fear and trembling of the coalmine's inspector; when the coalmine's inspector came on to the premises, one was really worried, because there was an important man, a highly salaried man, a man who was independent and who spoke about nothing but safety. He was not interested in your production, he was not interested in the wages your workpeople were getting, he was interested in only one thing and that was safety, and as a consequence to some extent it made up for this lack of political punch that ought to be there, but which unfortunately is far too often missing. I have a number of other points, but I have spoken longer than I intended to do, and I shall just finish on one other small point which I think is very important, because it does illustrate a point Mrs Squarcialupi mentions in her report. That is point 4 in the action programme referred to in paragraph 5 of Mrs Squarcialupi's report. This speaks about the assessment of risks in a particular industry. But one can, sometimes, I suspect, be led astray by an over-emphasis on the assessment of risks, because usually in a highly hazard-

Ellis

ous industry, where there is a great deal of risk, a great deal of safety work is done, many provisions are laid down to try to prevent accidents, as in coalmines, for example, where the accident rates now are remarkably low. The danger in that approach is that in a place like the house, where the housewife is working, where one assumes there are no risks at all, one finds in fact a great many accidents occurring, so that it is not simply enough to say that where there is a great deal of risk, that is where the effort must go. The effort must also go, it seems to me, in places wherever people have accidents, and I certainly take the point that Mrs Squarzialupi makes about the need for statistical evidence, because here — I speak rather subjectively, I have not got the figures — I suspect that, if one were to get the figures, one would find that there are many many accidents in the home, and this is the kind of place that nobody ever thinks of looking at when considering the need for safety devices.

I would like to end up once again by congratulating Mrs Squarzialupi on an excellent report and the Commission on introducing this action programme.

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

Mr Feit. — (*F*) Mr President, from the human, social and economic points of view it is absolutely essential to curb and indeed to eliminate, this social scourge by improving safety and health at work. The human consequences of these accidents are quite incalculable the economic, i.e. financial, consequences can on the other hand be calculated, and they involve astronomical figures. This situation cannot be regarded as satisfactory; economically, it is producing an increasing burden for our social security systems and from the social point of view it is inadmissible that the growth of industrialization and the resulting improvement in living standards should not be accompanied by an appreciable reduction in occupational hazards. It is true that national legislation has been enacted in this field, but coordinated and forceful Community measures are essential in so far as greater safety at work is a major factor in the improvement of working and living conditions, which is one of the chief objectives of the European Community.

Thus the Liberal and Democratic Group must welcome any steps to make the prevention and control of occupational hazards more effective.

In 1975, Mr Meintz drew up a report on the political guidelines for a programme for safety, hygiene and health protection at work. At the time, the Committee on Public Health and the Environment urged the Commission to draw up, as soon as possible, a

programme containing proposals for practical measures to be taken in individual undertakings.

The action programme now before us, two and a half years later, is, certainly, an important contribution in the light of the guidelines laid down in 1975, particularly since it gives a more precise and detailed description of the measures to be taken in the Community and the substantial increase in the appropriations earmarked for this purpose.

However, I cannot help feeling a little disappointed that the document submitted to us at the moment contains only a general outline programme which if it is to be put into effect, will have to be followed up with a series of practical measures, in other words directives. Almost three years have passed since the political guidelines were drawn up; if we have to wait another three for the directives, and then a further two years — which is the normal period — before they are implemented, eight years will have elapsed in all. For my part, I consider this far too long, especially since human lives are at stake.

Having said this, I must say that from the technical point of view the programme has been drawn up with great precision. To improve material working conditions, and the study of the causes of accidents and human behaviour at the work place the Commission is proposing six concrete initiatives. The rapporteur, Mrs Squarzialupi, whom I congratulate, on behalf of my group, on this report, has outlined these measures and I shall merely draw attention to certain points which I consider important.

The first aim is to incorporate safety features into the various stages of design, production and operation. A safety policy must do more than just protect employees after the event against hazards arising from the nature of the buildings or sites on which they work, the materials they use or the products they handle. Safety must be taken into account in designing the buildings, sites and materials and at the manufacturing stage. Safety must no longer be considered as something separate, to be dealt with at a later stage, but must be incorporated in the actual manufacturing process and be an integral part of that process.

It appears also that safety at work will be more effectively ensured if every employee is trained to be more aware of the risks inherent in this work and the methods employed to protect him. This training must be given at all educational levels and later adapted to the special needs of each occupational sector and each undertaking.

Felt

To conclude, I should like to point out that in view of the varying circumstances, a legislative document, however comprehensive, can never cover all the aspects of this problem. Legislation can only be effective if it is properly applied. Its scope will be limited if those who are supposed to apply it adopt a resigned or passive attitude. Discussion on working conditions must therefore be encouraged, since it is at the workplace itself, in the actual undertaking and on a long-term basis that safety can be improved. The person in charge of the undertaking has a major role to play in this field since he is responsible for the working conditions of his employees. But this responsibility is easier to fulfil if the workers are involved in work on prevention in the internal organs of the undertaking. Employers and workers must therefore be made more aware of their responsibilities in this field. They must all feel involved. However, there is no denying that there is still a great deal to be done in this field.

IN THE CHAIR : MR ZAGARI

Vice-President

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

Mr Veronesi. — *(I)* Mr President, ladies and gentlemen, I have little to add to the excellent report by Mrs Squarcialupi or to the observations made by previous speakers. We are all aware of the problem at issue here and we all agree on the need to find suitable solutions.

I have asked to speak in order to put on record the support of the Communist and Allies Group for this report. We agree on the general approach defined in the report and on the programmes put forward by the Commission. I would add that we agree because of a long-standing position of principle. I hope it will not seem paradoxical if I say that modern society must give priority to medicine for healthy persons — by which I mean that we must close the stable door before the horse has bolted, or that it is better to prevent rather than cure afterwards.

It has been pointed out that this approach has definite economic benefits. Prevention in fact costs much less than cure. Let us not forget this fundamental point. My second point is that in pursuing a policy of this kind it is necessary to make a sustained effort to overcome traditional opposition and ossified attitudes or misguided aims; we must completely revise our approach to production, the working environment and our concept of services.

All these provisions require a conceptual and psychological renewal which is slow in coming about because of the persistence of old-established patterns, procedures and ways of looking at these problems. That is why we feel that over and above the specific measures provided for here there is also a need for a far-reaching cultural programme to change our basic concept of assistance, preparation and improvement of the workplace.

I want also to point out in this connection that there are very broad areas of scientific research which must be adequately supported in order to ensure timely intervention. Some recent technological results allow, for example, screening processes for thousands of persons in order to detect in good time a great many illnesses which might afterwards be incurable.

That is why we consider that this programme must be supported by an effective political commitment on the part of all the forces that are concerned with the health of our workers.

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

Mr Brugha. — Mr President, like the other speakers I would like to welcome Mrs Squarcialupi's report and compliment her and the committee which she represents on her introduction today. I might say on behalf of my group that this motion expresses a growing feeling that we all share on the need to prevent accidents and diseases that result directly from our daily work, just as we use traffic regulations, warning lights, danger signs and so on. It should not be necessary for lives to be lost or people to be permanently injured before regulations and precautions are introduced. Accidents at work not only affect the economy of a country, they can also have a serious effect in the social life of an injured worker and his family. We know that many workers never fully recover from serious accidents, and as a result considerable social and psychological hardships are endured. It should be remembered that this also places families under considerable strain, especially if there are difficulties in obtaining compensation. We must ensure that those who cannot work for a living because they were injured as a direct result of their work are not forced to suffer more than is necessary and have adequate remedial and social care. For example, in my country a person who is unfortunate enough to be permanently injured secures what is known as an invalidity pension, which is the same as the pension that person would have received on retiring. Such persons also qualify for such things as free telephone rental, a free television license and a certain amount of free electricity. It means that a former bread-winner is not completely deprived of the ability to provide for his dependents.

Brugha

I am pleased to see that the Commission has, somewhat belatedly one should say, produced a document on an action programme on safety and health at work. However it should be pointed out that it is almost five years since the Council resolutions of November 1973 first called for such action. In speaking of this, I might mention the problem that one of the other speakers posed about the need for directives, and would ask the Commission if there is a spokesman to reply when we might expect some directives in this area.

I welcome the six definite proposals that have been made in the report. These include incorporating safety aspects in the various stages of design, production and operation of plant, as well as monitoring workers' safety and health and developing safety and health consciousness by education and training. Such initiatives are not only to be welcomed, but must be considered as crucial if we are to overcome the serious threat of accidents in our daily working lives. Safety and health at work are not only a factor in industry, they also affect, as another speaker said, the farming community, where there is neglect. People in offices can be injured by fire through carelessness. Families can be forced to leave their homes by accidents in, for example, chemical plants, with subsequent toxic pollution of the atmosphere. In my country, Ireland, 26 people were killed in industry last year, and as many as 3 400 were injured at work. So from our point of view we must do something very quickly if we are to prevent a repetition of this sort of thing.

If we look briefly at the cost of accidents in my country for the year 1975, we see that employers' liability in respect of personal injury for that year, was £ 12.1 million and in 1976 the figure had risen by over a third, to almost £ 16 million. For the years 1975-77, the Department of Social Welfare in my country paid out £ 19.2 million for occupational injuries. These figures underline the need for greater safety in health at work.

I should like to say that the Commission's document does contribute a more detailed plan of action, but, as I have said, what is called for is a submission of draft directives which will lead eventually to better safety and health at work. We should identify all the factors that lead to accidents, and we must ensure that all safety measures adopted are fully monitored throughout the Community. Where there are serious breaches of safety regulations, heavy fines should be imposed; there must be no half measures where peoples' lives are at stake.

What immediately comes to mind is the need to ensure that all people engaged in the construction business, for example, should be obliged to wear helmets at all times. There should be agreement between building firms and electricity boards that wherever a development is to take place, a detailed layout of

underground cables should be provided. All too often workers have been electrocuted accidentally by cutting through cables with mechanical diggers. This again is an example, not of physical laziness, but of mental laziness, in that those responsible for the job do not take the trouble to find out what they need to know in advance so as to prevent accidents. All machinery, new and old, should be consistently checked in every enterprise, and heavy fines should be imposed where there is failure to comply.

One of the most important objectives of an action programme on safety and health should be to ensure that a consciousness of the dangers that are related to specific jobs becomes second nature to everyone. This can only be achieved by the immediate implementation of an educational and training programme, and I would like to welcome the increase for 1978 to the figure of 825.000 u.a., allocated for safety and health. This compares very favourably, I think, with the earlier figure for 1975 of only 162.000 u.a. This year's allocation in the funds for the following years can be helpfully used to mount a campaign on safety and health at work. Prevention, we know, is always better than cure, and if we promote both the educational aspect and a campaign of information direct at all those involved, and particularly young people, we should be able to look more hopefully to the future. I welcome again the report that has been put before the Parliament.

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I support the report by Mrs Squarcialupi. I think it is one of the most important reports that has come before this Parliament, I am only intervening on a very brief point, because at one time I was what was called a 'miners' MP for the constituency of Hamilton in Scotland. The mines were shut, but there were very many men suffering from miners' diseases. My point is very simply this. From the experience I had in those years of dealing with the problems of men who had contracted a miner's disease, I became interested in the question of how you categorize an industrial disease. It appeared to me, at least in UK legislation, that we fell into a trap which caused injustice to individuals. We were very keen to be clear — which was very reasonable — and therefore the person with the disease had always to fit into a recognized, very well-defined compartment. But the trouble was that it was very often discovered only after people died that there should have been another recognized compartment. It is the injustice caused to people in the interim of recognition that concerns me.

I wonder whether a better approach for this Parliament would not be to look at cases of death that can subsequently be attributed to working in a particular

Ewing

industry, and to work backwards to determine whether death was due to working conditions in that industry and the substances to which workers are exposed, rather than to say: does he fit into a recognized compartment? Because if we continue to do it the way we have done it in the UK, then many people will suffer injustice. It is very understandable, because the industrial diseases legislation in the UK really came out of a conviction that the excesses of the Victorian period had to be remedied. Naturally we decided to try and do it in a logical way. But I was very often in the position of having a constituent who did not seem to fit into a known category, and yet his relatives were convinced that a lifetime in the coal mines had caused, or at least contributed to, his death. Sometimes, in cases that did not fit the medical symptoms laid down there was no compensation, widows did not get their bag of coal a week and so on.

I support the report in every way, and wish simply to make this particular point about categorizing industrial diseases. I suggest we should not perhaps start off from the desire to fit everyone into a compartment but start off by considering the position of someone who has clearly been affected by work in a particular industry. We must not rule a case out because it does not fit into some very rigid criteria, because we very often find with improved medical knowledge that we should have been less rigid and more flexible. It is that interim period that causes a lot of hardship.

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

Mr Brown. — I would also like to congratulate the rapporteur on the quality of her report, Mr President, and just make a few remarks myself.

As the House knows, I represent the furniture-trade workers in my country, and in that industry, which perhaps has one of the worst accident records, one has a tremendous problem trying to get employers to understand their responsibility for trying to avoid accidents rather than compensating people after they have had an accident.

The problem has a number of aspects, and Mrs Squarcialupi refers to one of them in paragraph 5 of her explanatory statement, where she speaks of the 'incorporation of safety aspects into the various stages of design'. On of the problems with regard to wood-working machines is that these machines are never actually designed to ensure safety. Consequently, when they are purchased, the employers immediately have to spend more money on modifying the machines so as to embody various safety precautions. In my own country, the difficulties are particularly real because in the main, for some reason which

escapes me entirely, British manufactures are not very keen on making wood cutting machines: they regard them as being a one-off issue therefore uneconomic to produce. We therefore have to import most of our wood-cutting machines from other countries — oddly enough, from other Member States, particularly Germany. When we get these machines they are inevitably not up to the safety standards of the regulations in our own country. Now, provided my union is adequately represented in the firm when the machine arrives, we can ensure that modifications are undertaken immediately to make those machines conform with our safety regulations; but, of course, if we are not represented within the firm, it is by no means certain that the employer will immediately implement the safety regulations. The result is that the modifications are not carried out until somebody is hurt.

What I hope for from paragraphe 5 (1), is that the Member States will have to have a common safety value in the design of these machines, because inevitably employers, having purchased their capital equipment, are not willing to spend further monies immediately in attempts to modify machines which are not always easy to so modify. The employer says that of course he has a machine, but it is impossible to incorporate safety devices in it, and then there is a long row between the union capable of implementing the safety precautions and the employer as to whether or not he is. So, that is my first point: paragraph 5(1), in my view, deals with a very real matter and there must be a common standard throughout the Member States.

Secondly, I support what my colleague said when she spoke about the problem of the death certificate. I fought for a long time to get nasal cancer scheduled as an industrial disease for furniture workers, and in my country we were successful: nasal cancer is now scheduled there as an industrial disease. But the problem is proving that it was, in fact, the cause of death, because the death certificate is not such an accurate document: it merely gives an impression of what the doctor believes in his honest opinion to have been the cause of death. I have constituents who are absolutely sure that death in certain cases was a result of having a particular disease, but the death certificate does not show that; it shows some other cause. As a result, the Government will not pay compensation to the widow. And so I think — and here I do support my colleague — that there are grounds for seeing whether, though the death may have been due to some other cause, the primary cause was not in fact an industrial disease. I therefore hope that we can in some way include in these recommendations some investigation into that matter.

Then there is the problem of noise. Noise has been the most difficult thing to persuade my own Government to recognize as a cause of industrial disease. In the furniture industry, men are approaching the age of

Brown

65 who are absolutely stone deaf. In the past, it has been argued that it is sennility, they are getting old and therefore they have lost their hearing, and nothing can be done until we have been able to show that deafness is apparently more frequent among furniture workers who are working in the proximity of wood-cutting machines than among their counterparts in other industries.

Woodworking machine regulations are the only regulations in my country to define noise as an industrial matter and because of that definition manufacturers must do one of two things: they must either endeavour to design the machine to avoid producing the noise, if they cannot do that, then they are obliged to provide earmuffs or some other device for putting in the ears. It will not surprise the House to learn that employers take the second course, which is easier and cheaper, so that an enormous noise-value, which is in fact well beyond the threshold of damage, is still an integral feature of the machine. When you use the machine, putting material into the machine compounds the noise even further and yet I cannot get my Government to understand that these people in fact retire with a hearing impediment which is wholly and solely due to their job as furniture workers, and consequently they are unable to obtain any form of compensation. So, even where, as in this case of the furniture industry, we have been able to describe the noise and it has been accepted as beyond the threshold of damage, no compensation is in fact payable for it. I therefore hope that in our report we shall underline the fact that where governments have been seized of the argument they are indeed morally obliged to pay compensation to persons who are suffering from the effects of noise in this way.

Lastly, I would say this, that it does seem to me that within these terms — and I support certainly paragraph 5 with all the items that my colleague has put down — we must be definitive about the time-limits within which employers have to conform with these requirements. My experience over the years is that when you have come to the conclusion that certain things have to be done, the employers immediately start arguing that they need time to conform. They have pleaded for 5, 8 or 10 years, but the question is not how much time they need, but why the blazes they did not do it before! They were aware of the dangers, they were aware of the hazards and the injuries they were inflicting on the working people, and I think it is a scandal that they should be able to argue for more time, so that yet more employees will suffer, when what is required of them is what they should have done when they purchased the machines in the first place. I hope that this House will be very firm indeed in insisting that employers conform with the requirements immediately and are not given months and years in which to do so.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, the Commission, too, is pleased that the European Parliament has been able to deal so quickly with the draft resolution submitted by us to the Council on the action programme on safety and health at work. I want to add my word of thanks to all those speakers who have congratulated Mrs Squarcialupi on her report. We needed a great deal of time to prepare our programme and Parliament has delivered its opinion on this subject very quickly. I want to thank the parliamentary committees for their readiness to prepare their opinion so quickly.

I was not discouraged by the critical remarks that I have heard. I believe that there is general satisfaction at the fact that this action programme has been drawn up, that it is not simply confined to generalities and provides a basis for further progress in this vitally important area.

The question of safety at the workplace can be approached from a variety of angles, from the perspective of health in the medical and hygienic sense, but also from the social angle. I have the impression that both Mr Brown and Mrs Ewing have chosen the latter approach because the illnesses to which they have referred involve a pronounced social aspect. I am thinking here of the social consequences for the persons directly affected of which Mrs Ewing and Mr Brown both spoke.

I would just like to point out here that we are not so much concerned at present with the consequences of illnesses as with ways of preventing their occurrence. We are therefore less interested at present in determining benefits and social legislation — which are obviously important — as in laying down an action programme for the promotion of safety and health protection at the workplace.

We cannot cover everything in this programme. The Commission has made a choice. We have given priority to six subjects in our action programme and we shall have to provide detailed information on this important subject. I shall return to this in a moment.

In his report on behalf of the Committee on Social Affairs, Employment and Education, Mr Caro has pointed out that the implementation of this action programme cannot be made dependent on the state of the economy.

I most certainly agree. Measures for the prevention of accidents and illness obviously cost a lot of money but, as the honourable Member rightly pointed out, we cannot approach this problem from the financial angle; it must be seen first and foremost in its social context. The poor state of the economy at present must on no account be a pretext for postponing the implementation of the programme or for implementing only certain parts of it.

Vredeling

With the advance of technology and the introduction of new and sometimes revolutionary production processes, new tools and equipment make their appearance. When they are introduced, safety and health protection for workers must always be placed in the forefront and guaranteed as far as possible. Financial or economic considerations must not guide the decision. A number of speakers asked whether the Council would be dealing with this problem on 29 June. From the preparatory work done at the level of the competent officials, I assume that the Council will probably be able to approve the broad lines of this programme on 29 June. I do not think that many difficulties will arise at Council level.

Mr President, I shall turn now to a number of specific points. Parliament approves the programme, as we have seen today. It has not proposed specific amendments to the text but, in its resolution, it invites the Commission to place emphasis in the implementation of the programme on certain specific actions and areas. We are able to agree to all intents and purposes with Parliament on this. I should like to look at the paragraphs of the resolution which seem to us to warrant special attention. Six points are of particular importance. Firstly, the participation of workers in the implementation of the programme — a point which Mrs Squarcialupi in particular has stressed. Secondly, the aspect of toxicology; carcinogenic substances and vigilance in the area of toxicity. Thirdly, industrial medicine and the role of the industrial doctor. Fourthly, the special problem of migrant workers. Fifthly, the sensitive groups such as women and young workers who require extra protection, and finally the training programme.

I want to comment briefly on these six main points in the opinion of the parliamentary committee. I believe it is fundamentally important and appropriate for the workers who are directly concerned to be involved in the implementation of this programme. The Commission has proposed the formation of an advisory committee in which the workers would be represented on an equal basis with the employers and government representatives. This advisory committee and in particular the workers' representatives on it, could play a very important role by issuing opinions on the implementation of proposals submitted to it by the Commission. The Commission hopes that the Member States will work in the same way when it comes to the implementation at national level of the directives and decisions flowing from this programme.

As regards toxicology and similar matters, I would stress the most urgent need for action in this area. Carcinogenic substances require especial attention. The Commission must set up as soon as possible a scientific advisory committee for toxicology. This committee will assist it in assessing the toxicity of

certain substances at the workplace and will be able to advise on the best approach to them. The Commission expects that the proposed systems for the control of toxicity in industry will enable the harmful effect of toxic substances on human health to be detected at a very early stage.

The Commission fully supports Mrs Squarcialupi's observation that the role of the industrial doctor in this area is of vital importance. These doctors have a central function in the system designed to protect workers against all kinds of health risks. In this context I should mention that the review of the role of the industrial doctor must take account of Recommendation 112 of the International Labour Organization. We must take steps to ensure that these doctors are able to express independent opinions. I agree with Mrs Squarcialupi's views on this. Industrial secrets for example must never be allowed to influence the verdict of the industrial doctor.

Migrant workers are of course a particularly sensitive group when it comes to safety and health protection at the workplace. Firstly, we are aware of the bias which comes into play in the employment of migrant workers. Only too often they have to perform dirty and unpleasant work and they may even have to do work that is dangerous. To accelerate their integration, it is essential to organize special training programmes for them. The Commission is already preparing model programmes for this purpose.

Then there are the sensitive groups such as young workers and women. We are well aware of the need to give special attention to these groups and to take special measures for them. In the context of toxicological studies, particular attention must be given to teratogenic substances and to all substances which influence the growth of the organism. If necessary, special measures will have to be taken to protect women and young people against exposure to such substances.

Training and education programmes are of course the most important instruments for developing a sense of safety measures and health protection. The Commission wishes to help in this by preparing models and issuing instructions and informative brochures in readily understandable language. I would stress the great need for this to be done.

As Mr Brugha said, prevention is better than cure. That holds good in practically every area of human activity and in particular here. A number of speakers have rightly placed emphasis on the great importance of accident prevention. A great many factors must be taken into account in providing such prevention. Mr Ellis referred to example to the tachograph. You know that the Commission is sparing no effort to bring about the re-introduction of that instrument in England where it originated. Mr Ellis referred several times to the risk of tractor-driving, especially in

Vredeling

agriculture. We must see to it that rules are laid down for the equipment of tractors. Often a simple arrangement is enough to prevent a tractor from overturning. Measures of this kind which have an incidental bearing on the programme we are now discussing must also be given our attention. The measures which need to be taken will certainly cost money. In this respect, the Commission is particularly gratified by the unanimous support it has received from Parliament up to now.

Parliament has stressed the need for our programme to be implemented rapidly. I have already said that I am fairly confident of its being approved by the Council at the end of this month. Parliament is also asking for a regular report on progress made. I shall gladly provide it. I would also point out that the Commission is counting on further support from Parliament in preparing and implementing this programme. We firmly intend to take concrete action if at all possible before the end of this year on the basis of this programme — and if not certainly during next year. The directive on vinyl chloride monomer about which Mrs Squarzialupi enquired is also on the agenda of the Council meeting at the end of this month. I am pretty confident that there will be no further difficulties in the Council over the substantive content of this directive. In the light of the remarks made by Mr Feit and Mr Brugha, I would point out that once the Council has approved the basic programme we shall do everything possible to put forward concrete directives and proposals at an early date so as to translate the programme into concrete legislative form.

Mr President, allow me to repeat that we attach great importance to this programme. Industrial accidents and the situations which may cause them at the workplace, as well as the illnesses that may occur, must be combated. Illnesses and accidents which are too frequent in some cases must be reduced in number. We want in this way to promote a better working climate throughout the Community and to create better working conditions. All this can be summarized under the heading of the humanization of work.

Mr Ewing and Mr Brown drew attention to a number of points. Their observations are already taken account of in our programme on the etiology of illnesses and accidents and on the assessment of risks at the workplace. Action number 4 clearly indicates that the measures to be developed must provide a better insight into the various factors which play a part in the prevention of industrial accidents and illnesses. The practical consequences must be drawn from this for the implementation of more effective prevention and protection against occupational risks. In this way the protection of work-people can be organized on an objective and realistic basis starting out from prevention. In this context special attention must be given to

determination of the economic and social costs of industrial accidents and illnesses in order to define priorities for preventive measures.

Mr President, I think all this is entirely in the spirit of the wishes expressed by the two Members. In conclusion, may I again express our gratitude for the general approval given by Parliament to our programme.

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 voting-time tomorrow.

16. Cardio-vascular diseases

President. — The next item is the following oral question with debate (Doc. 139/78) by Mrs Krouwel-Vlam, on behalf of the Committee on the Environment, Public Health and Consumer Protection, to the Commission :

Subject: Community preventive action on cardiovascular diseases

Following the symposium held in Luxembourg on 12 April 1978 on the social and political consequences of cardio-vascular diseases, the Commission of the European Communities is requested to answer the following questions :

1. Is it aware that the increased frequency of cardiovascular diseases resulting from the modern, predominantly sedentary life-style now imposes an intolerable financial burden on the social security systems of the various countries ?
2. Does it not feel that the specific actions which it carries out under chapter 35 of the budget of the European Communities — radiation protection, medical and public-health efforts to combat ecotoxicity, health, hygiene and safety measures at the place of work — should be complemented, within a broader framework, by coordinatory measures geared to health protection on the principle that 'movement prolongs life', and backed up by appropriate information and educational measures, with a view to preventing cardio-vascular diseases and thereby meeting a need both economic and social ?
3. Could not the European Foundation for the improvement of living and working conditions give priority to promoting extensive human activities of a preventive and compensatory nature ?

I call Mrs Krouwel-Vlam.

Mrs Krouwel-Vlam. — (NL) Mr President, we have tabled this oral question to the Commission in order to draw its attention to an important problem of public health and to ask it, firstly, to put in hand coordinating and promotional action programmes for the early detection and therapy of cardio-vascular diseases in the context of the aims of European cooperation in the area of public health and, secondly, to combat

Krouwel-Vlam

these diseases through specific training and information measures. Because of our modern life-style the incidence of cardio-vascular diseases has increased to such an extent that the financial consequences of these serious illnesses can no longer be quantified. This objective fact is extremely disturbing, especially when it is remembered that more people who are still fairly young are no longer able to participate in a normal social life. We know that the heart has the function of a pump on which no excessive demands can be made. For each stroke of the pump blood with a high oxygen content is needed, and it must be supplied through the coronary vessels. Where the supply and demand are not in balance a deficit or excessive load will inevitably occur. The coronary vessels may be narrowed by arterio-sclerosis, an insidious form of damage to the walls of the vessels; sometimes this results in angina pectoris and sometimes, in a drastic and unexpected manner, in cardiac infarct. I have given you a rather simplified picture of this illness.

We note that there is today an unprecedented offer of all kinds of services and appliances and an ever-increasing range of food and confectionery products which claim to be more easily digestible and more suitable for human consumption while at the same time it must be conceded that the human organism cannot cope too easily with these products despite the careful attentions of industrial interests which try to come to our aid with forms of entertainment, food habits and even dietary products — often only too one-sided in intention — to say nothing of better means of transport and better furniture for working, sitting and sleeping. In this age of unprecedented well-being it is vital to draw attention to the easily preventable consequences of the excessively attractive, agreeable and easy consumption which is everywhere boosted, day in day out, by the advertising media.

The producers of food, confectionery and similar products are already reluctantly conforming to the demand for the damage caused by their products to be lessened or prevented altogether. Two brief examples will illustrate this: 'Smoke a lighter cigarette which is less harmful to your health' and 'Buy and use our products which meets the standards of the cardiologist league for the protection of your heart.'

I do not propose to dwell here on the bitter competition which already exists between certain manufacturers of food products. The same arguments are always put forward. The manufacturers shamelessly state that heart disease strikes a great many victims each day. One of the chief causes of this is wrong living habits, poor diet and excessive cholesterol in the blood. Their advertising is then as follows: 'Little by little cholesterol is deposited on the walls of your arteries. The blood circulation becomes increasingly difficult and when the first symptoms occur it is often

already too late.' What then must be done, according to these manufacturers? 'Take your precautions in good time: live a little more actively and take more physical exercise; eat less and use less salt; replace your ordinary fats by products which contain no salt and a great deal of polyunsaturated fatty acids to protect your heart.' Nowadays people are exposed to all kinds of misleading advertising like this.

Cardio-vascular disorders are far and away the most frequent cause of death. Examples will be familiar to all of you; everyone has experienced this phenomenon in his own environment. If I were to repeat to you the impressive figures contained in the publications of the European organization for the prevention of vascular diseases, you would realize how regularly and inevitably people invite their own death. For comparison, suffice it to say that cancer of which people are so afraid is in fact 'only' the second cause of death. The official guardians of our health call upon us constantly to eat less fat and preferably fat of a different kind to protect our heart and blood vessels. They mention as other factors excessive blood pressure, tobacco smoking, lack of physical exercise and excessive sugar content in the blood: a whole range of risks which often lead to a heart attack. Smoking, over-eating and a sedentary life are a terrible risk. However, there is no effective medical prevention to combat this practically inevitable risk. In other words, the prevention of cardio-vascular illness cannot consist in passively holding out your forearm for an injection which will prevent the dreaded disease. What is needed is in fact a change in life style, holding out against the urge to consume and the demands of advertising. In the light of these general considerations, I would urge the need for specific actions at Community level. In point two of my oral question on behalf of the Committee on the Environment, Public Health and Consumer Protection, I have summarized for the information of our Members all the actions already concerned with the protection of public health at Community level.

Up to now the emphasis has always been placed on the best possible protection of the worker at his place of work. That was correct and certainly most useful. We had a debate on the subject just now and I heard the Commissioner say that prevention is better than cure. The same holds good for the topic of our present debate. The committee of which I am chairman considers that the present limited actions must be placed in a broader perspective and completed by coordinating and promotional action programmes for the study of these illnesses and by Community information and training actions through educational and public health establishments for the prevention of cardio-vascular disorders, having regard to both economic and social needs. Members of this Parliament have previously drawn the Commission's attention through questions and a memorandum to this

Krouwel-Vlam

serious type of illness and its devastating consequences. Today we have raised the subject once again and are now counting on an answer which will go further than that given on previous occasions.

Mr President, I find it very disappointing that the Ministers of Public Health have only met once. Am I to conclude from this that the protection of the health of some 260 million European citizens is merely treated as an incidental matter by the Council? If that is so, Commissioner, you have an important job to do and we hope that the results will be encouraging.

[We have suggested that the European Foundation for the Improvement of Living and Working Conditions might play an important role here in supporting your efforts with a view to the control and as far as possible prevention of this widespread scourge. We should also greatly appreciate a statement from you about the time schedule for action and on the extent to which the noble efforts of the European Organization for the control of vascular diseases can be supported. Thank you in advance for your reply.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, Mrs Krouwel-Vlam's question touches on one of the most disturbing problems in the area of public health, the increasing frequency of cardio-vascular diseases which are a cause of death and disability. Mrs Krouwel-Vlam also referred to the economic and social consequences of these illnesses. The social security organizations are faced with a substantial financial burden in covering the risks of cardio-vascular diseases and the „illnesses of civilization" in general. Everything must be done to lessen this burden. But the real problem of course is a human one. The citizens of Europe rightly ask for great life expectation but the last phase of their lives must be lived in comfort and not made a trial through invalidity, sickness, pain or discomfort.

In the context of its action for coordination and cooperation in the area of medical research and public health, the Commission wishes to propose common research activities to gain a better insight into the origins of thrombosis and to identify the mechanisms involved. This action has not yet been approved by all the Community bodies, but the medical research committee and a number of European specialists have already given their support. Education as a means of primary prevention is already being stepped up in a number of European countries and it is in this area that the most effective actions can be considered. It is therefore not surprising that the first meeting of the Council of Ministers of Public Health on 13 December 1977 proposed two subjects for Community activity in the area of health education: eating and smoking habits. The Commission has already

submitted a questionnaire to a number of Member States asking for information on actions and studies carried out on these two subjects. We hope that we shall have the results of the enquiry in our possession in good time for the next meeting of the Council of Public Health Ministers which in all probability will be held on 16 November this year. On the basis of the data obtained in this way we shall then be able to consider action at Community level in order to instil healthier living habits into our citizens as an effective means of preventing a number of different types of illness.

Mrs Krouwel-Vlam asked me for a time schedule in respect of these activities. I am unable to give one for the simple reason that I have no idea at this stage what decisions will be taken by the Council of Ministers of Public Health. This is a new area to which no reference is made in the EEC Treaty. I am particularly pleased that the Council has already met once and has expressed a desire for a second exchange of views on this subject. It is a great pity, however, that there is no provision for this in the EEC Treaty; I wish there were. This is one of the complaints which are often levelled by us against the whole structure of the European Community. We cannot base our work on the Treaties in areas such as this and we are in effect completely dependent on the readiness of the Council of Ministers or of the ministers meeting in political cooperation to take action.

We agree on the need to go much further than mere studies, however useful they may be. Studies must, however, lead somewhere! When studies are undertaken jointly they must also lead to joint action. Until it is certain that Community action and Community legislation can be brought into being — this will have to be discussed at the next meeting of the Council of Ministers of Public Health — I can unfortunately not meet the honourable Member's request for a time schedule. But we shall at all events hold an exchange of view on the basic issues with the Council and I hope that the Council will continue to show a political resolve to reach legislative agreements at this level of Community action.

We shall gladly use the services of the association specifically responsible for cardio-vascular studies. That is a particularly useful suggestion by Mrs Krouwel-Vlam. We shall try in this way and by attempting to win over the Council — I think too that Members of the European Parliament can do something too in their national parliaments — to improve the situation of the citizens of Europe who are still exposed to dangers to their health. Mrs Krouwel-Vlam referred in this context to misleading advertising. That is an important factor, but quite apart from misleading advertising there is a strong tendency for people in our prosperous societies to indulge in overeating and excessive smoking. That is why so much has to be done in the area of information.

Vredeling

Mrs Krouwel-Vlam's last question related to the Foundation for the Improvement of Living and Working Conditions. We have already fixed certain priorities for it but it has not yet begun actual work in this area. The Foundation deals rather with living and working conditions in the narrower sense. That is the purpose for which it was set up. The work which Mrs Krouwel-Vlam would like it to perform requires such a high degree of specialization that I wonder whether the Dublin Foundation is best equipped for it. I do not entirely rule out the possibility in advance, however. So far the Foundation has been concerned primarily with safety and health protection at the workplace as such, but if the Community is to act in the area of public health too Mrs Krouwel-Vlam's question is certainly pertinent, and we shall have to consider the desirability of setting up establishments with the aid of Community financial resources to prepare and study the issues which arise.

Mr President, I think that answers the questions as well as I can.

President. — I call Mr Spicer.

Mr Spicer. — Mr President, I think those of us with an interest in this subject and a desire to see some movement will be, to say the least, disappointed in the reply that the Commissioner has given to us tonight. I took great encouragement from a report that I read the other day of Commissioner Burke's at a conference in Dublin, where he said: 'We within the Community are going to go in for prevention rather than cure and we intend to take active steps in the future to see that the whole priority that we afford to prevention is changed'.

Now if ever there was an area where we need prevention rather than cure, it must surely be the area of cardio-vascular disease. Commissioner, it is a sad commentary on the way in which we are bound by paper for you to say to me that the decision has been made — we have decided to look at eating habits and smoking habits in all the Member States of the Community and report back, and following on that report on eating and smoking, we will take further decisions which will carry until next year. Sir, I can give you the report now. We eat too much, we smoke too much, we do all the wrong things. So what are we playing about with? Why are we having these reports? We have all had these reports over the years, we all know what our problem is. It is not the Western way of life that we are dealing with, it is the Western way of death, which is self-inflicted.

Now I certainly would not go so far as our chairman has gone in this respect by saying that we must change our life-style. I have no intention of changing

my life-style, and yet I hope that I shall do as much as I possibly can to avoid suffering — I am touching wood very firmly — from any form of cardio-vascular disease. I have been involved with the European Heart Foundation since its inception by Professor Muller, and I think that the work that they are doing is miniscule compared with the work that needs to be done. When you realize that 25 % of male deaths between the ages of 35 and 44 are due to some form of cardio-vascular disease, when you realize the cost of keeping people in intensive care, and that 40 % of the people in intensive care at any one time are there because of a heart ailment, and when you realize that a large percentage of those people need not be there, surely this is an area where at least we could take the initial step.

I must declare an interest here. I have been labelled in the British Press this morning as a health fanatic; I am not a health fanatic, but what I do believe is that alongside eating moderately and not smoking, one of the things that we need to do is to get out of our sedentary way of live. I do not want everyone to go rushing around, running from A to B to C, but there is a desperate need for controlled exercise, and if we have more controlled exercise, then I am quite certain that we would cut down the incidence of heart disease. From a survey carried out on taxi-drivers in Denmark, it was found that these taxi-drivers were by far the most likely to be affected by cardio-vascular disease, because (a) they had a sedentary life, and (b) the stress factor was extremely high in their life: probably as all taxi-drivers do throughout the world, they tended to pull in and have a good greasy meal with lots of potatoes and similar things.

We are looking at a problem which cannot ever be solved completely, but we can help people. But how do you help people? You help people by giving them encouragement, and I personally believe that the best form of encouragement that anyone can be given in this particular field is to show them that they can save money by keeping themselves fitter. I have recently played some small part in establishing a gymnasium in our House of Commons in London. We have 105 members today we will have 200 by the end of July and 300 by the end of October. Each and every one of the people who use that gymnasium has his work scheduled within the gymnasium; they are in there for half an hour each week. What they do in that gymnasium should be of great interest and profit to insurance companies. I would like to see a study carried out into whether insurance companies could not be persuaded to give support to people taking controlled exercise.

It is not enough just to have reports passing to the Council of Ministers who will meet in November, and who will then think of another way in which this can

Spicer

be done next year. What we want to do is to prime a pump, and that pump can be primed with a very small amount of money compared with the money that is being spent in various other fields in the Community, often without any return whatsoever. I would therefore ask you to have a word with Commissioner Burke, so that when he talks about prevention rather than cure, he might be in a position to tell us how we can really implement that a little more fully, and can see more positive action being taken by our Community.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi. — (*I*) Mr President, it is not easy to speak after the exemplary address by Mrs Krouwel-Vlam, the speech by the Commissioner and the lively observations by Mr Spicer who is, I think, right when he says that members of Parliament should have a gymnasium at their disposal; I might also point out that it would probably help a good deal if we did not have cars waiting outside the front door. But it is not easy to change habits overnight, despite the threat of cardio-vascular disease.

I do not myself consider that the Commissioner's answer was very satisfactory, because there are certain actions which could be taken in the more immediate future in respect of cardio-vascular illnesses. I am thinking of noise control. A correlation has been found between the damage caused by noise and cardio-pathology, just as a link has been found between exposure to lead and coronary disorders. In Italy we have a saying that by pausing a while we can live a little longer. But that is no longer possible in our cities, nor would it be desirable given the quantities of exhaust gas emitted by the cars which are driven in such vast numbers in the immediate vicinity of pedestrians.

We need of course to change our entire life style. I await for instance urgent action by the Commission on the problem of smoking. As regards cardiac disorders I think we must begin from infancy. I read in an article that French children spend on average one thousand hours each year in front of the television and only eight hundred hours in school. While it is not easy to influence the habits of adults, the habits of children can at least be more conveniently and practically influenced at school; food habits can also be influenced through school and general community life. There could be nothing more misguided than to propose a uniform diet for all the citizens of Europe, however. That would not only destroy gastronomic traditions dating back for centuries but would also jeopardize many factors in the health of our citizens who are used to eating in their own different ways.

In my view the European Foundation for the Improvement of Living and Working Conditions could look also at the problem of green spaces, open spaces on a human scale and designed especially for children who

are all too often obliged to play in the street and to exercise their energies under the worst possible conditions. By giving consideration to the cardio-circulatory disorders which may begin in early childhood we could, it seems to me, pay a practical tribute to International Children's Year.

President. — This item is closed.

17. *Fire safety regulations*

President. — The next item is the report (Doc. 95/78) drawn up by Mr Spicer, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

fire safety regulations in hotels in the European Community.

I call Mr Spicer.

Mr Spicer, rapporteur. — Mr President, it is perhaps appropriate that we should move on from the problems of cardio-vascular disease to discuss yet another aspect of safety for the citizens of the Community namely, fire precautions. Over the weekend we have all been reminded in a very poignant way of the fact that fires will always occur and that people will always die in those fires. Therefore no one is suggesting that we can eliminate fire risks; we are trying to bring down the incidence of fires to the lowest possible level as quickly as we possibly can.

I first raised this subject of fire precautions in July 1976, when I asked Dr Hillery who was then the Commissioner, what action was proposed by the Commission on a Community basis to improve fire safety standards within the Community. I must admit that I was dismayed and distressed by his reply at that time, that this was entirely a matter for national governments and nothing whatsoever to do with the Community, because I believe that, if there is one area where there should be Community action, it is this area of fire precautions, with so many people within our Community moving around, 50 to 60 million every year, and that number likely to increase as the years go by.

I returned to this subject in May, 1977 because, in that month, as many Members will remember, 18 tourists were killed in a hotel fire in Amsterdam. Although that hotel met all the requirements of the city's building inspectorate, people, were killed after jumping from the upper stories, because they could find no safe way of escape. In that same month, May of last year, 17 tourists, 12 of them British, died in a hotel fire in Brussels. This hotel was described by one survivor of that disaster as a 'rabbit-warren'. Again people died

Spicer

leaping from the upper floors and more were killed by smoke in the corridors. No alarm was given, because the fire destroyed the system. I remember at that time how the tour operator said that the fire precautions in that hotel were absolutely excellent, but it subsequently was disclosed that that hotel had not been inspected by anyone since 1939. That is a scandalous state of affairs which just cannot be allowed to continue.

I refer now briefly to my report. In the second annex to that report we list the legislation which exists covering hotels. The laws listed there do not contain in many cases specific rules relating to hotels only: they are general laws relating to buildings in a very general sense. No one who travels in continental Europe at the moment can be sure that the hotel he stays at is observing any set standard of fire precautions.

The third annex to my report gives examples of how confusing the actual situation can be when one tries to find out what precautions hotels do take. They are examples which particularly concern the Members and staff of the European Parliament, and here I would like to thank the Members of the Parliament and more particularly the staff of the European Parliament, who have done a certain amount of devilling in this subject and have looked around the hotels in both Brussels and Strasbourg. And what can they tell us about Brussels, only 4 are in the first category, which the mayor's letter defines as being the safest; four are in the third category — presumably this means that they are the least safe, yet they are still open; and on four other hotels, the authorities are still awaiting reports, even though those hotels have been open for many years and presumably might well come within the category of that hotel which caught fire last year in Brussels and had not been inspected for many years.

If we turn to Strasbourg, we find that 22 hotels are the subject of a mayoral order authorizing them to operate, but the authorities do not state what standards this order applies. Another group, we are told, belong to the fifth category, for which no authorization to operate is required. Again, we are not told what criteria apply to this category.

These are two major cities in Europe, and it is not surprising that against this background many tourists and an increasing number of other people travelling in the Community should feel very nervous indeed when they stay in some foreign hotels. I had a letter from one British tourist who recently went on a continental tour and stayed at half-a-dozen hotels: he said that, with one exception, all the hotels he stayed at were 'positive death-traps'.

There is another factor here. Quite obviously, the situation can only get very much worse with the enlargement of the Community, because Greece, Spain and Portugal have a very large tourist population every

year and, though I hesitate to say exactly, my guess would be that the fire precautions prevailing in those countries are not of the first order in many, many hotels.

Mr President, our committee considered the situation and came to two conclusions. One was that the Community *should* act to establish common fire safety standards as part of its campaign to improve conditions of health and safety. As the Legal Affairs Committee has pointed out in its opinion, the Council has already adopted a draft directive on safety at the workplace and this follows on in our view immediately from that. The second reason why there is a need to act is that we are always having quoted to us in this Parliament that action is being taken under Article 100 — unfair competition — and if ever there was unfair competition it is in this field. In the United Kingdom, as an example, hotels are subject to very, very strict fire precautions indeed under the provisions of the law which came into force in 1971. Indeed, so stringent is that particular law that over 3 000 hotels closed down in the year 1975 alone because of the cost of implementing those fire precautions. If other countries do not have those same standards then obviously they operate at an advantage against comparable hotels in the United Kingdom or perhaps in other countries within the Community, because, while the one hotelier is paying for fire precautions, the other one can be installing a new cocktail bar which obviously is a much greater attraction for the tourist trade. So there is a very real element here of unfair competition quite apart from the safety element.

Could I make another point here, because I think that there is a tendency to misunderstand what we are attempting to do? There is no question of our levelling down fire precautions. Only this morning I heard someone in the United Kingdom speaking on the radio and saying: 'We are very much opposed to any sort of fire precautions on a Community scale, because it would mean that our very high standards in the United Kingdom would be levelled down to other standards'. That is absolute nonsense. What we are saying is that we require a minimum standard throughout the Community and thereafter, whatever any national government wishes to do above that level of course they are completely free to do. What we want the Commission to do is to draw up as soon as possible a draft directive embodying certain minimum precautions so that each room in every EEC hotel has placed in it a list of instructions on what to do in case of fire, so that each hotel has a certain number — minimum number — of fire extinguishers and so that all fire exits are clearly marked. And some of the things that I have heard about fire extinguishers tucked away in broom cupboards, not being seen for years, these things do exist, as we all know, in many hotels and this is not a very difficult first step for us to achieve. It would not cost very much. The tragedy is

Spicer

that it is not being done now. So we really must insist on the urgency regarding this first simple step to improve fire precautions within the Community.

Then we want to see, and we are moving on to the second stage now, a model regulation drawn up which would ensure first that each Member State sets up a body to issue licences to operate to hotels who satisfy certain minimum fire precautions. We also think that such a regulation should make it compulsory in the longer term for Member States to bring in legislation relating to the more expensive fire precautions, for example, fire doors, special fire exits and restrictions on using and storing inflammable materials. May I add my own point here, I happen to represent a constituency with a very strong tourist trade and I do think that alongside these more stringent fire precautions there ought to be some form of provision of support and help for your hotel and tourist industry if they are to be called upon to expend the vast sums of money which this obviously would involve. Finally, we would like to see the introduction of a European fire safety certificate which hotels that do comply with Community regulations could display on a guide to guests. And here again I think self-interest comes into it in a very large measure. If only our tourist companies knew that there was such a minimum fire safety standard, if only our tourists could go to their companies and say: 'Will we be staying at hotels that conform to this minimum safety standard', then I think we would be half-way home, because it has got to be in the interests of the tour operators to put pressure on the hotel to conform to that. Their interest is worth far more in many cases than the actual official seal of approval itself.

I wonder how many more people will have to die in badly equipped hotels before we act? I do hope that the Commission realizes that this is an area where Community action will be seen as bringing great benefits to many people. It is not enough that they are considering legislation specifically on fire extinguishers, on specifications for new buildings or indeed, on inflammable building materials. In the vast majority of hotels in the Community fire precautions are in an appallingly confused or even non-existent state. We want and we must insist on a Community approach to this great and common danger as soon as possible. Could I finally say this: if in May 1976, Commissioner Hillery had seen fit to take some action and treat this as a matter of urgency, then I think that by this time we could have seen at least these sensible, minimum fire precautions prevailing throughout the Community. This is not one of these cases where there can be any reason to hold back. This is not a case where that first stage could not be reached in a very short space of time and I hope that I may look to the Commissioner to give us some encouragement tonight and say that perhaps some

time next year, perhaps not at the beginning of the 1979 season, but by July 1 of 1979, or at the very latest by the beginning of the 1980 season, these minimum standards will be implemented throughout the Community and that we will move on as soon as we possibly can to a much higher standard.

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

Mr Feit. — (F) Mr President, ladies and gentlemen, may I congratulate Mr Spicer on his report and express the hope that the two motions for resolutions that it contains will lead to practical action by the Commission and that the same will not happen as on the previous occasions on which this serious problem was discussed in the European Parliament.

The Commission's previous attitude was that the problem of fire protection could be best resolved at national level. It is certainly true that the national authorities have a greater knowledge of national and regional particularities and are therefore more likely to take them into account in drawing up national fire protection legislation, but it is nevertheless desirable that this problem should be resolved at Community level, for two reasons which Mr Spicer has just explained.

First, the differences in national laws and regulations in this sector cause distortions of competition in the hotel trade in the Community; also, from the point of view of the consumer, it seems that this problem calls for Community legislation since this is a sector which affects all Community citizens, who should have the right to minimal protection in a sector of crucial importance. I imagine that we have all had the experience of being in a hotel room where we have immediately thought there would be very little chance of escape in the event of fire.

The Liberal and Democratic Group feels that the Community is responsible for the safety of its citizens in hotels situated in its territory. We hope therefore that the Commission will treat this initiative as a priority and draw up concrete proposals in accordance with the motion for a resolution.

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

Mr Nyborg. — (DK) Mr President, I welcome Mr Spicer's report. It deals with a very important subject. Not more than 2 days ago 16 young people lost their lives in a hotel fire in Sweden, which makes this report all the more relevant and makes it essential that something be done.

Nyborg

The proposal is that there should be harmonization of at least some minimum fire safety regulations. Harmonization would help to remove distortions of competition in the hotel industry and it is therefore suggested that a proposal for a directive be drawn up. Harmonization, it is true, would help to prevent distortions of competition, but that is of secondary importance. What the report is primarily concerned with is guaranteeing the safety of people travelling in the Community who more or less have to stay in hotels overnight. It is human lives we are concerned with and human lives that are at stake. The distortion of competition aspect is merely of secondary importance. The Council of Europe has recently discussed the subject and it too advocates higher safety standards in hotels, especially fire safety standards.

The report before us does not go into the economic aspects of increased fire safety in the Community in detail but they will be a considerable burden and could be the decisive factor as regards the future operation of existing hotels. But consumers, i.e. people that live in hotels — and the number is constantly increasing — must have the right to demand minimum fire safety standards. As I have understood it, that is why the rapporteur proposes that the Commission could issue a European fire safety certificate.

As the Group of European Progressive Democrats has already said, the Community has not shown sufficient determination to solve the serious problem of hotel fires. As Mr Spicer said, in recent years hotels in Europe have been ravaged by fires that have caused considerable material damage and cost many human lives. The cause of these fires has frequently shown to be carelessness on the part of guests or hotel staff while the often frightening scale they assume is also partly due to the fact that many hotels are old and thus, in case of fire, not in a safe condition from the point of view of their construction. Another explanation is perhaps that, for various reasons including those of competition, the management has failed to bring the technical safety precautions up to date. Parliament has on previous occasions considered this problem without receiving any satisfactory answer from the Commission. It is to be hoped that the Commission will now listen to our demands for some constructive action.

In drawing up common safety standards, it is important for technical safety equipment to be so designed as to promote more stringent public safety requirements. One way of achieving this would be to introduce permanent safety arrangements for hotel buildings; such arrangements ought to apply to both

existing and future buildings. Escape routes must also be designed in such a way that they can be used by healthy people, sick people and invalids and perhaps even some animals. As I have already said, the Commission is urged to take action in this area as soon as possible because the present situation is unacceptable. I therefore recommend on behalf of the Group of European Progressive Democrats that this House vote in favour of Mr Spicer's report.

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

Sir Brandon Rhys Williams. — Mr President, I too would like to support Mr Spicer and congratulate him on his motion. I represent a part of central London which is famous for a very large number of hotels and boarding-houses, namely Kensington, and I well remember the crisis that was caused for very many of these by our Fire Precautions Act of 1971 and undoubtedly that act contributed to putting many of these businesses into liquidation, because they were unable to comply with the standards. We went through a difficult period of transition, but I am sure, looking back on it, that we were right to set ourselves a high standard because to die in a fire is a very horrible death and this is an aspect of consumer protection which is fully supported by public opinion. I do not want to underestimate the importance of the competition policy aspect of the matter, because I think that the tourist industry in Western Europe is highly competitive and, if in one country the underlying capital cost of the undertaking which provides the services has to be substantially higher than in another country, then the fire precautions are undoubtedly placing an unfair burden on those undertakings which offer the best service. The nature of the capital asset of the undertaking is one of the most important elements in the cost of providing hotel services. I would like to draw attention to the difference in cost in the case of the conversion of old structures which have been built without proper attention to safety, and such additional cost involved in the building of new hotels conforming to the requisite standards. If we set a standard now, those concerned with new building from this date will be able to comply, because they will know what is required and the additional costs in relation to new buildings will not be so high, but where we should be going wrong is if we allow the continued rapid expansion of the tourist industry without taking the necessary action, so that in a few years' time we have to come back to buildings which are already standing and make the necessary alterations as a subsequent outlay. That would be extremely uneconomical and a false economy on the Commission's part. I do hope that

Rhys Williams

the Commission will not delay — will not take this report and sit on it — but will act at once; even if it only publishes a draft standard at once it would be a guide to architects and managements as to what they should be aiming at. If we do not publish any guidance, then we will continue to invest and make mistakes. I also think it is important that we should publish at least a draft standard now, so that hotels which conform can advertise that fact and the guests themselves will learn to discriminate and exercise normal commercial pressure on those institutions which have poor safety standards. Can I therefore ask the Commissioner to give us the assurance that we seek in this Parliament and may we depend on him to act promptly in response to the call from Parliament tonight?

President.— I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, the Commission is fully aware of the importance of protecting human lives against fire, especially in buildings offering overnight accommodation — and in particular hotels. In this connection I fully endorse the observations made by Mr Nyborg and I do so also on behalf of my colleague, Mr Davignon, for whom I am deputizing today. The memory is fresh in my mind of the recent fire in Sweden which cost so many young lives.

Mr President, the Commission is working on fire safety specifications for buildings and on the fire resistant characteristics of building materials and elements. It has been engaged on these studies for a good deal of time and will shortly be in a position to submit proposals. I think Mr Spicer has taken a somewhat facile approach to the problem: it is easy enough to hang up an attractive 'emergency exit' sign in every hotel but a far more important priority is to prevent hotels from being built with combustible materials. In the area of fire safety regulations for buildings, the Commission is at present compiling a basic document containing specifications for escape routes, detection and alarm systems, fireproof bulkheads and the fire resistance of building materials — doors, walls, floors and so forth — as well as fire-fighting means etc. This will be a basic document, Mr President, and it will go a long way towards providing the rules referred to by Mr Spicer which Parliament wants to see set down at an early date in a directive. It will then serve as a working document for discussions in a working party of experts — since fire protection is also a matter for experts. The Commission will see what further action it can take in the light of the working party's conclusions. Once the basic document is ready we expect the working party to complete its deliberations in a year. We shall then have to review the need for a special document relating more specifically to hotels.

I do not want to make any promises about the timing; I shall merely remind you that the Commission is also considering the preparation of a similar document for residential buildings. May I also say that the Commission is being asked to give priority to an enormous range of subjects despite the fact that it is so short-staffed. I have mentioned the word priority and I am sure that tomorrow other Members of this House will come forward with other priorities — ultimately we have to weigh up the overall situation and decide what are the real priorities. Obviously I am not saying that measures to combat hotel fires are unimportant, on the contrary they are extremely important, but the whole range of activities to be covered by the Commission is so vast that we must lay down a time schedule for our work, having regard to the limited number of staff at our disposal. We have already made substantial progress in the matter of the fire resistant characteristics of building materials and elements, with particular reference to fire inhibition by these materials, the propagation of flames through them and the toxicity of the gases produced in a fire. Proposals for directives in this area are being drawn up at present and will constitute implementing provisions for the directive on products for the building industry which the Commission expects to submit to the Council before the summer recess. A draft directive on the classification of building elements on the basis of fire-resistance tests is now in a very advanced stage. We are also working on a draft concerning the classification of doors. As regards the propagation of flames by building materials and the toxicity of gases produced in a fire, we are attempting to lay down methods for testing and classifying these materials. In general, I would point out that studies in the area of fire protection and of the characteristics of materials in the event of a fire are extremely complex and difficult. The Commission believes that particular attention must be given to activities for the harmonization and preparation of regulations and standards needed to ensure the best possible protection of Community citizens against fire. However, it realizes that there are still a great many difficulties to be overcome before a generally satisfactory solution can be arrived at.

President. — I call Mr Spicer.

Mr Spicer, rapporteur. — Mr President, the Commissioner has already explained that this is not his particular responsibility and that he speaks for someone else in this matter, and with the greatest respect I would like to say to him that I am very pleased that indeed he does just that. In the four years that I have now served in this Parliament I think this is one of the issues which has caught the public's attention more than any other at all, and you may not see the letters that I see, but the letters that have come in to me as a result of this are numerous indeed and the national interest is there, because this is a positive way in which the Community can be shown to take

Spicer

action. Now, I accept all the work that is being done on building standards, I accept these long-term projects and, indeed, Sir Brandon Rhys Williams pointed to the need for the right sort of approach to new buildings. But what basically have I asked for in this report that could not be done by two men sitting down in a room in the course of an afternoon, particularly under paragraph 4? Could I just read that to the Commissioner? 'Urges, since the preparation and effective implementation of a model regulation is a long-term project, that a draft directive be drawn up as quickly as possible so that instructions for actions in case of fire are posted in every room, fire extinguishers are positioned in public areas and fire exits are clearly marked'. Now, can there be any dispute anywhere that that is a simple operation? It could be implemented within a very short space of time. I am deeply disappointed, I am afraid, with the reply from the Commissioner.

It shows that we can look for no positive action even on that limited front within the next 18 months or two years and so we drag on and we wait for building regulations. I would have hoped that at least it might have said, yes on that one paragraph alone, on 4, we will take some immediate action on the lines that Mr Nyborg indicated and which we require. It is a sad commentary on our Community that we are so bound down that, where there is an urgent need for action, we feel unable to take it and have to go through the normal process. I am afraid that I have been brought up in a world — a military world — in the parachute regiment, where I always used to have behind my desk the words. The difficult we do at once, the impossible may take a little longer.' I wish there were a few more people in Brussels who might use that same slogan, and then we might see a little more effective action taken a little more quickly.

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 voting time tomorrow.

18. *Working languages of Parliament*

President. — The next item is the oral question (Doc. 571/77) with debate, by Mr Fioret, Mrs Squarcialupi, Mr Albertini, Mr Cifarelli, Mr Amadei, Mr Covelli, Mr Pisoni, Mrs Cassanmagnago Cerretti, Mr Vernaschi, Mr Ripamonti, Mr Ligios, Mr Sandri, Mr Lezzi and Mr Veronesi, to the Commission of the European Communities :

Subject : Working languages of the European Parliament

The problem of the official languages of the Community and the recurrent proposals to reduce to only three the languages used for the simultaneous drafting of the working documents of the Assembly has caused considerable perplexity, as is shown by the fact that in little more than a year there have been six questions to the Commission on this subject, of which four were written and two oral.

Although the Commission has officially acknowledged that, under the terms of Article 217 of the EEC Treaty, 'the rules governing the languages of the institutions of the Community shall ... be determined by the Council, acting unanimously', there has in fact been no lack of unfortunate statements by influential Commissioners who have dismissed the problem in an offhand manner, terming it 'a question of linguistic prestige'.

Considering that the question of working languages is of political and practical relevance

— because it arouses negative psychological reactions in the public mind with respect to the relative standing of the individual Member States, bearing in mind that the language distribution of Members of the future European Parliament will be as follows :

French :	98
English :	96
German :	81
Italian :	81
Dutch :	38
Danish :	16

— because it represents a handicap, in the exact interpretation of working texts, to parliamentarians of a different mother tongue to the officially accepted ones,

is it not the corporate view of the Commission that this subject should not be dealt with in off-the-cuff statements, and that it should leave this delicate question to be dealt with by the European Parliament elected by direct universal suffrage, which will be in a position to order its own work according to criteria of operational efficiency and with due regard to the requirements and numerical preponderance of the Members elected to the future Assembly?

Mrs Cassanmagnago Cerretti. — (1) The oral question on the working languages of the European Parliament appears particularly appropriate at a time when there is undoubtedly a gradual deterioration in the use of Italian not only within the European Parliament but in all the Community institutions, especially the Commission. Article 217 of the EEC Treaty stipulates that the system of Community languages is to be laid down by the Council, acting unanimously, without prejudice to the special provisions contained in the rules of procedure of the Court of Justice. Clearly the situation differs from one institution to another: it may be considered satisfactory in the Parliament, barely acceptable in the Court of Justice, highly dubious in the Council and unsatisfactory in the Commission.

Cassanmagnago Cerretti

The large number of meetings held without Italian interpretation, the extremely large number of internal documents which are not available in our language, and the low priority accorded to translations into Italian are the most blatant aspects of the situation which prevails in the Commission. There is a specific policy to relegate Italian to the sidelines; clearly the same applies to the other minor languages, in favour of a trilingual system using English, French and German. This policy is reflected in the well-known article by Mr Haferkamp which has already been the subject of a question by Mr Fioret.

This *de facto* tendency in favour of French, English and German has been gradually becoming stronger, especially in the Commission's services, both for interpretation and for written documents.

Following on from the observations made during the March part-session, it now seems appropriate to comment on what happened during the Bruges week — what happened on that occasion was indicative of the Commission's tendency to discriminate against Italian. The director of the Commission's interpretation and conferences service gave an address at the College of Europe in Bruges during a convention on the enlargement of the Community, in which extemporaneous remarks were made on the same lines as the comments previously made by Mr Haferkamp. His remarks had been the subject of the previous question by Mr Fioret. We do not think that individuals should be authorized to comment on this matter, even in a personal capacity; the problem should be the subject of a serious study by the Commission and of a debate in Parliament.

Further to my remarks on the discrimination within the Community against Italian, I would point out that at the last European Council on 7—8 April in Copenhagen, interpretation in the working parties was provided only in English, French and German; this was a new and blatant violation of the provisions on the language system in the Community.

It therefore seems important to recall the provisions of the Treaties, in particular Article 217 of the EEC Treaty, and to stress that the recurrent proposals to reduce the translation of the Parliament's working documents to three languages only have elicited a great deal of perplexity within Parliament and have been the subject of six questions.

Although the Commission has already recognized that, under the provisions of the EEC Treaty, the language system of the Community is that laid down by unanimous decision of the Council, there has been no lack of unfortunate statements by authoritative members of the Commission who have dismissed the whole subject as a mere question of linguistic prestige.

I do not think that is the right approach to the subject: if this Europe is to be a Europe of all our citizens, then all our citizens must have equal rights.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, the Commission too is naturally aware of the entirety justified interest aroused by this matter of the use of languages in the Community institutions. Mrs Cassanmagnago Cerretti has recalled that a number of written and oral questions have been tabled on the subject in this House. Only recently, at the January part-session, my colleague, Mr Tugendhat, made the Commission's position particularly clear in answer to a question by the honourable Member who has raised the subject again today.

Mr Tugendhat told Parliament on that occasion that references can only be made in this matter to the existing provisions of Community legislation, in other words to the text of Council Regulation No 1 of 15 April 1958 which was subsequently adapted to the Act of Accession. These provisions naturally apply to all the Community institutions, including the Commission, and they are in fact followed by it.

We believe that the same provisions should remain in force for the Parliament. Of course there will always be the problem of striking a delicate balance between the requirements of open and democratic administration in which the participants in the Community process are all entitled to speak their own language, and the need to work efficiently — an aspect to which a number of Members referred during the January part-session. In the context of the existing regulations, Parliament — in common with all the other Community institutions — will have to decide for itself how best to strike this balance. The Commission has done no more than express its views when asked to do so, as is after all its duty. That is not to say that it is unaware of the sensitive and delicate nature of the problem which, for practical reasons, will undoubtedly continue to occupy our minds in the future.

Mr President, to be more specific: the honourable Member says in her question that responsible members of the Commission have spoken out of place in dismissing this matter as a mere question of linguistic prestige. Quite apart from the aspect of whether I am myself a responsible member of the Commission, I must say that I have never personally made a remark of that kind.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, speaking for a moment in a personal capacity rather than on behalf of the Socialist Group, I would like to say to Mrs Cassagnago Cerretti that those of us from north of the Alps envy her the beauty of her language, and if anybody says that grand opera should be sung in a language other than Italian, I would not go along with them. Indeed if Italian were my native tongue, I would be tempted, Mr President, such is the beauty of your language, to speak at much greater length than I actually do. But having said this, we do have a practical problem, and it is a practical problem for the Community that I would like to put in question form and possibly in mathematical terms. Let us say that X is the number of languages. Now the formula for translation — I am talking about simultaneous translation for the moment — out of each language is X times X minus 1. Now, to be practical about it, in 1956 when there were four languages, the equation was four times 3, and it came to 12 operations. Now, in 1973, when there were six languages with the advent of the Danes and the British, X times X minus 1 came to 30. We have to turn to the early 1980s when we shall have nine languages with the coming of our Spanish, Portuguese and Greek friends, and the X times X minus 1 equation then comes to 9 times 8, 72. Now this really is an exponential rate of growth, and I do say to the proposer of the question that no-one can deny that there is a major problem here, and because of national touchiness — and we are all the same — there is a great difficulty, because an operation involving 72 different operations is a bit different from the 12 when the Community first started on a basis of four languages. It does not need me say that the size of the problem has gone up six times. All right, secondly, the translation of documents is a bit different from interpretation, but you see I am a member of the Committee on Budgets and only last week we had a very powerful submission that it really is impossible on important matters, involving in this case transfer of credit, to get the translations done in under two weeks. Frankly, it is no good my chairman or anybody else complaining that he has not got the documents, because there are real problems of translation, and often we are lucky to get documents in under five weeks.

Now, it is very easy for me or the Socialist Group to state the problem. It is rather harder to find what the answer should be, although I did note Mr Vredeling said 'This will continue to exercise our minds'. Well, I say to him — and I do not want to be controversial or provocative — of course it is rather easy to say that it will continue to exercise our minds. The problem facing us is what in heaven's name any of us are going to do about it, because some of us think, and I think it is a general view in the Socialist Group, that some rash decisions are going to have to be taken which will give some offence, because we really are on the horns of a dilemma. Are we going to submit to an unworkable system in the Community regardless of enormous expense or are we going to take certain deci-

sions that are going to give offence to those who are understandably proud of their mother tongue.

I dare to suggest there is a very widespread view that in fact we ought to risk giving offence — and the British, like the rest, must be offended — I make that quite clear — and open to be offended, rather than go on in an elephantine system that is going to be to the disadvantage of all of us. So as far as I am concerned, some of the documents should only be produced in French possibly, or some other language. Nonetheless, this problem has got to be faced. Well may the Commissioner laugh: the Dutch are such marvellous linguists that they can afford to be generous: but all I say is that there is a problem we have all got to face.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, by nature I dislike polemics and respect other people's ideas; I think I have given evidence of the fact in this Chamber. Nevertheless, during Mr Dalyell's speech I was unable to refrain from signifying my disagreement. If similar remarks had been made by a Danish or Dutch member, I could have understood them, but they seemed rather ungenerous coming from a colleague who speaks a language which is among the most widely used of all foreign languages in Italy. Mr Dalyell said in passing that he would be willing to accept French, at least for certain documents. I wonder what effect his words would have on English public opinion, considering the thorny passage of the United Kingdom's membership of the Community.

I was not at all satisfied either with the answer given by Mr Vredeling who said in effect that he personally had never made remarks of the kind criticized by the author of the question. We realize that behind the reserve of Mr Vredeling as an ardent European — we are all familiar with the battles in which he engaged when he was our colleague in this Parliament — there is also a subjective national position in respect of one particular language which is certainly not lacking in prestige (after all no language lacks prestige: we all belong to a European culture and Europe without culture would be no more than an amorphous mass).

I must say that on this subject I was looking for an answer from the Commission not in the form of a drastic decision but as a promise that the problem would effectively be studied on the basis of a number of points of reference.

What is the principal argument underlying the question that I myself signed and which was so ably illustrated by Mrs Cassagnagnago — so much so that I have nothing to add to her observations?

The principal argument is that no action must be taken surreptitiously in this matter. The subject is one of great spiritual, cultural, political and juridical importance and we shall not accept a *fait accompli* or mere personal judgments. Should it transpire one day, for

Cifarelli

example, that the language I am using in this Chamber today is to be no more than a vehicle for opera and melodrama, that must be the result of a unanimous decision of the European Council and of the Council acting in pursuance of the Treaties.

This question stresses the need for a decision on this delicate matter to be left to the directly elected Parliament. I consider that to be essential, having regard also to the relative importance of the different languages: the linguistic distribution of the members of the future European Parliament will be 98 French-speaking, 96 English-speaking, 81 German-speaking, 81 Italian-speaking, 38 Dutch-speaking and so on. I would add that we must also consider the human reality of the peoples involved: we are a group of peoples and not a set of coats of arms or old flags; the coats of arms and the flags exist, but the main factor is the people and the elected Parliament must remember this when it comes to deal with the problem of languages.

And then, Mr President, the problem cannot be approached solely from the economic angle. Parliament still has three different places of activity and it is constantly on the move, with its equipment and staff travelling all the time. It cannot therefore be claimed that the economies should be directed solely at the interpreting and translation service.

If there was a rule that we had to speak French, I could do so. But I speak in Italian because I want to safeguard a principle which accords with the underlying Community order. Mr President, we cannot therefore accept a reasoning of costs or facility. Let us first put an end to the absurdity of a Parliament with three seats, a Parliament condemned to wander round Europe because of foolish considerations of national prestige. Quite apart from the touristic prestige of having a real seat, there is the most important aspect of effective functioning of democracy.

Mr President, in the old days parliamentarians were not paid allowances because they had their own private means. When were allowances introduced? When the representatives of the people were no longer members of the rich classes but a genuine reflection of the people. I see an analogy here in that, if we want to give Parliament the possibility of being a reflection of the people, its members must also be able to speak the languages of the people. Let us forget prestige.

There is one way of solving the problem in NATO and another way in the United Nations. We shall have to find our own solution to the problem, but a policy of the *fait accompli* could only redound to the disadvantage of our Community.

Italy is one of the founder members of the Community and it would be unacceptable if enlargement were to lead to the exclusion of the full presence of one of the founder members. That would not be done in the

smallest cooperative concern and it is inconceivable that it should happen in this great European enterprise to which Italians have contributed so much. Gaetano Martino was responsible for the breakthrough in Messina and the founding fathers of the Community included De Gasperi and Sforza; looking further back in history we find Mazzini. It would be a very strange Europe in which Italy and the Italian language might be relegated to the sidelines, with Italian no more than the language of the chorus in the 'Sicilian Vespers.'

Mr President, the Parliament is not the sole issue here; there is also the problem of the functioning of all the institutions — the Court of Justice, the Commission and the Council. Now since there is a rule of equal recognition of all the Community languages, let that rule be respected and let us not violate a principle of fair play. As far as translations are concerned, I do not see why with the army of translators we have at present and the vast expense which this activity involves it should not be possible at present to handle the mountains of translation work that are necessary in good time.

If I were asked for my views, I would propose in essence a quantitative solution having regard to the needs of the population who have to use a particular language. I hope that this problem will not be underestimated and in any approach to it we must have Europe uppermost in our minds, because a Europe in which certain brusque decisions were taken would be a Europe containing elements of disunity instead of construction — cultural construction as well as ethical, political, economic and social.

President. — I call Mr Veronesi.

Mr Veronesi. — (I) Mr President, this is not the first time that we are dealing with this problem. It is not the first time because the Commission has failed to respect certain undertakings that it had given. I do not agree with Mr Vredeling's answer. In reply to my earlier written question I was given an assurance that we should never again see a situation of the kind that has in fact been repeated — i.e. the abolition of the Italian cabin at certain working meetings — and has given rise to this further question. We have therefore come back to the subject because a formal promise given in this Chamber in a written answer has not been kept.

Of course we are aware of the many difficulties which underlie this question and are bound to increase and become still more complex with enlargement. We have asked for a study group to be set up which should begin to give this matter careful attention at the earliest possible opportunity. Because I do not think that this is first and foremost a nationalistic matter — I hope that Mr Dalyell has not misinterpreted our question — we are asking above all for respect of the treaties and of the currently valid

Veronesi

language arrangements; I agree fully with Mr Cifarelli's observation that it is not possible to make any changes behind the Parliament's back without taking a clear position in the full light of day. We cannot agree either with statements of position, apparently made in a personal capacity, by Commissioner Haferkamp and by the director of the interpretation service.

None of us would deny anyone's right to have personal ideas. We should take care not to deny that right. But when you have public responsibilities at this level and are dealing with matters of such delicacy, we believe great prudence to be necessary and an elevated sense of responsibility, because it is not simply a matter of placing Italy in difficulty but of jeopardizing the whole process of European construction to which we are so attached. If we genuinely want to build a Europe of the people, we must approach certain problems with extreme caution, measuring all our words and seeking the cooperation of all sides; we must make a lucid examination of the real situation.

That is why we are not satisfied with the Commission's answer and do not share — at least at this level and at this stage in the debate — Mr Dalyell's interpretation of the facts. Great clarity is needed at this time; we must adopt a bold approach to the problem without embarking on an adventure which might create a state of mind among the general public that would not provide the best climate for the electoral consultation next year to appoint the representatives of the European peoples to this Parliament by direct, universal suffrage.

President. — I call Mr Nyborg.

Mr Nyborg. — (DK) Mr President, in Danish we say that one swallow does not make a summer. And I would like to say to my Italian colleagues here that we do not get as excited about it as they do. Neither Mr Haferkamp nor anyone ...? can issue a Council decision because the Commission has absolutely no powers as regards the working languages of Parliament, so it is already an error of form to direct the question to the Commission. The Commission has nothing to do with the working languages of Parliament.

I think Mr Cifarelli touched on something very important. He said that if we are to save why can't we find the political will to decide on one seat for the European Parliament. Why must we have three places of work? Why should we ladle out a whole lot of money so that we can meet in as many different places as possible? We do not just meet in three places, we meet in many others throughout Europe. It is certainly necessary to do so but from a budget point of view it is absurd to spend so much money on that. And at the same time some Commissioner or other makes an extraordinary statement about us having to reduce the number of languages in the Community in order to save some money. I am always in favour of

saving money but not in this particular case. It is very important for each Member of Parliament to be able to express himself in his mother tongue because that is the only language in which he can be both subtle and spontaneous. And that applies to Danish and Dutch as well as Italian. If we have to reduce the number of languages why should we have three languages? Why not just one? Why not agree just to use German in future? I am not sure that Mr Dalyell would be particularly enthusiastic about that. But then there would be the question of jealousy as far as the three most widely spoken languages are concerned. No, we couldn't use just German we would also have to have French and English otherwise Frenchmen and Englishmen, or at least those that spoke their language, would be jealous. But I have a solution that would make as few people as possible jealous. Why don't we make Danish the Community's only official language? At the moment there are only 10 Danish members and after direct elections there will only be 16. In other words Danish is the language that would give the least grounds for jealousy.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, I have asked to speak again after hearing certain Members say that they are not satisfied with Commissioner Vredeling's statements. But I fail to see how I said anything essentially different from Mr Cifarelli. I simply spoke in support of the Community's decision that the recognized languages are all equal and that none is more equal than others. That is what I said. And I also said that this is a delicate matter. Surely that is true?

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, let me just ask one question. Mr Vredeling's reply is a good debating point, but are we to take it that the Commission is going to go on, after enlargement, insisting that every document appears in every language? Is that the situation? It may be. But could we, at some stage, have some factual statement, because very senior officials come to the Committee on Budgets simply throwing up their hand in horror and saying that the thing is unworkable. Now, it is either one or the other. Either Mr Vredeling is right, and somehow or another the difficulties can be overcome, or those who come to the Committee on Budgets are right and the machine is going to grind to a halt. They cannot both be right.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) As Mr Dalyell has rightly pointed out, the Commission has not taken a decision — there is no decision at all.

President. — This item is closed.

19. *Transfer of appropriations from the 1977 to the 1978 financial year*

President. — The next item is the report (Doc. 149/78) drawn up by Lord Bruce of Donington, on behalf of the Committee on Budgets, on

the initial list of requests for the carry-over of appropriations from the 1977 to the 1978 financial year (non-automatic carry-overs).

I call Lord Bruce.

Lord Bruce of Donington, rapporteur. — Mr President, one comes to the plenary on a Monday, each plenary, and one is accustomed to the Commission benches being rather empty, not merely late in the evening, but throughout the day, and I therefore would like to offer Parliament's condolences and sympathy with Commissioner Vredeling for having had to deal with so many subjects in the course of today's proceedings. I would assure him that in connection with the paper which I will submit for the approval of the House, I do not intend to detain him or the House long because, as you well know, Mr President, it is only my habit to detain the House at length when there are some vital principles at issue. In this particular case, Mr President, I am happy to submit to the House, Document No 149/78 drawn up on behalf of the Committee on Budgets, which deals with the initial list of requests for the carry-over of appropriations from the 1977 to the 1978 financial year — non-automatic carry-overs, Doc. 122/78. Mr President, Parliament itself has never liked carry-overs, particularly where they relate to expenditure more directly under the control of Parliament, that is to say, the non-obligatory expenditure, because of course it can be a means of the Commission and/or Council frustrating the will of Parliament concerning the expenditure of sums the purposes of which have been determined by Parliament, the political merits of which have been decided upon by Parliament and upon which the will of Parliament has been expressed. These particular carry-overs however, Mr President, you will be relieved to hear, present us with no particular anxieties. There is a sum of 1 267 250 EUA representing carry-overs from Parliament's budget which relate to miscellaneous expenditure on staff recruitment, the fitting out of premises, new purchases of furniture and also new purchases of technical equipment and installations, which, for one reason or another, Parliament was not able to expend during the particular year; the sums are not considerable and the Committee on Budgets therefore recommended to Parliament that they should be approved. There is a similar, small sum of expenditure amounting to some 61 000 odd EUA for the European Court of Auditors which has had to be carried over, because, as the House will recollect, the Court of Auditors which was only in its embryo stage last year

was unable fully to appreciate the full scope of its task and obviously could not be held precisely to its own estimates. So that does not present a problem. There is also some 11 331 595 EUA on the Commission's budget of which the great bulk is some 8 million EUA connected with basic research operations in the aerospace sector. Well, that need not cause us any worry, because in our 1978 budget we, in fact, made allowance for it in reducing the estimates, so we have already given approval in principle to this odd 8 million. The remainder, in terms of Commission's expenditure which normally goes to the tune of about 11m EUA or thereabouts, need not give Parliament any particular cause for concern and I would not insult the House by going into any detail with it here. It is, of course, a complete petty cash so far as the Commission is concerned and we would not wish to demean either the Commission or Parliament by doing other than approve it.

Having said that I am bound to say, that since the first list with which we have now dealt or with which I venture to deal on Parliament's behalf, a second list has come up which has not yet been considered by the Committee on Budgets, amounting to some 21 783 000 EUA which does present rather different problems so I would not like the Commission to run away with the idea that the very benign attitude that I have sought fit to adopt this evening on behalf of the Committee on Budgets will necessarily follow through to the second tranche of these carry-overs, which will come before Parliament in due course.

These matters are non-controversial, they have been carefully considered by the Committee on Budgets, they do not need to detain either the Commission or the House much longer and, Mr President, I recommend their adoption.

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, may I begin by thanking Lord Bruce for his sympathy with my predicament in having to deal with one subject after another this evening. Fortunately in this particular debate I feel rather more at home than with some of the other matters we have discussed this evening.

The Commission regrets having to submit two lists each year of requests for the carry-forward of appropriations. The problem is that we have to choose between two requirements: firstly, we want to inform Parliament as rapidly as possible but, secondly, if we wait for data the latest, we can only come to Parliament at a later stage. That is why we have to put these requests for transfer before Parliament twice.

Vredeling

Mr President, it is late in the evening and I shall keep my remarks brief. I shall consider in particular the aviation sector where there seems to be, if not a misunderstanding, perhaps some difference of opinion with Parliament. The Commission which has to prepare these proposals has done so in cooperation with the national experts and we therefore needed seven months to draw up our proposals. I would have thought this would have warranted Parliament's approval rather than criticism but the difficulty in this case, as always, is that the Council has not taken decisions on the basis of which we could responsibly allocate the available funds. We could of course spend some of the money without a decision of principle from the Council, for example by handing out something to Dassault and a little more to Fokker; there would no doubt be other takers too, but that does not seem to me a responsible approach to the problem. These appropriations must be spent — and we are grateful to Parliament for obtaining them through the consultation procedure — on the basis of a responsible decision-making procedure which means in turn that the Council of Ministers must take a decision of principle on the matter. I cannot tell you when that decision will be taken but I hope it soon will be. However, it must not be forgotten that this budget item relates to a policy which has not yet been fully defined. That is why the appropriations have not yet been used and also why we have proposed carrying them forward to the next budget year.

Consultation must still take place between the Council, Parliament and Commission on the interpretation of Article 205 and I think that particular attention should then be given to the remarks contained in Lord Bruce's report on the aviation sector. That is clearly a subject which warrants discussion.

Mr President, I want to end by thanking Lord Bruce for his report, but I also felt it necessary to make these explicit observations on the aviation question.

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 voting time tomorrow.

The debate is closed.

20. *Marine pollution*

President. — The next item is the interim report (Doc. 147/78) drawn up by Lord Bruce of Donington, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the

communication and proposals from the Commission of the European Communities to the Council on marine pollution arising from the carriage of oil (Amoco Cadiz).

I call Lord Bruce.

Lord Bruce of Donington, rapporteur. — Mr President, on behalf of my committee, I am pleased to

congratulate the Commission — which is rather an unusual attitude for me to take on some of these matters — on the initiative they have shown in drawing up interim proposals for dealing with matters that have been very much present in our minds following the Amoco Cadiz disaster and the Eluni V incident, that has taken place since, and other near mishaps.

The Commission obviously has not yet had an opportunity of examining the matter in any depth, but they have brought forward some interim proposals. Mr President, you will recall that when Parliament became apprised of the full situation, it decided that its Committee on Regional Policy, should hold a more detailed enquiry into all these matters. With the approval of Parliament, a public enquiry into the avoidance of accidents at sea and consequential pollution will therefore take place in Paris on 20, 21 and 22 of this month. No less than twelve organizations of international repute have already intimated their intention to attend, and Parliament will report in due course. The object of course of the committee in this connection was to bring the whole of these matters into focus in order that Parliament should be able to review the entire report and the recommendations that my committee may see fit to make. This will be done in some detail, and the members of my committee hope that it will be to the considerable assistance of Parliament in dealing with these very grave and important matters.

Nevertheless, in the meantime, Mr President, the Commission have considered it prudent — and my committee think that they have acted very wisely — to make certain interim proposals. These are comprised in the proposals they have already made to the Council and which they have referred to us for our attention in order that we can pass observations upon them.

The first report my committee has made deals with Commission proposals for the controlled reduction of pollution caused by oil spillage. They deal with proposals for the ratification of the Barcelona Convention for the protection of the Mediterranean against pollution. They deal with accession to the Bonn agreement concerning cooperation in dealing with pollution of the North Sea by oil, as well as a draft Council resolution calling on all Member States to extend their territorial waters to twelve miles. The second proposal from the Commission seeks to ensure the implementation of the 1974 international Convention for the Safety of Life at Sea and its 1978 Protocol (SOLAS) and also ILO Convention No 147 of 1976, on minimum standards for merchant shipping. This batch of proposals also includes a proposal for the signature by the Member States of the 1973 International Convention for the Prevention of Pollution by Ships, which is usually known by the short title of

Lord Bruce of Donington

MARPOL as amended by the 1978 Protocol. The Commission are finally seeking more stringent regulations and a draft Council statement on more stringent ship inspections.

Now these, Mr President, only deal with the matters that can be conveniently tackled at this stage, without prejudice, of course, to the very much wider and much more detailed enquiries that we shall make on Parliament's behalf. I have no need to remind the House that out of the list of conventions submitted by IMCO for the attention of my committee in the course of the enquiries that are going to take place next week in Paris, no less than 25 series of conventions which have already been agreed by States are not yet in force. This, of course, relates to actions not only by Member States but by other States outside the Community who, although they have agreed to the convention, have so far not passed through their own parliaments or through their own governments, the ratifications that are necessary in order to bring the conventions into force.

Mr President, I do not want to anticipate the results of the inquiries we shall be holding in public and in some depth in Paris next week, but it is already abundantly clear from reading all the newspaper reports on this matter, that one of the greatest disabilities in being able to avoid accidents at sea and the consequent pollution, is the reluctance of states who have signed conventions to ratify them in order that they can in fact be enforced. And these, Mr President, will be spelled out in some detail in the proceedings to which I have referred. In the meantime, my committee regards the proposals put forward by the Commission as minimal, perhaps only a fleabite when compared with the full problem, but nevertheless, we think that the Commission have acted wisely, we are very glad that they have acted, and we commend these proposals to the House.

IN THE CHAIR : MR YEATS

Vice-President

President. — I call Mr Vredeling.

Mr Vredeling, Vice-President of the Commission. — (NL) Mr President, may I begin by expressing our gratitude for the support given by Parliament in its resolution to the Commission's action in the area of shipping safety and environmental protection after the Amoco Cadiz disaster. Parliament is aware, as Lord Bruce recalled just now, that the Commission's communication of 28 April contains a great many proposals specially designed to give the Community the possibility of playing an active role in this area, as the Council itself has urged. A start was made at the meeting of the Council of Ministers of Environmental

Protection on 30 May last; agreement was reached on a number of provisional measures such as accession by the Community to the Barcelona Convention on the prevention of pollution of the Mediterranean.

The Council of Transport Ministers in Luxembourg is at present discussing a specific proposal to which one of the draft resolutions now before us relates, namely rapid ratification by the Member States of several IMCO and ILO agreements in the area of sea transport safety and environmental protection. If Parliament can adopt these resolutions at once the Council can be informed directly; but I assume that the vote will not take place before tomorrow morning. The Commission is very interested in the public hearing to which Lord Bruce referred which Parliament will be holding next week in Paris to look into ways of preventing accidents in maritime transport. The Commission will be represented on that occasion and I want to congratulate Lord Bruce and his colleagues on this initiative; I wish them every success with the hearing.

Finally, the Commission has noted that Parliament reserves the right, at one point in its resolution, to return to this matter in a later report. That is understandable. The subject is one of great political importance and the Commission hopes that it can remain assured of Parliament's support in its efforts to bring about Community action to promote the safety of maritime transport and better environmental protection.

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

Mr Veronesi, draftsman of the opinion. — (I) Mr President, I wish to make it clear that I am speaking on behalf of the Committee on the Environment which was asked for its opinion on the document now under consideration. The committee held an extraordinary meeting for this specific purpose today during which I put forward a number of observations and explained our reasons for voting in favour of this initiative. We greatly appreciated the Commission's communication to the Council; it is a wide-ranging, organic and full document which provides a satisfactory general framework of information on the maritime transport of hydrocarbons and the dangers of pollution.

We support the Commission's four proposals and are looking for a commitment from the Council and Commission to provide all the procedures and instruments necessary for the rapid implementation of these initiatives. We should also like to be kept regularly informed of the implementation of the proposed programmes. One criticism was, however, made: the fact that Parliament has been asked to consider this subject not on the basis of a general anticipatory plan

Veronesi

but as a result of the Amoco Cadiz disaster. Once again this action originates from the consequences of past laxity, whereas the necessary statutory provisions should have been enacted long ago to prevent the disaster that has now occurred. This is all the more serious in that we have been discussing these problems for ten years; at the beginning of 1977 we already adopted a resolution following a question by Mr Willi Müller. That is why we say that, instead of being overtaken by events, we must take appropriate measures in advance.

Our final recommendation relates to the disturbing situation reflected in the Commission's document; on the one hand, confused and fragmentary international regulations without any general framework of reference and, on the other hand, total indifference on the part of some countries which fail to ratify agreements entered into. That is why we feel that the Commission should promote, on behalf of the Community as a whole, an international initiative calling upon the other countries to adequately reorganize their legislation and ensure more stringent provisions together with proper compliance with the rules by all the countries of the world. Having said that, I confirm our support for the Commission's initiative.

President. — I call Lord Bruce.

Lord Bruce of Donington, rapporteur. — The only thing I wish to reiterate is what the Commissioner has already said. Of course, after the inquiries we shall make, which will be primarily for the information of our colleagues and Parliament, my committee will of course reserve its right to go much more fully into this whole question than has been done tonight. But in the meantime I would like to express my committee's appreciation, first of all for the attitude of the Commission and secondly for Mr Veronesi, whose committee of course has been invited to attend the hearing, together with other interested parties.

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 voting-time tomorrow.

The debate is closed.

21. *Directive on safety in shipping*

President. — The next item is the interim report (Doc. 162/78) by Lord Bruce of Donington, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on

the proposal from the Commission of the European Communities to the Council for a directive concerning the ratification of conventions on safety in shipping.

Lord Bruce has already spoken to this report.

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

22. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 13 June 1978, with the following agenda:

At 10 a.m. and in the afternoon:

- Decision on requests for urgent debate;
- Klepsch report on European armaments procurement cooperation;
- Ripamonti report on the estimates of Parliament for 1979;
- Commission statement on agricultural prices;
- Cifarelli report on oils and fats (without debate);
- Oral question, with debate, to the Commission on monetary compensatory amounts.

3 p.m.: Question Time (questions to the Commission)

3.45 p.m.: Vote on resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 8.55 p.m.)

SITTING OF TUESDAY, 13 JUNE, 1978

Contents

1. <i>Approval of the minutes</i>	39	<i>Question No 1, by Mrs Walz: Power-generating satellites:</i>	
2. <i>Documents received</i>	39	<i>Mr Vredeling, Vice-President of the Commission; Mrs Walz; Mr Vredeling; Mr Dalyell; Mr Brunner, Member of the Commission; Mr Brown; Mr Brunner</i> . .	62
3. <i>Decision on urgent procedure:</i>		<i>Question No 2, by Mr Scott-Hopkins (See Annex)</i>	63
<i>Mr Kofoed, chairman of the Committee on Agriculture; Mr Gundelach, Vice-President of the Commission; Mr Yeats; Lord Bruce of Donington; Mr Howell; Mr McDonald; Mr Kofoed; Mr Lange, chairman of the Committee on Budgets; Mr Cointat; Mr Hughes; Mr Kofoed; Mr Fellermaier; Mr Notenboom; Mr Bange-mann; Mr Radoux</i>	39	<i>Question No 3, by Mr Noè (deferred)</i>	63
4. <i>European armaments procurement cooperation — Report by Mr Klepsch on behalf of the Political Affairs Committee (Doc. 83/78):</i>		<i>Question No 4, by Lord Bessborough: China:</i>	
<i>Mr Klepsch, rapporteur</i>	42	<i>Mr Jenkins, President of the Commission; Lord Bessborough; Mr Jenkins; Mr Prescott; Mr Jenkins; Mr Edwards; Mr Jenkins</i>	63
<i>Procedural motion: Mr Dankert</i>	46	<i>Question No 5, by Sir Geoffrey de Freitas: Harmonizing of travel documents:</i>	
<i>Mr Davignon, Member of the Commission; Mr Corrie; Mr Bertrand, chairman of the Political Affairs Committee; Mr Normanton, draftsman of an opinion; Mr Dankert, on behalf of the Socialist Group; Mr Notenboom, on behalf of the Christian-Democratic Group (EPP); Mr Berkhouwer, on behalf of the Liberal and Democratic Group; Mr Rippon, on behalf of the European Conservative Group; Mr Soury, on behalf of the Communist and Allies Group; Mr Krieg, on behalf of the Group of European Progressive Democrats; Mr Christensen; Mr Granelli; Mr Cifarelli; Mr Jahn; Mr Spinelli</i>	46	<i>Mr Davignon, Member of the Commission; Sir Geoffrey de Freitas; Mr Davignon; Mr Berkhouwer; Mr Davignon; Mrs Dunwoody; Mr Davignon; Mr Radoux; Mr Davignon; Lord Bessborough; Mr Davignon; Mr Howell; Mr Davignon; Mr Müller-Hermann; Mr Davignon; Mr Yeats; Mr Davignon; Lord Ardwick; Mr Davignon</i>	64
<i>Procedural motion: Mr Dalyell; Mr Davignon</i>	62	<i>Question No 6, by Mr Hoffmann: Rationalization in the iron-and-steel industry and employment:</i>	
5. <i>Question-time (Doc. 157/78)</i>		<i>Mr Davignon, Member of the Commission; Mr Hoffmann; Mr Davignon; Mr Scott-Hopkins; Mr Davignon; Mr Edwards; Mr Davignon; Mr Corrie; Mr Davignon; Mr Fuchs; Mr Davignon; Mr Dalyell; Mr Davignon; Mr Pisani; Mr Davignon; Mr Normanton; Mr Davignon; Mrs Ewing; Mr Davignon</i>	66
<i>Questions to the Commission:</i>		<i>Question No 7, by Mr Edwards: Tobacco addiction:</i>	

<i>Mr Vredeling, Vice-President of the Commission; Mr Edwards; Mr Vredeling; Mrs Dunwoody; Mr Vredeling; Lord Kennet; Mr Vredeling</i>	68	<i>on behalf of the Group of European Progressive Democrats; Mr Dalyell; Lord Bruce of Donington; Mr Ripamonti . . .</i>	79
6. Votes		9. Commission statement on agricultural prices	
<i>Squarcialupi report (Doc. 97/98): Safety and health at work:</i>		<i>Mr Gundelach, Vice-President of the Commission; Mr Hughes, on behalf of the Socialist Group; Mr Früh; Mr Kofoed, on behalf of the Group of European Progressive Democrats; Mr Pisoni; Mr Scott-Hopkins; Mr Howell; Mr Dewulf; Mr Gundelach</i>	86
<i>Adoption of the resolution</i>	69	10. Regulation on oils and fats — Report, without debate, by Mr Cifarelli on behalf of the Committee on Agriculture (Doc. 154/78)	95
<i>Spicer report (Doc. 95/78): Fire safety regulations:</i>		11. Oral question with debate: Monetary compensatory amounts (Doc. 120/78/rev.):	
<i>Adoption of the resolution</i>	69	<i>Sir Brandon Rhys Williams, author of the question</i>	96
<i>Bruce of Donington report (Doc. 149/78): Transfer of appropriations from the 1977 to the 1978 financial year:</i>		<i>Mr Gundelach, Vice-President of the Commission; Mr Früh; Mr Eberhardt; Mr Liogier, on behalf of the Group of European Progressive Democrats; Mr Pisoni; Sir Brandon Rhys Williams; Mr Gundelach</i>	97
<i>Adoption of the resolution</i>	69	12. Floods in Germany — Motion for a resolution by Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr Seefeld, on behalf of the Socialist Group, Mr Klepsch, on behalf of the Christian-Democratic Group (EPP), Mr Rippon, on behalf of the European Conservative Group, Mr Mascagni, on behalf of the Communist and Allies Group and Mr de la Malène, on behalf of the Group of European Progressive Democrats (Doc. 163/78/rev.):	
<i>Bruce of Donington interim report (Doc. 147/78): Marine pollution:</i>		<i>Mr Bangemann</i>	103
<i>Adoption of the resolution</i>	69	<i>Mr Gundelach, Vice-President of the Commission</i>	103
<i>Bruce of Donington interim report (Doc. 162/78): Directive on safety in shipping:</i>		13. Agenda for the next sitting	103
<i>Adoption of the resolution</i>	69	<i>Annex</i>	104
<i>Fellermaier and Prescott motion for a resolution (Doc. 109/78): Human rights in Argentina:</i>			
<i>Mr Prescott; Mr Scott-Hopkins; Mr Johnston; Mr Prescott, Mr Klepsch; Mr Bangemann; Mr Fellermaier; Mr Rippon; Mr Prescott</i>	69		
<i>Adoption of the resolution</i>	71		
7. European armaments procurement cooperation (contd)			
<i>Mr Davignon, Member of the Commission; Mr Lange; Mr Dalyell; Mr Davignon; Mr Dankert;</i>	71		
<i>Mr Klepsch, rapporteur</i>	75		
8. Estimates of Parliament for 1979 — Report by Mr Ripamonti on behalf of the Committee on Budgets (Doc. 156/78)			
<i>Mr Ripamonti, rapporteur</i>	77		
<i>Mr Lange, on behalf of the Socialist Group; Mr Ryan, on behalf of the Christian-Democratic Group (EPP); Mr Cointat,</i>			

IN THE CHAIR : MR COLOMBO

President

(The sitting opened at 10.15 a.m.)

President. — The sitting is opened.

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 received*

President. — I have received the following documents :

- a) from the Council, requests for an opinion on :
- the proposal from the Commission to the Council for a regulation amending :
 - Regulation (EEC) No 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway, and
 - Regulation (EEC) No 1107/70 on the granting of aids for transport by rail, road and inland waterway

(Doc. 165/78),

which has been referred to the Committee on Regional Policy, Regional Planning and Transport ;

- the proposal from the Commission to the Council for a decision modifying Council Decision 74/642 adopting a research and training programme for the European Atomic Energy Community on plutonium recycling in light-water reactors (Doc. 166/78),

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

- b) from the committees, the following reports :
- report by Mr Herbert, on behalf of the Committee on Agriculture, on the amended proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products (Doc. 167/78) ;
 - report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission to the Council for a Ninth Directive on the harmonization of the laws of the Member States relating to turnover taxes (derogation from Article 1 of the Sixth Council VAT Directive of 17 May 1977) (Doc. 168/78).

3. *Decision on urgent procedure*

President. — The next item is the vote, pursuant to Rule 14 of the Rules of Procedure, on the requests for urgent procedure announced during yesterday's sitting.

I consult the House on the adoption of urgent procedure for the report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission to the Council for a Ninth Directive on the harmonization of the laws of the Member States relating to turnover taxes. (Doc. 168/78)

Are there any objections ?

Urgent procedure is agreed.

I propose that this report be included at the end of the agenda for the sitting of Thursday, 15 June 1978.

Are there any objections ?

That is agreed.

I consult the House on the request for urgent procedure presented by the Council in connection with the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 2759/75 on the common organization of the market in pigmeat (Doc. 164/78).

I call Mr Kofoed.

Mr Kofoed, Chairman of the Committee on Agriculture. — (DK) Mr President, with reference to this request for urgent debate I can inform the House that the Committee on Agriculture received the documents relating to the regulation yesterday. That means that the committee has not yet had the slightest chance to discuss this regulation and I would therefore ask Parliament to reject this request for urgent debate. I do not believe we can accept a situation in which the Council presents its proposals so late that we cannot possibly integrate them into our normal pattern of work. I can also tell Parliament that the Committee on Agriculture did meet yesterday. So we have held a meeting during the part-session, but without being able to appoint a rapporteur since we did not have any documents. I would therefore call on Parliament to vote against this request for urgent debate.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, it is only with great reluctance that I intervene in this debate. I am not responsible for the lateness with which the proposals submitted to the Council by the Commission have reached Parliament, but it is my duty to point out to Parliament that there will be a lack of equilibrium in decisions taken on

Gundelach

pigmeat if this matter is not resolved in the very near future. Consequently, I would suggest to Parliament in all due respect that, despite the lateness in dealing with this matter in another institution, it could nevertheless be considered this week.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, this proposal raises the same issue which we had some discussion on at the last part-session — the manner in which Parliament gives its opinion to the Council. It has always been the position under Rule 22 that our opinion can only be given on the basis of a report from the appropriate committee, and there is no way, to my mind, that we can give our opinion to the Council except on the basis of a report from such a committee. I would suggest, Mr President, that we ought not to take a vote at all on this matter now, since there is in effect nothing before us. If the committee can meet during the week and consider this matter, all the better; then this proposal could be renewed. But I really would suggest that we ought not to be dealing with this matter in this way. It is quite contrary to our rules that we should be proposing to put a matter on the agenda which does not arise in accordance with those rules. It is quite clear under Rule 22 that, when our opinion is sought by the Council, the matter must be dealt with on the basis of a report from that committee. I would suggest that we postpone this vote until later in the week in the hope that the committee will by then have been able to deal with the matter.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, will it be possible for an undertaking to be given that the document referred to (Doc. 164/78), will in fact be available to Parliamentarians? I have made enquiries as to its whereabouts this morning and have been unable to obtain one.

President. — I call Mr Howell.

Mr Howell. — Mr President, I merely want to urge the chairman of the Committee on Agriculture to call another meeting of that committee. We had one meeting last night, at which we discussed a document we had not previously seen, and I see no reason why another meeting should not be convened during this part-session so that we can discuss this document and it can be fully dealt with here in this part-session.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should like to support Mr Howell. I think we all recognize that the pig industry has really been the Cinderella of animal husbandry, and I would like to see this document given speedy attention. I hope it will be possible,

therefore, to have a meeting of the Committee on Agriculture during the week so that we might deal with this on, say, Thursday afternoon.

President. — The discussion should not be allowed to degenerate into a debate on procedure. The arguments presented by Mr Yeats certainly deserve consideration, although my own personal views do not accord entirely with his. In order to find a solution, I would ask the chairman of the Committee on Agriculture to see whether a report cannot be presented so that the request for urgent procedure can be submitted to Parliament at the sitting of tomorrow or the day after.

I call Mr Kofoed.

Mr Kofoed, Chairman of the Committee on Agriculture. — (DK) Mr President, I see this as a matter of fundamental importance. I fail to understand why Parliament should accept such late submission of documents by the Council. We held an extraordinary meeting of the Committee on Agriculture on Monday evening to consider the report on milk marketing boards and to go through the rest of the price package. But it was only yesterday evening that we received the first document concerning the proposal on pigmeat, and we have not had the slightest opportunity to appoint a rapporteur or to look at this proposal together. As a matter of principle, I do not think that Parliament should condone this procedure. The Council knew that we had a part-session in June and it knew that we were prepared to hold a meeting during the part-session. Nonetheless our more general procedure for meetings has been disregarded Mr President, I would gladly go to the trouble this to be a dangerous procedure inasmuch as we could be accused of not treating this proposal seriously. We would not really have a proper opportunity to discuss the matter if we called a rush meeting. We do not even know how many Members are due to be present for the rest of the week. No one can plan anything if things proceed in this way, but if Parliament instructs me to call a meeting of the Committee on Agriculture, I shall, of course, comply with the request. I would, however, warn against this, since I think it would be a fundamental error for Parliament to allow itself to be pushed around simply because the Council cannot complete its work in time. This is not the fault of the Commission. A fortnight ago Mr Gundelach told us all about the matter in the Committee on Agriculture and we said that we were prepared: but the translation of the Council's letter only reached us on 9 June, and we received the documents yesterday. I do not believe that we should accept this. And for this reason I would be most reluctant to be forced to call a meeting of the Committee on Agriculture under these conditions.

(Applause)

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, I emphatically support the Chairman of the Committee on Agriculture in his attitude on this matter of principle. We have already complained at various times that documents reach Parliament so late that we are pressed for time in an almost undignified way, and I do not see why we should accept a pressure that will not stand up to rational scrutiny. If we intend to do our work as Parliament responsibly, then we must take heed of what the Chairman of the Committee on Agriculture has told us.

I often have the impression that this has become part of the Council's tactics...

(interruption : it has.)

... designed to rob Parliament of the time it needs to consider things thoroughly ...

(Applause)

... This we can no longer tolerate. I would therefore recommend, Mr President, that this matter be put on the agenda for the July part-session and not before, and that we do not break our necks trying to settle this question this week.

(Applause from various quarters)

President. — I call Mr Cointat.

Mr Cointat. — (F) Mr President, I am surprised at the turn taken in our discussions. The fact is that the Council very rarely asks for urgency; if anything, we tend to criticize it for the reverse. So when it does for once ask us for urgency we would be ungracious not to accept. I find it difficult to believe that the Committee on Agriculture could not meet during the week; it has already held a long discussion on milk problems, as Mr Kofoed very rightly just pointed out.

Yesterday evening, the Committee on Budgets met urgently to consider the Ninth Directive on VAT. What can be done for VAT can certainly be done for pigmeat as well. So, for once that the Council asks for urgency, let us reply in the affirmative.

(Applause from various quarters)

President. — I call Mr Hughes.

Mr Hughes. — I think we are making rather a meal of this problem, Mr President. The proposal is to reduce a percentage from 85 to 78. It is a relatively small item which the Committee on Agriculture does not need to take five hours debating. It would be able to deal with this relatively quickly. There is a constitutional problem, but I agree with Mr Cointat that we are in danger of taking this for too seriously. It is a small proposal and I believe the Committee on Agri-

culture could take it on board relatively quickly, deal with it and bring it back to the House during this week.

(Applause from various quarters)

President. — In order that the House should be properly informed before taking a decision on the adoption of urgent procedure, I asked the chairman of the Committee on Agriculture whether he could call a meeting of his committee today so that we could decide on the question of urgency tomorrow. I therefore repeat my question to the chairman of the Committee on Agriculture whether or not he considers it possible to call a meeting of his committee.

I call Mr Kofoed.

Mr Kofoed, Chairman of the Committee on Agriculture. — (DK) Mr President, if you ask me to do this I shall try to do it, but I would point out that we have not yet appointed a rapporteur and we have not prepared any documents. I find it most regrettable that we should have to work under such conditions, but I shall of course follow any instructions I receive from the President. As I have said, these are rather difficult conditions to work under.

President. — I share your regret that the Council request which lies behind this request for urgent procedure obliges you to deal with the problem less thoroughly than you would wish. I would, however, point out that many colleagues concerned with agricultural problems would be inclined to make a decision during this part-session. I would therefore ask you to examine the problem: if you find it possible to submit a written or oral report in this Chamber, I shall consult the House on the adoption of urgent procedure at the beginning of tomorrow's sitting.

I can therefore count on the support of the chairman of the Committee on Agriculture.

Are there any objections?

That is agreed.

I now consult the House on the adoption of urgent procedure for the motion for a resolution tabled by six political groups on the political situation in Africa (Doc. 136/78).

Are there any objections?

The adoption of urgent procedure is agreed.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I would like to propose, now that this House has agreed to urgent procedure for the Africa debate, that this item be taken on tomorrow's agenda immediately after the statement by the President of the Council so that we can have a joint discussion with the latter, since the

Fellermaier

Council will certainly be reporting on the results of the Foreign Ministers' conference on the same subject in Copenhagen. The Members in the European Conservative Group will therefore have to be asked to agree to their oral question not being dealt with until after this.

President. — With Mr Rippon's consent, I propose that this motion for a resolution be included in tomorrow's agenda and placed immediately after the statement by the President-in-Office of the Council.

Are there any objections?

That is agreed.

I now consult the House on the adoption of urgent procedure for the report by Mr Cointat, on behalf of the Committee on Budgets, on the interinstitutional dialogue on certain budgetary questions (Doc. 150/78).

Are there any objections?

Therefore adoption of urgent procedure is agreed.

I propose that this report be included as the last item on tomorrow's agenda.

Are there any objections?

That is agreed.

I now consult the House on the adoption of urgent procedure for the motion for a resolution tabled by Mr Bangemann, on behalf of the Liberal and Democratic Group, on the floods in Baden-Württemberg, Bavaria and the Rhineland-Pfalz (Doc. 163/78).

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, there is just one thing we have to say. Our group will vote for the proposal, but we regret the departure from an important tradition of this House in this case. If there is an emergency in the European Community or outside it, the custom is that the political groups meet together in order to make a joint proposal. In the present case this has not happened. We shall not be voting against the proposal, but we hope that if an emergency arises in the future the groups will again produce proposals together and not separately, as on this occasion.

President. — The point of your remarks is purely political, one of propriety. What we are discussing is the question of urgent procedure.

I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, I cannot understand Mr Notenboom's comment unless I take it to mean that he is unhappy not to be associated with this initiative. That can quickly be put right. It goes without saying that we do not want to claim any right of priority or exclusivity in this case. I submitted the proposal on behalf of the Liberal and Democratic Group because I come from the area where a large part of the damage has occurred. I myself have seen

some of it and visited the responsible authorities and I can tell you that already a great deal has been done to put things right but there are many manifestly urgent cases where I feel the European Community can also do something. If Mr Notenboom agrees, and if the other groups also agree, then they are cordially invited to participate in this initiative...

Mr Fellermaier. — (D) You should have done that before!

Mr Bangemann. — (D) Mr Fellermaier, it is really ridiculous, considering the plight of the people whom we want to help (and the Commission will have to do this with Community money), to be discussing who tables the proposal. I have known Mr Notenboom for a very long time, but if I had not known him for so long then I would say... no, I prefer not to. Therefore, I invite you, in the interests of those who have suffered, to join in this initiative and not to pick a stupid political quarrel over it.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr Notenboom's remarks are none the less relevant for what Mr Bangemann has just said.

President. — Having had various contributions of a political nature, we must now vote on the urgency of the motion for a resolution.

Are there any objections?

The adoption of urgent procedure is agreed.

I propose that this motion for a resolution be included as the last item on tomorrow's agenda.

Are there any objections?

That is agreed.

4. *European armaments procurement cooperation*

President. — The next item is the report by Mr Klepsch, on behalf of the Political Affairs Committee, on European armaments procurement cooperation (Doc. 83/78).

This debate is organized on the basis of Rule 28 of the Rules of Procedure.

I call Mr Klepsch.

Mr Klepsch, rapporteur. — (D) I would like to thank Mr Berkhouwer and the Liberal Group for tabling, in December 1976, a motion for a resolution on cooperation in the armaments sector. In actual fact this motion was a logical sequel to the report on the effects of a European foreign policy on defence questions submitted to Parliament in December 1975 by Lord Gladwyn, which itself had a precursor in the form of the Mommersteeg report.

Klepsch

The most important starting-point of the present motion and my report is the need for steps to remedy the Community's continuing failure to develop a common industrial policy. In spite of the declaration of intent of the Heads of Government at the Copenhagen summit conference in December 1973, the only significant move made by the Community towards the establishment of a common industrial policy remains the Commission programme for the European aeronautical sector and aviation, which has been strengthened by the very welcome new proposals put forward by the Commission in this field in May of this year, on which the decisions of the European Council are now awaited. If the motion for a resolution prepared by the Political Affairs Committee which I am now submitting to you is approved by Parliament today, it might possibly be submitted by the Commission to the European Council for consideration in Bremen in company with the Commission's proposals on civil aviation, with the indication that specific and detailed proposals could follow at a later date.

In connection with the present motion for a resolution it is particularly interesting to note that, in its 1975 action programme, the Commission proposed the creation of a European military aircraft procurement agency. This proposal was in line with Parliament's attitude, since Parliament's resolution of 15 December 1975 urged the establishment of 'an agency ultimately aimed at the joint manufacture of weapons meeting the requirements of the Member States'. This proposal largely coincides with that made by Mr Tindemans in his report on European Union to the effect that consideration should be given to the setting up of a 'European Armaments Agency'. In his report, Mr Tindemans referred to 'the need to initiate a common industrial policy on the manufacture of armaments within the framework of the European Union.' When he was a member of the Commission, Mr Spinelli also made similar proposals with regard to a European armaments procurement agency.

As is clear from my report, a common industrial policy is unthinkable without including in it the military and civil aspects of certain European key industries, in particular the building of aircraft air-frames and power-units, shipbuilding and electronics.

In the opinion of the Committee on Economic and Monetary Affairs regarding Mr Berkhouwer's motion for a resolution, my most important argument is fully supported by Mr Normanton, the draftsman. In his conclusion, he says that the Committee on Economic and Monetary Affairs 'regards as indefensible any further attempts to establish a common industrial policy which does not include this key sector (the armaments industry). He continues by saying that 'the Commission should put forward an action

programme... representing the industrial policy aspect, which has been missing in previous attempts to reorganize the European defence equipment market.'

I am very grateful to the members of the committee on Economic and Monetary Affairs for their unanimous support of the well-argued opinion drafted by Mr Normanton, which back up the views of the Political Affairs Committee so admirably.

Quite apart from the need to progress in the direction of a common industrial policy, there are other grounds for European cooperation in the procurement sector. The main reasons are as follows:

- 1) the need for major savings in armaments production;
- 2) the military requirements of inter-operability and/or standardization; and
- 3) the need to maintain a European armaments industry in order to safeguard Europe's independence, maintain employment in this sector, increase exports and preserve competitiveness in the field of future technologies at the world level.

In part V of my report, I refer to the recent shift in emphasis in the American Government's policy from self-sufficiency in armament procurement to a more open, liberal and international procurement policy. Here I would lay particular stress on the significance of the American proposal that a single transatlantic armaments market be created in which provision was made not only for the principle of inter-operability in armaments, based on recommendations first made by an independent expert, Thomas J. A. Callaghan jr. but also for the setting up of a European armaments production agency. As you know in the field of armaments production and marketing is part of the policy of the Atlantic Alliance. But we cannot expect the Americans to buy European equipment if European equipment is non-competitive. In my opinion, the proposals set out in the present report and in the Political Affairs Committee's motion for a resolution are not without importance.

In Section VII of my report, 'The Community and European Armaments Procurement', the introduction of a new and important element in European cooperation in armaments procurement is proposed. It is firstly pointed out that one of the main reasons preventing effective cooperation in the past has been the fact that the military and political institutions engaged in this area have lacked the potential capability of the Community to organize the industrial side of arms procurement and to create a structured single Western European armaments market. The report goes on to say that the European Community can play an important part and make a vital contribution of a kind which is not possible for other organizations like NATO or WEU.

Klepsch

The point is further made that the IEPG, although it has already made promising progress in its efforts, is only an informal grouping with no powers or authority to organize the economic and industrial aspects of arms cooperation. The Community, however, in the development of a common industrial policy, which is a major goal for the future development of the EEC, could develop, at the level of the Nine, a single, organized market for the production and sale of armaments. Indeed, without the development of such an arms market it is hardly possible to imagine how a common industrial policy could be brought into being, particularly in view of the vital role that military production and sales play in the aeronautical industry, shipbuilding and electronics.

In the opinion drafted by Mr Normanton, the Committee on Economic and Monetary Affairs has put forward a number of interesting proposals on ways and means of organizing the armaments market.

In 1975, the Commission pointed out that the armaments market accounted for 62 % of aircraft industry sales by Community Member States. In the electronics sector, advanced defence requirements have been one of the main sources of new technological development in the past 20 years. Research programmes in sectors like aviation and electronics are often concerned with developing advanced technologies which have both military and civil applications.

Supercritical wing technology or very large scale integrated circuits are of importance to both sectors, and European programmes in such areas cannot accept an artificial borderline. In both the aviation and electronics industries, the survival of an independent European advanced military capability is made easier by the survival of the civil industry, and for aircraft the converse is even more true. Employment in key industries is the combined result of the requirements of both markets. The workload in the aircraft industry and in some shipyards is a sensitive balance between military and civil programmes.

In the aircraft industry, shipbuilding and electronics, it is not possible for the industries to survive without work in both fields. The future of these industries can be viewed only in the light of the development of aggregate activities within each sector. If these key industries are to remain technologically up-to-date and competitive at the world level, any plans for the development of the common industrial policy must inevitably include the military as well as the civilian side of their work.

Section VIII of my report contains a set of conclusions and proposals.

The main general conclusion is that the Commission should be called upon to make proposals for the creation of a single, structured Community market in military equipment which would, taking into account the

civilian aspects of the industries concerned, constitute a major element in the development of an overall common industrial policy. This proposal is repeated in very similar form in paragraph 1 of the Political Affairs Committee's motion for a resolution.

Many of the conclusions in my report regard institutional facilities for grappling with the task of setting up a European armaments industry, fitting such an industry closely in with the requirements of the partners of the alliance and ensuring that close relations are created whilst at the same time maintaining the independence and integrity of the Community.

I am very well aware that, to produce an action programme in the form proposed in the motion for a resolution, the Commission will have to solve some difficult problems, e.g., that of the role that Ireland could play in such a programme as a neutral country, but I am convinced that the Commission is capable of surmounting these problems.

I would, with your permission stress at this point that, in the Political Affairs Committee's motion for a resolution, which incorporates a number of amendments to my original text proposed by Mr Radoux on behalf of the Socialist Group, there is no intention to dictate to the Commission any particular form or content with regard to the proposals whose submission to governments it will be attempting to secure. The Commission will be free, in conformity with the provisions of the motion for a resolution, to submit such proposals as it feels to be most appropriate. The detailed institutional and other proposals contained in my report should therefore be regarded as background material which, I hope, the Commission will be able to use in its work.

At the meeting held in Copenhagen in February of this year, I was asked by some members of the Political Affairs Committee whether it would not be preferable, and indeed more appropriate, for any future measures of European armaments procurement cooperation to be developed within the framework of NATO, WEU, the IEPG or the Eurogroup rather than within the framework of the European Community. As an answer to this question I drafted Annex IV to my report under the heading 'Which is the appropriate institution?', to which I would now refer. This is not the right moment to go into this Annex in detail, but, briefly, it is pointed out — as in Sections VII and VIII of my report, that only the Nine have the appropriate powers and mechanisms for organizing the industrial aspects of a European armaments industry. As Mr Forni, the French Socialist rapporteur to the WEU Assembly, states in a report recently submitted to that Assembly, the economic aspects of European armaments procurement should become something of an extension to the Community institutions to the armaments field.

Klepsch

It occurs to me that some of you would like, in all sincerity, to put two arguments against the motion for a resolution and the case made in my report. They relate, firstly, to the disarmament question and, secondly, to the division of responsibility between the Community and NATO.

Disarmament first. In the West, we have been increasingly concerned for many years about the need to conclude realistic, reciprocal agreements with the Soviet Union and its allies in the Warsaw Pact on the limitation of both nuclear and conventional armaments. Public opinion has been disappointed at the slow progress of SALT and the Vienna negotiations on reciprocal and balanced reductions in armies. I can only refer to the reports which Mr Radoux has tabled in Parliament on this question. Is this, therefore, the right time to submit proposals for the coordination and rationalization of armaments production in the Community Member States?

The answer to this question must be an unhesitating yes. The object of my report and the Political Affairs Committee's motion for a resolution is not to create a new defence industry complex in Western Europe or to create new armaments industries or to make progress in disarmament more difficult in the East and West. On the contrary. As stressed in my report, one of Western Europe's main problems is the fact that we have too many armaments firms producing too many different types of weapon and generating considerable financial losses. Surely, by rationalizing armaments production in Western Europe, it must ultimately be possible to reduce the type range considerably and thus either reduce Member States' expenditure on armaments or else make production far more efficient without any increase in expenditure. Until effective reciprocal disarmament measures are agreed with the Soviet Union and her allies, we shall continue to need modern, technologically advanced weapons systems. If we do not produce these weapons ourselves in Western Europe, or a reasonable proportion of them, we shall simply be forced to buy them from the Americans. In my view, to ignore these plain facts is sheer hypocrisy, particularly when employment and the maintenance of Europe's advanced technologies are directly concerned.

Care must obviously be taken to see that the participation of our Member States in the structuring of a coordinated unified West European armaments industry also has the effect of making it more difficult and not easier for individual firms to pursue a policy of uncontrolled and irresponsible armament exports to Third World countries. With the development of a single and far larger armaments market by our Member States, the industry will not depend on exports to the Third World to the same extent as today, and the unified efforts of the European countries in the field of armaments production must surely ultimately make

possible a considerable expansion of our exports of arms to the United States and Canada, who must really be our main customers on the 'two-way street' principle.

The other main objection that could be made to the motion for a resolution and the basic case made in my report is the argument that defence questions come entirely within the province of NATO, that the European Community has no responsibility for them whatsoever and that the Community must also make sure that it takes no decisions that would undermine the work of the Atlantic Alliance in any way.

Let me make it absolutely clear that the only real proposal made in the motion for a resolution is essentially industrial in character. It is quite clear from my report that the strategic, tactical and military requirements to be met by conventional weapons produced in the framework of a structural programme developed by the Community Member States must continue in the future, as in the past, to be drawn up by the military authorities. There can be no question of any interference in NATO affairs or of an attempt to undermine its work or the work of the other organizations concerned and the IEPG in particular. The Nine's contribution should consist essentially in structuring European armaments production in such a way that the requirements set by the military authorities can be met efficiently, economically and rationally by a single, co-ordinated Community armaments industry. It is not a military but an industrial project and as such, as is explained in my report, should be seen in conjunction with a common industrial policy.

The work or solidarity of the Alliance would in no way be undermined by a programme of this kind. It would even be the best possible answer to President Carter's challenge to the European partners in the Alliance in May 1977, when he demanded more rational and efficient armaments procurement in connection with the promotion of two-way transatlantic co-operation in the production and sale of defence equipment. Obviously, there can be no two-way trade until the Western Europeans have co-ordinated and rationalized armaments production. The lesson to be drawn from the communiqués of the latest conferences of NATO ministers, including the Washington summit last May, is that measures introduced by the Nine in the framework of European armaments procurement co-operation can in no way encroach on the powers of NATO or undermine the Alliance in any way; on the contrary, they would help towards the objectives already agreed and determined by the governments in the Alliance.

I have every confidence that Parliament will follow the example of its Political Affairs Committee and its Committee on Economic and Monetary Affairs. I recommend you to approve the motion for a resolution tabled by your Political Affairs Committee.

I have taken the liberty of proposing, on my own initiative, the deletion of the seventh indent of the

Klepsch

preamble — you have the amendment before you — on account of some possibly misleading wording which can, in my view, be dispensed with, since the subject is dealt with elsewhere.

Mr President, ladies and gentlemen, the committees have done a great deal of work and the groups and many experts have helped us in it. I would like to thank you most sincerely.

(Applause)

President. — I call Mr Dankert on a point of order.

Mr Dankert. — *(NL)* Mr President, I can be brief. In my view and in that of my group, neither Mr Klepsch's report nor the Political Affairs Committee's motion for a resolution give the Commission enough to go by as regards the sort of action programme we want to be submitted to the Council.

My group does not think that it is wrong for this Parliament to come forward regularly with initiatives of importance for the further development of European cooperation: this development is extremely necessary, particularly in the field of defence equipment production. Mr Normanton's opinion explains this fully.

We do feel, however, that Parliament, if it is to perform its role properly, is under an obligation to give a clearer indication than is now the case of the direction in which development should be steered. In accordance with Rule 32 of the Rules of Procedure, Mr President, my group therefore proposes that the report of the Political Affairs Committee on European armaments procurement cooperation be sent back to that committee because of the political risks of the approach adopted and the contradictions with regard to the recommendations made — in short, because of the fact that this document is clearly not yet ripe for submission to the Council and the Commission. In understand that this proposal would not present any major difficulties as far as the rapporteur is concerned.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — *(F)* Mr President, I have taken the liberty of asking to speak, not about the point at issue, because it is not up to me to consider whether the report should be referred to committee, but about the views expressed on Parliament's instructions to the Commission in a matter such as this.

It seems clear that one of the reasons for referring the report to committee would be the fact that the programme of work with regard to the action to be taken by the Commission does not go far enough. I particularly noted and appreciated Mr Klepsch's words when he said that it was up to the Commission to decide how this obvious aspect of industrial policy — namely, government orders for military equipment — should be dealt with. I would therefore like there to

be no misunderstanding. The Commission is in a position to formulate its views on the document as it stands and is interested in making proposals on the industrial sector as related to the programme of government purchases. It is perfectly clear that the Commission should retain, in this as in other matters, all its powers of judgment.

President. — I call Mr Corrie.

Mr Corrie. — Against, Mr President. It seems extremely unfair that, the debate having started and half this Chamber having disappeared, there should be any suggestion that the debate should be stopped. Surely if this were to be done, it should have been proposed before Mr Klepsch made his opening statement. We now have practically nobody in this Chamber to vote, and it would be extremely unfair if we suddenly had a surprise vote now. If there is going to be a vote at all, at least Members should be allowed to come back to the Chamber.

President. — I call Mr Bertrand.

Mr Bertrand, Chairman of the Political Affairs Committee. — *(NL)* Mr President, I would like to propose that we agree to Mr Dankert's request, but not for the reasons he has advanced. His reasons are negative, whereas I would propose that we try once again in the Political Affairs Committee to find ways in which to reach agreement. In my view, it is not up to Parliament to propose specific solutions. It is the Commission's task to put proposals to the Council. Parliament's job is to give policy directions, and the report does that. We invite the Commission to draw up the necessary proposals, to submit them to the Council and then to ask Parliament for its advice. In This way Parliament can perform the normal role it has to play in the development of integration.

On this basis, in order to react in a positive way and try to reach a solution with the Socialists, I am ready to agree to the proposal and invite my group to vote for referring the report to committee, but I am not in favour of an unlimited postponement of our consideration of this subject. In other words: no *ad calendas graecas*.

President. — I put Mr Dankert's request to the vote. The request is rejected.

I call Mr Normanton to present the opinion of the Committee on Economic and Monetary Affairs.

Normanton, draftsman of an opinion. — Mr President, as draftsman of the opinion of the Committee on Economic and Monetary Affairs, I should like to preface my contribution to this debate by making two specific, and, I feel, relevant observations, against the background of which I hope the House will consider very deeply the significance of the debate and the objects underlying it.

Normanton

Firstly, my committee concentrated its attention on those aspects of its work for which we have a legitimate competence: industrial, economic and financial policy, production, efficiency, technology, the structure of industry and the like. We did not consider military strategy or tactics, we did not consider command or organizational arrangements, or any of the political factors, although unquestionably, throughout the whole consideration of this subject, runs a vein of political relevance.

Secondly, in order to draw on every conceivable range of experience and opinion, I have held the most intensive and the most extensive consultation with every minister of defence, with every chief of staff, with the heads of procurement in organizations, with major defence equipment manufacturers in the two major sectors of industry, with national industrial trade organizations, with NATO, with SHAPE, and major purchasers of defence equipment, both in the Community and in the East and the Near East. I gave to each and every one of my informants an undertaking that I would preserve any confidentiality which they imposed upon me; I have honoured that pledge, and will continue to do so in this contribution to the debate. But I am bound to tell the House that I noted a remarkable degree of appreciation for the views which are contained in this, the Klepsch report.

At the outset I would record that certain irrefutable facts — and I repeat, Mr President, facts, not opinions — emerged from my discussions. Firstly, with regard to the Community's competences for economic and industrial and technological policy, it is totally — I repeat, totally — impossible for these areas to be segregated into industries for which the Community is competent and so-called defence industries for which there is said to be no competence. Industry is indivisible, and can never be treated under the Treaty of Rome otherwise than as such.

The second point: the United States dominates the world scene — outside the areas of Soviet influence, on which I have undertaken no studies — as far as productive capacity and third-country marketing are concerned. And their expenditure on, and sales of, defence equipment confer on their industry a competitive technological advantage over every other nation in the world.

Thirdly, as the pace and complexity of technology increases, the scale on which investment becomes vital increases disproportionately faster, and we find even the larger Member States of the Community coming under ever-increasing financial strain. And as the time-span of major projects lengthens from research, design, through development to full-scale production, we are rapidly reaching a stage where, I believe, ultimately only the United States of America, or a European Community, or a major restructuring of European industry can ever hope to achieve any

progress in this particular field. This is not simply a feature of defence equipment. It applies to the whole field of high-technology industry, upon whose competitive capability in the world market the European Economic Community and the future of our 250 million men and women totally depend.

My fourth point has already been referred to in the opening statement opening Dr Klepsch: the 'two-way street' to which so much publicity has been given is at best a broad highway leading to Europe and a dust-track leading from Europe to the United States and at worst but a good political public-relations exercise.

Fifthly, the Member States' view of themselves as sovereign States — and in the context of defence equipment I include all Community Member States in this definition — still dominates their historical traditional suppliers of equipment in so far as these firms have been able to survive the process of technical, commercial and financial attrition. Technology and finance, or rather the restraints and constraints imposed on it, are rapidly reducing the number of individual States which are, by definition in this context, sovereign, and we in Europe may, I believe, one day reach a stage where, perhaps, not even two or three of the larger Member States could cope in this particular industrial sector. And of necessity, this would be completely dependent for its supplies upon access to, and its relationships with, suppliers across the Atlantic — with all the political, commercial and economic consequences which would automatically and logically flow therefrom.

Sixthly, under the rising economic pressures facing industrialized countries around the world since the energy crisis broke in 1973, individual Member States are faced with the bitter choice, either to cut their purchases of defence equipment to match their dwindling financial resources, or to find ways of sourcing more economically. My committee fully appreciated the force of the argument for a more Community or collective policy on defence-equipment procurement in the interests of economy as such, quite apart from the overriding consideration of the promotion of ever greater competitiveness right across the board.

For the record the House would no doubt like to know that the opinion standing in my name was accepted by the whole of the Committee on Economic and Monetary Affairs. There was no opposition whatsoever from any of our members. In most spheres of economic life, it is axiomatic that waste can occur and frequently is widespread, and should obviously be eliminated. It can be very significant, this waste, because of duplication, triplication or quadruplication as far as defence-equipment production and spending is concerned.

I quote just one particular area: in France, they build the Bréguet reconnaissance plane; in Britain we build the Nimrod; and Germany is now about to consider

Normanton

purchasing a modified Boeing aircraft. All these are, for practical military purposes, intended to meet a simple military requirement. Does it not surely make sound economic and industrial sense for one single European aircraft to be designed and produced under some collective — and in that context, I suggest, a Community — project? And the same economic argument could, and, I believe, should, apply to such projects as tanks, command communication, equipment, missiles and, more significantly, to the advanced areas of computer and computer design and, indeed, the components which go into it, such as very large integrated circuitry, where economies of scale, both at the design and production phases, could effect huge savings in public expenditure, quite apart from making available larger quantities of modern equipment so urgently and increasingly needed to replace equipment which is rapidly becoming obsolescent.

Is it realized, I ask, how dependent modern industry is upon finance for research? The United States of America spends over five thousand million dollars a year on research and development for defence equipment alone.

The Member States individually spend just about half of that sum, and some part of that total of two thousand six hundred millions finds its way in effect back to the United States when we buy hardware, and this contributes significantly to the American investment in research and development. I venture to suggest that the F-16 will prove to be another such case in point. Our fragmented defence research and development is a major contributory factor to the loss of top scientists and technologists to the unified facilities available across the Atlantic. Given that a main battle tank has a designed life of, shall we say, twenty years, or a combat aircraft something of the order of only fifteen years, it is only on a Community scale — and that means at Community level — that an effective organization can operate to meet the sophisticated demands of the next generation, the next generation that is, in technological and production terms.

The Committee on Economic and Monetary Affairs and, I hope, this House will continue to reject strongly economic isolationism and protectionism; but whereas protectionism is one thing, total — I repeat, total — dependence on another part of the world is quite another matter. This is not to be construed as a political point, since this would be beyond the competence of the committee. But to allow the technological gap to widen between the unitary structure and philosophies behind the industries, the economy and the policies of the United States of America and the uncoordinated structures and policies of nine jealous, autonomous, independent, sovereign European States will have far more serious consequences for the future prosperity and security of Europe and our peoples than appears to be

understood widely at present. I earnestly hope, Mr President, that the European Parliament will not be indicted by future generations of having failed to grasp the irrefutable economic case for the political proposal presented so convincingly and, I believe, so relevantly, by Dr Egon Klepsch. I have pleasure in supporting the acceptance by this House of the Klepsch proposal.

(Applause)

IN THE CHAIR : MR BERKHOUWER

Vice-President

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

Mr Dankert. — *(NL)* Mr President, I would like to go into the problem a little more deeply than I thought I needed to a moment ago. Firstly, I would like to react briefly to what Mr Davignon felt he had to say just now. It is still my opinion that this report is not sufficiently explicit in giving the Commission an idea of the direction that Parliament wants it to take. That industrial policy and the submission of specific proposals in this field is the Commission's affair is perfectly obvious, but I feel there are so many contradictory points latent in this report that it can by no means be regarded as an outline for the Commission to fill in the details.

That brings me to the report itself, which was thoroughly discussed in my group and would, I hoped, also be further discussed in the Political Affairs Committee, because the subject involved is extremely complex and at the same time politically highly sensitive. I am not ashamed to say that it is difficult to be completely unanimous about it. In my view, reaching agreement is also made difficult by the fact that the report itself helps to create confusion. The title, for example, is 'Report on European armaments procurement cooperation', but when you read the report it seems to be about something else namely, the question of how Europe, in the name of peace, can help itself and others with arms in the future.

The motion for a resolution creates confusion as well. It calls on the Commission

'to submit to the Council in the near future a European action programme for the development and production of conventional armaments within the framework of the common industrial policy.'

Well, Mr President, the development and production of weapons systems does not seem to me to be a job for the Commission; the submission of programmes under this heading is more a matter for the national defence ministers, regardless what the form of cooperation is, and in our view the Commission has a completely different role. We believe that the

Dankert

Commission's responsibility is to do what it can to ensure that the national defence ministers procure their weapons systems from European industry provided that the industry meets a number of conditions. I think that the report ought primarily to have dealt with that problem and that it should have gone more in the Normanton direction than it has.

For many defence ministers, the temptation to buy European at the moment is not very great, particularly in the case of the smaller countries who do not have their own armaments industry from which defence ministers in the countries concerned are generally obliged to buy. Here is an example. If tomorrow the Netherlands bought the French Bréguet Atlantique for maritime reconnaissance instead of the American Orion, for reasons of employment and European solidarity, that would cost the Netherlands Defence Minister 200 million Florins more per 12 or 13 aircraft, which is 20—30 % of the amount available for replacing the Neptune. These 200 million or thereabouts are difficult to justify in that the compensation in the form of jobs and sales of our own aeronautical products is not enough to offset them. The 200 million are even more difficult to justify if the extra expenditure does nothing to make us any more competitive with the Americans in 12 months' time or more, and what disappoints me in the Klepsch report is that it gives no indication that the Political Affairs Committee has given much thought to this point. On the one hand, it says that we want to induce more European-American trade *via* the 'two-way-street' that Mr Normanton has already referred to, and on the other it contains proposals regarding interoperability and opinions about the protection of European industry which would have precisely the opposite effect. This is what I meant when I referred to the contradictions in the report and the lack of guidance that this, in fact, implies. Here is another example, Mr President. I can imagine that the Belgian, Netherlands and also, perhaps, Danish Governments might well choose the French F-1 in preference to the American F-16 or F-17 when replacing the F-104 Starfighter that has been referred to. But is such a plane really a European plane, when we remember that the French Government has made it clear that it has been brought onto the market in order to help defray the development costs of an engine intended for a French 'avion de combat futur' that will emerge as a competitor to a far more European aircraft namely, the air-defence version of the MRCA?

These are the problems that we are wrestling with in Europe, and they are considerably more complicated than Mr Klepsch imagines. His report would have had some meaning and even tremendous significance if it had signposted the road to follow so that European Defence Ministers could during the next 1 to 10 years, have European armaments at their disposal, meeting the requirements of the tactical and strategic doctrines of the Community countries and, on top of that, reasonably competitive on the international market.

Well, Mr President, no armaments of that kind will come from the Klepsch report. As far as this is concerned, I think the Normanton direction has a somewhat better chance. The question is why competitive armaments will not be produced through the Klepsch report. I shall try to illustrate this in a number of ways, the most important, in my view, being a political argument. Mr Klepsch wants to involve the Commission in European defence cooperation, as is the case with the Independent European Programme Group. In political terms, this means that the Klepsch report would lead the European executive into a field where it could only burn its fingers and lose some of its authority, for what, Mr President, is the Independent Programme Group? It is a last-ditch attempt to reach European cooperation in the field of armaments procurement without impairing NATO's operational scope, which is defined by tactical and strategic doctrines. In other words, for these 7 of the 9 Member States that are members of the integrated NATO alliance, the rule in the IEPG is that the NATO client has to be king. For France, a different way of thinking applies. And what the Klepsch report now proposes, in fact, is — for all sorts of reasons affecting Europe — to give France the support of the Commission. Mr President, that is not so much dangerous as stupid, because it means that any attempt at introducing some small measure of rationalization in the European defence industry — and I share Mr Normanton's views that this would be a good thing — would, for example, run into irreconcilable differences of opinion about what I shall call the character of the Atlantic relationship. For my part, Mr Klepsch has chosen a road that leads nowhere and this, I think, is because, unlike Mr Normanton, he has not concerned himself so much with the not insignificant problems of the European defence industry, but has used the existence of these problems in order to take a couple of steps forward towards European cooperation in the defence field, about which the fact is that there are considerable differences of opinion in Europe. I do not say this without reason. Even in the motion for a resolution itself, there are clear indications of this approach in the first and second paragraphs of the preamble. And this does not necessarily have anything to do with armaments procurement.

Mr President, there is another reason why European armaments will not come as a result of the Klepsch report. Mr Klepsch puts a certain amount of emphasis on the need for weapon systems to be inter-operable. Obviously, inter-operability is necessary for an integrated defence system, but inter-operability means at the same time that all armaments-producing countries have an excuse for leaving their armaments firms as they are and keeping them going for reasons of employment, exports and national independence. The only requirement for inter-operability is the setting up of a couple more factories to produce the parts necessary to make the different national products inter-operable.

Dankert

Mr President, the inter-operability approach is that of continued disputation, and that is one of the big problems of the European armaments industry. In addition, it is the approach that makes it possible for the big European armaments-exporting countries to fill certain gaps in the world market: this they are already doing to some extent — and it is not always desirable from the point of view of foreign policy. Lastly, it is the approach which continues to tempt EEC countries producing few armaments, like my own, Denmark, Belgium and Italy, to buy American for cost-effectiveness reasons and also because this is an easier way of standardizing in NATO than by purchasing European products.

Well, Mr President, when Mr Klepsch capitulates to interoperability in paragraph 44 of his report in order to appease the French, then he is certainly right as far as the smaller countries are concerned and these are the only ones where the European armaments industry can hope to bring in much income regardless of European cooperation in the procurement and production of military equipment.

I now come to my third main argument, which is related to my second objection to the Klepsch report. European cooperation in the field of arms production implies a reasonable measure of European agreement on how many arms should be produced and for whom. It implies, that is, a European export policy, and that export policy first has to be defined — and not by the armaments industry itself. In addition, there is the fact that if we continue to give preference to inter-operability and therefore to relatively small national production runs, we shall be able to export relatively little — without trickery, at least.

Lastly, Mr President, my fourth argument. The Klepsch report does not actually say that the armaments industry in Europe should be protected, but suggests so very strongly by quoting, without comment, the views of a rapporteur of the WEU Symposium tending in that direction.

Mr President, the question of protection or no protection is crucial. With protection there will be few exports, and we can forget that we shall ever want to sell a nut to the United States for the rear wheel of a truck. That is difficult enough without protection; but with a little rationalization in the defence industry and a little more money spent on research and development we could probably come a long way, and that, therefore, is the direction we should take. It means that we should stop harping about European cooperation in the field of defence — the motion for a resolution says armaments procurement — and begin to talk about how, through European cooperation we can rationalize the various national defence industries as parts of broader industrial sectors such as shipbuilding, aircraft manufacture, electronics and so on in other words, fit them into a sectoral structural

policy of which the primary foundations have in fact already been laid. It also means that we should use European resources to stimulate the industries that offer good prospects of competition with the United States in both civil and military fields — for the two are difficult to isolate from one another — to the point where the Americans will be ready to give the 'two-way-street' principle real content by means of a certain division of labour with Europe. Last week news came from Washington — it was in *The Economist* and I give you the report for what it is worth — that this preparedness is gradually materializing in America.

Finally, Mr President, it means that we ought to find ways of making the products of the European defence industry attractive to those European countries that do not have, or hardly have, one of their own. In the present economic situation, the chances of this would not be bad if European producers of defence equipment would find opportunities of offering their clients compensation for what are, without any doubt, somewhat higher prices, for example in the form of employment through co-production but also through the involvement of specialized industries in the smaller countries by integrating them in big units on a European scale. In the case of the aeronautical industry, for example, the contribution of certain specialized Italian firms could lift European cooperation to a reasonable level.

Mr President, I have raised a number of what I feel to be fundamental objections to the Klepsch report. They are fundamental objections, not to rationalization in the defence industry as such or to the policy that Mr Normanton, in particular, has indicated, but to the lack of clarity that makes the approach in that report, to the political risks that are, so to speak, built into the report through the idea of involving the Commission in defence cooperation, and with regard to the NATO armaments production problems that Mr Klepsch himself has advanced as a difficult point. These are the reasons why, however much I, too, support defence cooperation, I must say — to my regret — that I cannot regard this report as a valid point of departure in that direction and why my group will be voting against the motion for a resolution.

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

Mr Notenboom. — (NL) Mr President, the length of the motion for a resolution is in inverse proportion to its importance. In essence, the motion contains one operational paragraph, in which the Commission is asked for an action programme for the development and production of conventional armaments within the framework of the common industrial policy. The issue is therefore that of industrial policy.

Notenboom

Mr President, Mr Klepsch's report and Mr Normanton's opinion are, as has been said, not unrelated to earlier developments. You, Mr President, yourself were at the origin of these reports. I refer to the resolution tabled by Mr Berkhouwer on behalf of the Liberal and Allies Group. Before that there were the texts of Lord Gladwyn and Mr Mommersteeg and the same ideas are also to be found in the Tindemans report.

What is very interesting, for Mr Dankert as well, is that his political friend and the friend of many in this House, Mr Vredeling now Vice-President of the Commission came to this conclusion when he was for one year Minister of Defence in the Netherlands. At the time he gave a speech to the European Movement in Maastricht, in which he expressed what were really the same ideas though not worked out in concrete form; namely he did not try to elaborate a concrete fabric for the legal structure of cooperation, but clearly indicated that defence can no longer be left out of consideration. That was Mr Vredeling speaking as a great European champion of cooperation when he was Minister of Defence for one year. He was trying to reconcile his two loves, that which he was bound to have as Minister of Defence and his lifelong love of Europe. I was myself in the audience and I could not help thinking about it when I was listening just now to Mr Dankert, who can certainly not be in agreement with Mr Vredeling on this point.

Mr President, the depth to which this report goes, however short the motion for a resolution may be, is really appropriate to the problems that are at issue: cooperation in the field of armaments production can no longer be excluded from consideration in so badly needed an industrial policy.

On behalf of the Christian-Democratic Group, I would like to thank Mr Klepsch and also Mr Normanton, the draftsman of the opinion, for their reports but primarily for the fact that they had the courage to undertake this thankless task, for as we have just heard, it is thankless. It is very easy for misunderstandings to arise with regard to these two reports and it is also very easy to create misunderstandings. One possible misunderstanding is that the reports have something to do with increasing armaments. Our group wishes to state emphatically that it will do its utmost to prevent this misunderstanding, and I imagine that this is the view of all the political groups.

It is not a matter of whether Europe should be better armed or not. It is not a question of armament or disarmament. It is not the role of the European Community to say at what level armament should be. Like so many others, we are resolute supporters of effective and lasting détente on a give-and-take basis. Reciprocal, balanced and controlled reduction of armaments and armed forces must have special priority. This is stated in our EVP report, but it is not the issue here. We must base ourselves on objective facts about

the level of armaments, which is not a European Community responsibility and about which decisions are taken elsewhere.

Our only concern is industrial policy. Both the Klepsch report and the Normanton opinion refer in essence to industrial policy, though both rapporteurs naturally have a different point of departure — the one that of the Political Affairs Committee and the other that of the Committee on Economic and Monetary Affairs. The point is that our firms in Europe are clearly, *de facto*, very much connected as regards the non-military and military aspects, and excluding the military aspects for fear of dirtying our hands will make it even more difficult to introduce an industrial policy.

Mr Davignon will be well aware that formulating an industrial policy including the military aspects is difficult, but if we keep out those military aspects it will probably be completely impossible to devise such a policy in view of the extent to which both aspects are intertwined. This is how, as a non-expert in the field of military production, I read both reports. To me, it is unfair and morally unjust to suggest that Mr Normanton's approach is more correct and Mr Klepsch's dangerous. To my mind, the two rapporteurs complement each other perfectly. Each of them has tried to complement the other and it would be quite wrong to say that one has taken a different direction from the other. But, once again, their starting-points are naturally different because of the nature of the committees on whose behalf they have drafted their reports.

If, therefore, we leave military production and military aspects out of consideration in our attempt at constructing a European industrial policy we shall not be able to forestall disaster, and unemployment in our Community will increase still further. This concern, too, emerges from the reports. Europe's ability to compete would then become even weaker than it already is in this and, unfortunately, many other fields.

Neither is it right to say that the Klepsch report is so to speak blind to the difficulties. On the contrary, in my view the survey given in the report of what has been done so far shows very clearly how difficult the subject is and the kind of pitfalls and traps we meet within this field, but demonstrates that the need to be bold and make the attempt is nevertheless great; for the reasons I have just given. To include military production will be the saving of our industry, but both rapporteurs have great difficulties that no one would surely want to gloss over in this field.

An important proposal in the Klepsch report is that ways be found of placing responsibility with the political bodies — with the European Parliament. The suggestion made in the Klepsch report for a link between the Commission and the Independent Programme Group is not included in the wording of the motion for a resolution, and properly so, because

Notenboom

it is the Commission's province, as Mr Bertrand rightly says, to make specific proposals. We can do no more than give general guidance — and the proposal on this point seems a good one to me — but I think the rapporteur would not be put out if, after studying the problem, the Commission came to the conclusion that the structure should be slightly different. Nor does the motion for a resolution ask for that; it asks the Commission to make proposals in the near future, but the political accountability to the European Parliament that will arise out of this I find an interesting, important and positive point.

Another important thing is that it is precisely when European industry carries some weight in the field of armaments that something may come of the two-way trade for which as Mr Dankert says, the United States has recently seemed to be prepared but which will obviously be a farce if there is not a strong and competitive industry on the European side because otherwise the 'two-way street' will be just an empty phrase, not action.

There is another reef to be negotiated which is not, I feel, glossed over in the Normanton opinion: the framing of this kind of industrial policy must not be oriented towards protectionism. Obviously, if European industry is to be a coordinated whole, including the arms sector, then government funds and rules will be necessary. What is more, decisions on the purchase of armaments are obviously not solely based on the lowest price for reliable quality. That can never be the only criterion in the defence sector. Even so, the object must be to fashion a European industry which is in a position to compete and can therefore offer employment to European workers.

I would like briefly to express my thanks again for the significant surveys in the two reports. I have already made this point. The Klepsch report contains an important historical review, the like of which I have never seen before, of everything that has been attempted in this direction inside NATO and elsewhere. The Normanton opinion contains some very interesting descriptions of typical structures of various industries namely, shipbuilding, aircraft manufacture and electronics, and of the pros and cons of certain specific forms of economic cooperation. To my mind this is a valuable contribution, and I hope that it will give the Commission something to work on.

In my view, the Normanton opinion spells out the central issue very simply and in language intelligible to all. Paragraph 33 reads:

The loss to society resulting from the present policy is also reflected in the fact that, if defence budgets are taken as the yardstick, individual countries are getting far too little defence for their money or, if their existing defence capability is taken as the yardstick, are paying far too much for what they are getting.

These are very simple words but I think they are easy for everyone to grasp, and their implication is that this is a job for the European Community.

The reports are phrased with great care so as not to encroach on areas that are emphatically not ours. I feel that both rapporteurs wanted to keep well within their proper limits and the Commission will no doubt do the same when, as I hope, it drafts proposals in this field.

Finally, I would like to thank Mr Klepsch on behalf of my group for deleting the seventh paragraph of the preamble. We had not misconstrued it, because we can well understand that the Political Affairs Committee did not want to develop the arms industry for the sake of creating jobs; we understood it correctly, but we came to the conclusion that the paragraph could easily lend itself of misinterpretation, and it is therefore only reasonable that it be deleted by means of the amendment. The thought is sufficiently expressed in the rest of the preamble.

Our group will therefore be voting in favour of the motion for a resolution, with our thanks to those who have worked on it.

IN THE CHAIR: MR SCOTT-HOPKINS

Vice-President

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

Mr Berkhouwer. — (NL) Mr President, I would naturally like to associate myself with those who have already commended Mr Klepsch on his report. Without being immodest, I think my group can claim part of the author's rights, since the report is really the result of a discussion held at its suggestion. It can also be regarded — this has already been recalled — as the result of a debate we had late in 1975 on a report by my political friend, Lord Gladwyn.

On that occasion, the European Parliament committed itself to a much greater extent, because we referred to the 1973 resolution, in which we said that cooperation in the field of foreign policy should possibly develop into cooperation in the field of defence and security policy. At that time, we invited all the governments jointly to set up an agency for arms production. To that extent, therefore, I feel our commitment was much deeper and, in this regard, what we say in this single operative paragraph does not really go all that far.

It would also be natural *en passant*, Mr President, to add that we are possibly about to put into effect what is set out in the Tindemans report. Late in 1974, Mr Tindemans was given the solemn responsibility of producing a report, and he had it ready by Epiphany of 1976. That report is now more or less on its way to oblivion. Through our present request to the Commission, perhaps some content can be restored to the report so that it may not have been written entirely in vain.

Berkhouwer

From what Mr Dankert has just said about the Klepsch report, I get the impression that he and his political friends have some kind of political fear that our European Community might possibly concern itself too much with defence. He says that the Klepsch report will not produce competitive arms. But obviously neither Parliament nor any of its rapporteurs who produce a report can ever make a competitive weapon. Of course, this was just a manner of speaking on Mr Dankert's part, but what I mean is that this is not the issue. We give some indications, and we set out policy requirements, and it is up to the Commission to react in the direction we have defined. We are always talking about cooperation between the Commission and Parliament. We are not concerned with organization, we just indicate the direction to follow, and the Commission must take that direction using the resources at its disposal. That is how we see it.

I would emphasize here what some other speakers have already said. If we keep within the framework of industrial policy, we shall, as the European Economic Community, be doing nothing in the military field. We shall not, as the European Economic Community, be entering the military sphere. All we want is that cooperation should develop among European firms in the arms industry. The EEC must be able to pursue its economic purpose in the armaments industry as well. The average schoolboy knows that big industries like shipbuilding and aircraft manufacture produce ships and planes for both military and civil markets: the same firms do both. That we all know. What we want is that cooperation as such should develop in these industries so that eventually, Mr Dankert, we can reach a competitive position in relation to America and are therefore not totally dependent on the Americans — which, as everyone knows, is what we are fast becoming.

Protectionism has been mentioned. I believe that it exists to some extent on the other side of the ocean as well.

I have only to think of the 'Buy American Act', which has not yet been repealed in this sector. What are the Americans not prepared to do to ensure that anyone who buys an aircraft — no matter where in the world he may be — buys it from America? It is therefore to our interest that this monopoly be broken. What we want is to break down a monopoly. That is not the same as promoting protectionism in Europe. At the very most we want a certain protectionism on the one hand and to break down a certain degree of monopoly formation on the other and through both, to produce some result.

L'union fait la force. Together we can become competitive with the American aircraft industry, for example, and cease to be completely dependent on it to the detriment of our own economies, because then we would be forced to pay the price that the monopolists demand.

All we want is for our people in Europe to get their money's worth; we do not want to increase the spread of arms. We are not warmongers in this Parliament. It has already been said: we are throwing away millions of dollars every year because we insist on operating separately.

The point has already been made. We pay too much for what we get or, the other way round, we get too little for the amount we pay. That is the point, and in the motion for a resolution we say that we want to try to put an end to this situation by framing a common industrial policy. I do not therefore agree with Mr Dankert. In the report we do not resign ourselves to inter-operability nor do we abandon standardization. I see it as a gradual development. At the moment, we are in the nationalistic situation of certain countries having to support their own industries and so on for employment reasons. At the start we may perhaps have to resign ourselves to inter-operability, but our ultimate object, of course, has to be standardization so that we can cut back on expenditure and put an end to this waste of billions of dollars that is the result of our disunity.

This is the essence of what we see in the report, Mr President, and the reason why my group will vote without hesitation in favour of the motion for a resolution.

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

Mr Rippon. — Mr President, I too congratulate Mr Klepsch on this excellent report, supported as it is by the opinion given by my colleague, Mr Normanton, speaking on behalf of a unanimous Committee on Economic and Monetary Affairs. The Conservative Group fully supports his conclusions on the need to include armaments procurement in the Community's industrial policy.

In the search for new products and new markets, firms in all our countries find themselves in competition with those firms and enterprises in the United States of America which enjoy the economies of scale. In the event, we are not only making an inadequate contribution to our own defence, we are also wasting money and resources, falling behind in civil projects and creating unemployment and long-term decline in vital industrial fields.

It is not just a question of defence policy nor, I would suggest, is it really a party-political issue. As the German Government's White Paper on Defence in 1971/72 said:

The German economy cannot afford to forego the benefits deriving from such defence projects (that is, projects involving a high degree of technological innovation), ... especially since national development of weapons and equipment as well as collaboration in international armaments projects are dependent on a high technological standard of our industry.

That applies equally to the United Kingdom and to all other Member States.

Rippon

On the other side of the Iron Curtain, Mr Brezhnev said recently:

The centre of gravity in the competition is now to be found precisely in science and technology, making the further intensive development of science and technology not only the central economic, but also a critical political task, and this gives to questions of science and technology progress decisive significance.

The stress there is on the two final words: 'decisive significance'. Mr Brezhnev believes that it is science and technology which will play a decisive role in East-West competition, and I believe he is right. In that competition we have to consider how we in Europe, within the Atlantic Alliance, can bring our aggregate technology to bear. Hitherto we have depended, both in civil and military terms — and the two are indeed intertwined — far too much on unilateral United States efforts. There has therefore been in Europe far too much waste, overlap and duplication, and we really can no longer ignore the urgent need for greater interoperability and standardization. We have paid, of course, lip-service to this principle for many years, but what is required now is an actual commitment by Europe as well as the United States.

President Carter has referred to his determination to secure a 'two-way street' in procurement policy. That means that the United States has got to be prepared to buy from Europe. They might start, I would suggest, Mr President, by buying Concorde, because here is the one clear example of European technology unmatched by anything in the United States. This is one clear and immediate opportunity open to the American Administration to demonstrate that it recognizes that it is not in the United States' own interest to seek to overwhelm Europe's aerospace and technological skills. Because here, after all, you have an aircraft that has not only proved its civil value but which the United States might find useful in time of emergency to convey, faster than by any other known means, key personnel from one place to another.

But the Concorde, of course, could not have been developed by one European nation on its own, and if we are to be able to create an effective 'two-way street', then, as Mr Klepsch has said, we have to be able to match United States technology and markets, and to do that we have to collaborate. Technology, if exploited on a European basis, could well provide us with both the military advantages of guns and the social advantages of butter. As it is, one of the worst features of our economic, industrial and employment situation in Europe today is the way in which our failure to collaborate has relentlessly eroded our industrial and technological capacity. Giving evidence in April to a committee of Western European Union, Mr J. H. Goldie, the Executive Vice-President of the Boeing Corporation, observed that the Warsaw Pact countries were growing stronger every day with modern, well-integrated equipment in vast quantities. In consequence, he said, the practice of each member

nation's following its own course in defence equipment had to be reserved if NATO was to remain effective.

Reserves are indeed being wasted on a colossal scale as we all duplicate our efforts. The United States Senate Armed Services Committee has estimated this waste of resources at between 10 and 15 billion dollars a year. According to General Goodpaster, who was former Supreme Allied Commander of NATO, this results in a 30 % reduction in the combat effectiveness of the West's military resources. Of course, the emergence of a new body for European equipment collaboration in February 1976, the Independent European Programme Group, in which happily the French participate, did hold out some promise for the future, but so far little or nothing, as Mr Klepsch said, has resulted.

At present, we have a situation in which the West is infinitely wealthier than the Soviet Union and its allies. The aggregate GNP of the NATO countries is almost three times as great as that of the Warsaw Pact countries, and so it is a tribute to the Soviet Union that, even allowing for the fact that they have spent a higher percentage of GNP on defence, they have so organized their industrial capacity that Soviet equipment now outnumbers that stationed in the Community by nearly 3 to 1. And, of course, it requires a firm commitment by the Soviet Union of finance, material and human resources for them to be able to equip their allies right around the world and increase in 9 years the number of battle tanks stationed in Central Europe by 31 % to 9 500, or tactical aircraft by 20 % to 1975.

Similarly, of course, the United States can organize American firms to meet the equipment needs of a homogeneous market. The absence of action by Member States to create a similar defence market will force increasing technological dependence by Community firms on the patents and know-how of the United States. The employment of large numbers in the Community's technologically-based firms will be at risk and so the future wealth-creating potential of the Community may be stymied if the governments of the Member States frustrate, by their inaction, the growth of the Community's technologies. The Community must contend, not only with the political, economic and military might of the United States and the Soviet Union, but also with its economy of scale in the manufacture of defence equipment. Some estimates of the Soviet Union's main battle-tank production capacity suggest a throughput of 1 000 tanks annually. How can this compare with the economics of French production of AMX30 main battle-tanks, possibly 150 tanks annually, or British 'Chieftain' tank production of, say, 200 annually, and comparable production of the 'Leopard' tank in Germany? The same is true for Soviet artillery and aircraft, which outnumber the defence of the Community by almost 2.5 to 1.

Rippon

Of course it is reasonable to expect the Soviet Union to have a similar combat-aircraft manufacturing capacity to that of the United States — it might be greater — of 1 000 combat aircraft annually; but France can produce the Mirage III at a rate of 180 annually, the remainder of the Community might produce 50 combat aircraft annually, with some increase as the assembly lines for the MRCA gather momentum in the next few years.

But what must be of the greatest concern is that we can no longer say complacently, as we have done for so many years, that the Soviet numerical advantage is offset by the generally superior quality of our equipment. According to Dr William Perry, the United States Under-Secretary for Defence Research and Engineering, recent Soviet-developed equipment such as the T-72 tank, the SA-78 missile system and a new personnel carrier is equal to, or better than, comparable NATO equipment employed today.

So it seems to me that the objective for the Council of Defence and Industry Ministers is this: a political commitment to authorize design and development of the next generation of all types of equipment such that this equipment can be manufactured to the same blueprints in all Member States having the necessary facilities. This means cooperation in designing a European institutional framework in which procurement production can be shared and the results of defence research and development spread over European technology. This is the compensatory factor which is required if national sacrifices are to be made. It means that night vision, electronic counter-measures, communications equipment, armoured personnel carriers, tanks, missiles, reconnaissance aircraft, bombers, combat aircraft and so on are manufactured using several sets of tooling in several locations in the European Community, allowing, where necessary, local variations of design so that Member States having a favoured access to a particular market can meet the needs of that market flexibly.

As Dr Schnell, the German Secretary of State responsible — and this ought to appeal to some of the Socialists — said this year, European equipment collaboration calls, first, for an early agreement on common military requirements. Secondly, there must be collaboration on research and development from the outset. Thirdly, collaboration must be based on long-range equipment plans and production. Of course it is a difficult goal to achieve, it is a great challenge; but the essential aim is to give precedence to the common interest while taking due account of the legitimate economic interests of all Member States. The United States have demonstrated in a myriad of industries that the technological spin-off from advances in defence and the closely-related space technology are a continuing source of new

products and new markets and hence of prosperity and employment, and British Socialists who are in doubt as to what they should do about this resolution might take to heart Mr Harold Wilson's remarks — as he then was — when speaking as Prime Minister at a Guildhall dinner in November 1967. He said then — and it is true today — that

there is no future for Europe if we allow American business and American industry so to dominate the strategic growth industries of our individual countries that they, and not we, are able to determine the pace and direction of Europe's industrial advance, that we are left in industrial terms as the hewers of wood and the drawers of water while they, because of the scale of research, development and production which they can deploy, based on the vast size of a single market, come to enjoy a growing monopoly in the production of the technological instruments of industrial advance ... This is the road, not to partnership, but to an industrial helotry.

So a vote today against the resolution would be a vote for the future serfdom of the European worker, whose task in life would merely be to add value to materials according to American or other non-European specifications. On the other hand, a vote for the resolution will demonstrate our understanding that military and economic security go hand in hand. European armaments procurement cooperation is an important means of fighting unemployment and insufficient economic growth. Here, as elsewhere, we must take the initiative to remedy the Community's continued failure to develop a common industrial policy.

(Applause)

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

Mr Soury. — *(F)* Mr President, ladies and gentlemen, this House is today debating a report on European cooperation in the field of armaments whose real purpose, as discussion has shown, under the cloak of an industrial policy on European armaments is, when all is said and done, to promote a European defence policy. On behalf of the French Communists in the European Parliament, I would remind you that, under the Treaties, this question, like all questions of security and defence, is — and we uphold this principle — the exclusive responsibility of the national parliaments. It is the Assemblée Nationale in France — where sole responsibility for this matter lies — that French Communists will inform of their opinion on these questions and in particular their opposition to any form of European integration on the question of armaments or to any European defence policy that conflicts with the independence of our country. This is, incidentally, the spirit and letter of the French act of June 1977 on the election of the European

Soury

Parliament by universal suffrage. That act declares that 'any act by the future elected European Parliament exceeding the powers assigned to it by the Treaties shall be null and void'.

It is not by discussing defence questions that our Assembly will come closer to the aspirations of our people. Other ways are open to us. For one thing, now that all the countries in the world are discussing in the United Nations the need to call a halt to the colossal build-up of arms on our planet, we believe that this Assembly would do itself more credit by playing its part in the efforts to find constructive solutions for peace and disarmament.

This, Mr President, is why we shall be voting against the proposal submitted to us.

IN THE CHAIR: MR BERKHOUWER

Vice-President

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

Mr Krieg. — (F) Mr President, ladies and gentlemen, Mr Klepsch's report on the European armaments procurement cooperation unquestionably presents considerable interest as an analysis of a problem which — it has to be admitted — is as difficult to tackle as to solve. For all that, it prompts some profound reservations on the part of the Group of Progressive European Democrats as regards both its substance and its form. The point is that the report raises a number of problems, insoluble for many of us, even in the state in which it is tabled for discussion by the European Parliament, coupled with a motion for a resolution about which the least one can say is that it is more in the nature of a pious hope than the expression of a real political will and all in all has less real interest than the explanatory statement.

Among the problems of substance that are raised, the first probably arises from the fact that armaments are at the point where economic and defence policy intersect, and a little while ago Mr Normanton put this essential point remarkably clearly. It is, incidentally, this proximity that has enabled the Political Affairs Committee of the European Parliament, as the result of a certain confusion of ideas, to take up a question that is definitely no concern of that committee and which ought never to have been brought up in this House if there had not prevailed the well-known tendency regarding the extension of Parliament's powers. I shall return to this matter later, but I already want to make the point that, in this issue, the decisions which have real economic and industrial force are the sole province of the military sector. No one could ever

imagine any kind of body claiming to deal seriously with armaments problems in any form whatsoever without doing so on the basis of data furnished by the military authorities concerned. This is what happens in all countries in the world intent on having a real defence policy, and Mr Klepsch's proposal, which, in the end, is aimed at setting up an armaments agency in a body — ours — with no responsibility for determining the military requirements of the Member States, must inevitably come to grief because of the obvious impossibility of the proposal in practice.

What is more, to solve this difficult problem, it is not sufficient to try to make the IEPG fit the bill for the agency proposed by the report, because four members of that organization are not members of the European Community and the IEPG can therefore never be regarded as a Community body.

In this connection, it is not irrelevant to point out that the IEPG is finding it very difficult to operate at the present time, not only because the governments concerned refuse to endow it with a permanent secretariat but also because the British are not prepared, in any event, to decide their armaments policy in a European forum. What would the EEC gain, therefore, by taking on so thorny a problem?

Nor is that the only complication. It may be difficult to know in advance what the final attitude of the Danish Government will be on this matter, but there is very little risk of being wrong in saying that Ireland's refusal to join a Community agency concerned with armaments is almost certain. In that case the agency would lose its essential Community character and would present the EEC with a most difficult problem of external relations.

As regards those countries that might be faced with the same problems in the near or not-so-near future if the European Community is eventually enlarged, it is obviously difficult to predict what their attitude would be. But it is reasonable to wonder why Greece, Portugal and Spain, if they are not prepared to joint the modified Brussels Treaty now, would tomorrow take a favourable attitude towards European military integration in the framework of the European Economic Community.

To take just one example, we know that in Spain's case, the government intends to stick to its present stand on bilateral military cooperation with the United States and will refuse, whatever happens, to tackle these same questions in the European framework. These few examples, which could be multiplied without the slightest difficulty, clearly show that the possibility of a *de facto* deadlock in the European Parliament in any activity concerning defence matters might very reasonably be expected both in the present structure and in that which

Krieg

might result, after some time, from an enlargement of our Community.

I would lastly add that the experiments we have been able to make in the past (or that we see going on about us) offer nothing to encourage us in the path that is now suggested. Whether it be NATO, EUROGROUP, WEU, IEPG or bilateral cooperation all these examples prove that such a European agency would be practically impossible to set up in present circumstances, one particular reason being that any kind of rationalization would almost inevitably force small armaments producers to give up any form of complete arms manufacture and the biggest producer countries would have to abandon major parts of their industrial activity — which no government would be prepared to accept in the present economic situation.

In such conditions, why want at all costs to push the EEC along a road which can only lead to failure?

Alongside these arguments on substance — and the examples I have given are in no way exhaustive — there is a problem of form, which is no less important and merits some attention.

By instructing Mr Klepsch, its rapporteur, to deal solely with armaments supplies, the Political Affairs Committee of the European Parliament has done everything to confine itself to a problem which is industrial and therefore apparently within the province of our Assembly. The concern for an apparent realism has been taken to the point of removing from the final motion for a resolution anything that could possibly suggest that we were considering questions of a military nature and therefore outside our responsibility. Otherwise, incidentally, the proposal would probably not have been approved. But the fact remains that there is no industrial policy on armaments without there being — beforehand — a defence policy based on military facts and determining the armaments that need to be manufactured in order to meet its needs and provide it with the necessary resources. However, not only does no European defence policy exist, but also, even if there were some semblance of such a policy, it would not depend in any way on the Community or on the Treaties that brought the Community into life.

For the future, of course, we can make any assumptions we like.

It is perfectly possible, here or there, to envisage amendments to the existing Treaties so that, for example, the powers at present given by the modified Brussels Treaty are merged into those given by the Treaties governing the European Communities. One could also imagine that, through the very fact

of being elected by universal suffrage, in one year's time in principle, the European Parliament will have the necessary authority to assume powers which it does not now have.

There are many in this House who would like to dream that, tomorrow perhaps, sitting on these benches after being elected by the people they represent, they will be, so to speak, the 'founding fathers' of Europe. They forget that the idea that an assembly elected by universal suffrage will be able — through that fact alone — to create Europe against the wishes of national governments is as wrong in questions of defence or armaments as in any other industrial, agricultural or economic field. The only obligation governments will accept will be respect for signed Treaties and this will apply, whether they like or not, to those members of the parliamentary assembly following in our footsteps.

As things are just now, however this may be regretted by some of us. There is a modified Brussels Treaty whose main burden is defence problems in the full meaning of the term — in other words, not only questions of a strategic or tactical nature but also — I might say only — all their implications and therefore the industrial and economic problems arising out of them. In the context of our obligation to observe treaties — that is to say, the treaties that exist at this moment — we cannot depart from this fact, even though we may, personally, regret the fact that the Council of Ministers of the WEU does not allow the parliamentary assembly which sits next door, so to speak, to fulfil its role completely and effectively.

The often remarkable work done by Members of Parliament in the WEU, who all voice their regret at this state of affairs, clearly shows us how closely they follow this field, which is their responsibility and on which no one has any legal right to encroach. This explains how much the European Parliament's present debate is resented by our colleagues as offensive, not to say unacceptable.

The situation may, of course, change. There is nothing to say that tomorrow things will be the same as they are today. Many different solutions have been envisaged in the WEU itself to put an end to a situation that some may feel to be regrettable. However this may be, it is not our business and we ought, until further information is provided, to keep to what is common law between governments as it is between private individuals — namely, respect for signed contracts.

This will make clear to every Member of this Assembly the profound and, we are convinced, wholly justified reasons for which the Group of Progressive European Democrats will, now and in the future, be opposed to the proposal before us.

President. I call Mr Christensen.

Mr Christensen. — (DK) Mr President, this proposal that the Commission should elaborate an action programme for the development and production of conventional armaments clearly contravenes the EEC Treaties. A number of those Members who support this proposal have on other occasions been quick to blame the Commission and others for coming forward with proposals which have no basis in the Treaties. In this whole proposal — which covers some 30 pages — there is not the slightest reference to any basis in the Treaties for this proposal, for the very good reason that there is no such basis. The Treaties do not authorize us to deal with it and, indeed, it would distinctly undermine the political prerequisites for Danish membership of the EEC if this proposal were to endow the EEC with a military industry dimension. Any cooperation on armaments technology should take place within NATO. I must strongly warn against the introduction of a common EEC armaments production policy: it would be in conflict with the Treaties, it would be dangerous from the point of view of security policy and it would be an injustice to the voters of Denmark and the United Kingdom, who accepted the EEC on condition that it had nothing to do with security or defence policy.

The proposal assumes that it will be possible to make a distinction between the commitments of the European NATO countries regarding cooperation on weapon technology and joint arms procurement on the one hand and, on the other hand, the tasks which this proposal allots to the European Communities. In practice, such a distinction is impossible. Several speakers have already made this point. Moreover, it is, generally speaking, doubtful whether there is the authority to include this industry in Community cooperation — except for the part which comes under the Coal and Steel Community. In view of this, I think it would be particularly provocative to start a system of cooperation embracing the arms industry. It is a poor excuse to say that it may be difficult to draw a line between civil and military industry and that progress in weapon technology can also benefit civil production.

The protectionist character of this proposal was clearly explained by Mr Dankert. I would refer to the fifth indent of the preamble, which mentions a 'structured market': there is no mention of a free market, only of a structured market. The seventh indent refers to the intention to maintain a high level of employment in defence-related industries'. Both of these are straightforward protectionist proposals, irrespective of what the Liberal spokesman claimed. What this proposal is really talking about is the establishment of a European monopoly and European protectionism in this sphere. For this reason, too, the House must be warned against

adopting this resolution. In view of these facts, it is wrong to believe that any money will be saved in this area. This is not the case for any kind of protectionism or monopoly formation, and this is the most important element of this proposal. For these reasons, too, I would warn against this proposal and recommend that this House vote against it.

President. — I call Mr Granelli.

Mr Granelli. — (I) Mr President, ladies and gentlemen, my opinion is diametrically opposed to that expressed in the last two speeches in that I consider that it is perfectly right — and consistent with the spirit of the Treaties — for this Parliament to concern itself with the subject that we are now debating. It is certainly a complex matter, and it might perhaps have been wise to accept the proposal of Mr Bertrand, the Chairman of the Political Affairs Committee, to study the matter again; but we could not have accepted that proposal — even if not against it in principle — for the reasons that were given in its support, which were, in essence, that the report should be referred to the Committee so that it could be shelved. I feel that, if we disagree, Parliament should assume responsibility for that disagreement and not use the escape road of an adjournment whose object would not be more thorough investigation but postponement and non-decision.

I would like to say at once that Mr Dankert's criticism of the Klepsch report — namely, that its aim is to mask, behind certain statements, other, less clearly-stated purposes — is unacceptable. I admit that the subject is a mixed one. Discussing defence and armaments means raising two aspects that cannot be disregarded: the political aspect relating to political cooperation and the interpretation that is placed on that, and the industrial aspect which exists in all our countries and has nothing to do with the general political approach. To prevent any misunderstandings, I shall say immediately that, as regards the connection between this subject and political cooperation my group repeats its own firm intention to make every effort in favour of *détente*, disarmament and the reduction of expenditure in this sector in a philosophy of security and peace, always on condition, however, that the forces involved are in balance. But in this perspective of *détente* and disarmament, the problem — at a lower level, we hope — still arises for every country and every community of procuring the armaments that are necessary for defence purposes.

Anyone, who, for propaganda reasons, presented our debate to public opinion as counter to the general argument for disarmament would be missing the point, because the spirit in which we are holding this discussion is exactly consistent, as regards the political aspects, with our attitude in favour of disarmament.

Granelli

The problem that we are explicitly discussing in this House is that of industrial policy: no one can deny that the production or procurement of armaments — though purely for defence purposes and within the limits consistent with the process of *détente* — raises problems affecting the economies of all our countries and therefore that of the Community as well. It seems to me that Mr Dankert has got things badly wrong when he makes a case for a kind of priority for the powers of the national authorities in defence: these powers are not under discussion; the European Parliament certainly does not want to draw boundaries that would in any way restrict the national sovereignty of the countries that are members of the Community. That is not the problem. The present situation as regards the production of armaments is one of extreme dispersion and fragmentation. The fact is that, as far as this productive and industrial sector is concerned, every country is rigidly set on notions of nationalism and self-sufficiency that not only imply a waste of resources but make our Community as a whole subordinate, and therefore weak, by comparison with the production of other great powers and, in addition, reduce the margin of independence of the Community itself in this sector. Do we want to go on thinking in terms of self-sufficiency and nationalism? Do we want to stay exactly where we are as regards technological advances in armaments production, or do we want to put the whole industry in order? Our support for the motion submitted by Mr Klepsch means precisely this: we want to cut out waste by means of general directives (which, of course, are the job of the Commission) in order to standardize and coordinate productivity in that industry and achieve greater independence for Europe *vis-à-vis* the United States, which would undoubtedly produce a better balance in international affairs. These are the factual considerations underlying our vote for the motion. Anyone who advances other arguments is doing so merely to prevent this Parliament from taking responsible decisions.

(Applause from the centre)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I must say that, this morning, before the debate began, I thought we would all be in general agreement. But after hearing the three speeches before that of Mr Grannelli, with whom I largely agree (and I am referring to the contributions from Mr Soury, Mr Krieg and Mr Christensen), I have to recognize that Europe is really divided into two groups: those who want to go ahead and create a Europe which is united, independent, in earnest and able to tackle its problems and play its part in the world of today, and those who, on the other hand, are always finding reasons for staying exactly where they are. To my mind, those reasons carry no weight, mainly because when, at a time when

the real world is shared by competing giants, people talk about independence and self-sufficiency in relation to small national States, they are really playing with words and not facing up to the hard and inescapable reality.

The views of my group have already been expressed by Mr Berkhouwer, and I have nothing to add to them. The group's arguments are those of logic and good sense and are indicative of the consistency of the group, which has always spoken out in support of the need to give the European Community both a foreign policy and a defence policy. And if Parliament does not go along that road, what is the use of a Parliament which is nothing more than a nervous, hesitant and blimpish rearguard?

I should like to make a couple of brief points more. In the first place, I think that Mr Klepsch definitely deserves something along the lines of a 'Messina Conference' award, although for tactical reasons he will not perhaps agree. When it proved impossible to set up the European Defence Community, because the 'brass hats' who are living in the past said 'No', we tried to move forward along the economic road. So now, when we raise the issue of a Europe which must rationalize the way it sets about to defend itself, we shall be met with 'Noes' and have to take the economic road. Mr Klepsch may perhaps deny that this is his attitude and I shall respect his feelings, but the fact of the matter is this: we must systematically eliminate the present enormous wastage of armaments and avoid being arms suppliers to countries of the Third World in a mad rush to win orders and engage in what is really cynical and dangerous competition without arming ourselves to an extent commensurate with the part we play in the world in which we live. I maintain that this is a statement of the position along the lines of the 'Messina agreements', and it is intended to get us back on the main road and the real road to European union.

My second point is that we are having this debate after, or near, the conclusion of the big United Nations debate on disarmament. It was a debate in which a variety of viewpoints were expressed, some of them though, some very naïve. However, what I think is important is that, at the meeting, there was talk of disarmament being coordinated on a regional scale and of coordinating, or perhaps controlling, armaments on a regional scale.

This, of course, is a general proposition of the United Nations, not of Europe. We here represent the whole of the free States of Europe, the democratic and pluralist states of Europe, but how are we to carry out a principle of this kind unless we give priority to rationalization, region by region, of the industries concerned and, in consequence, of armaments programmes? Limitations must be imposed, because it is not true that limitation means abolition. Would to God we could manage to abolish all armaments! This is an

Cifarelli

idealist's dream, which I do not think anyone believes in, and this includes those who refer to the glorious flag of Denmark or gaze at any other of our glorious and historic national flags.

I would also like to say this. While we are having this debate, while we are preparing to discuss the situation in Africa, where none of us wants to see a return to colonialism or to send the modern version of the notorious gunboats of the nineteenth century, other people are providing the continent with troops and supplies in the form of Russian hardware and troops from Cuba or East Germany. This is preventing the countries of Africa from being able to co-exist more or less in peace and is creating a rush to get in first on strategic bases and hardware in a way which we shall ignore at our cost. We are the representatives of our peoples and we must not forget that, if we close our eyes to the facts, we shall place their future in peril.

Anyone who is, as I have been and continue to be, anti-fascist and anti-nazi, knows that the democracies cannot commit the folly of waking up at the last moment and looking to their defences when forces which are neither democratic nor progressive have already got the upper hand and unleashed themselves on the world: the experience of the Second World War was a terrible one. And, in this connection, I should like to draw attention to an item of today's news which does show that when a determined attitude is adopted, it pays dividends. The American press reports that, as a result of President Carter's recent policy, Moscow has acknowledged that the reduction of armaments in Europe has been uneven in view of the utterly different and unequal level of armaments in the NATO countries and the Warsaw Pact countries when the reduction began.

A final comment. Apart from emphasizing that I support the conclusions of the Klepsch report, I must confess to a certain scepticism about what he said about standardization, because it is a complication and requires a lot of preparation and time to carry out. I think this is an ideal to be achieved, an object which is not an immediate one but one to be attained at a later stage. But it is still possible to go for interoperability, which at least is one way of reducing the present mass of anomalies and absurdities.

I wanted to make these comments before expressly voicing my support for the recommendation. The Commission has produced a project for the European aeronautical industry; we hope it will produce other projects and not close its eyes to what is going on; certain needs must be recognized and attended to, because military orders are no less valuable or important than those from civilian sources.

I think this report (and here I agree with what Mr Berkhouwer said as chairman of our group) deserves the support of all those who are pro-Europe not because they want to break treaties but because they

want to use the existing treaties to move forward towards European Union and not allow themselves to be bemused by old-fashioned, out-dated, futile and ridiculous dreams of nationhood.

President. — I call Mr Jahn.

Mr Jahn. — (*D*) Mr President, realizing that only a short time would be available to me, I condensed my speech accordingly. I hope that the essence of what I want to say will nevertheless come through clearly.

There was a danger, a danger that we recognized both in the Political Affairs Committee and here in the Chamber, that this debate might degenerate into a purely ideological argument. However, today, as in the past, no one can contradict the view that this is neither useful nor necessary — I am thinking here of powers, treaty provisions, etc. We must remain practical and keep to that which has been achieved so far at Community level, and to that which people have been trying for a long time to develop at Community level in the face of obstacles only some of which may be regarded as objective.

In the twenty years or more since the creation of the European Economic Community, the Member States have managed to break down the barriers to free trade and the administrative, financial and treaty obstacles which divided them in the past and which held each individual State captive in a kind of autarchy. Economic and industrial integration has moved forward year by year and will continue to do so. Every sector of activity will be affected, no matter how inflexible the Treaty provisions might be in some areas. Driven by fear — or indeed, I may say quite deliberately — some Europeans have sought, and continue to do so on the evidence of this debate, to call into question the positive results achieved through the process of integration, despite all the difficulties. On closer examination we find that the reservations voiced in some quarters, based on the hypothesis that there is no connection between the armaments industry and European integration, stem from a huge misunderstanding. We know only too well how much waste goes on in the Member States, how each country is anxious to do its own thing, how jealously each country protects its own armaments industry.

We are pursuing a common economic policy, Mr President, a common external trade policy. A common economic policy necessarily implies a common industrial policy. And armaments production cannot be divorced from a common industrial policy. It is to a large extent integrated in industry, and the two are interdependent, whether or not this is recognized here.

We find additional and solid support for this view in the opinion submitted by the Committee on Economic and Monetary Affairs. It removes the last shred of doubt when it says, in its conclusions, that a

Jahn

common industrial policy is feasible only if it embraces the armaments industry.

The House will recall our debate on the aircraft industry. On that occasion everyone — our Parliament, the Economic and Social Committee, the Scientific and Technical Research Committee and the European aircraft industry — was agreed that cooperation and integration were essential. And what is true for one market, for one production level, is true for all. We all recall the alarm with which Europeans greeted the publication a few years ago by a French politician — and I regret that Mr de la Malène is not among us today — of a remarkable book in which he revealed the extent to which European technology had fallen behind the USA's and showed how far the former had come to be dependent on the latter. I refer to the best-seller by Jean-Jacques Servan-Schreiber under the title 'The American Challenge'. It is worth calling to mind that book and reflecting on the fickleness of public opinion, which is so often aroused by an issue only to become totally oblivious to it at a time and in circumstances in which it should be taking to heart the lessons that were there to be learnt.

I should like to conclude with two remarks, Mr President. Is the fragmentation of the European armaments industry not the consequence of traditional disunity and enmity between the nations of Europe, and is it not time for us to put an end to all this? And what kind of an image does the European Community offer its citizens if we cannot reach agreement in this area, if we condone waste at a time when we are incessantly proclaiming that, through our own thrift, we want to help the Third World?

It is gratifying to record that the arguments set out by the rapporteur are echoed not only by Prime Minister Tindemans in his report for the Council but also by the Commission, whose report on European Union looks forward to the setting up of the European Armaments Procurement Agency. It is to be hoped that the agency will gradually begin to take shape once the work presently being done within the Independent European Programme Group has helped to smoothen the way for cooperation at Community level.

To sum up the whole debate, Mr President, we have no choice but to deliver a resounding 'yes' to progress, to further integration of the Community at all levels of industry and the economy.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli. — *(I)* Mr President, I must first of all apologize to you and to Mr Klepsch as rapporteur for not being able to attend the whole of the debate, because I was involved as rapporteur in a meeting with the President of Parliament in trying to resolve a difficulty in connection with the budget. However, I followed the subject in committee, and on behalf of the Italian members of the Communist and Allies

Group I rise to summarize the reasons why we shall support the motion for a resolution.

I should like to begin by voicing an objection, though it has now been overtaken by an amendment which Mr Klepsch is himself moving. In the third recital of the motion for a resolution, there is a reference to the need to maintain a high level of employment in defence-related industries. We, on the contrary, would like to see as low a level of employment as possible in these particular industries, because we certainly ought not to pick on them in order to produce full employment. There are plenty of good arguments which can be used, but this is not one of them. However, Mr Klepsch has himself recognized this and has proposed an amendment which, I imagine, will be adopted without difficulty.

We cannot ignore the fact that the public supply market which is known in every country as 'the armed forces' constitutes a substantial slice of the industrial structure of our countries. We know that military purchases, from the most sophisticated aircraft, missiles and other weapons to the purchase of boots, uniforms and textiles for military use, play an important role in a variety of industries. The existence of some industries directly depends on the development of this market. The European aeronautical industry is an example. When we refer to it we always think of 'Concorde' and other civil aircraft, but there is also the whole of the military side, which constitutes a huge slice of the turnover of the aircraft industry, and if that part disappeared or began to run down it would probably mean the end of that industry, at least as long as things remain as they are today. Any Community conception of industrial policy and recovery must therefore take account of the whole of these various aspects of the industrial structures concerned. We must open up the public supply market as much as we can, and that goes for defence requirements too. But if we are to move in that direction there must be at least some degree of planning of common types of weapon and standard purchases to enable the industry to rely on a steady volume of orders and make use of methods of rationalization and improvement which will allow them to sell at competitive prices.

Apart from the need to pursue a general policy of reducing armaments and expediting the process of disarmament, it is noticeable that in cases where, however rarely, defence authorities stop fighting for their old suppliers on the spot (in some countries more than in others) and, as Mr Klepsch has reminded us, operate systems of international cooperation between various European States, they get good results that is to say, results that are technically good. In the vast majority of cases, however, and especially in the case of heavy armaments, we depend on the American market. We depend too much on the American market, much to our disadvantage, and at a heavy cost in economic and political terms. In some of our countries we have paid dearly for the disastrous

Spinelli

consequences of this relationship, and perhaps we may not yet have paid in full.

In these circumstances we must embark on a determined policy of procurement coordination, and to do this we must find channels, such as agencies, who will work on the basis of joint planning of purchasing and will make joint purchases so as to give the European industry an assured market. In this way, we shall do something to help the European industrial system and we shall be doing something of political value, because it will bring greater independence to Europe as a whole.

We must remember that in this field the choice is not that between national independence and European unity but between joint European action and dependence upon a great non-European power which we want to have as a friend — and we can be sure that we shall have her as a friend — but we do not want her acting as the boss in every important field. All these considerations make it clear that the first thing to be done is for the Commission to bring itself to study the problem in detail, to submit proposals to us and start discussing them with Parliament, so that we can help each other to find the best way of presenting them to the Governments and the Council.

The Commission has among its documents one which I once submitted on the important industry of aircraft production. In the document there was in fact a proposal for the establishment of an agency for European purchases of military aircraft with a view to paving the way for the revival of the aeronautical industry as a whole. I believe the Commission should now tackle the problem in a wider context and make proposals to us along the lines indicated.

President. — Mr Davignon, we should be much obliged to you if you could reply before the proceedings are suspended...

Mr Dalyell. — On a point of order!

President. — Order or disorder?

Mr Dalyell. — Order, Mr President.

President. — Let us hope so. I should like to end this before lunch...

Mr Dalyell. — There is no need to be offensive in the Chair. There is no need for a chairman or president of this Parliament to be gratuitously offensive. Thank you.

Mr President, I put it to the House that the reply to this debate is very important, that Mr Davignon should be given full time to explain the position, and I therefore would like to suggest that it is done in the afternoon, not this morning.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I have the greatest regard for Parliament, so

much so that I flew overnight from Washington to be here for the start of the debate at 10 o'clock.

In view of the importance of the debate, I should prefer to give my reply after Question Time. Several speakers have raised the question of competence, which I should like to tackle in detail, as well as problems concerning the industrial implications.

It would be difficult for me to reply in less than twenty minutes.

President. — The proceedings will therefore now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

5. Question Time

President. — The next item is *Question Time* (Doc. 157/78). We begin with questions to the Commission.

Question No 1, by Mrs Walz :

Subject : Use of satellites to generate electricity

Assuming that the Commission is aware of the United States' project to launch satellites equipped with solar cells into space to convert solar radiation into electrical energy, what measures does it intend to take to associate the Community as such with this project or else to coordinate similar plans worked out by the Member States and to set up a project either at Community level alone or jointly with the USA?

Mr Vredeling, Vice-President of the Commission. — (D) I am aware of the United States' plans for power-station satellites. This is an enormous and complex project, for which all the necessary technologies are far from being developed as yet. The enormous payloads that would have to be sent into earth orbit as well as the problems relating to the transmission of the energy generated make it doubtful whether power-stations of this kind in space can be an economic proposition by comparison with solar electricity-generating plants installed on the Earth.

At the present moment, it would seem wiser for the Commission to hold a watching brief. We do not know of any plans in the Member States, although we are kept informed of all work in progress through our solar research programme. However, we are continually following developments outside the Community also and will not fail to initiate the appropriate coordination, where necessary. At the moment, the Earth-based exploitation of solar energy must take pride of place. For the present our resources are limited and we must, as always, set priorities.

Mrs Walz. — (D) The Commission apparently sees the American proposal to launch a commercially viable power-generating satellite by about 1995 as technologically quite unrealistic. May I ask, what are the Commission's own estimates for such a project, given that the Americans put the costs at between 20 and 50 thousand million dollars for just one satellite?

Mr Vredeling. — (NL) Mr President, I have noted the statement by the honourable Member on the cost of the United States' solar energy project. We estimate that a similar project would cost us DM 5 billion.

Mr Dalyell. — Is it a fact that neither Mr Benn nor anybody else from the British Government consulted the Commission at all before announcing last week a major programme on solar energy and on the so-called alternative sources of energy?

Mr Brunner, Member of the Commission. — (D) It is true that the Commission was not consulted on this matter.

Mr Brown. — I must ask the Commissioner whether he himself has consulted Mr Benn, because it is rather important that if one Member State is attempting to go it alone, the rest of us should know what they are up to. I believe that, having regard to the exchanges in the House today, Mr Benn ought to be asked what his proposals are and how we can fit in as Member States.

Mr Brunner. — (D) Solar energy programmes are constantly under discussion by the Energy Committee, but that is not to say that we are kept informed about every single programme conducted by the Member States. In answer to the question, we have received no detailed report on the specifics of the British programme. However, a general exchange of views is taking place.

President. — In the absence of its author, Question No 2, by Mr Scott-Hopkins, will be answered in writing.¹

Question No 3, by Mr Noè, is deferred to the next part-session.

Question No 4 by Lord Bessborough:

Subject: China

When does the President expect to invite the President of the People's Republic of China to visit the European Communities?

Mr Jenkins, President of the Commission. — The Commission has recently had a visit from Mr Ku Mu, the Deputy Prime Minister of China, and Mr Li Ch'iang, the Minister of External Trade. The Deputy

Prime Minister of External Trade. The Deputy Prime Minister extended an invitation to me to visit the People's Republic. This I hope to do in the early part of next year following a visit by Vice-President Haferkamp this autumn. I think it would be appropriate for me to fulfil this engagement and then to consider an invitation such as the honourable Member suggests.

Lord Bessborough. — I am very glad to hear that relations are becoming closer and closer. I am very glad to learn of those visits of which some of us were already aware and I hope that when it comes to the point and perhaps when Mr Haferkamp visits Peking, he might consider inviting Chairman Hua also to visit Europe. There may be a translation problem here: there is, of course, no president of the People's Republic, I was in fact referring to Chairman Hua. I hope that Mr Haferkamp will bear this in mind; I think it would be a gracious gesture on behalf of the President of the Commission if Mr Haferkamp did transmit such an invitation.

Mr Jenkins. — Knowing the noble Lord's great knowledge of China, I had assumed that the slight inaccuracy in the question was due to an error in translation and not to any lack of detailed information on his part, and therefore I did not refer to it in my answer. Yes, certainly, we can consider proceeding along these lines, though I think it probably would be appropriate that, having been specifically invited and the Deputy Prime Minister of China having been to Brussels, I should go to China and we should then consider a high-level Chinese visit back to Brussels, which I hope very much it may be possible to arrange.

Mr Prescott. — Is it just coincidental that the President of the Commission appears to be making presidential trips to China just before European elections, and is it in any way connected with Commissioner Tugendhat's statement in London that the Commission should become more political?

Mr Jenkins. — It has always been considered that the Commission has a political role, not a bureaucratic role, and I believe that my honourable friend would endorse that a political role, not in a party-political sense, but in the sense that it should and does take into account the effect that its proposals and actions have on the broad European political scene. But no, there is no intention at all. I have direct elections fairly constantly in mind, but not at all in relation to this visit. The visit will follow a pattern of reasonably well-spaced visits outside the Community, perhaps three a year or something of that sort, a pattern which I have pursued in the past 18 months and which I will continue to pursue independently of direct elections.

(Laughter)

¹ See Annex.

Mr Edwards.— Would the President of the Commission agree that China is a declared Marxist State, and is not the Conservative support for China rather inconsistent with the campaign in Britain charging the Labour Party with being a Marxist party?

(Applause from certain quarters of the Socialist Group)

Mr Jenkins. — Whatever the political role of the Commission, it does not extend to answering that question.

(Loud laughter)

President. — Question No 5, by Sir Geoffrey de Freitas :

Subject : Harmonizing of travel documents

What suggestions has the Commission recently made for the harmonizing of travel documents and procedures to facilitate the movement within the Community of people who are citizens of countries of the Community and of goods originating within the Community?

Mr Davignon, Member of the Commission. — *(F)* The Commission sees it as its abiding duty, wherever possible, to liberalize controls on the movement of citizens and goods within the Community. In the course of an important debate on the establishment of the Customs Union and on the new measures to be taken in this connection Parliament had an opportunity to see for itself just how much importance the Commission attaches to this matter and to the proposals we are putting forward concerning customs exemptions and their more widespread application. Where the movement of people is concerned, Sir Geoffrey will be aware that there is a security problem and, specifically, the difficult problem of fighting terrorism, so whatever initiative we take must first be viewed in this light.

Sir Geoffrey de Freitas. — Although we have obviously got to take that into account, should not the European Community — that is the Parliament, the Commission, and the Council — do something obvious to make it clear to people that we stand for easy communication between the countries of the Community and easy transit for the goods? What has happened to all the many proposals that the Commission has made to the Council? What have the Council done about it? Has the Commission any further intention of returning to the Council, asking that they should act on this?

Mr Davignon. — *(F)* One of the Commission's political responsibilities is to see that its proposals are not just simply allowed to gather dust. We are very hopeful that these various matters, together with certain delays that have arisen in the Council, can be aired during a debate in which both the Council and Commission will take part — various Members have already put forward suggestions about this — perhaps

during the July part-session. We hope that this debate will help to convince Parliament that we do follow through our proposals and that we will continue to badger the Council until it has taken measures in line with those suggested by the honourable Member, which would make easier travel within the Community a reality and from which would spring a psychological sense of unity that is at the very heart of the idea of Europe.

Mr Berkhouwer. — *(NL)* Does the Commission recall that at the first European Council meeting late in 1974 — if my memory serves me right — that is, four years ago, a solemn decision was taken to bring about a European Passport Union? What has become of it since then? What has the Commission done to implement that Passport Union, and how much progress has been made? Is the Commission aware that at this precise moment, just before the start of the annual holiday period, it would be a great psychological boost if the ordinary citizen could see some progress towards the free movement of persons in the Community.

Mr Davignon. — *(F)* The Commission is convinced of the importance of a document that epitomizes the common bond implied by membership of the Community. That is why we have put forward a number of proposals, which have yet to receive Council approval because of disagreement over such important points as whether the words 'European Community' should be printed above or below the name of the Member State and why, and in how many languages the document is to be printed.

It only goes to show, Mr President, that sometimes, however clearly we all recognize the psychological need for progress and the need to symbolize such progress, the process by which symbols are created can be long and arduous.

Mrs Dunwoody. — Is the Commissioner aware that whether or not we carry mauve passports is a matter of remarkable indifference to the majority of the citizens of Europe, and is it not much more important to change the basic policies of the Community, like agriculture, in such a way that they will get the support of the average man and woman for a practical problem and not just nonsense, of which this is just one more example?

Mr Davignon. — *(F)* From the views expressed by the previous two speakers, it is quite obvious to me that not everyone shares your scepticism as to the usefulness of a document which gives citizens of the Community the sense that they are not just citizens of their own country but also citizens of Europe.

Similarly, since we know that opinions on agricultural policy vary from one Member State to another, I think it would be wrong to suggest that European farmers as

Davignon

a whole share your views. That, at any rate, is how the Commission feels about it.

Mr Radoux. — (*F*) In connection with the debate that is to take place in this House on the question of trade, could Mr Davignon explain why in some cases more documents have to be filled in than before?

In the course of a campaign organized by the Commission, we went to various frontier posts and asked questions as parliamentarians. We were told that there was often more paperwork now. We could quite believe it.

Would it not be a good idea to have a public explanation, say in the course of next month's debate, why it is that, paradoxically, more documents are required now than previously?

Mr Davignon. — (*F*) It is a fact that, very often, new documents are necessary to facilitate transit. The real problem lies in the fact that where new documentation is introduced, the old is not always done away with and as a result paperwork proliferates. This is what we are trying to eliminate at the moment.

I should be delighted if Parliament were to devote time to this important matter.

Lord Bessborough. — Am I not right in thinking that in fact the Council of Ministers is coming close to agreement on the form of a common passport — certainly there have been well-informed reports to that effect — and would he not agree that if this is achievable it will contribute greatly to the sense of belonging to the Community that people who carry it will think of themselves as citizens not only of their own country, of their own Member State, but also of Europe?

Mr Davignon. — (*F*) The Commission wholeheartedly endorses the sentiments just expressed. However, I am not quite as optimistic as the honourable Member regarding the accuracy of the reports he has received.

Mr Howell. — May I support the views that have already been expressed by Mr Berkhouwer on the need for a common passport? It really is pathetic that, 20 years after the inception of the EEC, we cannot agree on a common passport, and therefore I would urge a greater degree of urgency on this matter.

I would also like to associate myself with the views expressed by Sir Geoffrey de Freitas. I have recently been in contact with the Commissioner over the problem of one of my constituents who has had tremendous trouble in exporting goods to France, and he maintained that there is now much more difficulty than before we entered the EEC. Surely this is wrong, and urgent efforts must be made to correct it?

Mr Davignon. — (*F*) I agree.

Mr Müller-Hermann. — (*D*) As Members of the European Parliament, we are well aware how singu-

larly difficult is the road to a united Europe. Our fellow citizens, who are not in a position to see this so clearly, are becoming understandably impatient, and it is therefore all the more important for them to have a few symbols of the Europe that is to come. So when we now hear that the European Transport Ministers were yesterday again unable to agree on a common Summer Time for 1979, which means that we shall again have to juggle with three different times next year, this is no less deplorable than the fact that we are unable to reach agreement on our travel documents. I would like to ask the Commission whether it is applying sufficient pressure on the Council, for it is the members of that body who are the real culprits? We are perhaps barking up the wrong tree when we level our complaints at the Commission.

Mr Davignon. — (*F*) I agree. We exert whatever pressures we can, but we feel that some of the matters raised here in the European Parliament — and particularly the two points that have just been brought up — should also be raised in the national parliaments as well as with the Commission *and the Council*. I believe that that would be another way of bringing pressure to bear in order to steer developments along lines that would satisfy both the honourable Member and the Commission.

Mr Yeats. — Would the Commissioner accept that in fact one of the most infuriating aspects of travel within the Community at present is that certain countries not only require the production of passports, but require the filling up of forms on arrival and sometimes on leaving airports? And would he accept further that this is a particularly futile procedure since it is in general applied only at airports, and if you arrive surface you do not have to fill up these same forms?

Mr Davignon. — (*F*) I never tire of agreeing with Parliament!

(*Smiles*)

Lord Ardwick. — When Mr Davignon said that important decisions were holding up the publication of the passport, that they could not decide which came first, the name of the nation or the name of the Community, surely he was being ironic? Has everybody forgotten the wisdom of Solomon, who in similar circumstances decided to divide the baby? Now it is impossible to do that with a baby, but it is very well possible with a passport, because any typographer could show the Council, the Commission and everybody how to share the precedence so that neither comes in front of the other.

(*Laughter*)

Mr Davignon. — (F) My attitude was not ironic but realistic. We have made many suggestions to the Member States and Lord Ardwick's imagination has come up with one of them. The other suggestions were no less clear or imaginative and should have provided a solution to what is essentially a simple problem. I have found time and again that the more options the Council is offered, the longer it takes to make up its mind. The Commission is in a difficult position: we could stop making proposals to the Council on the grounds that they never seem able to reach a decision; on the other hand, when we do offer them several options they do not seem able to make up their minds which to choose.

President. — A case, indeed, of impotent imagination!

(Smiles)

Question No 6, by Mr Hoffmann:

Subject: Rationalization in the iron-and-steel industry and employment

Measures are being taken in various Member States to restructure (by means of investment subsidies, etc.) the steel industry, which is undergoing a grave structural crisis. The Community is also involved in these measures. By what means (financial participation, stipulations concerning employment, etc.) can the Commission effectively prevent the rationalization of the steel industry leading to a substantial reduction in employment?

Mr Davignon, Member of the Commission. — (F) All the measures that the Commission is currently applying in the iron-and-steel industry are aimed at rationalizing the means of production to gear them to the changed needs of 1985 — in other words, at restructuring the industry in such a way that the social implications of the measures will be minimized. Our target is an iron-and-steel programme that will permit optimum utilization of the means of production, improvement in cooperation within the industrial sector to prevent loss of jobs and increase competitiveness, and the setting up of a retraining programme under which alternative jobs will be created. Interim social measures will be adopted, such as training and compensation during the early stages of unemployment, in accordance with the Treaty of Paris.

Mr Hoffmann. — (D) Mr Davignon, taking the steel industry in Belgium, Luxembourg and the Saar Basin as an example, we know that they have fundamentally different policies — for instance, regarding taxation and financial participation. Knowing this, can you say that this will not result in a massive displacement of jobs on an international scale? In other words, is there not a danger that in countries where State control is toughest jobs will be protected, and in countries that do not adopt such measures jobs will tend to be lost?

Mr Davignon. — (F) Mr Hoffmann has touched on one of the most difficult and delicate problems that we have to face. Last month the Commission submitted to the Council a document which proposes a Community framework for national aids to the steel industry, giving us an instrument that would make it possible to ensure that such aids did not conflict with the general objectives of the restructuring programme, which are to make the industry more competitive and to eliminate unfair competition resulting from the fact that some governments operate aid schemes and others do not. We could not accept such distortions whereby jobs in one country would be protected at the expense of jobs elsewhere, and that is the Commission's intent behind its overall restructuring programme.

Mr Scott-Hopkins. — Would not the Commission agree that it really is not the job of the Commission to restructure the steel industry, or indeed any other industry, but that its job is to create the climate in which the industry itself can do so with the minimum of interference from the national governments? Would he make plans to see that this is the way the Commission in fact behaves in the future?

(Cries of 'Hear, hear!' from certain quarters of the European Conservative Group)

Mr Davignon. — (F) Let us be clear what we mean by 'restructuring'. Under the terms of the Treaty, the Commission has to define the general objectives within which the industry is to be restructured. We are therefore going to draw up a projection of the industry's needs in the period 1980-85. The Commission must furthermore satisfy itself that national aid schemes will contribute to the success of the restructuring programme and not damage it. Finally, as the Commission has repeatedly stated, the responsibility for deciding where and how investments under the programme are made lies with the industry itself.

Mr Edwards. — Whilst supporting the Commission's policy on State intervention to save jobs in the steel industry and make it competitive, I wonder if the Commission has had an opportunity of studying a new revolutionary steel-producing process, Q.-B.O.P., that has been installed by the United Steel Company of America and which experts consider is admirably suited to the small steel factories in our Community which are today threatened with closure? If they have not been able to study it, I wonder if they would study this new process, because it would bring great hope to my constituency, where 3 000 steel-workers are threatened with redundancy.

Mr Davignon. — (*F*) Among the Commission's priorities is the promotion of research within the iron-and-steel industry and the application of new technology in sectors of the industry that are in difficulties. That is why we have increased the budgetary allocations for these specific purposes. I have no doubt that the process referred to by Mr Edwards is among the possible solutions being considered.

Mr Corrie. — In any restructuring within the steel industry, can the Commission assure this House that the peripheral regions such as Scotland will not be ignored and that there will be no centralization of the steel industry, on the mainland of Europe at the cost of employment in the depressed regions where unemployment is very high, and that, on the contrary, steel industries will be encouraged to go to those areas?

Mr Davignon. — (*F*) It would be unthinkable for us to pursue a policy that did not take into account specific social and regional circumstances within the Community. However, the basic principle still obtains: if rationalization of the iron-and-steel industry is to prove successful, then the industry must be competitive wherever it is located within the Community and not be propped up by subsidies. That is the Commission's second criterion.

Mr Fuchs. — (*D*) If I may return to the central point of Mr Hoffmann's question, would Mr Davignon agree that, although rationalization may result in a certain number of jobs being lost in some places, the investment programmes inevitably accompanying such rationalization will help to maintain the viability of the industry as a whole and create jobs elsewhere and that this is the only way in which competitiveness can be assured in the long term?

Mr Davignon. — (*F*) This is exactly what has come out of our talks in the ECSC Consultative Committee with the unions, users and producers — namely, that the fundamental problem is how to conserve as many jobs as possible in the iron-and-steel industry. However, the long-term prospect for these jobs and the removal of the sword of Damocles that hangs over them depends very much on the industry being made competitive. This means reducing capacity and increasing productivity. At the same time, the Commission would naturally recommend retraining schemes to give a necessary degree of flexibility to this sector, but without creating unacceptable social or regional tensions within the Community, which might result if there were any discrimination between regions.

Mr Dalyell. — Does Mr Davignon recollect that some of us raised with him the problems of coalminers in collieries dependent on the steel industry where there have been cutbacks in coal

production? Can the Commission offer them any help and tell us what is happening about this?

Mr Davignon. — (*F*) The Commission is most concerned to ensure adequate stocks of coal for the Community for both industrial and energy purposes. In this connection, the Commission put forward proposals which were studied at the last Council of energy ministers, but, unfortunately, no agreement was reached on them. Discussions between the Commission and the Council on this specific point are continuing.

Mr Pisoni. — (*F*) Leaving aside the problems of restructuring and bearing in mind the Commission's expressed wish to remain competitive and open to the world, is it not time we asked ourselves if our conception of full employment is not perhaps outdated? Are we not just going round in circles bandying about terms like 'restructuring', 'full employment' and 'competitiveness' unless we redefine the meaning of full employment?

Mr Davignon. — (*F*) The Commission is convinced that we can deal with specific problems only within the framework of a general economic and social philosophy embodying our policy on growth as well as a distillation of our different economic policies. It would be equally wrong to assume that industrial redeployment can only come about in a climate of gloom, since such a climate tends to stifle the very spirit of initiative that we need to create new jobs. Another certainty is that we shall never again see the kind of industrial growth that was witnessed in previous years, so the employment problem will be even more difficult to resolve. The Member States of the Community must get together and jointly work out solutions to all these questions. The Commission is giving priority to achieving progress in economic and monetary matters, without which our various *ad hoc* measures could not have the desired effect.

Mr Normanton. — May I ask the Commissioner whether he has any evidence of the switching of steel production from products which are covered by the Community emergency measures to products for which no pricing formulas have been established, in particular in the sector manufacturing steel pipes and tubing?

Mr Davignon. — (*F*) Inasmuch as we believe in a market economy, this seems to us to be a perfectly normal development. We were forced to take certain measures in areas where the market had practically vanished, where there was no demand to match the supply. In contrast, there is continuing demand for some products, as has just been mentioned, which explains their increased production. That sort of flexibility is one of the very few encouraging features of the present industrial situation.

Mrs Ewing. — Is the Commissioner aware of the gravity of the situation touching steel jobs in Scotland, where massive redundancies are on the near horizon? Can he say whether the restructuring measures he has in mind will further reduce steel jobs and, in view of the gravity of the situation, does he welcome the proposed complex at Hunterston?

Mr Davignon. — (*F*) The talks we are holding with the various governments to try and bring steel production into line with the general objectives I mentioned earlier are aimed at finding out if the new steel-making plants have any real long-term future in terms of stability and competitiveness. Every new investment project is examined in the light of these criteria jointly by the governments, the producers and the Commission, as required by the terms of the Treaty.

To the extent that the structural crisis prevented a number of planned investment projects from being implemented, the Commission would feel obliged to make equivalent funds available to the national governments for the creation of new jobs in other industries.

President. — Question No 7, by Mr Edwards:

Subject: Tobacco addiction

Has the Commission started compiling documentation on the problem of tobacco addiction, pursuant to the decision taken by the Ministers of Health at their meeting in Brussels on 13 December 1977?

Mr Vredeling, Vice-President of the Commission. — (*NL*) I can answer that question with a straightforward 'yes'. The Commission has begun compiling documentation on tobacco addiction by means of questionnaires which we have sent to the various governments. We intend to place a summary of the answers to these questionnaires on the agenda for the special Council meeting of Ministers of Health to be held on 16 November 1978.

Mr Edwards. — Whilst thanking the Commission for that very constructive reply — and as a cigar smoker myself, I am interested in this subject, because I do not want to pass my anti-social habits on to my grand-children — I wonder if the Commission has considered a recent report from the International Union Against Cancer which deals specifically with nicotine poisoning, and I hope that before submitting their report to the Council of Ministers, they will have a good look at that rather devastating report.

Mr Vredeling. — (*NL*) Speaking as a pipe-smoker, I would inform the honourable Member that we are collating all the relevant information, including the report he mentioned. We are utilizing data provided by the World Health Organization and every other health protection organization. I therefore assume that the report he mentioned will also be among the back-

ground documents for the November meeting of the Ministers of Health.

Mrs Dunwoody. — Would the Commissioner, when he is studying this report, take note of the fact that carcinoma of the lung is responsible for the deaths of tens of thousands of people every year in the Community, and would he also look at the fact that the Community actually subsidizes the growing of tobacco and, what is more, has changed the taxation of cigarettes so that it actually is easier to smoke big cigarettes and take in more nicotine? So, will he be quite logical and not just look at the world health reports, but look also at what the Community does in promoting the growth of tobacco?

Mr Vredeling. — (*NL*) Of course the Commission is aware of the matter referred to by the honourable Member, and the link between tobacco and lung cancer has, I think, been scientifically proved. Our job is to think up preventive measures which will stop people from acquiring the habit of smoking, and I can assure the honourable Member that we will certainly bear this in mind.

The connection between the policy on tobacco-growing and breaking the addiction to tobacco escapes me entirely, because if tobacco is not grown in the Community it will have to be imported from elsewhere. I therefore believe that the two aspects are not related.

As for the honourable Member's question on the taxation of cigarettes, I would simply say that I understand that in the honourable Member's own country, the United Kingdom, the taxation policy takes account of the tar content. The tax is higher on cigarettes with a high tar content than on those with a low tar content.

Lord Kennet. — While the Commission is gathering facts and figures about addiction to tobacco and the well-known ill effects of tobacco use, will it go one further and seek to gather comprehensive figures about all the ill effects of smoking, by which I refer not only to the obvious human loss in lives and illness from cancer and bronchitis, but the government capital expenditure on building hospitals to cope with these diseases, government expenditure on training doctors to cope with these diseases, and also the expense to the economies of the Community as a whole from fires, having first made an estimate of how many fires are caused by people smoking, and will it then compare the global cost of the phenomenon of smoking with the global revenue coming to Member States and to itself from the taxation of tobacco, because it may well be that the former already exceeds the latter?

Mr Vredeling. — (*NL*) On the agenda for the meeting of the Committee on the Environment, Public Health and Consumer Protection to which I

Vredeling

alluded earlier, there is an item concerning the cost of health care. The situation to which the honourable Member refers is part of it; the cost of health care has risen enormously as a result of a number of habits which our society has acquired, not only smoking but other habits as well. In all the Member States, health care expenditure has risen the most rapidly. As for the costs arising from fires caused by cigarettes, I fear that the connection is rather more tenuous.

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

6. Votes

President. — The next item is the vote on motions for resolutions on which the debate is closed.

I put to the vote the motion for a resolution contained in the *Squarcialupi report (Doc. 97/78)*: Safety and health at work.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Spicer report (doc. 95/78)*: Fire safety regulations. The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Lord Bruce of Donington report (Doc. 149/78)*: Transfer of appropriations from the 1977 to the 1978 financial year.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Lord Bruce of Donington interim report (Doc. 147/78)*: Marine pollution.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Lord Bruce of Donington interim report (Doc. 162/78)*: Directive on safety in shipping.

The resolution is adopted.¹

We now proceed to the vote by roll-call on the *Fellermaier and Prescott motion for a resolution (Doc. 109/78)*: Human rights in Argentina.

I remind the House that we have already held this vote twice, at our sittings of 11 and 12 May 1978, without, however, obtaining a valid result under the terms of Rule 33 (4) of the Rules of Procedure.

I call Mr Prescott.

Mr Prescott. Mr President after discussions through the normal channels I would ask permission of the House to request that the resolution before it should have paragraph 3 deleted from it. That is the paragraph that instructed the Political Affairs Committee to hold

a public hearing into breaches of human rights in Argentina, to be held in Brussels on 25 May. This date has now passed, as you are aware, Mr President, and the hearing was held by my own group. After discussions have taken place, as I said, through the normal channels, I have reason to hope and believe that the Political Affairs Committee will now consider a new resolution that is before it, and we shall perhaps be able to present it unanimously during the next part-session of the Parliament in July. So I would like to move that we delete paragraph 3 from this resolution.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, if in point of fact, you yourself will accept the proposal that has been put forward by Mr Prescott, that this particular paragraph 3 be withdrawn from the resolution, then I would most certainly not maintain my wish to have a roll-call vote; it depends on you, Mr President, whether you will accept the proposal by Mr Prescott to withdraw paragraph 3 from the original resolution.

President. — I call Mr Johnston.

Mr Johnston. — Mr President, on behalf of the Liberal Group, as I have already given you written notice, I would propose that the sensible thing to do in this undoubtedly confused situation, which Mr Prescott has made reference to — though I am not sure what normal channels he refers, to since I am not aware of them — is for us to refer the matter back to the Political Affairs Committee according to Rule 32 (b). The fact is that there already is a motion for a resolution referred to the Political Affairs Committee by Mr Prescott following the hearings, which, as he said, the Socialist Group went ahead and held in precisely the same form as had been initially proposed by the Political Committee, but the cost of which had been rejected by the Bureau. It seems to me that the most important thing for this Parliament is to emerge from this somewhat confused procedural situation in a position in which, whatever future hearings might be proposed, a clear procedure may be worked out and agreed, and I would suggest that the right thing to do would be to refer the matter back to the Political Committee and ask them to produce for us such a procedure.

President. — Would Mr Prescott tell us something more about his request?

Mr Prescott. — Mr President, it is indeed a confused situation and I apologize that I have not in the last few minutes been able to consult all representatives of all parties, but we have the situation of a resolution before this House in the process of vote on the basis of a roll-call. It is a carry-over from the last part-session and I am trying to assist because of certain developments. Firstly, the hearing has already taken place and, secondly, the Political Affairs Committee now

¹ OJ C 163 of 10. 7. 1978.

Prescott

has before it another resolution in regard to this matter. Since we have this present resolution already before the House, I am suggesting, in order to finish this matter, that we delete the contentious point of paragraph 3 and then simply pass the remaining part of the resolution, which calls on the Council, Commission and governments to take note of the situation in Argentina and to express through all our various contacts our concern. It is just a general statement so that we can complete the procedures of this House, which are half-way through, and then in the Political Affairs Committee proceed with the resolution now before it, which reflects the outcome of the hearing and the committee's concern, ready for the debate which I think the committee has requested should take place in July.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, I have no desire to complicate matters but, as I understand it, Mr Prescott wants to delete paragraph 3 of the motion for a resolution, whereupon Mr Scott-Hopkins says he will withdraw his request for a roll-call vote. Since the rest of the text is not controversial, I see no reason why we should not proceed accordingly. The actual substance of paragraph 3 will have to be discussed again by the Political Affairs Committee, as Mr Prescott has already said.

President. — I call Mr Bangemann.

Mr Bangemann. — (*D*) Mr President, I am afraid I must disagree with Mr Klepsch, because I do not believe that the situation would be made any easier if we were to do as Mr Prescott and Mr Klepsch have suggested. In effect they are asking us to decide already today on one part of the substance of the motion. The resolution that Mr Prescott has laid before the Political Affairs Committee also draws conclusions from the hearings and puts forward other decisions regarding the substance of the matter. In other words, the House is expected to vote now on the present motion, after which the Political Affairs Committee will again consider Mr Prescott's motion, and this, of course, will lead to a new resolution being put forward by the Political Affairs Committee for further deliberation by the House. This extremely confused situation, which certainly cannot serve the cause which Mr Prescott has espoused, leads me to endorse what Mr Russel Johnston of my group has suggested — namely, that the best solution would be to combine the old resolution with Mr Prescott's new resolution, and have the Political Affairs Committee consider it and also work out a sensible procedure for combating violations of human rights.

All of us on the Political Affairs Committee were agreed that there was no sense in dealing with this or that matter by taking arbitrary measures that might be in part dictated by the political preferences of one or

other of the groups. Instead, we should work out a clear and sensible procedure in which hearings can have their proper place and which will give effective help to those whose human rights are being violated. I have the highest regard for what the Socialist Group have accomplished through their hearing but even they must realize that those in need can only be helped by such hearings when they are conducted within the framework of a rational procedure. All of us on the Political Affairs Committee — including the Christian Democrats — agreed that we should first work out a new procedure, perhaps in a subcommittee, and that we should maintain regular contacts with people whose job it would be to keep a close watch on the situation in the countries concerned. Hearings could then be fitted into such a procedural framework.

We should not depart from this course unnecessarily. To do so would be to weaken any resolution that we now adopt, since it would again be no more than an interim resolution, to be superseded by yet another put forward by the Political Affairs Committee, and we should have to deal with the whole problem all over again. May I therefore suggest to you, Mr Prescott that you stick by the course on which you originally embarked? Allow us in the Political Affairs Committee to re-evaluate the findings of your hearing, after which we shall be in a position to draw up a combined resolution that will carry real weight. To rush through a resolution now simply because we have a few fragments left over would surely be neither in the interests of the cause you seek to support nor in accord with your own intentions.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, Mr Bangemann, we can hardly talk about rushing the text through, for it has been before us since 8 May. It is not the substance of the text that caused all the controversy at that time. What was controversial — and will remain so until the whole thing is sorted out in the Political Affairs Committee — is whether, when and in what circumstances a committee of the European Parliament, in this case the Political Affairs Committee, can conduct public hearings concerning violations of human rights in countries outside the Community. This is the controversial part, not the rest.

If you will just consider the text, Mr Bangemann, you will see that it is the free voice of Parliament raised in condemnation of human rights violations in Argentina, at a time when the World Cup is taking place out there. It urges the President-in-Office of the Council of Foreign Ministers, the Commission, the Council and the governments of the Member States to take whatever action is necessary to bring about an improvement in the human-rights situation and secure respect for the democratic freedoms of the people of Argentina.

Fellermaier

I am sure Mr Bertrand, as chairman of the Political Affairs Committee, will correct me if I am wrong in saying that all Mr Prescott had to do, as rapporteur for the Political Affairs Committee, was simply to attend the hearing held in Brussels and organized by the Socialist Group, listen to evidence of torture and then report to the Political Affairs Committee. It will be up to the Political Affairs Committee to decide what, if any, conclusions are to be drawn from his report. It will have to make up its mind on the basic political question whether or not to propose to the House that the Political Affairs Committee should in future, when a majority of its members so decide, be able to conduct hearings in connection with human-rights violations wherever they may occur.

I ask you most earnestly to dissociate this question of hearings from the clear resolution now before us, which is based in fact on a motion tabled by Mr Bertrand and certain members of the Christian-Democratic and Socialist Groups. When a group of French nuns in Argentina disappeared under mysterious circumstances, a number of Members tabled a motion for a resolution which, under the terms of Rule 25, was referred to the Political Affairs Committee. While the matter was under discussion by the Political Affairs Committee, the issue of the hearing became so controversial that, in the end, the Socialist Group took over the text from the Political Affairs Committee and put it forward here as a resolution. The only thing added was the holding of the hearing. Now that the Socialist Group have conducted the hearing at their own expense, Mr Prescott asks, on behalf of my group, to have paragraph 3 deleted from the resolution. The text would then again be as drafted by the Political Affairs Committee, and I therefore ask that we vote on it. I ask Mr Bangemann, as spokesman for the Liberal Group, to accept this course of action in the interests of the unanimity of the House.

President. — I call Mr Rippon.

Mr Rippon. — I think, Mr President, that we should be very grateful to Mr Prescott for making what I believe is a very helpful and sensible suggestion wholly in line with the discussions we have had in the Political Affairs Committee. By deleting the only controversial part of the motion, he makes it very easy for us to support it this afternoon. In any event, we shall have to discuss in the Political Affairs Committee in due course the substance of other matters and that should go in the ordinary way. I think it would be very much easier if we now, as he suggest, clear out of the way this resolution and then go on to take the next necessary steps.

President. I call Mr Prescott.

Mr Prescott. — Mr President, I must ask for it to remain as it is, and for paragraph 3 to be deleted, and the debate continued in the Political Affairs Committee.

President. — Mr Prescott has requested the suppression of paragraph 3.

Are there any objections?

That is agreed.

As for Mr Johnston's proposal, that is not acceptable at this stage in the vote.

Finally, we have been told that, following the suppression of paragraph 3, Mr Scott-Hopkins and others withdraw their request for a vote by roll-call.

I therefore put the motion for a resolution without paragraph 3 to the vote.

The resolution is adopted.¹

*7. European armaments procurement cooperation
(contd)*

President. — The next item is the resumption of the debate on the Klepsch report (Doc. 83/78).

I call Mr Davignon.

Mr Davignon, Member of the Commission — (F) Mr President, we had a useful and important debate this morning on a difficult subject. It is always a matter of some delicacy, in the context of the Community, to broach questions directly or indirectly involving the subject of defence.

In view of the questions and misgivings which arose this morning concerning the propriety of the debate, I should like to preface my remarks on the interesting documents submitted by Mr Klepsch and Mr Normanton by giving my view on the legality of the debate.

The first thing to be said is that a number of people consider that any question involving defence or security is outside the Community's competence. This is not our view, nor, moreover, was it that of the authors of the Treaty, because it provides for certain customs duties on the importation of military material into the Community. This is ample proof that the Community is not *ipso facto* excluded from dealing with military matters.

Secondly, does this mean that, as things are at present, questions of defence strategy and of responsibility for national security are matters to be dealt with by the Community? The answer to this question is equally clear. It is obvious that national defence remains an area where the sovereignty of the States is still absolute and is qualified only by decisions which they have taken as allies. The claim, therefore, that if we shall be encroaching on the sovereignty of the States and their freedom of action in matters of national defence seems to me to be quite unjustified.

¹ OJ C 163 of 10. 7. 1978.

Davignon

Nor is there anything to justify it in the motion for a resolution, because the motion does not deal with the question of national defence, which is part of the development of Europe (a subject we are not called upon to discuss today), but covers a number of very practical questions. I think it is difficult to leave these out of our discussions so long as we maintain that Europe must not fall behind technologically and that, in terms of industrial re-adjustment, we have a future and not merely a past. And, without anyone being able to invoke a question of principle, it is clear from this that government orders in the various countries play a vital role in the field with which we are concerned.

The crux of the matter, as far as the Commission is concerned, is whether, in all this activity to promote growth industries and technological development and to maintain branches of industry which are vital for our future development, we can afford to leave out of our joint consideration an area of such importance where government orders play such a large part. Are we going to go on pretending to believe that an airframe is different according to whether it is for an airliner or for a troop carrier? That research on the development of a new engine depends on whether it is intended for a civil or a military aircraft?

At this juncture I think we ought to ask ourselves whether concentrating on the industrial aspect means that the European Community is engaged in promoting the armaments industry. To my mind, the amendment which Mr Klepsch tabled this morning removes all doubt about the matter. It would not accord with the spirit of this motion to imagine that, because we want to exercise real control over our industrial future, we are discounting the genuine attempts which are being made to prevent competition in armaments and irresponsible activity in the armaments export trade.

Anything can be read into a resolution, but I find it difficult to believe that this one contains the things which have been suggested. At all events, the Commission has not found them.

What is really at issue? Mr Dankert, I shall not repeat what I said this morning. I do not think the Commission ought to receive instructions on the way it should think. The Commission has a right of action which it must exercise sensibly in order to initiate a genuine dialogue with Parliament and the Council without giving preference to either of them.

We interpret the motion as meaning that the Commission must lay especial emphasis on certain aspects.

One of them is this question: how important are government orders for the development of new fields of research and the maintenance of an industrial machine which, in the Community, in the United States and in any other country, depends on government orders in order to survive?

Actually, the question of government orders and of the industries concerned differs according as they

involve the supply of footwear and uniforms to the armed forces or the production by industry of the more essential requirements for future technological development. This is one of the first aspects we shall look at.

The second task, which, in our view, is a vital one and has been very effectively described by various speakers, is that producing armaments in certain European States with the support of the governments concerned is quite a different matter from encouraging, by common agreement, the development of certain technologies which we have need of and which can be satisfactorily developed only on a joint basis. This is where the idea of waste comes in. There is no point in everyone doing everything, because the results achieved by some of them are made available to European manufacturers as a whole. That is the European idea! The European idea does not mean that, in every Member State, the Community has to finance the same work and the same activity. On the contrary, once priorities have been established, it consists in organizing industrial output on the most efficient basis, with ample room for competition. On this point, I should like to assure those who regard this resolution as a protectionist one that there is, in my view, nothing in the nature of a protectionist action in deciding to develop the technology of Europe in the same way as in other industrialized countries. It seems to me to be more like action to improve competitiveness.

Freedom of the market does not mean that anyone has a monopoly. It is quite natural that when, for example, in the case of the aircraft industry, we have only 10 % of the market, we have a harder job to stop the dominant position of the others from becoming absolute. This is not protectionist action but action which keeps competition alive. Just as, at national level, there are rules against the abuse of a dominant position, there must be application of the same principles at international level. This seems to me to be quite important.

The object is, therefore, one of finding out what action, whether in connection with research or with orders, would, if taken jointly, help to strengthen our industrial structure. It is difficult to see what there is to object to in this idea.

The Commission must first of all establish whether government orders are an important factor in the development of the armaments industry and would enable production to take place in conditions of competition. If the answer to the first question is in the affirmative, we must go on to the second question and establish in what sectors such research and joint action should be carried out.

Here again, a distinction must be drawn between what is within the legal competence of the Community and what is not. It is not for the Commission to decide

Davignon

what kinds of tank, aircraft or equipment are necessary for our security. It is for others to take those decisions.

We hope that this defence priority will be developed in conditions which provide for production on a large scale and not the juxtaposition of a number of sources of production. It is true, Mr Dankert, that interoperability is, in terms of a solution, perhaps the lowest common denominator. It is better to have a rifle firing one type of bullet than five rifles and five different bullets. It is better still to have an industrial programme based on standardization and not just interoperability: the extent of the industrial back-up will be greater in one case than in the other.

This is, therefore, what we must try to do; when the political and military decisions have been taken, the Community can take the industrial decisions. The division of responsibility is clear; there is no transfer of powers from one sphere to another, at least at this stage. In assuming responsibility for taking part in these preparations, we do not think we are stepping outside our legitimate powers.

Mr Spinelli said this morning that, in his view, the outcome of the Commission's deliberations could reasonably be the subject of formal debate. I readily accept his suggestion, which seems to me to be along the same lines as the request Mr Dankert made this morning on behalf of the Socialist Group to the effect that we should not regard ourselves as having dotted all the 'i's' today. What we have done is to recognize a need, agree that it is a legitimate one, and dispose of the false accusation that this constitutes an unwarranted encroachment upon the sovereignty of the states or upon the way defence policy is decided at Member State level or interference with the development of the trade in armaments. There can be no question of this.

What we have said today is that, at a time when we are involved in a policy of industrial readjustment, when we know that industrial areas are developing which we cannot ignore, and when we have so many old industries that ought to be reduced in size, we must make the best use of our research and development resources and build an industrial structure which is as competitive as we can make it.

Here, State expenditure and purchases play a vital role. We believe it is more important to be able to talk about the industrial basis than to stand by indefinitely and watch the States argue bilaterally about the compensation they will receive in connection with the orders they have placed outside the consensus.

A final point is whether all this is compatible with a policy of cooperation with the United States or is one of confrontation. I think this question, too, is misconceived. The answer is contained in the report on the subject by Senators Nunn and Culver, in which they declare — it is not hinted but in black and white — that the United States is willing to make exceptions to

the 'Buy American Act' in so far as the European continent produces armaments which they can use, but they impose the condition that the European countries must produce them on a collective and not on an individual basis. This is the difference between a European-based industry and the continuation of a variety of industries in certain European States. This is why, Mr President, the Commission is interpreting the resolution submitted to it with care and why we are grateful to those who put it on the order paper. It will enable us to begin what is bound to be a valuable discussion which, as suggested by Mr Spinelli, we shall have on the points I have mentioned, in conjunction with the committees of Parliament which are responsible in this field, that is, the Political Affairs Committee and the Committee on Economic and Monetary Affairs.

I conclude by expressing thanks, although one normally does this at the beginning. The documents submitted to us by Mr Klepsch and Mr Normanton show that the issue with which we were faced is a real one. The way in which the problem has been stated shows that the Community can make a discreet but determined approach to defence questions without raising the fundamental issue either of European defence or the sovereignty of the States. If we could do that we should be making real progress, in terms of the economy and of industry, and the Commission hopes to play a part in it.

IN THE CHAIR: MR SPÉNALE

Vice-President

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, I am sure no one would quarrel with most of the industrial and medium-term economic-policy concepts that you, Mr Davignon, have outlined for us. But if you will just have a look at the title of the report you will see that it is the very opposite of what you have just been saying, and you cannot get away from the fact, because the title says, plainly and simply: 'Report on European Armaments Procurement Cooperation'. In other words, it is first and foremost about armaments procurement and not about industrial policy or the proposals you have put forward in that connection. There is an inherent contradiction here and I am afraid that, to that extent, this report under this title is unacceptable. The problem is quite different. The Commission sees it in terms of industrial policy, due account being taken of defence considerations or possibly defence imperatives. They are, in effect, standing the problem on its head.

I wanted to make these observations in order to make it clear to Mr Davignon and the Commission that such a policy is unworkable on these terms.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I would like to agree with my chairman of the Committee on Budgets, Mr Lange, that it was a very strange reply that we had from the Commission. It begs all sorts of questions.

I just want to ask two factual questions at this stage. If I have taken it down right and the translation is right, Mr Davignon said that in the opinion of the Commission they were 'not stepping beyond the bounds of legitimate responsibility'. Now, that may be the opinion of the Commission, but my question is this : is this the view of the German Government, or the French Government, or the British Government, or any other governments ? I mean, have they ever been consulted on this ?

Secondly, it was said that we must use our research facilities to the best possible effect. Now we are talking about a very sensitive area, and presumably in this field, in my own country, we are talking about places like the Royal Radar Establishment at Malvern and other places elsewhere. Now if this is so, this raises precisely all the difficulties which some of us have been faced with in our committee work in relation to Euratom. It will be within the recollection of Parliament that there was discussion on this during the debate on the report by Willy Hamilton and the petition from Mr Feit and his colleagues on the whole issue of secrecy. Now this raised very delicate issues for the nation States of this Community. And my question is again : what discussion has there been between the Commission and the nation States on the use of our research facilities, presumably in the military field, to the best possible effect ? Frankly, Mr President, I think this is another of these reports like that on data-processing and a number of others we have had, which in fact are extremely unreal, and I view it with the very greatest suspicion.

President. — I call Mr Davignon.

Mr Davignon, Member of the Commission. — (F) Mr President, I should like to refer Mr Lange to the text of the resolution. I have said plainly that, as I see it, what Parliament has been asked to decide on is the motion for a resolution, taking account of the amendment presented this morning by Mr Klepsch, with a number of recitals that refer to things that belong to the past that is, to certain already existing documents. The recitals are as follows :

considering that the establishment of a jointly organized European armaments industry with a structured market is an essential element in developing a common industrial policy ;

I spoke of that.

considering that the civil and defence aspects of certain key industries, such as the construction of air-frames and missiles, air engines, ship-building and electronics, cannot be separated in planning their future development.

I do not think that anyone will argue with that. Parliament has approved the research and development

programme submitted by the Commission, which includes, among other things, a study of metal fatigue in air-frames, which is applicable equally to both civil and defence aircraft.

considering the need for European industry to remain technologically up-to-date and competitive.

That is what I tried to explain.

considering the need to achieve a better balance between United States arms sales to Europe and European arms sales to the United States.

I have talked about the importance of industrialized countries' seizing commercial opportunities.

And then the operative paragraphs :

Calls on the Commission to submit to the Council in the near future . . . [etc.]

I have said that we would not go as far as the resolution would wish us to go and that we would need to give certain matters, the scope of which I have already outlined, a great deal of thought. I also believe that we should follow the course advocated by Mr Spinelli this morning and pursue the dialogue between Parliament and the Commission in the form of exhaustive discussions of the issues to which I referred.

I have thus covered the substance of the resolution as it stands. Had the resolution touched upon other matters contained in the report, the would have dealt with those, too. Although I am satisfied that the Commission has stuck to the point in this debate, it is quite ready to take up any other matters that might be raised in another debate. Today, I have dealt with the resolution and covered the subject under debate, even if some Members may feel that the discussion has been too narrow.

To Mr Dalyell, I would like to say that we are most certainly within our bounds of legitimate responsibility as set by the Treaty. There can be no doubt that we are perfectly within our rights to consider defence aspects where they have a bearing on industrial considerations. And I gave a specific example of this a short while ago : referring to the time when customs duties were an essential factor, I pointed out that the Treaty devotes a special annex to customs tariffs applicable to military armoured vehicles and the like, which proves that this area falls within the scope of the Treaty and therefore we have a right to discuss it. I do not deny that all this poses some delicate problems, for when we draw up a production programme military strategy is bound to enter the picture. This is why I made clear that we only become involved once strategy and security decisions have more or less been taken care of. In fact, I went even further, because Mr Dankert said some things this morning on which I felt that we should take a stand : that it is easier to develop a solid industrial capability if we have common standards than if we do not. This is as true for the defence sector as for the civil sector. That is why I favour standardization over interoperability.

Davignon

Mr President, if anyone here thinks that I have missed the point of the debate, let them tell me so. If I have addressed myself specifically to the resolution, it is because I believe that that is where the Commission's responsibility lies.

President. — I call Mr Dankert.

Mr Dankert. — (*F*) Mr President, things are getting a little confused and so I want to ask a question to help clarify them. In the first place, the Commission has ignored the report in its statement. Secondly, as I see it the Commission has put a very narrow interpretation on the resolution, particularly the operative paragraph 1, which calls for the development and production of conventional armaments. The Commission does not intend to put forward such a programme. It would appear, therefore, that the Commission has no intention of implementing the resolution as tabled by Mr Klepsch. That is what the debate this morning was about, and I would like some explanation on this point.

President. — I call Mr Klepsch.

Mr Klepsch, rapporteur. — (*D*) Mr President, before I speak in my capacity as rapporteur I wish to say something on behalf of my group. I am somewhat surprised that the group that had most time allotted to it in the debate — and which used it to the full — should now be taking up more time following the Commission's statement. It seems the rules on speaking-time are being ignored. May I point out that no group has a right to preferential treatment in this House.

By unanimous decision Parliament gave the Political Affairs Committee the task of drawing up a report and motion for a resolution, in consultation with the Committee on Economic and Monetary Affairs, on the motion for a resolution tabled by Mr Berkhouwer. Remember, it was Parliament's unanimous decision. Then came the matter of the title of the report. I will now do something which should please Mr Lange, in the light of what he said, and perhaps make Mr Dankert's position more difficult. I have no objection whatever to expanding the title and I wish to say plainly that all of us who attended the meetings of the two committees are aware that Mr Davignon was very much on target in what he had to say on the contents and spirit of both the motion and the opinion accompanying it. Since the Socialist Group have found the title of the resolution to be a stumbling-block, I am quite prepared to amend it to include the words 'as part of a common industrial policy'.

Mr Lange, you are quite wrong. It was what your own colleagues — Mr Radoux and the others on the Political Affairs Committee — wanted. We gave due

weight to your amendments to the explanatory statement, which contains a wealth of facts, examines some attempted solutions and goes into the causes underlying certain problems. We deliberately excluded parts of the text and then amended paragraph 1 in such a way that it would win the support of your colleagues on the Political Affairs Committee. You can imagine our surprise, therefore, at hearing the statements made here today. But, as I say, if it is going to mean greater unity in tomorrow's vote, then I am more than ready to alter the title. The text this House will be asked to vote on is one that the Political Affairs Committee adopted by a large majority — 20 votes to 5, with 3 abstentions — and one that we hoped would have the support of most of the Socialist Group.

As rapporteur, I must oppose most strenuously those who seek to read things into the resolution that it does not contain. To forestall them, the Political Affairs Committee accepted Mr Radoux's amendment. As far as the title is concerned, Mr Lange, I do not know whether, in the light of my very clear statement on the matter, you still maintain that the title prevents you from supporting the resolution. I am ready to comply with your wish and alter the title if that is also the wish of the rest of the House.

Secondly, may I say that it was never our intention — and I thank all the speakers who supported me in this — to conduct anything resembling a debate on security, defence or armaments. That is why these matters have been entirely excluded from the resolution. I have also had to explain to various of my colleagues why there is no reference in the resolution to disarmament. There is no place in this resolution for the whole complex of questions relating to disarmament, NATO strategy or the like. In fact only a few speakers have insisted on bringing them into the debate. At the same time I can understand the reservations they have voiced — I am thinking in particular of the statements made by Mr Dankert, Mr Krieg and Mr Christensen.

I would now like to deal with Mr Dankert's remarks. Let me make a very important point? It was not the intention either of Mr Berkhouwer, who tabled the motion, of the Political Affairs Committee or of the Committee on Economic and Monetary Affairs to arrange in some roundabout way a debate in the European Parliament on security, but rather, as I tried to convey in my introductory remarks, to define the premises and alternatives on which an industrial policy might be based and to formulate a corresponding set of proposals to put before the Commission. In this way we have remained entirely faithful to the principles underlying the reports presented by Mr Mommersteeg and Lord Gladwyn, both of which were adopted by this House.

I do not want to repeat all the arguments that we have heard today on this subject, but if one thing must be

Klepsch

clear it is that we are doing our utmost to follow whatever course will serve the best interests of a common industrial policy. Mr Davignon, as a member of the Commission, has understood our intention correctly and put the right interpretation on it. I would therefore like to thank him, and also Mr Spinelli for his suggestions.

I am delighted following this debate the Commission will draw up a line of action which will then form the subject of close and regular consultations with the two appropriate parliamentary committees. Although I am not suggesting that we should come to any decision about it today, I wish to propose that a joint working-party be set up, as has been done in other cases, from among members of the Political Affairs Committee and the Committee on Economic and Monetary Affairs, to keep the whole range of problems under constant review and draw up discussion documents. As rapporteur, I gratefully acknowledge the suggestion made by the Commission and Mr Spinelli. Obviously, the work done in connection with this report should be followed up.

I come to my third comment, which relates to a question posed by Mr Dankert. He found, on the one hand, that the report was too far-reaching and too high-flying in its ambitions for what could be achieved. On the other hand, he deplored the absence of detail in the suggestions for solving all these problems.

(Interjection)

Mr Dankert, we willingly and gratefully accepted Mr Normanton's opinion, which we had before us during our deliberations — in fact we made a point of waiting until it was to hand. Mr Normanton and I had a very good working relationship and we kept in constant touch to make sure that we did not produce two contradictory documents. We wanted to be able to present instead a complementary work, and indeed neither your colleagues on the Committee on Economic and Monetary Affairs who were present at the adoption of the opinion — and I was there, too — nor those on the Political Affairs Committee who attended the final stages of the report found anything that might be called controversial.

Let me repeat that we had no thought of trying to tell the Commission in detail what they should do. Fortunately, Mr Davignon understood and appreciated that. If our committees and this House had to do that, they would find themselves more than somewhat overstretched.

There is just one more issue about which I must comment and that is the matter of compensation, to which Mr Dankert devoted so much attention this morning. In paragraphs 101 and 102 of my report, I suggested what form compensation might take — namely, on the basis of a global rather than a project-

by-project approach, and I also said that such an approach should not be restricted to the armaments sector. Even if we confine our attention to defence hardware, we must take the United States at their word. When they talk of two-way traffic, then we Europeans must hold them to their word and we must stick to ours if we do not want to get ourselves into a situation that we had not intended. All the speakers today have said the same thing.

Another reproach levelled at us was that we are somehow queering our pitch with this resolution, but I really cannot see how we can be said to be preempting the Commission. On the contrary, we have seen how attentively the Commission has followed the debate, and the rapporteurs and those who have voiced their opinions in committee feel that their viewpoints have met with understanding. This morning I listened to lengthy dissertations on the subject of standardization and interoperability. As a member of the NATO and WEU Assemblies, I am naturally very familiar with the issues. If you are wondering why we have been so reticent on this in the report, it is because we know full well, as Mr Davignon said, that standardization is best but that interoperability is a second-best minimum. But that is another matter that falls outside the ambit of the resolution.

I want to point out again that it was never our intention to enter into any kind of discussion of defence or strategic considerations, which should be left to the appropriate bodies. We wanted simply to help in every way we can to make European industry more competitive, particularly in those sectors where the present unfortunate situation has resulted in an enormous waste of public funds. Everyone seemed to be in agreement with my amendment deleting the seventh recital. This removed the controversial point in the motion for a resolution, and I now repeat my offer, providing all the groups in this House are agreed, to expand the title of the report to include the words 'as part of a common industrial policy'.

Ladies and gentlemen, thank you for your contributions.

President. — Before closing this debate, I must inform the House that Mr Spinelli wished to table an amendment but the time-limit for doing so had passed. Mr Davignon, however, has stated that the Commission's views on this problem would be the subject of a debate with the Parliament, and that was the point of the amendment Mr Spinelli had wanted to table.

I note that no one else wishes to speak. The motion for a resolution, together with the amendment that has been tabled, will be put to the vote tomorrow during voting-time.

The debate is closed.

8. Estimates of Parliament for 1979

President. — The next item is the report by Mr Ripamonti, on behalf of the Committee on Budgets, on the draft estimates of revenue and expenditure of the European Parliament for the financial year 1979 (Doc. 156/78).

I call Mr Ripamonti.

Mr Ripamonti, rapporteur. — (I) Mr President, the motion for a resolution and the report on the estimates of income and expenditure of the European Parliament for the financial year 1979 are being submitted on behalf of the Committee on Budgets, which adopted them unanimously. While they reflect the normal activities of Parliament at work, they bring out the vital connection between the final draft estimates for 1979 and the decision adopted by the Council to hold the elections for the European Parliament by universal suffrage between 7 and 10 June 1979.

Last year's rapporteur, Mr Cointat, described the draft budget for 1978 as estimates 'pending developments' and emphasized the importance of preparing, during 1978, a supplementary budget whatever decision was taken on the date of the elections. When the budgetary procedures provided for in Rules 49 and 50 of the Rules of Procedure were in progress, it was found impossible to make estimates which catered for the requirements of the newly-elected Parliament when it started work, and it was decided to amend the estimates of the draft under consideration before the end of the year when the budget of the Communities is under review. In the meantime, the subject will be studied in greater depth and fresh estimates drawn up in the light of the requirements of the new Parliament during the early stages of its work. It will then be up to the elected Parliament to prepare and adopt a supplementary budget on the basis of the changes it may wish to make in the way it organizes its work. The Committee on Budgets was unanimous in agreeing that it was quite impossible to give final approval, in 1978, to estimates of income and expenditure which made no allowance for the composition of the Parliament elected by universal suffrage, with its 410 members, or for the consequent need to strengthen its organizational structures, in view of the pressure which this House had brought to bear on the Council of Ministers for the election date to be fixed.

Not, therefore, another budget 'pending developments' but a budget which contains estimates for the organizational structures required by the historic event which, with the direct election of the first European Parliament, will take place in 1979. And it was in anti-

ipation of supplementary estimates, which will involve increases in the expenditure appropriations, that the Committee on Budgets decided on reductions under certain chapters of expenditure by restricting the increase in appropriations under these chapters to a greater extent than in previous financial years and limiting to 10.6 % the overall increase in expenditure compared with the financial year 1978. Moreover, as mentioned in the explanatory statement, consideration was given and will continue to be given to the way in which the work of Parliament and, at the same time, expenditure will develop.

The explanatory statement is in three parts. The first contains a review of activities in 1977 and the way in which the work of Parliament and the Secretariat has developed and, in the light of these developments, sets out the operational requirements of the departments serving the House and its Committees; the second covers the quinquennial trend of expenditure and the establishment plan, while the third is more specifically devoted for 1979 in terms of the establishment plan and appropriations.

The work of Parliament can be expressed in figures as 60 days' debates in the 13 part-sessions and 414 days' meetings of the Parliamentary committees; its work showed a marked increase in the number of debates, resolutions adopted, written questions and, above all, questions asked during Question Time. This has meant, and still means, a constant expansion of the departments of the Directorate-General for Sessional and General Services and especially the translation departments. In addition, the multiplicity of work locations makes the work of committees even more difficult, slows down the machinery and increases general and itemized expenditure. I need say no more than that the meetings of the committees at the three provisional locations have meant, for the officials concerned, 6 194 days of missions.

The work of the information departments has revived press interest in the debates of Parliament, especially on the subject of direct elections. In this connection, one cannot refrain from pointing out how badly the television networks of the nine countries have kept the citizens of the Community informed in readiness for the forthcoming election: the hours of televised reports amounted in all to 16. The number of visitors is increasing all the time: it totalled nearly 25 000 divided into 769 groups, and this raises the question of strengthening the reception and documentation departments.

As far as the pattern of expenditure is concerned, total appropriations rose during the four-year period 1974-77 from 33.2 million EUC in 1974 to 65.7 million EUC in 1977, an increase of nearly 100 %, and the figure reached 100.4 million EUC in 1978. But other institutions have also registered a substantial increase in expenditure: the appropriations for the

Ripamonti

Council of Ministers went up from 40.7 million EUC in 1974 to 70.2 million EUC and 97.1 million EUC in 1978. If, however, we look at the historical sequence of the annual increases in the appropriations made since 1973 in the budget of the European Parliament, we have to recognize that the increase for 1979 is the lowest annual increase recorded to date, though this certainly does not contradict what I have repeated time and again in the Committee on Budgets about the need to look at the appropriations more closely in the light of changes in individual functions, the establishment plan, and methods of working. The statistics giving the changes in expenditure and its overall pattern cannot be fully appreciated and may even be open to misinterpretation, if not suspicion, unless they are viewed as part of a constantly changing picture showing the gradual and constant development of the political function performed by the Parliamentary machine.

The second part of the report analyses the statement of draft estimates for 1979, which the committee proposes to provide for in two stages. The first, and present, stage is designed to ensure the normal development of the work of Parliament as it is composed at the moment; in the second stage, the present provisions of the budget will be amended to allow for the immediate needs of the Parliament elected by direct universal suffrage. The resolution accordingly embodies a specific undertaking that, in October and December, when the estimates are brought before Parliament again as Section One of the General Budget of the Community, the committee will consider supplementary proposals to meet the requirements which will arise during the early months of operation of the new Parliament.

In my view, the procedure described fulfils three requirements:

1. it avoids the adoption of a supplementary budget in the early months of 1979, when the election campaign will be getting under way;
2. it enables the Secretariat to act on the decisions taken under the annual budget before the directly-elected Parliament takes office; and
3. it gives the rapporteur and the Secretariat, after consultation with staff representatives, an opportunity to find the answer to organizational problems in terms of the amended budget, which could be described as a 'reception' or transitional budget covering the first months of operation of the directly-elected Parliament.

On this last point I make only one general comment, and that is that the directly-elected Parliament must from the outset have at its disposal structures enabling

it to embark upon and develop its work. The decisions are, of course, being taken in conformity with the Merger Treaty and without reference to the question of the place where the institution will ultimately be situated. The Committee on Budgets has frequently emphasized the need to do two things: in the first place, to find a satisfactory answer, technically speaking, to the institution's operational requirements, especially in view of the effect which the machinery of organization and of the various services has on the efficiency and operation of the institution, and, in the second place, to pay close attention to the cost which they entail at the three provisional places of work.

In the detailed analysis of the draft budget, I have given especial attention to those sections relating to the establishment plan and the various expenditure headings. In the case of the establishment plan, the decisions taken simultaneously by the Committee on Budgets and the Bureau mainly relate to the creation of 83 new permanent posts to cover the adjustments necessitated by the increase in the workload recorded to date. Of these 83 posts 31 are in the translation service, including 20 translator or reviser posts. The creation of these 20 posts, in addition to those established in 1978, should make it possible for translators to be made available as a priority to the political groups, who have often asked for it, leaving it to the Secretariat, in the interests of the operational unity of the service, to determine the forms of organization which will best enable the groups to have documents translated in time. This is a requirement which is continually being emphasized by the political necessity for the groups to function properly if the House and its committees are to produce results; I feel sure that the Secretariat will find an answer to this problem, especially in the light of the requirements which will arise in connection with publicity for the election campaign.

The Bureau has also proposed the creation of 59 permanent posts for the Directorate-General for Information; the Committee on Budgets voted in favour of this proposal only at its meeting yesterday evening. A final decision will be taken during the budget examination and adoption procedure in the autumn. It was originally proposed to consider the advisability of subdividing these 59 posts into permanent and temporary posts. It was clear from the statement of reasons for the Bureau's decision of 24 May, forwarded to the chairman of the Committee on Budgets by letter of 31 May from the President of Parliament, that it was a practical impossibility to differentiate between the posts requested; in any case, the workload of the information service is bound to increase both in preparation for direct elections and on account of post-election activity as a result of the growing interest in the work of Parliament which is being taken by the mass media and in circles specializing in the subject.

Ripamonti

Moreover, the 'Information' working-party has for some time been in favour of developing the audio-visual section for the purpose of recording broadcasts dealing with Parliament, news items, interviews and so on. But a final decision will be taken in the October-December sittings.

In addition, 29 local staff posts are to be converted into established positions in accordance with a decision adopted by Parliament two years ago that all local staff posts should be converted into permanent posts over a period of four years. So far as I remember, there are 39 outstanding.

Again, 6 auxiliary posts are to be converted to permanent posts. In the reserve of posts for secondment of officials to the political groups, there will be an increase of 4 posts and a decrease of 3 posts.

Ten permanent posts on the establishment are to be upgraded, because the occupants are performing duties above the level of their grade and because of the need to promote staff after a certain number of years.

Approval has been given for the regrading of a number of permanent posts in the lower career brackets of the various categories in order to promote officials who have reached the last step in the last grade of the career bracket in their category, and the responsible authorities have been instructed to look into the possible implications of this principle. It is a principle which, together with the procedure laid down in paragraphs 6 and 7 of the motion for a resolution, accords in every respect with the opinion which was expressed by the Bureau during the sitting of 24 May and was contained in the letter sent to the Committee on Budgets by the President of Parliament.

As for temporary posts in the establishment plan, 6 new posts have been created and 5 regraded in the Political Groups Secretariat.

These complicated decisions affecting the establishment plan were the outcome of lengthy discussions in the Committee on Budgets, which arose mainly from the fact that the creation of new posts might appear to be unwarranted in view of the number, estimated at 175 in all, of vacant posts on 20 April 1978.

The committee has taken note of the explanations and of the need to follow the procedures for covering vacancies in the establishment laid down in the Staff Regulations of Officials, by promotion and, as the case may be, internal competition, transfer from one Institution to another and, finally, open competition. In view of the many problems raised by the establish-

ment plan, your rapporteur has proposed to the Committee on Budgets and to Parliament that this should be the subject of further reference during the October part-session.

I need only add the decisions adopted are not the outcome of any bureaucratic pressure but, on the contrary, are in full accordance with a unanimous decision of the Bureau. They are also in accordance with the comments which were justifiably submitted by the representatives of staff, whose cooperation is vital if we are to develop the work of our institution. Quite apart from the technical assistance which the officials provide, I believe their professional calibre and the part they play in the life and development of the institution render enormous service to the institution and to Europe.

I must at the same time say how much I value the secretariat of the Committee on Budgets, the pattern of whose organization is to be given fresh consideration with due regard to the work which the secretariat carries out with such devotion and intelligence in conditions of great difficulty.

The appropriations provided for amount to 111 089 905 EUC; the Committee on Budgets reduced these estimates by 993 300 EUC. I do not want to refer in detail to the breakdown of expenditure; I only wish to say that when, during the October part-session, we go through the budget procedure, we ought also to consider whether the appropriations for certain items affecting the social services for staff and the Staff Committee subsidy need to be increased, and that we should at the same time tackle the question of the internal organization of Parliament in the field of documentation with a view to setting up an independent data-processing service, which will enable us to link up the data-processing centre of the European Parliament with those of the national parliaments and other European and international information centres. The autumn part-session will also, in my view, be the right time to draw up a political balance-sheet of Parliament's first twenty years of activity which bears witness to the development of the European idea and constitutes a starting-point for the future work of a European Parliament elected by direct suffrage.

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

Mr Lange. — (D). Mr President, I find myself in a difficult situation. I am speaking now for the Socialist Group and at the same time I have to remember that I have a certain role to fulfil as chairman of the Committee on Budgets. Be that as it may, I am sure we can all join in Mr Ripamonti's fulsome praise for the committee's secretariat. We all know how much work they have had and under what difficulties they have had to do it.

Lange

I must also congratulate Mr Ripamonti himself for his painstaking approach to the report. He joins the ranks of the outstanding rapporteurs that we always seem to have and who are so consistently good that it would be difficult to say if one was better than another. Over the years, the budget reports they have produced have been of a uniformly high standard.

As Mr Ripamonti stressed, this draft is no more than an estimate of revenue and expenditure and not the final budget. The draft has yet to be incorporated by the Commission into the general budget of the Communities, and it is perfectly right and proper to sort out any controversial or potentially controversial points as further work on the budget goes on. This applies to the staff section of the budget. At the present time we have refrained from taking issue with the administration — and on this point we agree with what the rapporteur has said — on the additional staff it is going to need in order to expand information activities in preparation for the forthcoming direct elections. We have discussed the matter with the Bureau only to determine whether such additional posts should be permanent or temporary. On 31 May 1978, eight days after the meeting at which we adopted the draft estimates, the Bureau came back to us to give its views on the matter. In the resolution, we have said that these matters would be considered further when the budget came under review. We are aware, of course, that the ultimate authority in this area lies with the President of the European Parliament.

Mr President, we, the Parliament, together with the Council, constitute the budgetary authority which draws up the general budget, and it is Parliament which finally adopts the budget once agreement with the Council has been reached. As such, we may not treat ourselves any differently from other Community institutions. We must not seek to obtain any special privileges for ourselves. In other words, Mr President, we must apply the same criteria to our staffing as we apply to other institutions. What Mr Ripamonti said in this connection must be fully endorsed.

Now I should like to comment on the fact that this is a normal draft budget, or rather, that this is a draft which must lead up to a normal budget that should in no way try to anticipate what the directly-elected Parliament may have to do. Our main purpose with this budget, as the rapporteur has said, is to pave the way for the new Parliament to enable it to begin its work under the most favourable circumstances. That is the basis on which we have formulated our budgetary proposals, and we in the Socialist Group support the principle. The task of this indirectly-elected Parliament is to make all the necessary preparations, that and nothing more, leaving the directly-elected Parliament to make provision for all the requirements arising out of the new situation. This it will have to do through the instrument of a supplementary budget for 1979. This time there is no escaping the ever-unpopular supplementary budget.

That course is the only right one, Mr President, firstly because we must leave the elected Parliament full freedom of action, and secondly because we have to avoid public controversy over what that Parliament is or is not entitled to do. The bones of contention are only too familiar to us.

In the first place, this indirectly-elected Parliament cannot take a decision on the question of the seat. It will be up to the new, directly-elected Parliament to choose whether or not to take a decision on this question and flout the 1965 agreement between the governments of the Member States. It will have to consider the question in exactly the same way as this Parliament has done hitherto.

Secondly, it is not for this Parliament to adopt decisions on the status of the Members of the future House. Today the European Representative is also a member of a national parliament, a circumstance that lends us special status, and the dual mandate undoubtedly means that we have to accept some responsibilities which most Members of the directly-elected Parliament will be spared. Nevertheless the latter will have to take over where we leave off.

I believe that we must be firm in our position on this if we are to avoid the risk of absurd public controversies marring the run-up to direct elections, and possibly the campaign itself, to the detriment of both Parliament and the European ideal.

Just one final remark, for basically I can fully endorse what Mr Ripamonti said as rapporteur for the Committee on Budgets. As in previous years we have adopted a very restrictive approach to material expenditure. One of the reasons why we are so intransigent in this approach is because we have to prevent overspending by the other institutions under the individual budget headings. We have had ample evidence in the past of the room that exists for financial manoeuvre both within the overall budget and under the individual headings. I believe that in the interests of sound and thrifty financial management it is necessary to limit this room for manoeuvre. Hence our insistence on cutting back material expenditure in the draft estimates wherever the proposals put forward by the administration in the preliminary draft did not appear to us justified in the light of general economic developments. The same yardstick must, of course, be applied to the estimates of the other institutions. The golden rule must be equal treatment for all. Parliament, as part of the budgetary authority — and here I come back to what I said at the outset — must apply strict criteria to its own estimates so as to be able to apply equally strict criteria to the estimates of the other institutions.

We have, then, this year a relatively modest rate of increase, and I am not now referring to the maximum rate of increase communicated to us by the Commis-

Lange

sion. Just compare: the appropriations for Parliament's expenditure this year come to some 100 million units of account; for 1979 we are entering 111 million. The Socialist Group supports this decision, which, as Mr Ripamonti pointed out, gives an increase of precisely 10.4%. We could actually have gone higher, but that is not the point of the exercise. What we have to do is to enter the appropriations needed to ensure that Parliament can do its job properly.

It is in these terms, Mr President, that the Socialist Group supports the resolution and the estimates, as well as the cuts under some headings explained by Mr Ripamonti, the need for which I have also gone into myself. The budgetary procedure will get under way again almost as soon as the summer recess comes to a close. The political groups will then, as I see it, have an opportunity to look at any new issues that may crop up in connection with direct elections and to take appropriate decisions, though with due regard to the fundamental principle that under no circumstances may the present House pre-empt any decisions that fall within the province of the directly-elected Parliament.

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

Mr Ryan. — Mr President and colleagues, I join with Mr Lange in praising Mr Ripamonti and the secretariat of the Committee on Budgets for an excellent report which contains not merely sound proposals for the 1979 budget but also a great deal of useful information for Members of the Parliament and — what is more important, because democracy depends upon people — for the people of Europe generally. I am sure it is right — and this is the view of the Christian-Democratic Group — to prepare the estimates on a continuing basis without anticipating changes which obviously will be necessary as soon as we have a directly-elected Parliament with 410 Members. That is the only way in which it will be possible to assess the financial impact of a larger Parliament and to control both current expenditure and expenditure which will obviously arise whenever we have a Parliament of a larger number of Members with, one hopes in the name of democracy, much greater responsibilities and presumably, therefore, a greater workload than at present.

Some changes will, however, occur before direct elections, and the preliminary draft estimate takes account of some of those, particularly those relating to the information services of Parliament. In one respect, the information published is discouraging. It shows that the roar of Parliament is heard only as the squeak of a mouse in the individual countries of the Community. We see that 286 committee meetings apparently prompted only 312 reports in all the free press of the Community — rather startling and disappointing

when you consider the immense personal effort that Members and officials put into many hours and many days of committee meetings and, indeed, in getting to and from them. If Parliament is to command the respect which it deserves, it is very necessary that the amount of work done, its purpose and its general direction, be more clearly set out in the media of the free world which we want to preserve. Direct elections, we are told, produced about 19 000 newspaper articles and press cuttings in 1977. Somehow I suspect that a large number of those were not helpful to Parliament or to the future development of the Community, because they probably recorded continuing delay by the Council of Ministers in implementing the good intentions of having direct elections. However, we must not look too much back on the past, but reflect just how negligible in relation to the effort is the publicity which the European Parliament, as it now exists, receives.

In paragraph 1 of the motion for the resolution, there is recognition of one of the special problems of this Parliament: lack of a single seat. We cannot expect the media-men who, particularly in recent years, have laboured under considerable financial difficulties, to provide journalistic staff in three and possibly more locations of the work of Parliament, and although we know that political difficulties relating to national prestige and loyalty arise in relation to decisions about the seat of Parliament, we must emphasize from our own experience, and the facts are now before us to prove it, that Parliament is unlikely to be understood by the people of Europe until it has better working conditions, and the most fundamental advance in my view would be one seat of the Parliament.

We are unlikely in our time or indeed, in a century or two to achieve a common language in Europe. This is an ideal in one respect, in relation to the working of parliamentary business, but it would be a frightful cultural loss. Therefore we must accept the diversity of language as something from which we cannot escape, and we have to bear that cost; but obviously it is a cost worth while bearing so that each cultural and ethnic group may have the satisfaction of operating in its own language and European culture must be enriched as a consequence. But it seems to me that having, as a parliament, the disadvantage of such a multiplicity of languages, we should not also add to our burden of work the unnecessary difficulties that arise out of a multiplicity of work locations.

I am concerned not merely with Members of Parliament but also with getting the best return out of the officials who are employed by Parliament and by the people of Europe. When you have a situation where apparently our senior officials are necessarily absent from their work desks for 60 working days of the year,

Ryan

you must consider very seriously whether or not such people can give of their best and whether their hours and their skills are being used to the best advantage of Parliament. It seems to me that nobody could prove that we are using the skills of our officials any more than those of the Members of Parliament sensibly. I am, perhaps, straying outside the strictly budgetary and financial field, but we are not concerned merely with money, with percentage increases over last year's budget, or over a series of years, we are concerned with getting value for money. That was the theme running through the argument we had today about arms procurement. We may have some political and international difficulties in proceeding along the lines suggested there, but we have control over our own affairs within the Community, albeit we have, under the terms of the Treaty, to accept that the Council of Ministers has a responsibility in this area and that Parliament may complain but cannot, at present, do any more than request and complain. While it would be against my nature to encourage revolution, I would remind the House that the history of democracy — democracy has developed rather than been imposed — is the history of Parliament's opposing the executive, and if a directly-elected Parliament has to insist upon sensible working conditions against the wishes of the Council of Ministers, so be it: I trust the Council will accept such a wise decision in the interests of the people of Europe.

I said some changes are necessary, and these have been recognized in the excellent report from Mr Ripamonti. Obviously, the question of information offices is one that cannot await direct elections if we are to carry to the people of Europe a message about the usefulness of this Parliament, about the work which it has done and which it is continuing to do. I would like Parliament to reflect upon a real problem which will arise in the months running up to the date of the direct elections. Presumably, a significant proportion of Members of this House will be candidates in those direct elections, and it is desirable, in the interests of Europe, that an appreciable proportion of experienced Members of this Parliament are returned to the directly-elected Parliament. Not, for one moment, seeking any privileges or advantages for Members of this Parliament which were not made available to candidates who are not now Members of this Parliament, I would suggest that there is a need for some additional secretarial assistance in order that Members of this Parliament who are candidates may not be tempted to neglect their parliamentary work here in order to campaign in their own constituencies and *vice versa*. It would be undesirable if those who were completely discharging all their duties here were, as a consequence, unable to mount an adequate campaign in their home constituencies. While understanding entirely the thinking of the Bureau and the Committee on Budgets in relation to the undesirability of recruiting prior to the election, information officers who might not be needed after the information campaign, and accepting the wisdom of the

recommendation that we leave over for consideration later in the year what proportion of such people should be permanent or temporary, I would like to offer these considerations. A suggestion has been made that a number of people be recruited temporarily on a contract basis from outside the existing staff of Parliament. I have no doubt that it would be desirable, running up to direct elections, to have some people without experience of Parliament in an information office, because they would be more likely to raise questions of the kind that the public was raising; moreover, there is the danger that the more you get involved in this institution, either as a Member or as an official, the more you presume that the masses of people in Europe know what it is all about — and they do not. At the same time, we cannot afford the delay which will be inevitable if we bring in a large number of outsiders. There would therefore have to be a balance between offering positions in the information service to the existing experienced staff and bringing in people from outside.

As we know already, our existing information service has been unable to convey sufficient information about the Parliament to the people of Europe. I think we ought, when preparing the budget next year, to accept that there will be a need to expand the information service after direct elections and that therefore, rather than going for a solution which appears attractive in the light of next year's budget of recruiting a large number of temporary staff, we should make a serious assessment at this stage of the information service which will be necessary when we have a directly-elected Parliament.

It is no reflection upon the existing information services to say this. I think one of the most unsatisfactory aspects of what gets through to the people about this Parliament is that most national media report only those items which reflect the views of their own national members. We are accustomed in this free world to having national parliamentary reports which give a balanced account of all political groups' contributions to the debates; that is a process which enriches people's minds and enables them to make balanced decisions as to what political policies should be; but where you have parliamentary reporting which carries only national viewpoints and ignores the views of other political groupings and other nationalities, you are not going to get an adequate coverage of the work of this Parliament. It is not only important that people hear the views of those with whom they agree; they should also know the viewpoints of others, because it is only by such a process that they can, if necessary, correct their own views. We therefore have a real problem in the information area if we are to convey to the people of Europe a reflection of a Parliament in which there is an exchange of views between different political groupings and different national States. People need to acquire an understanding of those views and not abide by the presumption that everybody else is wrong and only they themselves are right.

Ryan

Some items have been cut and, as a former Finance Minister, I am not going to complain about the cutting of estimates furnished by various departments, but it occurs to me that some of the cuts that have been made are unrealistic. There is, for instance, a significant cut in the estimates for rentals of buildings, and even without a directly-elected Parliament we know that to accommodate an enlarged staff we shall require more buildings. It seems to me poor draftsmanship to make false cuts which afterwards have to be adjusted. As Mr Ripamonti and Mr Lange said, we want to avoid unnecessary supplementary budgets, and the best way to avoid then is to be realistic in the preparation of your estimates, even if you arrive at an estimate which currently is not as small as you would wish to have it.

With these remarks, Mr President, I would like, on behalf of my committee, to commend this report to the House.

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

Mr Cointat. — (*F*) First of all, Mr President, I think we should compliment Mr Ripamonti on his excellent work. I know the many difficulties under which the rapporteur on budgets has to work and I congratulate him on the elegant way in which he has overcome them.

Mr President, I shall be perhaps less idealistic in what I have to say than the previous speaker and shall deal in a much more down-to-earth manner with the dry topic of the budget.

If this budget gives no cause for enthusiasm, it is at least expedient. Our group will support it, because we find it satisfactory for a variety of reasons that I shall outline briefly.

Firstly, it is a realistic budget, a provisional budget, drawn up in the expectation that this Parliament will shortly be elected by direct universal suffrage. On this first point, therefore, we are in complete agreement with Mr Ripamonti.

Secondly, the estimates provide for measures to be taken in preparation for direct elections, in particular the increase in appropriations and the additional staff allocated to the Directorate-General for Information. This will help to strengthen the audio-visual and publications sectors, promote visits to the European Parliament by citizens of the Member States and also reinforce the information offices in the capitals of the

nine Member States. However, the recruitment of additional staff does raise a problem: since the Directorate-General for Information will need to be operational as quickly as possible and as the staff recruited for it will obviously need to familiarize themselves very quickly with the Community's problems, how would they be recruited and what guarantee could we have that our needs and expectations in this respect will be met?

Mr Ripamonti's report and the proposals of the Committee on Budgets carry on the staffing policy laid down in previous years, particularly with regard to the establishment of staff in accordance with well-defined criteria and also with regard to various provisions relating to normal career advancement. With this our group is entirely satisfied.

However, Mr President, I must voice certain disappointments and also add a word of warning.

My disappointments concern the social and family welfare policy adopted towards the staff of our institution. In my view the budget is not imaginative enough in its approach to this problem. Already last year I made proposals regarding crèches and similar facilities, and I believe we should go even further. Comparison of the social benefits enjoyed by the staff of the European Parliament with those available elsewhere shows that, in terms of facilities at least, they are far from exemplary.

Finally, my word of warning. I must say that I am horrified by the escalating cost of building rentals. If you add together the total current rental costs in Brussels, Luxembourg and Strasbourg, and if you add to that the cost of accommodating an extra 212 Members — as Mr Ryan has pointed out — and if you then add also the cost of the interior fixtures and furnishings, you will end up with a sum of around 2 million Belgian francs per Member! I do not know how we could begin to explain to our electorate in the forthcoming campaign how it is that we are costing them 2 million Belgian francs a head in rentals alone. This is something that will have to be resolved one day. It is not for us to resolve it, for it is not our fault that we have to shuttle between the capitals of Belgium, Luxembourg and Alsace. I would not want us ever to be reproached with spending too much money because, in fact, the responsibility for this particular expenditure lies with the Council and not with the European Parliament. It is the Council that decides whether or not we continue to pay rents in the three capitals and travel between them. At the moment, every time we hold a part-session in Strasbourg, for example, we have to transport 30 tonnes of equipment and take with us some 500 staff. What will these figures be like in the future? I would not like Parliament to be criticized for expenditure over which it has no control. I wanted to make this point simply as

Cointat

a member of the Committee on Budgets, but without drawing any firm conclusions or becoming too involved in the subject.

That, Mr President, is all I wish to contribute to the debate, save to say that my group will vote in favour of the draft estimates.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, consideration of the estimates reminds us of the importance of adequate information services. During recent weeks in the Control Sub-committee of the Committee on Budgets we examined rather closely the arrangements being made for the provision of information on the Parliament in connection with direct elections. Some of us were a little disappointed at the inaccuracies in some of the material being made available. It is not good enough to get out glossy booklets. The facts must be got across, both accurately and persuasively. Furthermore, some of the films shown to us were in our view — I think I speak for virtually all the members of the sub-committee — quite unsuited to the demands of an election campaign. As well, some of us were very unhappy about the circumstances in which it appears that the opinion polls were to be carried out — the Euro-barometer, and all that. Against this background, I consider it of the utmost importance that the intensive information campaign to be financed out of Parliament's budget in the first half of next year should be marked by a considerable improvement. The question that I have to put to the Commission is this: are steps going to be taken to let us ourselves, the politicians who have to get themselves elected by real live electors, see this information material before it is put out, and preferably before expense is involved in going to printers and the like? Now, I quite understand that it is impossible to show it to, and get agreement from, 192-odd Members of Parliament; but at least it would be sensible to show it to the leaders of the political groups. My complaint is not that it is politically biased. That is not the charge at all. But the trouble is that a lot of it is absolutely indigestible for any election campaign and could only have been produced, only written, by those who have never gone through the discipline of an election campaign. In the Committee on Budgets we also discussed at length the new posts to be created. When it comes to informing the public on the Parliament, I feel we really must take very great care to ensure that the officials carrying out this job are familiar with the working of Parliament. They really should understand something about the interplay of the political groups and of the operation of the Community system. A great deal of importance attaches to the effectiveness of this information campaign. If it is a flop, then there is a danger that the turn-out at the polls will be low. Such an eventuality would have a disastrous effect on the standing of a directly-elected Parliament.

Mr President, you asked me to be brief and so I shall. But I must say I cannot resist the temptation, since Mr Gundelach has done us the courtesy of being present, to put one point to him. He may recollect how, on a previous occasion last year, we discussed the subject of ice-cream and how there were headlines in the press to the effect that the Community somehow or other was going to do away with the traditional ice-cream. It is this kind of thing rather than the more official type of information that can be terribly damaging. I quote again something of the same kind. On the front page of the London *Times*, which purports to be a serious paper, we read, under the heading 'Fish-fryers in Acid Debate over EEC Rule':

A battle is taking place in the EEC about the right of the British to sprinkle on their fish and chips what is colloquially known in heavy industrial areas as chip oil vinegar and in the trade as non-brewed condiment. The combatants are the National Federation of Fish-fryers, representing 5 500 of the 11 000 fryers in Britain, and the European Commission. The Commission maintains that non-brewed condiment should give way to wine vinegar from continental wine-growers.

Now there are 11 000 shops in Britain and they use an average of 10 gallons a week. That amounts to 22 000 tons of diluted non-brewed condiment a year. I end, therefore, with this point. Do for pity's sake be careful, in this election year, before you land us into trouble with the ice-cream merchants, the fish-fryers and the rest of it, because this is the kind of gratuitous difficulty which really is murder when it comes to an election battle. I can understand how all this arose, but I say to the Commissioner, in this year of all years, for the sake of the Community, in those areas like his country and mine where things are difficult enough, please, please, please do not add to our burdens by causing unnecessary trouble with fish-fryers and the like.

President. — Mr Dalyell, we are engaged in a debate on the budget of Parliament, in which the Commission, by tradition, cannot intervene. Consequently, the questions you have put to Mr Gundelach, who, moreover, is not the Commissioner specifically entrusted with these problems, cannot for the moment receive an answer. I will merely say that we are trying to establish a mode of cooperation between the Commission and the Parliament in order to make the best use of the appropriations at our disposal. That is, I think, the only answer you can expect to receive within the framework of this debate.

I call Lord Bruce.

Lord Bruce of Donington. — Mr President, the remarks that I shall have to make will be strictly relevant to the budget of Parliament. In my own national

Lord Bruce of Donington

parliament, supply day is the day when one raises grievances and, strictly speaking, one is entitled to raise grievances under the budget of Parliament, particularly those that relate directly to parliamentary affairs. However, I shall confine my remarks to what is strictly relevant to the various sections of the budget which have been referred to by my colleague, Mr Ripamonti, and in the absence of the Secretary-General, I would regard you, sir, if I may, as the custodian of Parliament's rights in this matter.

Mr President, you will be aware that over the last few weeks some obstructions have appeared on the drive up towards Parliament itself. Some so-called ramps have been erected, which have the apparent object of obstructing the free entry of Members and others into Parliament. I know perfectly well that it may be considered desirable by the authorities to slow down the speed of vehicles as and when they go up and down the drive, but the existing ramps, Mr President, are such that they constitute a menace — a complete menace — and an obstruction to people who wish to enter Parliament. I would ask you, sir, in the absence of Mr Nord, whether any representations have been made to the authorities to ensure their removal, because, as I understand it, they were erected without any kind of consultation or any permission of Parliament, and I would ask, sir, whether it will be possible, in those circumstances, to obtain a reduction of our rental, which amounts to quite a considerable sum, until these obstructions are removed.

But now, sir, I wish to refer to specific articles in the budget itself. I query in particular Article 223. Article 223 sets out the provision, as seen by the Secretary-General, for transport. It states that the purchase of six new cars and one van is envisaged. Mr President, if parliamentary vehicles and vans come to Strasbourg very much longer, it will not be six, it will be twenty that are required, and what I want to know is whether the rapporteur has made any reservation for this contingency.

Nor is it confined to that, Mr President. If this state of affairs continues, I seriously doubt whether the provision under Article 113 for accident insurance will be adequate and whether the provision under Article 119 for changes in remuneration will be adequate, because I can quite see the time coming when the drivers entering Parliament will be demanding danger money before they proceed over the ramp. Then there is the question of removal expenses under Article 123. It may well be that members of the parliamentary staff will get so fed up with being in Strasbourg that they will apply to be removed elsewhere, in which case the provision under this head will be inadequate. There is too, under Article 143, the question of medical expenses. Are we quite sure, in view of the likelihood that many necks will be dislocated as cars go over

these ramps, that there is adequate provision for medical services? Are we quite sure that the provision under Article 150 for internal training will be adequate, because quite clearly the manager responsible for this needs further managerial training before he perpetrates further idiocies of this kind. And then of course, under Article 234, there are damages, which at the moment are only a token entry. I can assure you, Mr President, that if, whether by taxi or otherwise, I go over this particular ramp and suffer injury, I shall raise a very heavy action indeed to sue for damages in this respect.

Now, Mr President, I have raised this, as you would expect, with some degree of levity appropriate to the idiocy of the action itself. But there is a serious point here, and it is that actions which impose restrictions on the movement of Members and staff and their cars into the Parliament at Strasbourg should not be taken unilaterally without prior consultation of this Parliament. If the Council of Europe do not want us here, they should say so. If they do, they should study our convenience.

(Laughter)

President. — As regards the ramps — a subject obviously alien to a debate on the budget — we will try to make it known that we consider them an obstacle to the use of this building by the European Parliament.

I call Mr Ripamonti.

Mr Ripamonti, rapporteur. — *(I)* Mr President, may I express my thanks to Mr Lange, Mr Ryan, Mr Cointat, Mr Dalyell and Lord Bruce for their contributions to the debate. I should like to describe how we drew up the estimates of expenditure and adopted them unanimously in committee. The draft on which we shall be voting tomorrow was seen as a provisional estimate that would need to be reviewed in connection with the adoption of the annual budget of the Community to meet the needs of a directly-elected European Parliament.

The chairman of the Committee on Budgets, Mr Lange, has already dealt in detail with the implications of some of the budgetary proposals. For my part, I would like to go a little deeper into some of the expenditure headings that have been singled out for scrutiny. Mr Ryan is of the opinion that the appropriation for rentals is too low. Let me say that the appropriation for rentals totals 8.5 million EUA, to which you have to add 5 million EUA to cover possible additional accommodation and fitting out. This gives us a grand total of 13.5 million EUA, which constitutes 12.21 % of the total budget, compared to expenditure on Members at 6.73 %. Mr Cointat quite rightly deplored the high *per capita* cost of rentals, but, as he observed, under the terms of the Treaties, we are required to work in three different places. Neverthe-

Ripamonti

less, when looking at plans for enlarging office accommodation the Committee on Budgets must satisfy itself that the rents being asked are in line with those for similar commercial properties and, if higher, must decide to what extent such expenditure can be justified. I do not accept that the appropriation is inadequate.

Mr Cointat also referred to expenditure on social welfare. I did mention very briefly earlier that the Committee on Budgets had decided to review the social welfare provisions in the autumn to bring them into line with the present-day needs of the staff of the European Parliament.

Mr Dalyell spoke of increased expenditure in connection with direct elections. I believe that what he referred to is the Commission's responsibility, not Parliament's. The appropriation at the Commission's disposal will be spent in accordance with proposals set out in a report submitted to the Political Affairs Committee, and these will be studied later by a joint committee for information.

If we can look now at Parliament's budget any appropriations, we see that the estimated expenditure for 1979 stands at 11 132 000 EUA, whereas they were 9 680 000 EUA in 1978. However, these appropriations can be used only by transfer from Chapter 100 to the operational chapters of the budget, on which occasion Parliament will have an opportunity to consider the utilization of the sums in question.

Mr Ryan and Mr Cointat have both mentioned the activities of the information service. This service comes under the Directorate-General for Information and at the moment employs a total of 93 officials. Provision has been made for a further 59, but the time available to recruit them and introduce them to the workings of Parliament is so short that it will not be possible to use them to assist the information service in the build-up to direct elections. Parliament will need to resort instead to agencies and outside staff. However, as Mr Ryan rightly says, the expansion of the information service will give the directly-elected Parliament the machinery and staff it needs to keep the citizens of Europe properly up-to-date with its activities.

Lord Bruce will be pleased to see that an additional 20 000 EUA have been allowed for medical expenses. Although the decision had nothing to do with the obstructions placed on the drive leading to the Palais de l'Europe or any injuries that they might cause, I do agree that the Secretariat should see to it that they are removed.

In conclusion, Mr President, the favourable opinions expressed by the spokesmen of the political groups leave me hopeful that — when the resolution is passed tomorrow and when coupled with the supplementary proposals to be introduced in October — the institution's structures will be commensurate with Parliament's new political role.

President. — I note that no-one else wishes to speak. The motion for a resolution, as such, will be put to the vote during voting-time on Thursday, 15 June.

The debate is closed.

9. Commission statement on agricultural prices

President. — The next item is the Commission statement on the fixing of agricultural prices for the next marketing year.

I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, this year's price negotiations covered, as you will realize, two extremely complicated packages in one. On the one hand, the annual fixing of agricultural prices was complicated by a number of other market measures, agro-monetary affairs and a range of national problems like the future of the British Milk Marketing Boards, which we are going to debate in this House in a few days' time, and on the other hand the negotiations covered the Mediterranean packages, which for me, and I hope, for the Community, represents the beginning of a new policy approach to the less-developed regions of the Community.

Let me first deal with the price package. Here the outcome was extraordinarily close to the Commission's proposals, proposals which were largely endorsed by this Parliament. We proposed an average increase of 2 % in units of account on the institutional prices, and the outcome was 2.11. I know that averages can be misleading, and often are, but in this case the two figures do illustrate the closeness between our proposal and the Council decision. One other piece of evidence bears this important development out. The Commission's proposals covered 19 products. Proposals for ten products were adopted without change, eight were increased slightly, and one was reduced.

When looking at the effects of the price-fixing, we must go further than a primitive Community average. For an average conceals the fact that the outcome in national currencies, which is after all what matters, differed markedly from country to country. Increases in national currencies were lowest in the snake-currency countries, at around 2 %—for some even considerably lower. For others, the price-rises in units of account were supplemented by extra rises flowing from green-currency changes, either agreed to in the final price negotiations or while the price proposals were being discussed. The price-rise in Ireland, therefore, is about 8 %; in France and the United Kingdom about 10 %; and in Italy 14 %.

Gundelach

At first sight this looks unfair to farmers in the snake countries, but of course it is a little more complicated than that. A truer picture emerges when the national price-rises are compared with national inflation rates. Then one finds that the biggest increases are in the countries with the highest rates of inflation and which have floating currencies — and that is one of the reasons why they are floating, or *vice versa*. The range of real price increases therefore narrows considerably. In actual fact there have been precious little price increases expressed in real terms in any Community country. The rôle of green-rate changes has indeed occupied a major place in this year's negotiations on prices, especially the rôle of green-rate adaptations outside the annual price-fixing. I must emphasize that the negotiations have been complicated by green-rate adjustments which took place between December 1977 and 12 May 1978.

Two things are now clear: the search for an automatic system for phasing out the monetary compensatory amounts has failed; that is a road we are no longer following. This is no surprise to me. It means that we shall have to go on dealing pragmatically with green-rate changes, but that at least gives us the chance to take proper account of economic and market conditions in the timing of adaptations of green rates. We must in future try to confine decisions on green-rate changes to the annual price decisions. There they can be treated in a proper manner. If we do not do this, then the fixing of common prices will be pre-empted by national decisions. This was to a certain extent the case this year. We must not allow this to happen again, and the Commission, for its part, will do its utmost to prevent it from happening. We hope that the Council, which did not unanimously support this view, but expressed some understanding for it, will sustain us in our endeavours to pursue this policy in the coming year, in order that the next price review may be a complete and comprehensive price review which will allow us to take the necessary systematic and coherent decisions concerning the conduct of the affairs of the Common Agricultural Policy.

(Applause)

The realignment of agricultural prices to the common level is intimately linked to common price-fixing: we should not forget that. The amount by which we can hope to reduce monetary compensatory amounts is best determined in the light of the unit-of-account price-rise. That is why we must try to limit monetary compensatory amount changes to the system of price-fixing. The calculation of monetary compensatory amounts this year proved even more difficult than last year, principally in the pigmeat sector. Here again we have unfinished business which will, I hope, be discussed, as I said earlier today in this House, during this part-session of Parliament. In this sector I think it

will be necessary to reduce the level of price support. It is more or less theoretically necessary anyway, and would at the same time lower the level of monetary compensatory amounts to some extent.

The agreement on a price-rise of only 2 % is, I think, a sign that we are getting to grips with the problems of market imbalance, about which I have spoken so much to this House — I am not going to repeat myself today. It is a difficult time for our economies, one of inflation combined with a recession. We have on the one hand sent the clear signal to our farmers, we have told them: in some respects you are producing more than consumers at home and abroad can buy. But the other side of the coin is that such a small price-rise clearly indicates an agricultural contribution to anti-inflationary policy. As I said a while ago, in real terms agricultural prices will decrease nearly everywhere in the Community this year. Let me already now pose a question-mark for the future. Is it fair to impose such a moderate price policy on the farmers if there is no equivalent restraint in the rest of the economy?

(Applause)

In my view this question is of the utmost importance for the future of the common agricultural policy. We have taken another step towards adapting our policy to market forces. Now we must consolidate. On the basis of our moderate price-policy we must build other reinforcing measures.

Nowhere is this more important than in the milk sector. I am again analysing the course of our structural surpluses. On the basis of the result of this analysis, which will be sent to Parliament, we shall decide what further measures to propose. But let me indicate here clearly that whatever we decide must be after due reflection, here, in the Council, and with the interested professional organizations, because our policy must be a firm policy with a certain element of continuity. We must get away from the zig-zag course in our agricultural policy which is confusing to the industry, confusing to consumer patterns, and not in conformity with the basic objectives of this policy. The decisions we are to arrive at in regard to the balancing of this policy must therefore be decisions which can stand for a reasonable period of time.

I am not going to discuss what measures we are going to suggest in the milk sector, but I can say that my aim will be to adapt to market forces rather than to try to block them out. We cannot respond to our market difficulties by making schemes that are more and more complex. We have learned the hard way. I think such complexity creates a self-defeating instability and often leads to further difficulties. This review will be a serious study. We shall look at the measures we have already enacted in the various sectors. By the way, let me remind you about the

Gundelach

considerable efforts we are making to dispose of skimmed-milk powder and butter on the internal, and sometimes the external markets. These are measures which, in particular in regard to skimmed milk, are becoming a permanent feature of our policy and have permitted us, for the first time in many years, to lower stocks, not only of butter, but also of skimmed milk. Admittedly, at a cost, but a cost which at least is linked with a natural and normal use of the products in question. We shall re-examine other ideas we have put forward in the past, and we shall consider new ideas. The whole work will be given urgency by the underlying conditions in the dairy industry. The growth of production is not being stemmed — and cannot be stemmed — by a moderate price-policy alone. Naturally not. But price-policy is an essential part of our policy. Having started, we now must push on with other measures.

There has been criticism of the decision to reduce the rate of the milk corresponsibility levy. It has been argued that to start it one year and to reduce it the next displays political inconsistency. I must reject these criticisms on this occasion. The levy has been dogged by difficulties from the start. Not the least of these has been finding agreement on ways to spend the levy proceeds to enlarge the milk market. The bulk of the money has not therefore been spent as yet. We need to reconsider the levy, to decide whether it can be improved or should be replaced by something else. We shall do this as part of our overall dairy policy review.

The other problem area in the price-fixing was wine. The basis of agreement was a firm declaration to re-establish prices, if necessary by a floor price accompanied by distillation if the market collapsed. But the Commission has withdrawn its proposals for new marketing arrangements except for Article 6. We are now working on a complete package, as I indicated previously we would, that covers together market and structural measures, because we are convinced that it is only by attacking the structural aspect of this problem that we shall eventually find a lasting solution. There is therefore a clear link between the two, and it is only sensible to handle all aspects of the wine problem at the same time. Both wine and milk problems will be tackled by fresh proposals. These will be announced in time for them to be considered by Parliament and by the Council in the autumn.

Mr President, the success of the Commission's Mediterranean proposals was, in my view, a break-through. Experience may show it has been a historic one. Generally, half of the cost of the schemes will be paid by the EAGGF. For the rural infrastructural schemes, the Community contribution will be at the same maximum rate as for infrastructure investment from the Regional Fund. Two parts of the package, the afforestation of dry zones in the Mediterranean regions and

the provision of technical assistance in Italy, still have to be agreed. It is our view that these two items are an integral part of the Mediterranean effort and the Council has taken note of this view. It is difficult to overstate the importance of an afforestation scheme. It will create jobs in some of the poorest regions and will maintain the building and development of roads. It will improve the water table of these dry areas by slowing the speed at which water flows away. It will improve the micro-climate so that the grass-lands close to the forest will become more productive. It will help provide some of the alternative outlets which are necessary if we are to grub up vineyards in a massive way. In short, afforestation and modernization of the existing forestry industries could drastically change the nature and prospects of these very dry areas. You could make it possible to develop agriculture as in income-earner, and as incomes rise other possibilities will occur.

On the other hand, technical assistance to all farmers is everywhere a basic requirement in agricultural development, but it is lacking to a very large extent in Italy. A major effort in this field is clearly in the Community's interest as well as that of Italian farmers. That is why we attach such a high level of importance to the adoption of these proposals. That is why we want a decision before 30 September. Do not get the impression that these projects have disappeared from the Mediterranean package. They have not. They are merely following a different time-table.

Nor should you get the impression that the Mediterranean package, or related schemes for regions like the West of Ireland, is a hand-out or a bribe from the rest of the Community to the less-developed regions to encourage them to keep quiet. The package is to me, I repeat, the beginning of a new policy. The Community as a whole, not only in agriculture, but also in industry, can function as a coherent unit if we can develop our less-developed regions. Only then can we develop our economic and political solidarity. Again the message is the same. We have started, and now we must consolidate.

In two respects then, this year's price-fixing has marked a considerable step forward. The Community has pushed ahead with a moderate farmprice policy that offers the best change of bringing markets into balance. The pursuit of that policy depends on the Community's coming to an agreement on an overall political and economic strategy that deals with monetary instability — which is not the doing of agriculture — and with the burning question of growth. Without some solution to these problems, future discussions of agriculture are going to be even heavier than they were this year. Procedure was not the reason why the discussions were lengthy; the reason lay basically in the state of the economy as a whole, and not in agriculture alone.

Gundelach

Secondly, the Community has adopted a package of development measures for less well-off regions. We must now aim to consolidate and to push ahead on both these fronts. Consequently, contrary to what may have been the case in previous years, the price-review was not a once-and-for-all affair which leaves us in peace for months to come. On the contrary, the coming months will be extremely busy ones for all Community institutions in the agricultural field, be it the Commission, the Parliament or the Council.

President. — Ladies and gentlemen, we now begin the so-called 'twenty-minute procedure': the chairman of the appropriate parliamentary committee may speak for five minutes; then Members of Parliament may ask brief and specific questions for a period of 15 minutes in all, it being understood that this does not give rise to a debate.

I call Mr Hughes to speak on behalf of the Socialist Group.

Mr Hughes. — Mr President, may I thank Mr Gundelach for his statement. May I secondly welcome the Council and Commission's moderate price proposals. May I at the same time, however, ask Mr Gundelach whether he would not agree that the very moderation of the existing package does not carry with it even more than before the need for refocussing the way in which resources are transferred within the common agricultural policy, so that assistance is certain to go to those areas and those farmers who are most in need. If one is holding down the real increase over the average, it becomes ever more essential that the recipients who are in greatest need receive the greatest help, and this price package, while it does represent a change in direction, can only represent a successful change in direction if Community aid in the agricultural sphere is directed to those farmers who need it, within the parameters set by the need to maintain market values. Therefore I would ask the Commissioner whether he is prepared to accept that this price package is the beginning of a new approach, but that that new approach requires essentially, on account of its very moderation as regards overall price increases, to be focussed on giving income aid to those whose incomes need aiding, whether it be in Ireland or Italy or in particular types of farming, and that it is when the CAP moves in that direction that it will achieve its two aims of satisfying the consumer as to a secure product and the taxpayer as to his money being wellspent.

President. — I call Mr Früh.

Mr Früh. — (*D*) It is difficult within the space of three minutes to comment on Mr Gundelach's concise and excellent statement. I shall therefore respond by asking a few questions.

Mr Gundelach, do you not agree that the negotiations this year were extremely complex, owing to the many problems to be resolved? You have said plainly enough that the general economic situation played a part, the pre-emptive prices played a part, as did the enlargement of the Community and various national demands, for example the question of the Milk Marketing Boards. Do you not concede that it would be desirable in the future to seek to bring the prices more into the centre of the stage, as they were in the past? And could you tell us how you see the position as regards the objective method? Is it to be improved or is it to be abandoned, or are prices to be fixed in future purely on the basis of political considerations?

I should like to thank you for stating that we cannot in the future allow national pre-emptive decisions in the matter of 'green currency' devaluation. In this connection, may I ask whether the Commission has in mind to put forward a proposal whereby such decisions would be prevented and, if so, whether we shall have the opportunity to consider it in good time for the next price negotiations?

To pass on to another problem, do you not share the view, Mr Gundelach, that price negotiations, especially when they are associated with changes in market organization — e.g., the suspension of intervention in the case of skimmed-milk powder — produce additional tension and uncertainty in the agricultural sector? I believe that such questions should be examined more precisely and in the context of a longer-term policy and should not be resolved in a matter of hours — or rights — in the course of the farm-price negotiations. It is impossible under such conditions to form a clear picture of the implications. To quote just one example, we opt for premiums for the slaughter of cattle. Fine, in certain circumstances that may be the right solution. At the same time we tell the farmers — what else can we do? — to switch to pigs or some thing else only to find very soon that those markets, too, will come under pressure.

One final point, Mr Gundelach. I should be very glad if it could be made quite plain that the perplexing North-South problem in the Community is not something that has been created by its agricultural policy. We should be making a very substantial contribution here by demonstrating that at the root of this problem lies a long-term historic development and that this has not been exacerbated by the agricultural policy. Indeed, by using that policy, in conjunction with the regional policy, we have a golden opportunity of removing these tensions. In this way we could come to see the situation in the optimistic light in which you described it.

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

Mr Kofoed. — We agree with Mr Gundelach when he says that the price proposals which have been

Kofoed

accepted are designed partly to allow market forces to play a part in regulating production and partly to allow agriculture to make a contribution to bringing down inflation rates.

I would like to put the following question to the Commissioner. Now he has made his contribution on behalf of agriculture to bringing down the rate of inflation, he hopes that an overall economic policy will subsequently be pursued whereby other inflation factors can be curbed, but does he have any basis for making these assumptions? Is it the Commissioner's secret hope that the national governments will pursue an economic policy to back up farm-price proposals, or will it simply turn out that the governments will take advantage of these moderate price proposals to introduce national subsidies as compensation for the small increase in prices? Is the Commissioner basing his assumptions on a secret hope or does he have some concrete basis to work on?

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

Mr Liogier. — (*F*) I am grateful to Mr Gundelach for the information he has just given us and for his replies to questions, some of which were put to him in the Committee on Agriculture. I should, however, like to ask for clarification of a few points.

As you well know, Mr Gundelach, we are far from happy with the measures taken in connection with the organization of the market. We were opposed to the Commission's proposals to reduce the guarantees given to producers in many sectors. Can you give us an assurance that the guarantee under the intervention scheme for skimmed-milk powder will not be abolished? We have always been opposed to the co-responsibility levy, and the fact that the agriculture ministers had to back-pedal on this shows that the levy has little future. I am pleased to see that the Commission is proposing to take a realistic approach to this problem. Coming now to sugar, we were firmly against the proposed reduction of the B quota to 120 %, and we deplore the fact that reason has still not prevailed. Would not the reduction of this quota have a serious effect on the renegotiation of the Lomé Convention and on the Commission's long-term sugar policy?

The new marketing arrangements for fruit and vegetables and for wine are still unsatisfactory. Are any fresh proposals being considered, particularly in connection with the policy for the Mediterranean regions? The improvements in the methods of fixing reference prices for the fruit and vegetable sector, designed to take into account, by way of innovation, the movement in production costs within the Community, and the measures to counter the serious crisis affecting pears and peaches by no means provide the complete

answer to the problems. Are any new proposals being considered to meet the competition from outside the Community and the effect of the possible enlargement of the Community?

The impact of the decisions of principle affecting wine-growing depends on what regulations the Council will adopt, especially in regard to the procedures and constraints applicable at the beginning of the marketing year. At what level will the floor price be set, below which dealings will be suspended in crisis situations?

Mr Commissioner, those are the main questions arising out of your statement.

President. — I call Mr Pisoni.

Mr Pisoni. — (*I*) Mr President, may I add my thanks to the Commissioner for his statement, which has thrown light on some points. Nevertheless, I wish to put to him some fairly specific questions.

First of all, I wish to make a protest. Why has the Commission allowed the Council to take a whole series of decisions without consulting Parliament until after they were taken? Let me give some examples: private stockpiling of cheese, Milk Marketing Board, purchase-price of pigs, measures in the wine sector, processing of lemons and blood oranges, reforestation, technical assistance to Italian farmers, flooding in a Department in France, irrigation in Corsica, increase in the EAGGF allocation and new measures to help Ireland. This really is too much. The Council has clearly set out to snub Parliament and, if it is allowed to continue in this way, we shall soon be rubber-stamping policy decisions that have already been taken. In the end, Parliament will find itself divested of its already limited powers.

The Commission should be more ready to protect Parliament's rights. That is the first thing I wanted to say, and I ask Mr Gundelach to see that our protest is made known to the Council of Ministers.

The Commissioner mentioned that the proposal to phase out monetary compensatory amounts had failed and that a pragmatic approach would need to be adopted in this matter. He singled out pigmeat prices as an example. This kind of approach varies from one product to another, with no limits or levels being set for any of them. To us this would seem to have the effect of perpetuating the system of monetary compensatory amounts without offering any alternative solution. The Commissioner went on to say that the green-rate changes should be made only once a year, and here some other Members are in agreement. For my part, I feel that it would be fairer to have them every six months. This would have the added advantage of allowing countries that want to devalue their currency to do so without being dependent on other countries as regards monetary compensatory amounts.

Pisoni

Another question that I have concerns the policy for the Mediterranean areas. We are prepared to grant the Commission and the Council that funds have been allocated, but does the Commissioner think that these measures will reduce the imbalances between one region and another (up to now the imbalances have been growing) and does he know how many years this will take?

My final question concerns price-levels and the fight against inflation. Practically speaking, will the recent price decisions help to reduce stocks in sectors that are in structural surplus and stimulate production in those sectors in which the Community is in deficit?

Finally let me say this: There is a general impression that every member country has been given a sop of one kind or another — to one the Milk Marketing Board, to another wine, to a third some other concession — to compensate for unfulfilled promises. It all smacks of horse-trading, of trying to give everyone something but without the underlying motive of restoring a balance between the various national policies. If that is how it is, then I would not be as satisfied as the Commissioner appears to be. On the other hand, if all this was done in the interests of the Community and in an effort to redress the divergence, then I would be happy to share his satisfaction.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I also would like to join those who have congratulated the Commissioner on the successful outcome of this price-review, and I would ask him, if he is still there, as I am sure he will be next year, to see to it that we do not have to wait so long. I know it was not his fault this time, it was the Council of Ministers who caused the delay, but, quite honestly, to come to a conclusion in the middle of May or rather the latter part of May, is a hell of a sight too long. We really must get the thing moving quicker than it has done this year; it has brought all sorts of problems in its train, and let us hope that next year this will not be so.

Would he not agree that he has been saying all along that the price mechanism alone cannot deal with the situation as far as surpluses and so on are concerned? Whilst I congratulate him on keeping the price increases as low as he has done, quite honestly he has got to move into another field and act much more boldly than at the moment.

There are two points I would put to him. First of all, he was rather depressing, in my view, concerning the future of the MCAs and the 'green' currencies. May I ask him to be bold about this and not to give up because the Council have once again kicked him in the teeth? They will probably do it a half-a-dozen times more, but he must try again to put further prop-

osals to them, in order to get out of this *impasse* that we have got into in the Community. I know it depends to a certain extent on the progress made in the field of monetary union, which is obviously of absolutely crucial importance, as he said himself, but I think the Commission have a duty to try yet again to break this *impasse*.

My second point is that, quite obviously, there has got to be much more done in the Guidance Section. I hope that the proposals we have put forward in the recent past, concerning the infrastructure of the rural areas, will in the future command his much bolder support concerning the funds than has been possible in the past, because, quite obviously, the emphasis must shift from the Guarantee to the Guidance Section, as I think he himself would agree.

In principle, Mr President (my time is almost up), I would congratulate the Commissioner on having got away with what he has as far as the levels are concerned. I regret bitterly that some of the decisions which needed to be taken concerning the MCAs, concerning the calculation methods for pigmeat MCAs and so on, have not been successfully concluded — not the ones we are going to talk about today or tomorrow in committee, but the broader proposals which are there to correct the present anomalies. I would congratulate him also on seeing that the British Milk Marketing Board, which was never really in danger, has in point of fact been successfully brought through the difficult phases of the negotiations, and that it will continue to give good service to the British public so that we can continue drinking the amount of liquid milk that we do at the moment.

I call Mr Howell.

Mr Howell. — Mr President, I am afraid that I cannot congratulate the Commissioner: I feel that no progress has been made and that we have merely swept the problem under the carpet yet again. I was particularly disturbed at the Commissioner's comment when he said that the automatic phasing out of green currencies had been lost, and that he was glad that it had. I simply do not understand this, because I believe that unless we do get rid of the green currency system, we shall be moving yet further away from a real common agricultural policy towards an individual-state agricultural policy; that to my mind is a backward movement, and I would like the Commissioner to explain what he meant by saying that he was glad that the automatic phasing out had gone. Furthermore, I feel that if we are going to have some sort of Commission-regulated phase adjustment of green currencies at the time of the price-review, this whole question is going to be even more confusing than it has been in the past.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, I should like to ask three questions and make one comment.

First question: Has not the time now arrived when we should quietly sit down and resume our discussion on how we can improve and consolidate the 'objective method'?

Second question (this relates more specifically to the Benelux countries): what progress has been made on the structural assistance mechanisms?

Third question, in connection with sugar: does Mr Gundelach not feel that an attempt should be made to find a method of fixing the initial guide price for sugar before the growers plant their fields? And in the same context: should we not be thinking of sugar prices relating to differing years in view of the Community's commitments, especially under the Convention of Lomé?

And then one comment on what Mr Hughes said: does Mr Gundelach not feel that the agricultural policy must be pursued first and foremost as an economic policy and that the problems Mr Hughes described are in fact social problems and should therefore be discussed along with the other social measures?

Finally: it is in particular the countries with weak currencies which have benefited from currency adjustments and which have congratulated you most of all. Mr Gundelach, we hope that you will keep a firm hand on them and not allow any national currency adjustments unless they are part of the price adjustments.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, in a number of brief questions we have managed to get most of the fundamental issues concerning the agricultural policy on the table, so I must either try to give a short reply to each of them or start a major debate on the common agricultural policy. This would be appropriate, but probably not tonight, so I shall try to be brief.

To Mr Hughes I would say that indeed we have refocused in this price package, and that implies also a reply to Mr Scott-Hopkins. We are refocusing in the way he put it, putting greater emphasis on the structural side. I never shall learn what the difference is between 'guarantee' and 'guidance', so I talk about markets and structures. We are refocusing, and in refocusing are already this year making a sum of about one billion units of account, Mr Liogier, for the Mediterranean areas over five years. This is no sop, it is no horse-deal. Let me underline that it really is unfair to call a programme of that magnitude, adapted with a speed which this Community, when confronted with a programme of this size, has never demonstrated before, a horse-deal. It is not a horse-deal, it is not a sop, it is a clear demonstration of

Community spirit, and with all that inevitably takes place in the Council, I think the Community Institutions must be congratulated on having taken a step which means two things: we are putting greater emphasis on the structural and regional aspects and it means that we are dealing with the North-South problem — if you like to use that expression, though it is not quite correct, because we are also dealing with other areas which are in the middle: 'more regionalized' is a more appropriate way of expressing it.

In so doing — Mr Hughes, you are right — one must make sure that the considerably increased amount of money which is now available for structural purposes or other types of aids will, in fact, reach its intended destination and serve its intended object. I can best illustrate that intention by underlining the importance I attach to the programme of technical assistance to Italy which is yet to be adopted and no doubt will be adopted without the slightest difficulty in the very near future. That is one sign that one wants to accompany the transfer of money with transfers of people and of technical knowhow in order to make sure that the money can be used in the way in which it was intended, to help individual farmers and farm-workers. And I can assure him that I shall continue to attach the highest importance to this aspect of the problem.

I quite agree with Mr Früh, and I think I said so in my statement, that inevitably this year's price-fixing was complicated, because we were trying to do a large number of things at the same time. We were forced to do so because some of those things that should have been done at a previous stage had been piling up, and to that were added, as you emphasized, certain points of particular interest to one or another country. I must say that in certain respects, the nationalistic aspects of these debates are getting a bit out of hand, and one would hope for the sake of the Community that future price negotiations will not only, as you put it, concentrate on the basic economic decisions regarding prices and related matters or on basic structural questions but that we shall also get rid of a number of sometimes rather trivial matters in which one or the other country is trying to negotiate a little advantage for itself. That really ought to be left for other occasions. This year the business was exceptionally complicated by the number of issues that had to be dealt with. I do not think it will be, in that sense, as complicated in the future, when economic aspects will be more in the forefront again; but, as I said previously, it will be very difficult if the Community does not, in the meantime, make good the beginnings of promises they have been making at the Summit meetings in Copenhagen and during the preparations for the meetings in Bremen and so on. That, Mr Kofoed, was what I was referring to — not just pious hopes but pious hopes based on declarations by the leading statesmen of the Community. I hope they will deliver results. That I cannot guarantee, but it was not just me

Gundelach

speaking through my hat, I was referring to endeavours started in the European Council.

In connection with prices, Mr Früh and the last speaker referred to the rôle of the 'objective method', and I would like to repeat that I consider that method as being of absolutely essential value to our exercise: otherwise it becomes an exercise hanging in the air. But, as I think you and other committee members accepted when we discussed the matter in the Committee on Agriculture, quite obviously we need to re-examine the details of the objective method and make it more viable, representative and practicable in the present economic and monetary circumstances. We shall do so, and shall be happy to collaborate with you in this task.

I agree also with Mr Scott-Hopkins — because this relates to the question of national decisions in regard to 'green' currencies in the course of the year — that some of this could have been avoided if we had not had, for obvious political reasons that everybody knows about, to delay the decisions on these prices to April (and then they slid into May) but instead had done it in the normal way and got down to it in January and finished in February. That must be the normal procedure, and I hope it will be the procedure next year and that we shall not be deterred by other events from getting on with the business at the beginning of the year. But even when that has been said, I must repeat that I consider it absolutely essential that decisions concerning national currencies are only taken in connection with the price package. Except when there are absolutely extraordinary circumstances in one country or the other — that can always happen — the normal practice must be that it is in connection with the price package and that the price package takes place at the beginning of the year.

Speaking about time, the remark has been made in regard to sugar: should not these decisions have been taken well in advance of the planting of the sugar fields? I am told that every year. Last year, looking at the market imbalances, the increasing difficulties in finding a physical outlet for the export restitutions which we have to undertake—nearly 3 million tonnes —, fields were already planted, but the Council decided last year — in the spring of 1977 — that the B-sugar quotas, if the market prospects did not change which they did not, except for the worse — should be decreased in the price decision for 1978-79. So it cannot come as a surprise to anybody. I really must refuse to accept that this kind of thing comes as a surprise, when it has been discussed for 2½ years, and what was done this year was the bare minimum necessary to get through the next year given the physical constraints, with on the one hand the tight international market, and on the other a commitment which has been undertaken for political reasons to import 1.3 million tonnes of sugar from the ACP countries, which of course is not the responsibility of the common agricultural policy but of the Commu-

nity as a whole, and that must be continually repeated. Likewise, when we are speaking about a situation in the dairy sector we have undertaken for political reasons — and I am not denying that in any way, as you know very well — certain commitments towards other third countries, and this is not due to the common agricultural policy, it is due to the general policy of the Community and therefore must be the responsibility of the general policy of the Community and not of the agricultural policy.

Several people have referred to what I said about monetary compensatory amounts. I must correct my friend, Mr Howell. I did not say that I was glad that the Commission's proposal for an automatic abolition of the MCA's was not supported by the Council. I did not say it, and you cannot have misunderstood me because I spoke in English, so it cannot be the interpretation which went wrong. I said I was not surprised, having listened to the Council droning on on this subject for 18 months. I did not say I was glad — on the contrary.

Mr Scott-Hopkins said to me: 'You must not despair, you must get at them again and make new proposals'. I do not make proposals just for the fun of making proposals — one must be realistic. And what is realistic at this point of time is for the Commission to work as a Commission as effectively as it possibly can for greater stability in the Community's general economic and monetary policy, because that can apply with equal validity to agriculture, and we must give that first priority. You will be debating this with somebody else tomorrow, but as far as the agricultural Commissioner is concerned, the highest priority must be given to a proper Community economic and monetary policy. Because as long as the Community does not have that, in addition to its other difficulties, the agricultural policy will remain in a flanking position without support on either side, and will continue to be in an exposed position generally, in particular when we are going through an economic crises. If that new endeavour fails, as I sincerely hope it will not, then we may have to go into reserve and find new proposals which can deal with the problem of monetary compensatory amounts. Because these pose a serious problem for the common agricultural policy: they threaten the coherence of the internal market; they are a burden which threatens to distort trade; they are an anomaly in our economic life. But it is no good believing that we shall get rid of this anomaly before we return to more stable economic and monetary conditions in Europe. At present, the difference between the lowest and the highest price expressed in monetary terms is 45%. That is not something you overcome with just one simple proposal. It is something which has grown up over a long period and which it will take a major effort to get rid of. That effort will be made. I have indicated where I think the main efforts should be made at the present time. If that fails, we shall have to find other ways of going

Gundelach

about it. I think we have made reasonable decisions in regard to Mediterranean vegetable products. Answers have been supplied on how one deals with crisis situations; one has strengthened the reference-price system in regard to imports, but one has not gone the protectionist road either, because it is no solution to marketing problems to make imports more expensive. The solution lies, as I have said often enough before, in increasing the market for these products in the Community, just as we are trying to do for milk products. Therefore the help we are giving the Mediterranean producers by aid to processing industries and so on is, from the point of view both of the producer and of the consumer, a much more constructive way of going about it than trying to create trade barriers which will then have to be dismantled again in a few year's time because they are directed mostly against countries which we have politically decided should become members of the Community in a few years. In my introductory remarks, I made clear the importance we attach to solving the wine problem, a very high priority. I have also indicated the ways in which we believe it can be done. I have answered the question on Mediterranean policy. I repeat: it is, as far as we are concerned, the beginning of a new road, and not a horse-deal, and it must be followed up in the spirit in which it is being started. I never said that this package in itself would do away with the disequilibrium which exists between North and South, but I have said that it will help, and it will be a beginning of that process.

To Mr Früh, I will also say that I do not believe that this disequilibrium was created either by the common agricultural policy or by the Community; it has existed for centuries, but it is fair to say that the Community, up to now, has not solved the problem, and the common agricultural policy has not sufficiently done its part in solving the problem. That we are trying to rectify now. But let me add that while agriculture is important in this respect, once again one cannot expect that an overall question of economic disequilibrium can be solved by the common agricultural policy alone. We have taken a major step in the sphere of agricultural policy. Other steps must follow in connection with regional policy and industrial policy and in the framework of that general economic discipline and solidarity to which I have referred. It cannot all be done on the back of the common agricultural policy, just because it is the most advanced policy of the Community. It is doing its share already. Other policies of the Community must now be developed to do their share as well; otherwise we shall not be able to cope with the problem in its present dimensions.

Mr President, I think I have now answered most of the questions except one procedural one and one on assessment. Regarding the question why the Community — so it was put — let the Council take a deci-

sion without the advice of the Parliament, the Commission did not let the Council take any single decision without the advice of Parliament: where the advice of Parliament was not available, no decisions were taken, and cannot be taken. So, matters are coming to this Parliament, and you will be free to express yourselves, as I have been free to formulate my proposals. In some cases, you will see the proposals concern matters which have been dealt with before; on other matters, they are new, and I make the proposals on behalf of the Commission, so doing my part of it and fulfilling my responsibilities; now you must exercise your responsibilities. I must listen to your advice, and the Council must decide in the light thereof at the appropriate time.

I think, as I said in answer to Mr Früh, that it is unfortunate that the price package gets loaded at the last minute with a number of things which this or that country wants to see settled. That is a point of criticism which is valid, but it is not valid to say that these decisions are taken without asking the Parliament, because the decisions have not been taken. One has to go through the normal procedures; the Commission has in each individual case insisted thereon, as you can to see if you consult the verbatim records of meetings of the Council.

Finally, the farmers and the special measures for Benelux. We have introduced a special budget line of 70 million units account which, together with other existing structural or market assistance mechanisms, should be used giving priority to the Benelux countries; it is now up to them to submit their specific requests and they will be considered. This will necessitate some adjustment to the basic regulations under which these old individual projects have been carried out, but from the general discussions we have had with the countries in question, I can assure you they are worthwhile proposals which to a very large extent go in the direction of what Mr Hughes was talking about. In other respects, they tend to deal with sanitary problems. They are therefore not disturbing the market; on the contrary, they are helping from the point of view of productivity and from the point of view of developing better products for the consumer. The exact amount involved one cannot see before this process of discussing individual projects has been gone through; I can only say that as far as the structural products are concerned it is a sum of 70 million units of account, which is also available to other Community countries but where the Benelux countries should have preferential treatment; the same goes for the support of certain mechanisms in regard to the marketing of products. So it is a measure of some considerable importance; it will be a significant amount, even if one cannot put a specific figure to it at the present time.

Gundelach

Summing up, Mr President, I must express gratitude to those Members of the House — in fact the majority — who expressed either satisfaction with some aspects of the price-fixing or at least understanding for the results obtained. There remains only my friend Mr Howell, who said that no progress had been made whatsoever. This is a situation we find ourselves in at regular intervals: I fundamentally disagree with him. To swing the course of a big tanker in a difficult sea onto a different course is not something which is done by abrupt manoeuvring. That can only lead to sinking the ship. But, it ought to be obvious to anybody who can see that the course has been adjusted to the realities of the day in this Community and in this age.

IN THE CHAIR: MR BERKHOUWER

Vice-President

President. — This item is closed.

10. *Regulation on oils and fats*

President. — The next item is the debate (Doc. 154/78), without debate, by Mr Cifarelli, on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation amending Regulation No 136/66/EEC on the establishment of a common organization of the market in oils and fats.

I note that no one wishes to speak. The motion for a resolution will be put to the vote during voting-time tomorrow.

11. *Monetary compensatory amounts*

President. — The next item is the oral question with debate (Doc. 120/78/rev.), by Sir Brandon Rhys Williams, on behalf of the Committee on Economic and Monetary Affairs, to the Commission on the economic aspects of the system of monetary compensatory amounts:

The Committee on Economic and Monetary Affairs,

— stressing that problems connected with the agri-monetary system should be seen in the context of the insufficient development of Community economic and monetary policies,

— welcoming the publication by the Commission of documents on the use of the EUA in the Common Agricultural Policy (COM(77) 480 final) and the 'economic effects of the agri-monetary system' (COM(78) 20 final) on 10 February 1978,

— appreciating the difficulty of quantifying precisely the effects of the agri-monetary system in certain economic areas in view of the multiplicity of factors involved,

Asks the Commission to reply to the following questions:

1. Can the Commission publish a statement of the origins of the MCA system and the reasons why it has become established?

2. *Structural effects*

Can the Commission give details indicating more precisely the importance of the green currency system within the economies of the different Member States, taking into account the differing importance of agriculture in the economy of each?

3. *Budgetary effects*

The Commission states in par. 39 of the communication that 'the application of the agri-monetary system (MCAs) has placed a financial burden on the budget of the EAGGF (Guarantee section) and in certain cases on the budgets of Member States'. Could the Commission give more details with particular reference to individual products and the net gains and losses to the different Member States?

4. *Trade and investment*

Could the Commission quantify the estimated efforts of the agri-monetary system of total trade-flows between Member States? What is the effect of the green currency system on the pattern of investment in agriculture?

5. *'Economic cost'*

In par. 42, the Commission states: 'The budgetary cost should not make us forget the economic cost of the agri-monetary system, although this is difficult to estimate. Its link with the 'snake' draws common prices upwards and strengthens guarantees to producers. Its application, which is beneficial in the short term, has inevitable pernicious effects in the longer term which contradict its economic logic'. Would the Commission elucidate?

6. *Customs and frontier formalities*

The payment of MCAs necessitates certain frontier formalities. Would such formalities be eliminated wholly or partially if the Commission's present proposals to reform the system were put into operation?

7. *Exchange-rates*

To what extent does the agri-monetary system aggravate or attenuate the instability of the monetary system through the fact that MCAs influence the consequences of exchange-rate changes?

President

8. Adoption of the new Community Unit of Account (EUA)

Can the Commission give indications of the likely effects on national economies of practical proposals for changing from the existing Agricultural Unit of Account (AUA) to the new Community Unit of Account (EUA) based on market currency-rates?

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, perhaps it is fair to point out that the object of the oral question with debate which I have the honour to present on behalf of the Committee on Economic and Monetary Affairs is not really so much concerned with agricultural questions as with economic ones. Agriculture is one of the most important industries in the Community, and as such it is plainly a matter of concern to the Committee on Economic and Monetary Affairs. The object of the question is not to make any particular points, but simply to remedy an obvious deficiency. We do not have the necessary data to assess the economic effects of the system of paying monetary compensatory amounts — the so-called 'green currency' system. It may perhaps seem a little ungracious to say that we do not have the necessary data, when in February of this year the Commission presented this enormous document on the economic effects of the agro-monetary system, with its hundred detailed tables and recondite comment. I have sought to extract from that document and also from the other document which we refer to in our preambles the answers to our questions and have not been successful. I hope, therefore, that Mr Gundelach will not think that what we have done in our committee tabling this question is in any way superfluous. There are a number of gaps in our knowledge and understanding, and we believe it important to make good the deficiencies. The Parliament needs facts, if our debates are to be fruitful and balanced. We have to lead opinion on the basis of accurate data, not just sentiment or guesswork.

Turning to the questions themselves, I shall only say a few words in amplification or explanation, because these words which appear on the paper were worked over extensively in our committee and I think that they are clear and convey the nature of our interest quite well. But, perhaps by extending them or analysing them a little, I can help Mr Gundelach to see what we are driving at.

In the first case, we feel that many people find the whole procedure for paying MCAs inscrutably complex. They are suspicious of it, because they do not understand it. It would be helpful to have a plain statement from the Commission of the origins of the system. Secondly, we recognize that agricultural production weighs more heavily in the economies of some Member States than in others. Will the Commissioner show which countries are most affected by the system and how much it means to their economies as

a whole? The agricultural lobby, of course, is an effective one, and it is right that it should speak clearly and that it should be heard, but it is difficult to bring the agricultural arguments into focus when we are considering economic questions overall, and it would be helpful if the Commission could provide us with guidance as to that. Thirdly, how important is the system in terms of the value of the total output of individual products? How much are individual Member States putting into or drawing out of the system on the basis of the latest price agreements? Fourthly, can we form reasonable guesses as to the extent to which the MCAs are influencing the pattern of trade? Are we seeing distortions of trade or of relative profitability of different kinds of farming activity sufficient to change the whole pattern of agricultural planning and particularly investment? The green currency system was introduced as a transitional measure, but now it is in danger of becoming a permanency — or at least some people may be tempted to think so and to make their plans accordingly. It is difficult to foretell the future of the system, but of course, agriculture investment has to continue. So it would be helpful if we could be guided as to the extent to which distortions may be growing up of a permanent character either in particular countries or in individual products. Fifthly, is there a built-in factor adding to inflationary forces in any particular state as a result of the ways in which we calculate the MCAs? Does the system accentuate the apparent conflict between the interests of producers and consumers? Sixthly, a question of paperwork and procedure. Could we save time and expense at the frontiers by changing the green currency system, thereby making a useful move towards the attainment of a genuinely free and united market for the whole Community? Could we for instance hope, even while the green currency system is still in existence, that administrative reform could simplify these procedures? I expect that this is a matter which has been looked into often enough by experts, but I think it is right that Parliament should pose that question. Seventhly, are there any seasonal or other side effects of the green currency system which have significant results for the currency markets as a whole, or are the effects in fact negligible in view of the total volume of currencies crossing the exchanges day by day? Eighth and last, we attempt to tackle the question of the European unit of account. In principle, our committee welcomes the adoption of the new EUA and hopes that it will become progressively established as the normal reference point for the Community, superseding all the many other obsolete units of account which have been invented from time to time. Are there any special factors which would make for difficulties in adopting the EUA for agriculture and how does the Commission suggest they should be overcome?

I realize that I have asked Mr Gundelach at the end of an exhausting day to tackle an immensely complex subject and to produce answers to very difficult questions. I do not think that anyone in my committee or,

Rhys Williams

indeed in Parliament today would blame him if he did not give us a full and total reply to every one of these points. But we hope that these replies will be available in due course. Of course, we shall listen with great interest to what he has to say tonight. We believe it is worth pressing these points and coming to a general understanding as to the economic significance of the green currencies and perhaps we may hope that, with all the data we have asked for, we may well find this alarming dragon is more imaginary than real and not the menace it sometimes seems.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission.

— Mr President, this is called an oral question with debate, but it is actually a series of questions with debate. I doubt, given the length, the number of the questions and their complexity, that I shall be able in this debate to give Sir Brandon and his colleagues full satisfaction. But, as he indicated himself, there may later be opportunities to enlarge on and go deeper into these matters and I shall certainly be willing to do so. I would only like, before I try to answer or give at least some beginnings of answers to the questions he has posed, to make one general observation. It is not possible to give one full and objective answer to a number of these questions. Now, I am really speaking maybe more as an economist than as a Commissioner. When you are analysing a complex of economic factors which interrelate it is very difficult to take one of them and decide how big a share it is responsible for in the end result. For this it would be necessary for you to be able to keep all other factors equal, while you measured how this particular factor, in this case the monetary compensatory amounts, operate. That you can do in science sometimes, but you cannot do it in economics and, therefore, you are bound to make assessments, something maybe more than guesswork but at any rate you are not in a position to give a full and scientific answer to a number of these questions. I wanted to make this remark from the outset in order not, subsequently, to be misunderstood or to give rise to expectations which cannot, even later, be fulfilled.

The first and fundamental question concerning the origins of the system of monetary compensatory amounts: why did we get this system? The answer to that is the simplest, but may be the most important. We got it because countries in the Community, when devaluing or revaluing their currencies, were not willing, at a certain stage a few years back, to accept the consequences in agriculture, which in the case of revaluation would have been a relative decline in prices for farmers expressed in the national currency, or in the case of devaluation, an increase in prices for the consumers expressed in the national currency.

The fundamental decision was that devaluation and revaluation should not take effect in the agricultural sector, at least not at the time of the devaluation or the revaluation, only subsequently and, to a certain extent, under some control. That is the fundamental reason. Now, in parentheses, bearing in mind the discussion we had half-an-hour ago, I personally believe that that is where the fundamental mistake was committed. That decision should not have been taken and, both as an economist and as a Commissioner, I remain unable to understand why revaluation and devaluation should not apply equally to agriculture as to industry and nobody will be able to convince me why it should be different if this fundamental decision had not been taken back in the late 1960s in the old Community. We are not really discussing the economics of this here tonight and, therefore, having said this much, I shall not carry on longer in this way. But once it has been decided that you are not adjusting your prices in accordance with what would be the normal result of the devaluation or revaluation, then you have to introduce monetary compensatory amounts, because otherwise the market will go haywire, prices no longer correspond to reality, the intervention system cannot be operated, trade will be totally imbalanced, and so you are forced to introduce monetary compensatory amounts in order to maintain an equilibrium. You are not forced to make the decision not to revalue or devalue in agriculture. That is a political decision. But once you take that political decision that you will not, for the time being, either revalue or devalue partially or fully in agriculture, then the rest follows automatically, because otherwise trade is distorted to an extent which is unbelievable and the common agricultural policy cannot operate in any shape or form. Therefore, monetary compensatory amounts follow from the decision not to take the consequences in economic terms of devaluation or revaluation in the agricultural sector. That is the first question.

The second question becomes more detailed and requires more figures, even if I spare you some of them, but they will be available in tabular form to Sir Brandon and his committee. The agro-monetary system comprises the system of representative rates known as 'green rates' and the system of monetary compensatory amounts.

The representative rates are used for instruments of the common agricultural policy, including provisions covering structures. The overall impact which the system of green rates has within each Member State from the standpoint of production alone, can be gauged from the percentage share of agriculture in the gross domestic product of each Member State. In 1976, this percentage was the highest in Ireland — 14.4% — and the lowest in the United Kingdom — 2.4%. The others were reasonably well distributed between these two extremes with a medium around

Gundelach

4.5 %. However, the effect of the agro-monetary system can be seen more clearly at the market level. It may be estimated that about 90 % of agricultural production in the Community as a whole is subject to the common organization of the markets and to common decisions on prices and therefore on MCAs. The exact percentage obviously varies from one Member State to another. MCAs, which apply only to trade and are financed by the Community, relate by to certain products, the main ones being: durum and common wheat, barley, grain maize, sugar beet, milk and milk products, beef and veal, pigmeat, eggs and poultry meats. In 1976, these products together accounted for a percentage by value of final production varying between 62 % in Italy and 88 % in Ireland, and the spread between these two figures is actually quite even.

As to the third question, the system of MCAs, has, since 1973, been wholly financed by the Community. The MCAs levied in trade with non-member countries from part of the Community's own resources. Since 1 July 1972, the MCAs granted in trade with non-member countries have been financed by the Guarantee Section of the EAGGF, since 1 January 1973, the same has applied to those granted and levied in intra-community trade. Since 1973 therefore, MCAs have no longer affected the budgets of Member States individually. The resulting total net expenditure borne by the Community amounted to 505m u.a. in 1976, and to 860m u.a. in 1977, while expenditure for 1978 is estimated at 993m u.a.

If you look at the individual Member States, you have quite a spread. In the middle you find Luxembourg with zero. At the upper level you find a transfer to the United Kingdom of 714.7m u.a. At the lower level, a negative figure for France, which means Community receipts of 123.9m u.a. Ireland also accounts for Community receipts of 63.5m u.a. and next to the United Kingdom, the other big recipient of resources is Italy, with 280.8m u.a. The other countries account only for fairly moderate sums.

In the accounts of the Guarantee Section, at Community level, expenditure is not broken down by products. Of course, from the statistics at present available, the Commission cannot quantify the effects of the agro-monetary system on the total trade flow between Member States. It is simply able to say that expenditure on MCAs financed by the EAGGF accounted for just over 1 % by value of intra-Community trade in agricultural produce and foodstuffs. It is not possible to quantify the impact of the agro-monetary system on investment. The effects are many and varied. To begin with, because of the gap between the green rates and the market rates, there is a distortion whereby farmers in Member States with appreciating currencies receive more than they would if the gap did not exist; conversely, farmers in the Member

States with depreciating currencies get less. It is clear, therefore, that in the first case investments are made which would not have been made if there had been no gap between the green rate and the market rate, and in the second case there is less investment. It is clearly impossible to quantify these assumptions exactly, however.

Farmers in the Member States with appreciating currencies, thanks to the strength of their currency, have an economic advantage over farmers in the other Member States when purchasing goods from non-member countries or from a Member State with a depreciating currency. These effects again cannot be quantified, but between 1973 and 1976, the ratio between gross fixed capital formation and gross value added at factor cost rose in Germany from 28.7 to 30.2 %, in Denmark from 31.7 to 33.2 % and in Ireland from 24 to 25.1 %; it remained more or less stable in France at 20.3-20.2 %, in the Netherlands at 24.2-24.3 % and in Belgium at 21-20.6 %; it dropped in Italy from 22.6 to 20.6 %.

Paragraph 42 of the report, to which you have yourself referred, from the Commission in February, would really require rather lengthy explanations, but at this particular point the position might be summarized as follows. The budgetary cost should not, it is stated in the report, make us forget the economic costs of the agro-monetary system, although this is a difficult estimate. This sentence becomes clear with the explanations on the preceding points 3 and 4 (a) and (b). They concern the effects on consumption, on the distribution of resources, on trade, on production via trade, which were discussed in the report on the economic effects of the agro-monetary system, and which are not reflected in the budgetary costs alone. This is also linked with the snake, which draws common prices upwards, and strengthens guarantees to producers. This results from a method used to calculate MCAs for currencies outside the snake. Here I may refer to the Commission's answer to Mr Howell's written question, No 34/77. For these currencies the rates used for calculating the MCAs are the exchange-rates resulting from the representative rate for the currency in question, in relation to the central rate for each currency in the snake. The exchange-rates are those resulting from the average rates recorded on the official exchange markets. It is therefore clear that for currencies which have depreciated, there will be a widening of the monetary gap in relation to currencies which have appreciated, as a result, both of the weakness of the former and the strength of the latter. The common level of farm prices expressed as an average of farm prices in national currencies is therefore drawn upwards through the currencies which have depreciated being tied this way to currencies in the snake. This process strengthens the guarantees to farmers in contrast to non-agricultural producers, who draw no benefit from this link-up with the strong currencies.

Gundelach

Application which is beneficial in the short-term has inevitable pernicious effects in the longer term which contradict its economic logic. The agro-monetary system is an easy way of cushioning the harmful consequences of sharp fluctuations in price. But in the long run, by blocking the natural adjustment mechanism, it creates artificial situations which are difficult to eliminate later. One may well ask whether, in the case of a Member State with a depreciated currency, the maintenance of low national farm prices, introduced as a short-term measure to combat inflation, will not have the effect of increasing the balance-of-payments deficit by rendering the agriculture of that Member State less competitive.

As to the formalities, the only way really to eliminate the administrative difficulties at the frontier is to abolish the MCAs altogether. And the difficulty is the same for an MCA of 0.1 % as it is for one of 10 %. We are, however, constantly trying to administer the system in the last harmful manner possible from an administrative point of view. But it will always be a cumbersome system.

Whilst it cannot be asserted that the agro-monetary system aggravated the instability of the monetary system in the short term, in the long term there may be ill effects of an indirect kind; that was part of my initial statement and I feel this rather strongly. It is impossible to give a complete reply at this stage to this rather wide-ranging and delicate question. However, the Commission would draw the attention of the honourable Member to the fact that the change from the AUA to the EUA cannot solve two fundamental problems: (a) the monetary gap between the currency which has gained most in value and that which has most depreciated, the maximum gap in terms of monetary compensatory amounts being 47.4 on 7 May 1978, and (b) the maintenance of MCAs, but possibly re-arranged in a different order. In other words the introduction of the European unit of account cannot help solve the problem of monetary compensatory amounts. I can, depending on the level where one fixes prices according to the new unit of account, move a certain bulk of negative monetary compensatory amounts to the positive side, but the total amount will remain exactly the same. Since experience has demonstrated that the positive monetary compensatory amounts are more difficult to eliminate than the negative, I would consider the introduction of the European unit of account a negative element in the process of dealing with monetary compensatory amounts. The introduction of the European unit of account will raise the whole issue of the level of agricultural prices and may, indeed, complicate political life in this Community quite considerably without bringing any major progress.

I regret having had to go into all this detail, but the questions being what they were, I had to reply to them as they were presented, but I nevertheless apologize for the length of time I have taken.

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, the reply we have just heard from Mr Gundelach underlines just how wide-ranging and complex a subject we are dealing with. In practical terms however — and this is really apparent already from the question put by the Committee on Economic and Monetary Affairs — the problem confronting us is virtually insoluble, since we are trying to pursue a common agricultural policy, with common prices expressed in units of account, without coordinating our economic and monetary policies. It is this which is at the root of the trouble, for, as is pointed out in the question, the problems connected with the agro-monetary system should be seen in the light of the insufficient development of Community economic and monetary policies. This, time and again over the years, has been the stumbling-block. Mr Gundelach himself has said as much. The difficulties created by revaluation and devaluation, which caught us on the hop in 1969, should in fact no longer have arisen by then.

Now comes the question on which a political decision has been taken — namely, whether it would really have been possible to implement this decision fully. In Germany, for example, this would have meant that in recent years each revaluation would have been automatically followed by a reduction in German farm-prices to bring them down to the common level. In practice this has in fact been done by maintaining prices during a transitional period and then later approximating them to the Community level. I really do believe that we shall get nowhere with this policy unless we succeed in making significant progress towards economic and monetary union. As spokesman for our group, I therefore call particular attention to the proposal put forward by the Christian-Democratic Group setting out the means by which we can move in the direction of economic and monetary union.

Mr Gundelach, you examined in great depth the conclusion of the Commission's report on the effects of the agro-monetary system in all its complexities. However, it has emerged that it is by no means easy to distinguish these effects in view of all the interrelationships involved and that the green rates are used to keep the agricultural markets under control, and that means also producers' incomes on the one hand and consumer prices on the other.

Look at it this way: When a country devalues, it does so in order to make its exports more competitive. As a direct consequence, however, farm-prices would have to rise in proportion to the devaluation percentage; that in turn would bring wage demands in its train, and quite plainly the efforts of the country in ques-

Früh

tion to improve its balance of payments through devaluation would quickly be thwarted by the change resulting from wage demands and other factors. Monetary compensatory amounts may therefore be regarded as a buffer acting in two directions, a vital instrument in the fight against inflation.

You have quoted figures, Mr Gundelach, showing the impact of monetary compensatory amounts on, for example, the United Kingdom. The question arises whether the United Kingdom could have afforded in these difficult times, with accession and the transitional solution, to let farm-prices rise at the same time — or was this not in fact an urgently-needed general economic device for arresting the inflationary trend with its pernicious effects? We must also see the other side of the coin: without this buffer — and you said yourself how unrealistic it was to think in terms of automatic mechanisms — we should long ago have been driven to resort to national aids.

I am afraid my time is up. Let me just say that I am glad that this debate is taking place and feel that we should pursue our examination of the subject. But we must constantly recognize the complexities of the problem and avoid pretending that it can be solved through agricultural-policy measures in isolation.

President. — I call Mr Eberhardt.

Mr Eberhardt. — (*F*) Mr President, the great underlying principles of the common agricultural policy, in particular those of a united market and Community preference, seem now to have been finally abandoned. The oral question before us illustrates the extent of the disarray among those who had believed in the sanctity of these great principles. That is why I think that the first question the authors should have put is the following: is the Commission prepared to concede that the results obtained from the system of monetary compensatory amounts are contrary to the great principles invoked at the inception of the common agricultural policy? Everyone should recognize that the system of monetary compensatory amounts is responsible for serious imbalances, by which French agriculture has been especially affected.

All the figures prove that the system favours agriculture in countries with strong currencies and penalizes those with weak currencies. The results of this can be seen in the Commission's documents. Out of twelve products examined, we see that while Germany has improved its position with respect to seven of them, France has done so in only one, losing out on nine other products.

Besides the imbalance attributable to the differences in currency values, there is also the fact that production costs are influenced by the market rate of exchange. This means that farmers in countries with strong currencies, who already benefit unfairly from

the system of MCAs, are again favoured when they import American tractors, fertilizers or cereals, putting them in the unacceptable position of being able to compete unfairly with farmers in other Community countries, such as France. But behind the stark figures lie the even starker implications for thousands of farmers in our country — namely, uncertainty and anxiety over phenomena over which they have no control and which are made still worse by the speculative actions of the big middlemen.

This threat hangs over entire sectors of production and over whole regions. How can a Breton farmer continue to raise pigs when a pig's carcass produced in Germany arrives in Paris at a selling-price below his own normal total production cost? There is only one end in sight: unemployment. It is worth noting that France seems to attract all the difficulties: exchange fluctuations, disincentives to export, incentives to import, increased production costs. In fact, the system of monetary compensatory amounts makes it impossible for countries in difficulty to make a recovery.

That is why we are totally opposed to the Commission's earlier proposals for the phasing out of MCAs over seven years. It ought to be done now! — All the more so because, despite the corrective measures taken in Brussels at the beginning of May, currency speculation and the instability of the franc continue to threaten the purchasing-power of our farmers. The speculation and manipulations are the product of an economic policy agreed by the Commission and by all the Member States of the Community.

This common policy of austerity exacerbates the already tough situation of our farmers by reducing public consumption and restricting the outlets for their produce. This is not the place to trade words with some of our colleagues. We do not have two policies, one in Paris and the other in Strasbourg or Luxembourg. Here and in France we are fighting the austerity policy whose system of monetary compensatory amounts only serves to worsen its effects.

Our farmers are restless. They want the system of MCAs abolished now, they want agricultural prices to be calculated on the basis of production costs and they want whatever measures may be needed to help bring this about to be taken, if necessary at national level. They also want to be able to maintain their equipment and machinery so as to be able to contribute towards preserving the self-sufficiency in food-stuffs of our country. In our view, this is crucial for France and for Europe, because we are convinced that there can be no European cooperation in a meaningful sense unless there is also respect for the individuality and independence of each country.

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

Mr Liogier. — (*F*) Mr President, I cannot help regretting that the question by Sir Brandon Rhys Williams could not be debated, as originally intended, during the more searching debate on monetary compensatory amounts held in May. However, we did have an opportunity to return to this important topic when the Commission made their statement on agricultural prices.

We are delighted that a positive approach has been adopted to the problems of monetary compensatory amounts and that it has been possible to reduce substantially these amounts in respect of pigmeat, especially for France. This is no more than an important first step towards restoring to French agriculture the basis for fairer competition on the markets. Of course, this policy must be pursued in the months ahead with the eventual aim of scrapping MCAs and restoring true price-levels. However, since the question by Sir Brandon was put on behalf of the Committee on Economic and Monetary Affairs, I shall confine myself to general economic considerations.

I would like to draw the Commission's attention to a number of difficulties that have come to light in practice and which are distorting competition to the detriment of certain producers within the Community. These difficulties arise out of the present system under which MCAs are fixed and administered. Since, under Regulation No 974/71, monetary compensatory amounts should come into operation only where currency fluctuations are liable to lead to a disruption of trade in agricultural produce, it would seem expedient to conduct a systematic case-by-case study of the existing difficulties and, where necessary, to introduce changes to help restore normal competition within the Community and *vis-à-vis* other countries. To do this it is necessary to evaluate, using available data, not just hypothetical situations resulting from prices calculated in units of account and from the representative rates in force, but also real situations such as are reflected, for example, by the prices quoted by exporters and such as may be revealed by changes in certain traditional market trends.

We have been very concerned in France by the sudden changes in traditional export patterns, which are not unconnected with the high levels of the MCAs. We are pleased to note that the Commission seems to be aware of this state of affairs. Following the Council's decision of 12 May, which was favourable on this point at least, we now urge the Commission to investigate apparent serious anomalies that have arisen in the competitive situation since the introduction of MCAs. Their existence seems to be borne out by profound changes in some market trends within the Community.

Quite independently of any general conclusions that the Commission might draw from such an investigation, it seems that a number of measures might be introduced in the wake of the 12 May decision on pigmeat. They would at least mark the beginnings of a solution to the distortions resulting from the present system of monetary compensatory amounts.

President. — I call Mr Pisoni.

Mr Pisoni. — (*I*) Mr President, the question of compensatory amounts obviously raises a wide range of issues of importance both to the preceding debate on agricultural prices and to this oral question.

Compensatory amounts were introduced to help stabilize the currency fluctuations affecting the whole of Europe, but instead they have created imbalances, they no longer correct but exacerbate these fluctuations and, in addition, they threaten to increase the difficulties and discrepancies between one country's agriculture and another's.

To suggest that compensatory amounts should be abolished only when monetary union has been achieved is to postpone the solution to this problem for too long, with, in the meantime, the risk of extremely harmful effects. We are perfectly well aware that compensatory amounts cannot be abolished in a day, but on the other hand the period of seven years proposed by the Commission seems to us much too long and in any event this in itself would not solve the problems facing our economies.

We must also take into account the fact that devaluation is a symptom of a weak economy which at the same time provides some sort of remedy in that it increases export opportunities. If, in the agricultural sector, we eliminate the advantages deriving from enhanced export opportunities, we are obviously penalizing that sector inasmuch as the costs of production, machinery and raw materials are all high while revenue is low.

Those who have gained in recent years are the countries with a strong economy. As an example, I should like to make a statistical comparison between Germany and Italy to show developments in the production of certain agricultural foodstuffs. In Germany, the production of common wheat has risen from 6 million to 6 900 million tonnes, while in Italy it has fallen from 7 500 million to 4 300 million. Beef and veal production in Germany has risen from 1 197 to 1 400 tonnes, while in Italy it has fallen from 800 to 700 tonnes. Milk production in Germany has risen from 22 000 to 22 400 tonnes, while in Italy it has remained static. Sugar production in Italy has fallen,

Pisoni

while in Germany it has almost doubled. Between 1969 and 1976, the degree of self-sufficiency in certain products rose from 90 % to 94 % in Germany, whereas in Italy it fell from 94 % to 91 %. With regard to beef and veal in particular, self-sufficiency in Germany rose from 84 % to 95 % and in Italy fell from 67 % to 58 %. These figures are already well known, but they illustrate the extent to which Italian agriculture has been penalized.

A comparison with France confirms this. Italy imports both from France and Germany, but our sugar imports from France have fallen from 71 % to 45 %, whereas imports from Germany have increased from 5 % to 19 %; between 1973 and 1976, imports of pigmeat from Germany fell from 5.2 % to 4.7 % but imports from France also fell, from 6.7 % to 5.4 %. Sixty-four per cent of our milk imports now come from Germany as compared with 44 % in 1971, whereas milk imports from France have fallen from 33 % to 13 %. Butter imports from Germany have increased from 9 % to 18 %, whereas those from France have fallen from 14 % to 9 %, and the situation is similar for cheese.

These figures reflect the development of agriculture in the various countries and show that compensatory amounts have penalized the poorest countries while the richer ones have managed to survive.

I should therefore not like this pragmatic approach, which the Commissioner intends to adopt towards the abolition of compensatory amounts, to be prolonged over seven years, because that is much too long — indeed, unacceptably so.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I want to speak briefly to thank the Commissioner for his reply and to thank all who have contributed in this short but, I think, informative and helpful debate. Many things have come even from the few short speeches that we have had, in particular, a general sense of uneasiness in Parliament about the effects of the MCAs. The Commissioner gave us some interesting facts, which we shall want to digest before we return to the subject. But return to the subject we clearly must, because the economic effects, as several speakers brought out, in particular Mr Pisoni, are important and are worrying and the situation is one which Parliament cannot now afford to ignore. We must study the subject again in greater depth, but not this evening, so I would like to thank the Commissioner and all who have taken part.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I only want to assure honourable Members that it is also the view of the Commission that we have to come back again and again to this question, because for historical reasons, which we need not discuss again, we have been landed with this system. But this system is an unfortunate one, and as long as it is there, there is going to be trouble and uneasiness and tension between Member States, and we are not going to solve that problem until we have found ways and means of getting rid of it. I do not think we shall get rid of it completely before we have made real progress towards economic and monetary union. In the meantime, I agree with Mr Pisoni that we should go ahead and not waste time.

Having said that, I will repeat as my last words the warning I started off with: do not put on the shoulders of this, admittedly very unfortunate, system all the blame for what seems to be working less well in this or that country than had been hoped for. There are other factors than monetary compensatory amounts which infringe trade patterns, such as different rates of inflation; monetary movements do not always run parallel with different developments in costs; there are differences in investment levels; there are differences in particular in efficiency. Do not use the monetary compensatory amount as a scapegoat, as an excuse for not getting to the root of other problems of efficiency which may be lying behind different and unfortunate developments of trade patterns.

It is a bad system, we must get away from it, but I cannot quite follow Mr Eberhardt's views concerning the particular evils which follow upon the system; there is no scientific basis for going that far. But we must deal with it, and do so as quickly as we can.

President. — The debate is closed.

12. *Floods in Germany*

President. — The next item is the motion for a resolution tabled by Mr Bangemann, on behalf of the Liberal and Democratic Group, Mr Seefeld, on behalf of the Socialist Group, Mr Klepsch, on behalf of the Christian-Democratic Group (EPP), Mr Rippon, on behalf of the European Conservative Group, Mr Mascagni, on behalf of the Communist and Allies Group, and Mr de la Malène, on behalf of the Group of European Progressive Democrats, on the flood disaster in Baden-Württemberg, Bavaria and the Rhineland-Palatinate (Doc. 163/78/rev.).

I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, the motion for a resolution before Parliament, on the flood disaster in Baden-Württemberg, Bavaria and the Rhineland Palatinate, is supported by all the political groups and I can therefore make the explanatory statement brief.

This flood disaster has rightly been described as the worst this century, since provisional estimates put the cost of the damage at between 200 and 300 million u.a., but it will probably amount to almost 500 million u.a. That is extremely high when compared with disasters in the recent past which we have tried to help from Community funds. For example, the cost of damage in West and South-West England amounted to 18m u.a. and the estimated cost of the damage along the French Channel coast was 12m u.a. In these two cases we provided 1m u.a. and 400 000 u.a. respectively from the disaster fund so as at least to help repair the immediate and most serious damage. The fund would, of course, be inadequate in the face of the damage caused by this latest disaster, and the motion for a resolution is therefore in effect requesting the Commission to provide 1m u.a. in the form of aid.

I have visited the affected areas in three districts, where the local authorities explained the nature of the damage, and on the basis of this information I should like to emphasize that, in conjunction with the funds provided by Baden-Württemberg and the other Länder concerned, even such a small amount can be used extremely effectively; it is, of course, impossible to make good all the damage. Part of the damage will be covered by insurance; it is hoped to pay for part, but of course not all, of the remaining damage through public aid. Some people have sufficient resources to recover and pay for the damage themselves, but this is not true of everyone. There is a large number of small and medium-sized undertakings, both agricultural and industrial, and many private individuals who have suffered damage and who cannot possibly pay for that part of the damage not covered by insurance or financed from public funds. It is precisely in these cases that I feel the Commission can help and do so in a way which reflects the purpose of the disaster fund.

I therefore feel, Mr President, that we should unanimously adopt this resolution — which was tabled unanimously — to enable the Commission to take immediate action. I hope that the Commission itself will have no objection, since the extent of the damage alone is evidence that we are dealing here with an extraordinary event and I think that the Commission should therefore take account of Parliament's decision on this matter. In any event, I hope that Mr Gundelach will not say in objection that the Länder concerned are already doing a lot themselves. That maybe true, but I repeat that in many cases the victims cannot pay for the damage themselves.

I would therefore urgently request the Commission to help in the same way as it has helped in previous accidents and natural disasters and agree to comply with the decisions which I hope Parliament will take.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — The Commission is fully aware of the serious flooding and consequent damage to which the honourable Member's motion refers, and which he has so clearly and forcefully outlines in his speech. As he rightly recalled, the Commission has, over the last few months, made use of the unfortunately limited means as its disposal for such emergency aid.

The Commission will give urgent, and, I believe I can promise, positive consideration to projects to help the victims overcome the difficulties which have befallen them. In view of the fact that we need more specific information I cannot indicate a definite sum, but I can assure the House that the Commission will be willing to make a positive contribution in these unfortunate circumstances and consequently we welcome this resolution.

President. — I note no one else wishes to speak. The motion for a resolution, as such, will be put to the vote during voting-time tomorrow.

The debate is closed.

13. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Wednesday, 14 June 1978, with the following agenda:

9.30 a.m. and in the afternoon

- Decision on urgent procedure;
- Council statement on the Danish Presidency and motion for a resolution on Africa;
- Oral question, with debate, to the Council on economic recovery;
- Joint debate on the Schmidt and Corrie reports, one question to the Council and three questions to the Commission on fisheries policy;
- Cointat report on budgetary questions.

3 p.m.

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

4.30 p.m.

- Votes,

The sitting is closed.

(The sitting closed at 8.25 p.m.)

ANNEX

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

Question No 2, by Mr Scott-Hopkins

Subject: Single agricultural policy

Does the Commission believe that the different economic settings within which agriculture operates in each Member State would undermine the effort to establish a single agricultural policy even without the current problems caused by monetary disturbances?

Answer

One has to make a distinction between economic settings and economic policies. Economic settings are not only different from one Member State to another, they are also widely different within each Member State. The differences do not prevent the establishment of a single agricultural policy.

Different economic policies, however, undermine the proper working of a sectoral policy like the CAP. Monetary disturbances are only one — and a very serious one indeed — of the negative results stemming from a lack of convergence between economic policies. An efficient CAP needs a continuous and equilibrated integration process in all the major areas of the Community's economy, and hence in all the fields of economic policy, including regional development, fiscal policy, transportation policy, etc.

SITTING OF WEDNESDAY, 14 JUNE 1978

Contents

1. <i>Approval of minutes</i>	107		
2. <i>Decision on urgency</i>	107		
3. <i>Council activities under the Danish presidency — Situation in Africa:</i>			
<i>Mr K. B. Andersen, President-in-Office of the Council; Mr Fellermaier, chairman of the Socialist Group; Mr Bertrand on behalf of the Christian-Democratic Group (EPP); Mr Scott-Hopkins on behalf of the European Conservative Group; Mr Pintat on behalf of the Liberal and Democratic Group; Mr Spinelli on behalf of the Communist and Allies Group; Mr Granelli; Mr Blumenfeld; Mr Spicer; Mr Ansquer; Mr Dankert; Mr Dewulf; Mr Osborn; Mr Soury; Mr Glinne; Mr Sandri; Mr Bertrand; Mr K. B. Andersen</i>	107	<i>Question No 44, by Mr Stetter: Greater openness in the running of the Community:</i>	
		<i>Mr K. B. Andersen; Mr Shaw; Mr K. B. Andersen; Mr Vandewiele; Mr K. B. Andersen</i>	136
		<i>Question No 45, by Mr Ryan: Direct elections:</i>	
		<i>Mr K. B. Andersen; Mr Ryan; Mr K. B. Andersen; Mr Prescott; Mr K. B. Andersen; Mrs Squarcialupi; Mr K. B. Andersen; Mr Dalyell; Mr K. B. Andersen</i>	136
		<i>Question No 46, by Mr Bertrand (see Annex)</i>	138
		<i>Question No 47, by Lord Bessborough: Aeronautical research:</i>	
		<i>Mr K. B. Andersen; Lord Bessborough; Mr K. B. Andersen</i>	138
4. <i>Question Time (Doc. 157/78) (continued)</i>		<i>Question No 48, by Mr Howell: MCA distortions:</i>	
<i>Questions to the Council of the European Communities:</i>		<i>Mr K. B. Andersen; Mr Howell; Mr K. B. Andersen; Mr L'Estrange; Mr K. B. Andersen; Mr McDonald; Mr K. B. Andersen</i>	138
<i>Question No 40, by Mrs Walz: Use of satellites to generate electricity:</i>		<i>Question No 49, by Mrs Dunwoody: European airspace:</i>	
<i>Mr K. B. Andersen, President-in-Office of the Council; Mrs Walz; Mr K. B. Andersen; Mr Dalyell; Mr K. B. Andersen; Mr Osborn; Mr K. B. Andersen; Lord Bessborough; Mr K. B. Andersen</i>	133	<i>Mr K. B. Andersen; Mrs Dunwoody; Mr K. B. Andersen; Mr Osborn; Mr K. B. Andersen</i>	139
<i>Question No 41, by Mr Osborn: Availability of raw materials:</i>		<i>Question No 50, by Mr Dalyell: Jojoba plant:</i>	
<i>Mr K. B. Andersen; Mr Osborn; Mr K. B. Andersen</i>	134	<i>Mr K. B. Andersen; Mr Dalyell; Mr K. B. Andersen; Mr Mitchell; Mr K. B. Andersen</i>	140
<i>Question No 42, by Mr Brown (see Annex)</i>	135	<i>Question No 51, by Mr Schyns: Directive on water for human consumption:</i>	
<i>Question No 43, by Sir Geoffrey de Freitas: Public meetings of the Council:</i>		<i>Mr K. B. Andersen; Mr Schyns; Mr K. B. Andersen; Mrs Squarcialupi; Mr K. B. Andersen</i>	140
<i>Mr K. B. Andersen; Sir Geoffrey de Freitas; Mr K. B. Andersen; Mrs Ewing; Mr K. B. Andersen; Mr Ryan; Mr K. B. Andersen</i>	135		

<i>Question No 52, by Mr McDonald: Development Fund:</i>	<i>Mr Caro; Mr Dalyell; Mr Christensen; Mr Ryan; Mr S. Jakobsen, President-in-Office of the Council</i>	146
<i>Mr K. B. Andersen; Mr McDonald; Mr K. B. Andersen; Mrs Dunwoody; Mr K. B. Andersen; Mrs Kellett-Bowman; Mr K. B. Andersen; Lord Bruce of Donington; Mr K. B. Andersen; Mr Fitch; Mr K. B. Andersen; Mr Dalyell; Mr K. B. Andersen; Mr L'Estrange; Mr K. B. Andersen</i>		141
<i>Questions to the Foreign Ministers:</i>		
<i>Question No 59, by Sir Geoffrey de Freitas: Community Consular Office:</i>		
<i>Mr K. B. Andersen, President-in-Office of the Foreign Ministers; Sir Geoffrey de Freitas; Mr K. B. Andersen</i>		143
<i>Questions No 60, by Mr Ryan, No 61, by Mr Spicer, and No 62, by Mr Dondelinger (see debate: Situation in Africa)</i>		
<i>Question No 63, by Mrs Dunwoody: Action on behalf of Jessica Katz:</i>		
<i>Mr K. B. Andersen; Mrs Dunwoody; Mr K. B. Andersen; Lord Kennet; Mr K. B. Andersen; Lord Bruce of Donington; Mr K. B. Andersen</i>		144
<i>Question No 64, by Mrs Dahlerup: World Bank loans to Argentina:</i>		
<i>Mr K. B. Andersen; Mrs Dahlerup; Mr K. B. Andersen; Mr Ryan; Mr K. B. Andersen; Mr Prescott; Mr K. B. Andersen</i>		144
<i>Point of order: Mr Spicer</i>		145
5. Votes		
<i>Klepsch report (Doc. 83/78): European armaments procurement cooperation:</i>		
<i>Amendment to the seventh indent of the preamble</i>		146
<i>Adoption of the resolution</i>		146
<i>Cifarelli report (Doc. 154/78): Regulation on oils and fats:</i>		
<i>Adoption of the resolution</i>		146
<i>Motion for a resolution tabled by all the political groups (Doc. 163/78/rev.): Floods in Germany:</i>		
<i>Adoption of the resolution</i>		146
6. Council activities under the Danish presidency — Situation in Africa (continued):		
	<i>Mr Schmidt, rapporteur</i>	152
	<i>Mr Corrie, rapporteur and author of the oral question (Doc. 74/78)</i>	153
	<i>Mr Ryan, author of the oral question (Doc. 70/78)</i>	155
	<i>Mrs Dahlerup, draftsman of an opinion; Mr S. Jakobsen, President-in-Office of the Council; Mr Gundelach, Vice-President of the Commission; Mr Hughes on behalf of the Socialist Group; Mr Vandewiele on behalf of the Christian-Democratic Group (EPP Group); Mr Croze on behalf of the Liberal and Democratic Group; Mr Brosnan; Mr Luster; Mr Eberhard; Mr Nyborg; Mr Prescott; Mr Blumenfeld; Mr L'Estrange; Mr Klinker; Mr McDonald; Mr Kavanagh; Mr Ryan; Mr Gundelach; Mr S. Jakobsen; Mr Corrie</i>	155
	7. Agenda	
	<i>Point of order: Mr Scott-Hopkins; Mr Fellermaier; Mr Klepsch; Lord Ardwick</i>	150
	8. Fisheries policy — Joint debate on a report drawn up by Mr Schmidt on behalf of the Legal Affairs Committee (Doc. 80/78), a report drawn up by Mr Corrie on behalf of the Committee on Agriculture (Doc. 39/78) and four oral questions with debate (Docs. 71/78, 72/78, 74/78 and 70/78):	
	9. Interinstitutional dialogue on budgetary questions — Report drawn up by Mr Cointat on behalf of the Committee on Budgets (Doc. 150/78):	
	<i>Mr Cointat, rapporteur</i>	181
	<i>Mr Shaw on behalf of the European Conservative Group; Mr Tugendhat, Member of the Commission</i>	181
	10. Agenda for next sitting	182
	<i>Annex</i>	183

IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Decision on urgency*

President. — I consult Parliament on the request by the Council for the adoption of urgent procedure for the proposal for a regulation on pigmeat (Doc. 164/78).

Since there are no objections, that is agreed.

I propose that this be included as the last item on the agenda for the sitting of Friday, 16 June 1978.

Since there are no objections, that is agreed.

3. *Council activities under the Danish presidency — Situation in Africa*

President. — The next item is the joint debate on :

- the statement by the President of the Council, Mr Andersen, on the Council's activities during the six months of the Danish presidency ;
- the motion for a resolution tabled by Mr Lagorce on behalf of the Socialist Group, Mr Klepsch on behalf of the Christian-Democratic Group (EPP Group), Mr Pintat on behalf of the Liberal and Democratic Group, Mr de la Malène on behalf of the Group of European Progressive Democrats, Mr Scott-Hopkins on behalf of the European Conservative Group and Mr Pistillo on behalf of the Communist and Allies Group on the political situation in Africa (Doc. 136/78).

I call Mr Andersen.

Mr K. B. Andersen, President of the Council. — *(DK)* Mr President, I am pleased to have this opportunity today of giving Parliament a short report on the proceedings of the Council and on political cooperation during the last six months, during which Denmark has held the Presidency. I am not going to give you a complete rundown of every last decision, great and small. The area covered by our work is far too extensive and the decisions too numerous. Let me instead pick out a few salient points, and let me — perhaps somewhat unconventionally — begin with two disappointments.

In spite of strenuous attempts, the fisheries policy has still not become a reality. This subject is to be discussed in Parliament this afternoon, and I shall not go into it any further now.

In the energy sector also the Community still seems to be a long way from a common energy policy. The Presidency has tried very hard to obtain results in this area, which is of prime importance for the Community's future, and I think that the lack of progress is extremely worrying.

Among the areas in which results have been achieved, I think it worth mentioning that in spite of the particularly difficult beginning we have succeeded, as you all know, in setting new farm prices which will help to reduce the rate of inflation, and will thereby have a positive effect on the economic situation in the Community. As I told Parliament on 18 January 1978, the main task in our view is to reverse the unsatisfactory economic and social trend in the Community. Although this is a long-term process, I venture to say that the common strategy formulated at the European Council meeting in Copenhagen on 7 and 8 April 1978, of which I gave an account to this House on 12 April 1978, is a step in the right direction. I shall just give a brief account of the follow-up in the Council to the main points of this common strategy.

The Council of Economic and Finance Ministers has discussed economic policy with a view to achieving a higher rate of economic growth. These discussions will continue at the Council meeting on 19 June 1978, when it is aimed to design the requirements and room for manoeuvre with regard to each country's economic policy as well as to make recommendations for coordinating future arrangements in each Member State with a view to achieving the necessary economic growth within the Community.

At its meeting in May the Council of Economic and Finance Ministers reached agreement on a common position regarding the Commission's proposal on investment and borrowing in the Community, the so-called Ortolí facility. As Parliament is doubtless aware, this question will be the subject of a conciliation between the Council and Parliament on 19 June 1978. The Presidency hopes that the new loan facility can then be adopted quickly to help achieve a higher level of investment in the Community.

Developments on the monetary markets have clearly demonstrated the need for greater stability both within the Community and over a broader geographical area if the foundations are to be laid for higher economic growth. It is my hope that concrete decisions can be taken later in the summer with a view to extending monetary cooperation, and that the Council of Economic and Finance Ministers will be able to pave the way at its meeting in June.

K. B. Andersen

In January 1978 the Danish Government asked the Commission to lay down guidelines concerning the types of sectoral aid which were compatible with the Common Market. In our view it is absolutely vital to have a proper analysis and surveillance of this entire sector. The Council discussed this question at its meeting on 6 June on the basis of the Commission statement and the memorandum which the German Government presented at the May meeting of the Council. The discussions, which ranged wide and deep and were marked by a willingness to cooperate on all sides, formed part of a broader consideration of the structural problems of industry with a view to reaching conclusions in preparation for the meeting of the European Council in Bremen on 6 and 7 July. I am pleased to report that representatives of the German Government have assured me that they intend to continue the positive line taken by the Danish Presidency in this area, and which is of vital importance for the internal market and for our external relations.

In the steel sector agreements were reached with various countries, including the EFTA countries, Japan, South Africa, Spain, Portugal, South Korea, Australia, Hungary and Czechoslovakia, on price and quantity constraints for the export of steel to the Community. With a view to ensuring that the steel-consuming industries remain competitive, agreement was reached on certain discount arrangements to ensure that the shipbuilding industry can continue to purchase steel at world market prices.

I expect structural problems in the steel industry and the shipbuilding industry to be discussed at the next Council meeting at the end of June.

I hope that the discussions on the common strategy, which we agreed on in Copenhagen in April, will contribute to genuine progress at the European Council meeting in Bremen on 6 and 7 July. This is particularly important in the case of the economic and monetary questions. In this connection it is highly significant that a world economic summit is to be held shortly after the European Council meeting, namely on 16 and 17 July, likewise in the Federal Republic. This timetable means that the European Council meeting will not only be concerned with the possibilities for concrete decisions for the benefit of the Community, but with the extent to which the Community can contribute to measures on a broader international basis, intended to achieve more satisfactory economic development. This attitude, on which there is unanimity among the Community countries and which is bound to make a constructive contribution to the favourable development of the world economy, will increase the chances of other major industrialized countries at the economic summit giving assurances on measures aiming at the same goal. This is why it is so important for the Commu-

nity and for the Community's relations with the rest of the world that real progress is made between now and the Bremen meeting.

The Community's negotiations with Greece on enlargement have occupied a prominent place since the beginning of the Danish Presidency, and significant results have been obtained during this period. I should like particularly to cite the sectors concerning custom union, capital movements, the Communities' external relations, the Coal and Steel Community and Euratom.

In May the Commission submitted its communication on Portugal's application for membership, in response to which the Council meeting on 6 June delivered a favourable opinion. It is expected that negotiations with Portugal will begin in the autumn.

The Commission's opinion on Spain's application for membership is awaited and should be forthcoming before the end of the year.

The Commission has submitted a report, known as the 'Fresco', which reviews all the issues relating to the enlargement of the Community. It does not contain concrete proposals, nor does it directly touch the negotiations I referred to earlier. It does, however, give the Council the opportunity to compare the relevant problems and assess the consequences of enlargement for the European Community in an overall context.

In connection with these comments on the enlargement of the Community I find it natural to mention that at its meeting on 27 June the Council will, I hope, have an opportunity to discuss the relationship between the European Community and EFTA on the basis of a Commission report on the possibilities of strengthening and increasing the concrete, practical economic cooperation between the Community and the individual EFTA countries. The Danish Presidency is anxious that this report should be produced and debated, and that we should display the openness which we feel ought to characterize Community policy, not least in our dealings with those democratic nations in Europe which, for one reason or another, wish to remain outside the EC family.

The second ordinary meeting of the ACP-EEC Council of Ministers took place on 13 and 14 March. The meeting was characterized by the will to cooperate constructively which has been a feature of the cooperation between the nine Community countries and the 53 developing countries under the Lomé Convention.

The current Convention expires in March 1980, and the official inaugural session of the negotiations for a new convention is scheduled for 24 July. In the

K. B. Andersen

Council we have begun our deliberations with a view to preparing a common Community attitude to be presented at the opening of the negotiations. I am in no doubt that the cooperation established under the Lomé Convention constitutes one of the Community's major day-to-day tasks and I am convinced that among both the Community countries and the participant developing countries there is a common positive will to develop existing cooperation while remaining true to its underlying principles.

Lastly, I should like to remind you that on 3 April 1978 a non-preferential agreement was signed between the Community and China. I previously had an opportunity to attend a sitting here in Parliament dealing with this subject. The agreement entered into force on 1 June and is to remain in force for five years. As I see it, this agreement will contribute to an increase in trade between China and the Community countries, and this view has been reinforced in Denmark and other Community countries by recent visits from Chinese representatives.

I should like to end with some remarks on European political cooperation. The Nine's efforts have been directed essentially to East-West relations in the broad sense of the term, to Africa and to the consequences of the enlargement of the Community. On this last point I should like to tell you, since I believe that not all Members of this Parliament may yet be aware of this, that the Copenhagen political cooperation meeting last Monday achieved very substantial progress, and that very valuable results were obtained in this particular area. I refer, for instance, to the decisions on the gradual incorporation of the new countries into the political cooperation framework. We were fortunately able to agree on a common position among the Nine on this question, and to inform the Greek Government of this the same evening. And I am sure that most if not all of you present here today will also be pleased to know that the following item on our agenda on Monday was the question of the gradual introduction of Turkey into the framework of European political cooperation, and that we also reached agreement on this and were able to inform the Turkish Government accordingly on Monday evening. It is worth stressing, although I am sure you are all perfectly aware of it, that now that Greece, Portugal and Spain are either involved in negotiations or about to start negotiations with the Community, Turkey is the only country with a Community association agreement aiming at ultimate membership. Turkey is consequently in a special situation.

We thus concentrated specifically on the areas I have mentioned namely East-West relationships, Africa and the enlargement of the Community. These are areas whose direct importance for Europe requires no

further explanation. The Nine nonetheless discussed a number of other important topics. Examples are the Middle East, where the Nine have maintained their common attitude towards the parties in the conflict and UN questions, where the Nine have continued to play an active and dynamic role. On Monday we agreed on certain specific areas in which we plan to produce common Community initiatives for the forthcoming UN General Assembly in September. Finally we dealt with questions relating to human rights, which as you all know affected political cooperation in several areas over the last six months.

The final stage of the Belgrade Conference, with the discussions on the drawing-up of a final document and the fixing of the time and venue of the next follow-up meeting, took place during the Danish Presidency. As you know, the final document was short and factual. This was perhaps not entirely satisfactory for the Nine, but on the other hand we were convinced from the start that if it did not prove possible to reach agreement on a substantial, balanced and forward-looking document, and this was always unlikely, then the Conference should close with a brief, factual document of this kind. When talking about the Belgrade Conference we should not forget — and I consider this of vital importance for a correct assessment of this Conference, that the final document on which all 35 countries reached agreement contains a clear reaffirmation of the provisions of the Final Act of Helsinki, and that it lays down the time and place for a new follow-up meeting in Madrid in 1980.

Following the UN special session on disarmament, the Nine held comprehensive talks on this matter. Despite the security-related differences between the individual EEC countries on disarmament policy, a large measure of common approach to the special session on disarmament was successfully maintained. This was expressed in a lengthy speech, given on behalf of the Nine by the Danish minister Lise Østergaard. This was the first time that the Nine had made a common statement on disarmament at the United Nations.

As regards Africa, the Nine have in the past six months further coordinated their position and consolidated their agreement on a number of topics. These include Zimbabwe, where it is still our opinion that the British-American plan is the most likely to contribute to an internationally acceptable and peaceful solution.

In Namibia it is the hope of the Community countries that the efforts of the five Western members of the Security Council to obtain Namibia's independence by the end of 1978 will succeed. Further, it is our opinion that a genuine African solution should be

K. B. Andersen

found in the Horn of Africa, and we wholeheartedly support the OAU's attempts to bring about a negotiated settlement. Finally, during the period which has just ended, the Nine investigated the possibilities of applying economic and non-economic measures to South Africa in order to bring about changes in the appalling apartheid system. These considerations should be seen as an extension of the code of conduct already adopted by the Nine. In July of last year the Nine decided — and we reconfirmed this decision at our meeting last Monday — that it is vital that the nine countries should put their combined weight behind concrete measures *vis-à-vis* South Africa with a view to putting pressure on the South African Government.

I should like to conclude this speech by mentioning the progress which has been achieved in a matter which we all have at heart, and which I believe we have discussed at each of the five part-sessions — this is the sixth — which I have attended in this House, namely the holding of direct elections. I am able to inform you that since the election dates were laid down at the meeting of the European Council in April the act on direct elections can be expected to enter into force as the Danish Presidency closes, that is in a couple of weeks from now, so that Parliament can deliver an opinion on the election date in July and the Council can then confirm the dates laid down.

May I finish by saying that in the last six months I have endeavoured to take into account that cooperation between the Council and Parliament should reflect Parliament's new position after the introduction of direct elections. It has been a pleasure for me to contribute — I hope at least that I have contributed — to effective cooperation between our institutions, and I should like to take this opportunity, since this is the last time I shall attend this Parliament, to express my thanks for the readiness to cooperate constructively which I have constantly encountered here. I have always looked forward to attending each part-session, and I have always left in good humour.

(Applause)

President. — Mr President, although we shall spend another day together in discussions which I am sure will be profitable, I should like already to take this opportunity of thanking you on behalf of Parliament for the fact that during the Danish presidency we have been able to maintain very close and fruitful relations with the Council. We are all aware that this has largely been due to your personal efforts, and for these we are especially grateful.

(Applause)

The arrangements for the joint debate are as follows: the first to speak will be the Members who are down to speak in the general debate following the statement by the President of the Council; I shall then call those who are down to speak on the specific subject of the political situation in Africa. On the latter subject, the first to speak will be those Members who have put oral questions on this topic to the Foreign Ministers of the Community meeting in political cooperation. Following that, the Group spokesmen will speak.

I call Mr Fellermaier to speak on behalf of the Socialist Group.

Mr Fellermaier, chairman of the Socialist Group. — *(D)* Mr President, ladies and gentlemen, I think that today's speech by the Danish President-in-Office of the Council was in the style we have come to expect from him whenever he has appeared in Parliament in these six months, whether making a Council statement or at Question Time: straightforward and without flourishes. This was a clear presentation of the facts and events and, I would add, bore the mark of the thoroughbred politician who does not simply rely on the texts which the secretariat of the Nine draws up, often in all too bureaucratic a fashion, in reply to penetrating questions from Members of Parliament. For this, Mr Andersen, I as the first speaker on behalf of the Socialist Group should like to thank you most particularly, and I think that this will also be a yardstick for judging future Presidents-in-Office of the Council in their dealings with this Parliament. I should also, however, like to thank you for having shown how seriously you take your task as President-in-Office by attending every sitting yourself, and finally I must also thank you most particularly for your willingness to stay in this House today until the last moment, although you are to represent your country in talks with the Soviet Government beginning in Moscow this evening. I think it is also a fitting conclusion to your Presidency of the Council that in your capacity as Danish Foreign Minister you are, while still President-in-Office, to hold these talks in Moscow in the next few days, i.e. just a few days after the opening of the dialogue between the European Community and the CMEA, represented by Mr Haferkamp on the one hand and Mr Fadeyev on the other. I am sure, Mr Andersen, that you will follow up this dialogue and also that you will include the African question in your Moscow talks, for we know that Moscow and Washington occupy key positions in the struggle to bring peace to the African continent.

At the start of your statement you very frankly mentioned two points on which the Council of Ministers has so far failed to make any progress — fisheries and energy. My colleague Mr Glinne will be saying something about energy policy. On fisheries policy, allow me to make just three points.

Fellermaier

I should like to put the first in the form of a question. Why in fact, Mr Andersen, are nine countries not capable over a period of months of finding a solution to this problem, which is imposing a strain on our foreign relations? I would remind you of the action taken by Polish coast guard boats in recent weeks, almost tantamount to piracy, against German inshore fishermen — which illustrates the whole complex of the foreign policy implications. More particularly, however, I would remind you also of the internal consequences, namely the fact that the Council of Ministers' inaction — and I make this reproach quite deliberately — produces unemployment, for the failure to adopt provisions in the fisheries sector has not only direct consequences for those who catch fish in the seas of the world but also consequences in the ports and the manufacturing industries, and it is becoming intolerable that this Community is incapable of cutting the Gordian knot here.

I think, Mr Andersen, that for your last report to your fellow Foreign Ministers you should take note of the embitterment of this House at the fact that it is proving impossible to arrive at a settlement within the Community which would also naturally have useful consequences externally.

In connection with what I would not go so far as to call failures but rather matters not attended to, I should like to raise another quite different point. Here we have the French President coming to the Summit Conference and saying that a common jurisdictional area should be created in Europe. So that is established as a European question, and now everyone can put his own interpretation on what the French President could have meant by this common jurisdictional area. The question arises quite specifically as to whether the Council of Ministers of Justice should not be made a permanent body, so that instead of Heads of State presenting half-baked plans to the public the Ministers of Justice should consider whether we cannot achieve a greater degree of harmonization in large sections of our legal system. I should like to suggest just two headings for this: the fight against terrorism and the fight against economic crime — for, Mr Andersen, economic crime has also assumed trans-frontier proportions, and the Ministers of Justice would be well advised to include joint measures to combat modern economic crime in their efforts to achieve harmonization of legal systems.

Let me now pass on to what you said on the subject of economic and monetary policy. I should just like to outline a few points here, as my colleague Mr Glinne will be going into this in great detail. What you said is, I think, on the right lines, but we sometimes have the impression — particularly when we think of all the declarations of good intent coming from the Heads of State and Government in the past few months in the field of economic and monetary

policy — that there is a great gulf between the fine words and what has so far been translated into deeds. We very much hope that the Bremen economic summit will not be just another occasion for declarations of intent but that it will at least fulfil the promises made to the people of Europe at the last summit.

In the field of foreign relations, the Council of Ministers and the Commission are in fact always at one in declaring their good intentions. This is to be welcomed. The negotiations with Greece have now clearly entered a decisive phase, but it cannot fail to become apparent soon how far the concrete facts fit in with the declarations when the time factor is taken into account in these negotiations — in other words we shall see whether Greece does not have to be disappointed because, when it comes down to the real final negotiations, the difficulties prove to be such that it may no longer be possible to keep to the timetable. Particularly with regard to the enlargement of the Community, we shall also be judged by the solemn declarations made by the Heads of State and Government on this question. As to your remarks on the Lomé Convention, I thoroughly agree that this Convention is indeed a model for the world and that the Lomé II agreement will undoubtedly be the occasion for an interesting round of negotiations. There is just one thing I missed, Mr President-in-Office, and that is a statement from the Council that in the Lomé II negotiations that are to be ceremoniously opened in Brussels on 24 July the question of human rights should and must be given a central place. For Lomé II is more than simply the continuation of just one of many trade agreements between the European Community and third countries. Lomé I and Lomé II are rather the means of regulating relations between the European Community and a large portion of the rest of the world and thus include a number of political components, and because these political components are involved the question of human rights must also be given a central place. Otherwise, unless we manage to insert this as a specific provision in the new treaty, we Europeans will lack credibility in the human rights debate in the United Nations.

As to the political cooperation you mentioned, I can willingly confirm that genuine progress has in fact been made here, since in the Middle East, in the United Nations and in the recent CSCE Conference the Nine have increasingly been speaking with one voice. In the course of this debate we shall no doubt be able to establish whether it is possible to speak with one voice in Africa as well. My colleague Mr Dankert will be discussing this in more detail. Allow me, however, to add this: for many weeks, until Copenhagen, we rather had the impression that there was a discordant note in Europe's reactions to events in Africa, and that France in particular was acting in a way which was hard to reconcile with the spirit of

Fellermaier

European political cooperation. Precisely because the European Community, however, is increasingly called upon to state its position on world political crises and problems, the world will also expect us not only to make declarations but also to take concrete steps to help solve these existing problems. The European Community must develop a greater awareness of its responsibility as a force for maintaining peace in Europe, both in relations between East and West and, increasingly, in relations between the industrialized and developing countries.

In connection with European political cooperation you said that the Nine had now managed for the first time to make a declaration at the United Nations special conference on disarmament. This is, of course, a welcome development, but we Socialists, Mr Andersen, would be even more pleased if the Nine finally managed to agree to stop supplying arms to areas of tension in the world, for it is after all self-contradictory for us to agree on the one hand on the need for disarmament while on the other hand certain member countries of the European Community in particular are ensuring, with daily arms supplies, that the tensions in the world are increased still further. This contradiction must be resolved if Europe is to maintain its credibility in the world and in moves to further world peace. We must therefore further intensify political cooperation and attempt to incorporate into European political cooperation precisely those thorny questions which still to a large extent reflect national preoccupations. It is not a question of any country giving up its sovereignty, it is not a question of any country no longer being free to take decisions: no, the point is merely that difficult aspects of foreign policy must also be pursued within the framework of a common foreign policy, and we Socialists are of the opinion that the Council of Ministers has a great deal of ground to make up here. We were pleased to hear your announcement that by the end of your presidency it will be possible to bring to what I think is a satisfactory conclusion the legislation for direct elections. We very much hope, Mr President-in-Office, that the last two countries will actually deposit the ratification documents in the next few days and that on the last day of your Presidency in Copenhagen you will not have to retract what you have yourself announced today. We do not want that to happen, we are as optimistic as you yourself are, because we believe that the people of Europe too now have a right finally to be told that elections will in fact take place next year and that the preparations are beginning — and a part of these preparations is the green light we are waiting for from the Council. I am sure that this will be favourably received in all nine countries. I should like to conclude on this note, Mr Andersen. The Socialist Group would like to thank you for the open way in which you have engaged in a dialogue with Parliament over these six months. We shall urge the coming German Presidency to continue on this course. Perhaps you could tell your colleague Mr

Genscher, who is to make his inaugural speech in the European Parliament on 4 July, that we hope Mr Genscher will continue to cooperate with us here in the same way as Mr Andersen has done in his capacities as Foreign Minister and President-in-Office, for it is in a dialogue of this sort that we see the proper form of relations between the Council of Ministers and the European Parliament as responsible organs of the Community.

Once again, our sincere thanks and we wish you personally every success in your further political activity on behalf of your own country and of Europe.

(Applause)

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

Mr Bertrand. — *(NL)* Mr President, it is with a certain sadness that I take the floor on this occasion to cross swords for the last time with Mr Andersen in his capacity as President-in-Office of the Council. For the past six months we have been doing this regularly and outspokenly. I have rather played the part of leader of the opposition in this House to his policies, but in this crossing of swords a mutual liking has developed between us and Mr Andersen, so that today I feel a certain sadness, particularly as he has announced that it is not only his Presidency of the Council but also his period as Danish Foreign Minister that is coming to an end. I hope that as a result of this resignation — which we are sorry about as it means that there are unlikely to be any further contacts between us — he will have time for calm contemplation, and perhaps time to write a few tales about princesses, in the style of those by his namesake — but preferably in such a way as not to provoke any reactions from big brother! I want to take this opportunity of congratulating Mr Andersen warmly and sincerely on the way in which he has conducted his Presidency of the Council and on the results he has managed to achieve. I should like to begin at the end of his statement and then work back towards the beginning in assessing his report on the activities he has pursued in the Council over these six months.

We have been delighted at the frank and open way in which as President-in-Office of the Council he has always, as Mr Fellermaier has already said, been willing to conduct a dialogue in this Parliament. I have no hesitation, as spokesman for the Christian-Democratic Group, in setting up Mr Andersen as an example. He has frequently given us information which went beyond what he was authorized to say as President-in-Office of the Council. His comments have at times been very subtle, and enlivened by

Bertrand

personal observations which his eight colleagues have not always greatly appreciated, because he has addressed himself to Parliament. For this new sort of contact with Parliament, which already gives a foretaste of the kind of dialogue we want the directly elected Parliament to be able to conduct, I should like to offer him our sincere thanks.

I am only sorry that his efforts to develop new relations with Parliament within the framework of political cooperation as well were not taken up by his colleagues. He has been unable to make headway on this. If he had succeeded a cordial, more open relationship would have developed with Parliament in the field of political cooperation.

Mr Andersen has stated that his successor intends to continue the Danish Presidency's efforts. I hope, therefore, that the German President-in-Office will try to establish political cooperation in the form unsuccessfully proposed to the other Members by the Danish Presidency. That Mr Andersen has not succeeded in what he tried to do in no way detracts from the value of his work in this field.

In our view Mr Andersen's Presidency has been characterized by three striking developments. Firstly, there was the regular contact with Parliament. Secondly, he has managed during his Presidency to conclude the procedure laid down in the Convention of 20 September 1976 with regard to the European elections.

Yesterday morning I heard that the United Kingdom has also deposited its notification that the Convention on direct elections has been ratified. That means that at the moment eight of the nine Member States have deposited the act of ratification. I should like to take this opportunity of calling on the ninth country, which was originally the first to embark on the procedure for passing electoral legislation and ratifying the agreement but is now the last to deposit the act of ratification — a country which has always prided itself on being a forerunner in the field of European cooperation — to make it possible for the procedure relating to the Convention of 20 September 1976 to be completed by 1 July this year. Although this country may not be prepared to say why it has not deposited the act, it should at least be possible to have a dialogue and a debate on the question. We hear all kinds of rumours about why this has not yet been done, and we should like to be put in the picture. If there is anything behind it, then let our French colleagues say so, so that we can then have a serious debate here on this question. If there is nothing in it, however, then let them deposit the act of ratification next week, so that the procedure can be completed and we can start to implement the Convention from 1 July this year and deliver our opinion in our July part-

session. Then the definitive date for the elections can be fixed before the recess and we can all launch our election campaign together safely; I should like, on behalf of our Group, to stress this point.

A third striking development that took place under Mr Andersen's Presidency and in which Mr Jenkins undoubtedly played a significant part was the sudden change of direction at the meeting of the European Council held in Copenhagen on 6 and 7 April, where it was once again agreed that renewed efforts should be made to bring about economic and monetary union. At least, they agreed to tackle the 'monetary stability' sector and undertook to reach concrete decisions at the next meeting of the European Council in Bremen on 6 and 7 July. I fully subscribe to what Mr Fellermaier said on this. The European Council must indeed be careful at the meeting in Bremen on 6 and 7 July not to bury the hopes aroused by its decisions in Copenhagen. That would not only be bad for the credibility of the European Council but would also be very disheartening for Mr Jenkins, who has shown such courage on this point and who gave the starting signal with his speech in Florence. It would be a great disappointment for Mr Jenkins, who has never tired in his endeavours to get his ideas accepted in the European Council.

I should like to stress the importance of these three striking developments. They were the hallmark of Mr Andersen's Presidency, and we are very grateful to you, Mr Andersen, for the results you have achieved. We hope that your German successor will continue on the same course.

I should now like to make a few points on particular sectors. I shall begin with the activities of the Danish Presidency within the framework of political cooperation, since this point was discussed at the end of Mr Andersen's statement and I intend to work back from the end to the beginning.

With regard to political cooperation, you undoubtedly achieved something with the memorandum that you presented on behalf of the Nine to the disarmament conference in Washington. I am glad that the Nine managed to make a statement setting out a common standpoint on disarmament problems and prospects. Despite the fact that there are differences in the views of the various countries, all nine Member States were prepared, thanks to your efforts to ensure their security to waive their sovereignty on this point by adopting a common standpoint. I believe that this is a noteworthy development in the field of political cooperation.

This is in sharp contrast to the weakness, disunity, vacillation and uncertainty with regard to political cooperation in the face of events in Africa. On the African situation, we do not have a position within the framework of political cooperation. I appreciate that a

Bertrand

number of economic interests play a part here and make it difficult for certain Member States of the Community to abandon the privileged economic position they still have in Africa as a result of their colonial past and developments following decolonization. These countries still have a strong presence in Africa and have major economic interests there which also have a part to play in the future of Europe.

Africa and Europe are two continents which, in my view, are characterized by a complete lack of imperialist tendencies and which do not have the slightest ambition to dominate the world. Those are the two significant features of Africa and Europe. Neither of these two continents is trying to extend its sphere of influence over the whole world — in contrast to the superpowers, who are busy doing precisely that. This policy is at the moment directed particularly towards Africa, and it is our task to endeavour as a Community to ensure that the African States themselves, within the framework of the Organization for African Unity and without foreign interference, put an end to the destabilization of Africa.

However difficult it may be and however much diplomatic effort it may require, the only possibility for the future of Euro-African relations is for both continents, as equal partners, working together and in complete agreement with one another, to seek means of counteracting the ever-increasing widening of the sphere of influence of one particular bloc in Africa.

In this connection, Mr President, I am sorry that, for example, on the question of Zimbabwe the European Community is unable within the framework of political cooperation to put forward a single opinion of its own but can only subscribe to the Anglo-American proposals. It is regrettable that with regard to Namibia the Community can only subscribe to the five-power proposals, and that it can at the moment only associate itself with the efforts by the Organization for African Unity to solve the African problem in the Horn of Africa, and that apart from a subsidiary point in respect of the code of conduct it can contribute nothing to the general policy on South Africa. Has the Community ever given a moment's thought to the fact that in taking this attitude it is perhaps aiding the infiltration of other influences into Africa? Does it realize that its hesitations make it easier for the Cuban — not to mention the Russian — influence to spread than if Europe adopted a political standpoint of its own? I call on the Council to give serious consideration to these questions. I do not wish to discuss Zaire at the moment; I shall be expressing my views on that as chairman of the Political Affairs Committee in connection with the motion for a resolution on Zaire.

Still on the subject of political cooperation, I must say that while the unity shown by the Nine at the

Belgrade Conference does indeed deserve our thanks and congratulations, the Nine were thereby ultimately led to conceding too much in order to salvage the essentials of Helsinki. In fact, the Nine once again knuckled under in the face of the inflexibility of the Soviet Union, which refused to include Basket Three in the final declaration of the Belgrade follow-up conference. What we have is a vague declaration in which the whole of the Final Act of Helsinki is at least kept as the basis for further discussions. Here lies the chance — and I strongly urge that we should use this opportunity and that within the framework of political cooperation the Nine should make thorough preparations for this — for us to ensure that the implementation of the whole Final Act of Helsinki is dealt with in Madrid.

We must attempt to make up in Madrid for what was dropped in Belgrade for the sake of producing an agreement acceptable to the 35 countries. I should like to hear what the Nine's position is on this.

In connection with the enlargement of the Community, you made a statement which I found somewhat surprising, namely that the Commission's document — the so-called 'Fresco' — was a general document, with no concrete proposals, which you would be assessing more closely. I thought that in the Fresco the Commission had set out the political philosophy underlying the enlargement of the Community, and that it was to be the basis for taking the political decisions on this question. With regard to enlargement, it is precisely political philosophy that is the most important aspect, and the economic, financial and technological aspects of the accession negotiations must all be examined in the light of the political philosophy that is adopted. I should thus like to ask for this aspect as well to be given serious consideration within the framework of political cooperation.

Mr President, I am delighted at the latest visit of the Turkish Prime Minister to the President of the Commission, which has resulted in once more in the creation of a favourable climate with Turkey now again keen to renew contacts with the Community. We must never forget, in all the talk about enlargement, that Turkey is one of the countries with which we have concluded an association agreement which includes the principle of accession to full membership, and we must make every effort to ensure, within the framework of political cooperation, that Turkey does not lose faith in the sincerity of the Community's political will to allow to that country, too to accede at some time in the future. On this point I would thus ask for special consideration to be given to Turkey.

In conclusion, Mr President, a final word to Mr Fellermaier.

Bertrand

Mr Fellermaier, when we discuss human rights we are talking about human rights throughout the world and about violations of these rights wherever they may occur. If it is a question of concluding agreements, wither in connection with Lomé II or, later, with Comecon, then this question of human rights must be raised in both cases and not only in Lomé II. The problem of human rights must also be brought out strongly in negotiations with Comecon, as we know that this element of the Helsinki agreements is not being respected in those countries. And I should also like to see your Group, when discussing human rights, lodging protests and complaints and calling for the implementation of these human rights with no distinction as to régime or ideology but wherever violations occur. I should just like to emphasize this point, as it is necessary and of great importance. You only mentioned Lomé II, and I think that something needs to be added in order to bring out the whole scope of this question and to restore the balance in this field.

Finally, Mr President, I congratulate the President-in-Office of the Council on the agreement that has been reached with China, which is of immense political significance because this is an agreement with the most populous country in the world, which has enormous future potential and is governed by a system different from ours. My colleague Mr Granelli will be going into this and other aspects of the agreement in more detail. In conclusion, Mr Andersen, I should like to wish you personally every success in your further political career. I am convinced that with your character, stamina, dynamism and conviction you will still do much to benefit both your country and Europe. My sincere good wishes go with you.

(Applause)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I too wish to join in the words of congratulation to Mr Andersen for his conduct of the presidency over the past six months. As always over such a period of time, there are good points and bad points, and Mr Andersen has always been frank when coming to this House and saying what has gone wrong and what has gone right. Like Mr Bertrand before me, I have enjoyed crossing swords with him on occasion. I think this is part of the political dialogue which should take place in this House, and the sharper it is, then the better it is for democracy as such. I think the statement we have just heard covers a very wide field and I do not want to trespass now on a later debate concerning the economic development of the Community, or indeed that on enlargement which will also be coming later in connection with an oral question. If I may, I should like to pick out one or two things that Mr Andersen said in his statement.

I share with Mr Fellermaier the regret that during his presidency it has not been possible to settle the issues concerning fishing. We know there are problems, and it will be helpful, perhaps, at the end of this debate if Mr Andersen can quite clearly lay it on the table as to what the problems are and where the main stumbling block is. I think this House can help in resolving these because, as I understand it, I would not say the crunch is coming, but very important issues are liable to arise during the coming two months, which are going to make this fishing agreement of the utmost importance. I think this House has the right to know exactly what the situation is.

He also referred to what the Council hopes to do about steel and to shipbuilding. I have said this before, but I think it bears repeating. I do hope that the Council will not attempt to undertake through the Commission, the restructuring of the steel industry, or indeed the shipbuilding industry as such. It is not their job to do. I believe that is the job of the Council and the Commission to set the time limit within which the steel industry and the shipbuilding industry — we all know the problems they have — can restructure themselves. Do not, for heaven's sake, build up a bureaucratic machine to do this. That would be utterly wrong, in my view. At the Copenhagen meeting the European Council left the strategy to be worked out by the civil servants, that is presuming the civil servants knew exactly what the Heads of State were getting at, and the Ministers will presumably review this progress at the next summit in Bremen. I sincerely hope that in our later debate we can enumerate more clearly what is happening in this field.

I was particularly pleased, to hear the President-in-Office talking about the agreement on Monday concerning enlargement, and that some agreement was reached concerning Greece's application. I hope that when he replies to this debate he will be able to enlarge a little further on exactly what agreement was reached amongst the Nine concerning the position of Greece. I think it is also important, as Mr Bertrand said just now, that the position of the other country closely associated with the Community, Turkey, should be quite clear. I think it is of the utmost importance to the Community, and indeed to the whole of the western world, that Turkey should not feel herself isolated from us and that there should be the greatest feeling of warmth between the Community and Turkey. I was a little disturbed recently to meet the Turkish Prime Minister in my own country, and observe from the way he was talking there that he did not feel that there was enough sympathy for the Turkish position in the Community. So I was encouraged by the words of the President-in-Office concerning this. However, if we are going to have a further debate later today on enlargement on an oral question by Mr Rippon and others, perhaps we can

Scott-Hopkins

elaborate on this subject of enlargement then, rather than continue the debate now.

I shall therefore turn to the last subject concerning Mr Andersen's statement, the Belgrade Conference following that in Helsinki. I must confess myself to be disappointed. I was glad that the Nine took up a common position; indeed this is successful and useful. But I was disappointed with the outcome of the Belgrade Conference and I join once again with Mr Bertrand in regretting that a great many concessions were made by the Community in order to get some form of solid agreement. And at the end of the day a very small little mouse crept out of the Belgrade Conference. But perhaps one should pursue this at a later stage.

Turning to matters concerning Africa, also mentioned by the President-in-Office under his hat of President of the foreign ministers meeting in political cooperation, I agree with what has been said by Mr Fellermaier, who unhappily is no longer in his place, and indeed by Mr Bertrand, about the renegotiation of the Lomé Convention. The issue of human rights must figure in this renegotiation. Some time ago my group concluded that we must include in the renegotiation the condition that human rights in these countries must be observed. I join with Mr Bertrand in asserting that in the agreements the Community makes with other countries, including the Comecon countries and other countries throughout the world, this issue of human rights must also play a part.

Talking about the Lomé agreement brings me on to my next point. I was surprised that when referring to Africa in his speech the President-in-Office did not mention the attack in Zaire which has disturbed us all. I would have thought that he would have mentioned that, and mentioned the view that the Nine have taken concerning this. I will come back to that in a moment. But there is one fact he did mention which disturbs me greatly, as he knows full well, for I have already raised this in earlier debates and put questions to him: I am surprised and disappointed that all he can find to say concerning Rhodesia or Zimbabwe — call it what you will — is that he supports the Anglo-American initiative. Not a mention is made of the internal settlement; not a word of encouragement is given to the parties who have come to an agreement internally after months and months of difficult negotiations. Surely Mr President, it would be only right and proper for encouragement to be given to this initiative, which may well be the beginning of a peaceful settlement in Rhodesia. Of course one wants to bring in all the elements that are at war in Rhodesia, but one has to make a start somewhere, and I would have thought it would be much better to give support to what already exists — an internal settlement with a black and white government under Mr Smith, Bishop Muzorewa, Mr Sithole, and others. Surely to encourage them to continue to

expand must be the right approach. That is why I regret that no mention of this was made, and I hope that the President-in-Office will make up for that when he comes to wind up this debate at a later stage. I am sure that he should.

But I turn back for one moment to what has happened in Zaire. I am not going to expand on this at all — it will be taken up by other of my honourable friends at a later stage — but surely it is naïve to believe, as some seem to — and I hope he does not — that the Russians and the Communists have not got a concerted plan of how to dominate in Africa, and that they are not working throughout the whole of Africa, in some places through their Cuban allies, in other places through internal parties, to try to dominate and to take control of Africa. The methods they are using vary from country to country; in some places internal disruption, in some places naked aggression. But let there be no doubt in this House, and let there be no doubt in President Andersen's mind, that it is the intention of Russia and her satellites to dominate that continent — and they have not done a bad job either, have they, Mr Andersen? Look at what has happened in Angola, Mozambique, Ethiopia, and the threats which are continuing in Zaire and elsewhere. I am sure the whole House understands the importance of the African continent and its economic development to Europe — the minerals that exist there and how we have got to help those countries to safeguard their own independence and democracy.

The United Kingdom Prime Minister was right to a certain extent recently when he said in America that we have great experience of African ways and of the development of those countries. Indeed, we have. But where the British Prime Minister was wrong was when he said we should do nothing except talk about it. I think the moment has come when we cannot afford just to sit back and talk and click our fingers and tut-tut when things like the invasion of Zaire take place. I believe the moment has come when we have got to take the initiative, and I would hope that when we are talking to these countries about the Lomé renegotiations, we can take an initiative here. I believe there should be a blue-helmet fire brigade, — if you like to call it that — and the Lomé countries surely would form the basis for this. They should be helped by the Western powers and the Community. We have a great deal to give as far as logistic support and advice and training are concerned. I believe that organizing the Lomé countries as the basis for a force to help, when called upon by any country in Africa to safeguard the democratic processes in that country, is an initiative which should be taken by the Community in talking to the Lomé countries. I hope that the President-in-Office will be able to do this.

Finally, the President-in-Office mentioned the Community's position concerning South Africa. I have been in politics quite a long time, Mr President,

Scott-Hopkins

and I have been alive longer than that, and I seem to remember that we have tried over the years to apply economic sanctions to various countries whose behaviour we have disapproved of. Yet I cannot remember a single time when the application of economic sanctions has been successful anywhere since the early 30's. Yet the President-in-Office is talking quite gaily about applying economic sanctions to bring South Africa to its senses — the same thing as other leaders talked about earlier on concerning Rhodesia, for example. I cannot believe that this is the right attitude of mind at all. I would have thought that what is important is to persuade the South African people by argument, by example and by help, to move — and they have moved a long way in recent years — from their apartheid system to one which rests on a more democratic basis. I believe that this is the right way of going about it, but let us not have any more talk about economic sanctions. Because invariably they rebound on those who try to impose them.

In conclusion, Mr President, may I wish the President-in-Office well for the future and end as I began by thanking him for his courtesy and his attendance at all our meetings. I am sure that he still has a great deal to offer to the cause of European unity, and I thank him for all the work that he and his government have done during the Danish presidency. It will be remembered with affection by all of us, as indeed he will remember it himself.

(Applause)

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

Mr Pintat. — *(F)* Mr President, ladies and gentlemen, first of all, on behalf of the Liberal and Democratic Group, I should like to congratulate and to thank Mr Andersen for his excellent work during the Danish presidency and for his active participation in the work of Parliament. This is obviously very important during the run-up to the direct elections.

Like those who have spoken before me, I am naturally disappointed that no solutions have been found to a number of crucial problems. I am thinking in particular of the tricky problem of fishing, which needs to be solved as quickly as possible.

Anyway, as I mentioned at the beginning, this Presidency has witnessed a major event which will go down in the history of the European Community as one of crucial importance. I am referring to the direct election of the European Parliament by universal suffrage next June. I feel that this is a vital turning-point, which will give a tremendous boost to the development of the European Community.

Also, the decision to make a renewed effort to achieve economic and monetary union — even though it has

not borne any tangible fruit for the moment — is another important event which of course could well affect agricultural policy in a variety of ways. We are looking forward with great interest to the Bremen summit meeting, which will reveal whether there is going to be any actual progress in this area.

We are also pleased that there has been a lot of discussion in the last six months about the enlargement of the Community, and that significant progress has been made regarding the accession of Greece, Spain and Portugal. Our group is very much in favour of these countries' membership and we feel that the accession of Greece, especially, will significantly reinforce Europe's potential. We agree, however, that the utmost care must be taken as regards Turkey. Greek membership is very much to be welcomed, but it must not be allowed to strain our relations with Turkey.

I now want to turn to the difficulties in Africa. These, I feel, are the most disturbing problems which face our Community at the moment. Things have been in a bad way in Africa for months and the situation is continuing to degenerate. Here in Europe we are forced to admit that political cooperation among the European countries is less than adequate in this sphere; in fact, it is practically non-existent. All we have had so far, at the routine meetings of the ambassadors of the Member States, is an exchange of information and explanations. The cumbersome procedure of political cooperation among nine States is ill-suited to decisions which have to be taken in a hurry. Things will not be any easier when there are twelve of us.

Furthermore, the undeniable grounds for humanitarian action very quickly lead into the military sphere. As we all know, this is very carefully kept out of the domain of political cooperation, so that we do not stray into areas covered by NATO in most of the Member States.

It is not wise, and certainly not productive, to waste time talking when decisions are needed. In the opinion of us Liberals, the intervention by two Member States of the Community, with logistic support from the Americans, was appropriate and fully justified on humanitarian grounds. Leaving aside gross simplifications and the passions of the moment, it is not too late to think about the problems in Africa and what Europe can do in these circumstances. This is what I want to talk about.

There are a number of basic principles which have to guide our policy for peace in Africa. Everyone must agree to respect frontiers and non-African nations must not interfere in domestic affairs in Africa and must encourage the peaceful and negotiated settlement of disputes. Above all, civilians have to be protected during armed conflicts and there has to be respect for the inalienable rights of man, i.e. human rights must be defended and racism combated.

Pintat

The people of Africa must enjoy the right to choose their own form of government, freely and independently. This means, of course, that we must condemn all forms of racial discrimination, foreign interference in the domestic affairs of any African state and violence against civilians, especially the kidnapping of hostages for political reasons, which can on no account be tolerated.

But Africa is what it is. All we can do in the short term is to help it along the economic and social path which will lead to less authoritarian but more stable and self-supporting states. Africa is indefinable, and that is where its strength lies, its best defence against the material superiority of the northern powers. Fortunately, foreign transplants seldom take and are usually rejected. But there is certainly cause for grave concern over the increasing split into camps which reflect East-West rivalry. Europe has to make every effort to avoid an ideological crystallization of this kind, which can only lead to disaster.

There is no doubt about the spread of Soviet influence. It betrays a policy of destabilization in Africa and the desire to secure a firm foothold by means of a deliberately aggressive approach. The Soviet advance has in any case been aided by the errors of the Western powers, especially in Angola and Ethiopia. The truth of the matter is that the African nations seek help where they can find it, and thanks to the vacillation of the Western powers and their policy in southern Africa, these nations are driven to forming alliances which depend on circumstances and which can be dissolved. We saw this recently in Somalia.

But there are several problems lying in wait for the Russians. This is true in the Horn of Africa where they are torn between Ethiopian demands and the warnings of the Cubans and several national liberation movements which support the Eritreans. It is possible that the Soviets will get over these problems and make further progress — but with what ultimate result?

The one word which sums up the situation in all the countries in Africa and the pressures at work there is 'uncertainty'. The Russians were formerly on top in Egypt and Somalia, but this is no longer true. There were socialist régimes in Mali and Ghana which have now disappeared. We all know the train of events in Guinea. Other Marxist countries such as the Congo, Benin and Guinea-Bissau were at the last Franco-African conference in Paris and joined the so-called moderate countries in sounding the alarm.

Other member states of the OAU which did not attend the conference also supported this move, and

we can say that the majority of countries in Africa wanted to see a stop put to the events in Zaire — the future of which is vitally important both for Africa and for world peace — and were anxious that the Western powers should realize that the danger was escalating. Europe must not be deaf to this call from Africa.

There are those who tend to play down its importance, saying that the people we are dealing with in Africa often represent weak, dictatorial or corrupt régimes. But what right have we to judge them, even if one or two states come into these categories? We must not forget that they are young nations, nor that it has taken centuries for the countries in Europe to move out of the middle ages and become genuine democracies. Comparison with Europe ignores the proper historical perspective. We have to remember, too, that there are in Africa genuine democracies which are linked to Europe by cooperation agreements.

The Lomé Convention is an excellent example. These democracies are not yet in the forefront, but they could well be in the near future. What would the world think of Europe if it let itself be outflanked and outsmarted? Another thing we must not forget is that although there are 44 states in Africa, the number of races is much higher. Anthropologists have counted more than 500, spilling over various frontiers. In this continent with its colonial legacy of artificial frontiers, religious, economic and tribal rivalries have encouraged foreign interference. The causes and reasons of strife and instability were of long date, but foreign interference only made matters worse. Africa's nations have won their independence in recent years and the continent is fast expanding economically. But the nations which have brought together different tribes have not yet coalesced and economic independence is not just around the corner. Africa has still a great deal to do if it is going to achieve an adequate level of development. There is immense wealth underground, but not everywhere has been surveyed, and the exploitation of these resources is often hampered by the lack of infrastructure and of technologists. The reason why there are so many Europeans in Kolwezi is that Zaire is not capable of working the copper mines on its own. Europe is going to continue needing the raw materials and energy sources which are the wealth of Africa. Even now, our dependence on Africa for some commodities is tremendous. Africa holds most of the world's reserves of some rare metals. There is a great deal at stake at the moment. The West is vulnerable in the sense that its access to raw materials is threatened. The Soviet Union is taking risks, not only in order to win a permanent base in the Horn of Africa, but also in order to extend its influence throughout the continent. Its military aid programmes show that this is not coincidental, but all part of a deliberate policy.

Pintat

The Africans must be allowed to solve their own problems without interference from powers who have nothing to do with Africa and who are trying to inculcate ideologies which are quite alien to the Africans. Africa for the Africans — that, Mr President, should be the guiding principle of our policy. Consequently, our first task must be to help our partners in Africa to organize themselves as a stable group which and thus guarantee their own security. We have to achieve an ongoing dialogue which stresses the advantages of long-term economic aid over short-term military support, which must be offered only in exceptional cases. Western commitment must not seem like a revival of colonialism, and even less like some move to ease the necessary pressure which has to be exerted on Rhodesia and South Africa.

Above all, we have to stress the close link between economic success and security. In this respect — and this is one of the points about which the Liberal Group feels strongly — greater security for investments both of persons and of capital is essential if the economy is to be strengthened and social progress and development encouraged in various countries. It is quite clear that development in Africa is impossible unless the safety of Western technologists can be guaranteed, i.e. unless the governments in Africa can stop the current train of events.

Thanks to the Lomé Convention, to which almost every country in Africa has adhered, Europe already enjoys privileged relations with the dark continent. The mutual trust which has developed between Europe and the ACP countries can only help the joint search for solutions designed to restore stability in this part of the world. The Lomé agreements have pointed the way forward at a time when mankind is indulging in a fantastic waste of resources and the threat of shortages is returning to haunt us. Is it impossible to imagine that experts armed with the trust of the West, the East and the third world can get down to assessing the requirements and the potential of the rich and the poor nations over the next twenty years regard to various basic commodities ranging from oil to rare metals? Can they not come up with an investment plan and suggest how it could be financed? A dramatic cutback in military expenditure and a reduction of oil revenues are two ways which spring readily to mind. Prices could be stabilized and raw materials would no longer be subject to the law of the jungle. This would be the first step forward to genuine freedom for the world's peoples. Can we not rely on human intelligence to try to rationalize methods and requirements in this way, and would this not be an opportunity to put certain hypocrites to the test and to see whether they are really ready to seek genuine solutions for the good of Africa and the whole of mankind? Finally, a few weeks before negotiations on the renewal of the Lomé Convention officially begin, the Liberal and Democratic Group hopes that Europe will express its determination to strengthen the nations of Africa where there is a real chance of

progress. This is in keeping with the spirit of Lomé and meets the aspirations of the people of Africa and Europe who are close allies in this fight. Europe needs Africa and could not survive without reliable and stable relations with this huge reservoir of wealth. Europe must make sure that its vital lifeline for the future is not severed. The security and future of Europe will be jeopardized unless it enjoys friendly relations with a stable Africa. This is why events there cannot and must not be ignored by the European Parliament, and why the Liberal and Democratic Group welcomes today's debate on the problems of Africa.

(Applause)

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

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

Mr Spinelli. — *(I)* Mr President, I should like to echo the earlier speakers in thanking and congratulating Mr Andersen. However, I should not like this expression of friendly regard to be taken automatically to mean that I am kindly disposed to what the Council has done. If we look back on the achievements of the last six months, we can only have mixed feelings, as our British colleagues might say. I am well aware that the basic fault does not lie with the President, and that is why I wanted to distinguish what I said to him and what I am going to say to the Council.

I am not going to talk about what ought to be done in the various sectors. This will be debated when Mr Andersen's successor comes before us to outline the programme for the next six months. Instead, I am going to talk about what the Council has done or failed to do in the last six months — and in doing so I shall try to be as objective as Mr Andersen was. We have to bear in mind what he said, namely, that various sectors have been marked by failure. There have been attempts to do something about fisheries, energy and the European judicial area, but nothing definite has been achieved. There has been agreement on some points, and I must say that I am rather surprised that no one has commented on what Mr Andersen said to the effect that the last six months have produced a number of important decisions, such as those on agricultural prices. I should just like to say in connection with this that at last, for the first time in years, there seems to be a more thoughtful approach to of the agricultural policy I am pleased that this has occurred during the Presidency of a northern country and that, for the first time, there has been more awareness of the problems of southern agriculture.

Spinelli

For the first time, too, we have managed to curb significantly the growing spiral of prices. Guidance measures are now being diversified and expanded, and more importance is being given to the so-called 'Mediterranean package'. However, if we compare what has been done with the extent of the problem, we have to admit that we are only at the beginning. If this first step is not followed by much more radical changes, the effects of what we have done could well rebound against us.

Another important feature of the last six months was the attempt to revive the idea of economic and monetary union. I believe that this will be the subject of much debate during the coming Presidency, and consequently I am not going to go into details here. I merely want to say that the Danish Presidency have not led to any serious progress being made in the attempt to relaunch economic and monetary union. All we have had are promises for the future, uttered with commendable resolve — if that is the right phrase. We carry on making joint declarations. You know the kind: 'The growth rate ought to be such-and-such' or 'Here is how inflation should be curbed'. We make plenty of common declarations but there is never a common policy. The answer to this is usually: 'The Governments want a pragmatic approach'. Now, being pragmatic means considering the facts, but the facts reveal that what is done is precisely the opposite of what is needed and that a wrong policy is being pursued.

In the last six months the Council has adopted an approach — to be discussed at next week's conciliation meeting — which I feel Parliament ought to give some thought to. I am referring to the idea, which has gained ground in the Community, that the Community should be given the financial resources needed to carry out a policy of intervention. However, the line which the Council has taken, and which is the result of lengthy deliberations by the governments of the Member States and by the Permanent Representatives, practically contradicts all the major political commitments undertaken by the Council itself. The Council had given a formal undertaking that it would look at financial matters with Parliament, but in fact it has decided to ignore Parliament.

The Council itself and a various other so-called European 'summits' have declared that the executive role of the Commission must be reinforced, but instead the Commission has been stripped of its power and downgraded to the rank of broker, instead of being the executive arm of common policies.

Although the Council is always ready to produce grandiose visions and high-sounding declarations of principle, when it comes to putting them into practice it greatly reduces their scope and very often acts in a quite contrary manner.

I feel that this ought to be vigorously condemned because, if these are the methods we are going to use to tackle the tremendous problems of reviving the economy, our role will be restricted to rubber-stamping the items on the agenda and will certainly not be one of policy-making.

Another point which I do not quite understand is why the accession negotiations are taking such an inordinate time. As for foreign policy, the successful agreement with China stands out. It is likely, in the probable event of China's developing a more open economic policy with regard to international trading, that this will be of benefit to the Chinese and to us. As for the specific problem of enlargement, we are unfortunately holding off these nations which want to join the Community. The accession negotiations are dragging on terribly. We are only just beginning to negotiate with Portugal, and the same goes for Greece, even though a fair number of problems were solved when the association agreement was worked out. We have still a long way to go. Are we really aware of the risks that these countries are taking? Do we realize that we could well be too late to be able to offer them the haven and the common stronghold that the Community ought to present? Our negotiations with these three applicant states are going ahead far too slowly and too cautiously. This is dangerous for these countries and for the Community.

Those were the major points I wanted to make. Another member of our Group will speak on the vast issue of our relations with and policy towards Africa.

In conclusion, Mr President, I should like to see a renewed appeal to the Council to consider the development of the Community as a kind of inter-governmental development, like international agreements. If we continue with the present system, we shall always have Councils displaying an insurmountable gulf between what should or could be done and what is actually done. This only leads to a feeling of frustration in everyone.

(Applause)

President. — I call Mr Granelli.

Mr Granelli. — *(I)* Mr President, let me say right away that this review of the Danish Presidency contains as usual, both positive comment and criticism. This is quite normal at times like this. However, I feel I ought to say at the outset that there has been one particularly encouraging aspect, which has been mentioned in general terms by all the previous speakers.

One Member spoke of crossing swords and sharp debate, while others have praised the frank and critical Danish approach. Using more conventional language,

Granelli

I would say that the atmosphere created by the Danes in the relations between the Council and Parliament is a constructive one, which deserves to be strengthened and developed. Quite simply, it is a good thing when the President-in-Office comes to Parliament and explains the situation clearly, without hiding the problems, or the slow progress being made in the construction of the Community. It is only in response to such frankness that Parliament can fulfil its institutional role of criticism, encouragement and suggestion, and aspire, within the overall framework of the European institutions, to higher standards in our common endeavours.

I feel that given this new emphasis on the relationship between the Council and Parliament, we are entitled to be pleased with the progress made. At the same time, it permits us to be more than usually frank with the outgoing President as regards a number of matters which are casting shadows over the future of the Community.

There can be no denying that there have been some significant advances in political cooperation. Personally, I feel that a very important precedent has been set with the recent move to bring one of the applicant countries, Greece, into talks on political cooperation. I should like to see this experiment extended to include Spain and Portugal.

This would be recognition of the fact that the enlargement of the Community is not simply a matter of overcoming the difficulties of economic integration, but rather that there are some common values which are already important for an overall assessment of the Community's general and political problems.

There can be no denying that in the period under review with its decision on direct elections and the efforts in the areas of human rights and disarmament at the United Nations, the Community has been seen to make a determined attempt to achieve common positions. Unfortunately, however, these were often merely statements of principle which failed to match the seriousness of the problems. Let me give you one or two examples. The Madrid follow-up meeting is drawing nearer, even though there is still some time to go, and we must avoid finding ourselves as unprepared as we were in Belgrade when it came to discussing not only human rights but also disarmament, East-West cooperation and all the other problems which were a tacit part of the Helsinki Conference. On disarmament, too, it is valuable to have established a common position at the United Nations, but we have heard countless common statements in favour of disarmament. What is needed is proposals for tangible measures which will actually bring about a reduction in arms and channel resources towards development and the creation of a new international economic order.

But I do not want to dwell on these points, Mr President, as they have been dealt with more than adequately by Mr Bertrand. I do want to draw Mr Andersen's attention, however, to one particular point which has not been stressed enough. I refer to the deterioration, which has continued during the last six months, of the economic and social situation in the Community. We cannot go on telling ourselves that in the end we shall manage to push up growth rates, curb inflation and reduce unemployment. The fact is that the opposite is happening. The economic and social crisis in the Community is getting worse day by day. As everyone in the House knows, we have topped the alarming figure of seven million unemployed. With the accession of Greece, Spain and Portugal, there will obviously be others to swell the ranks of the unemployed of Europe. We cannot rely on the passage of time to solve the problem of full employment and economic policy consistent with the attainment of full employment. What we need is a more courageous coordination of our economic policies.

We must not forget either that the seriousness of this economic crisis, together with the failure to make use of the factor labour in reviving the economy, means that we are not utilizing the minds and bodies of our young people, the new recruits on the labour market. This greatly undermines the confidence which the younger generations ought to have in the construction of Europe and consequently in the direct elections to be held in 1979. In addition, it was in the last six months that we had the first European-scale strike, which indicates that the trade union movement is trying to get the Community thinking about a different overall economic policy for the Member States. On this particular point I should like to put a specific question to Mr Andersen, as I am convinced that the opportunity of achieving better coordination of economic policies to boost development is to be found in the unflinching determination to solve the problems which are at the root of economic and monetary union.

I must say, in all frankness and sincerity, that I was pleased that the European Council, at its meeting in Copenhagen on 7—8 April, gave political support to the ideas which Mr Jenkins had put forward in Florence in connection with the preliminary measures needed for economic and monetary union. I realize that the Copenhagen declaration is important, and perhaps different from the declarations we have heard in the past. But it is not enough on its own; it must be followed by specific action showing that we are really introducing the common measures of monetary and economic policy which will in due course lead to the establishment of economic and monetary union. The information you gave us this morning, Mr Andersen, was limited, indeed too limited in comparison with what we want to know. Many Members have said: well, the Copenhagen meeting is over, it produced a great statement of principle, and we now

Granelli

hope that the next summit meeting or the next European Council meeting in Bremen will carry things a step farther. But how can we expect farther steps from the Bremen summit when we are in the dark, without information, and without tangible evidence of cooperation among the ministers as regards more stable exchange rates in Europe and closer cooperation on monetary matters? How can we be confident until we see the central banks pooling their resources, which they certainly have at their disposal, to combat inflation and to encourage investment and employment? We attach great importance to the European Council meeting in Bremen and we should like to hear from Mr Andersen, as his period as President draws to a close, more information about the specific measures to be taken to achieve economic and monetary union, not some statement of principle concerning the need to work towards it. Such measures would not only stimulate the Community — they would provide the means to tackle the very serious economic situation which currently besets us.

You know very well, Mr Andersen, that economic and monetary union is not merely an academic problem for monetary experts. It is a problem which affects a whole series of other problems in the life of the Community. Unless we can achieve reasonable stability for European exchange rates, it will be difficult to increase production, trade and employment. Unless we pool our financial resources, we shall have little defence against the rapidly growing trend to protectionism as each nation attempts to protect its economy from competitors.

Similarly, we shall be unable to avoid the disastrous effects of monetary chaos on agriculture, and the enlargement of the Community to include the countries which have applied to join will become more difficult.

Consequently, Mr Andersen, I should be very grateful if you would continue in the frank manner which has characterized relations between the Danish Presidency and Parliament and give us some more information. With the Bremen meeting coming up, we shall then be able to exert some pressure on this specific issue of economic and monetary union, which is essential for the revival of the economy and for the development of the European institutions in the Member States. You speak frankly, so you can have no qualms about saying that progress has been disappointing until now. We shall take note of this for the purpose of getting on with our job, which is to urge that action be taken on precisely those problems to which no solution has been found. I believe, Mr Andersen, that this is the best way we can acknowledge the enormous contribution which you have made during your period as President. We are not here merely to deliver eulogies: our task is to carry forward the struggle. It is by thanking you for setting out the difficulties, and by resolving to surmount them in the future, that we can in the best

way show our appreciation of your Presidency, and of your own personal contribution, and at the same time offer our best wishes for the future of your country.

(Applause)

President. — Call Mr Blumenfeld.

Mr Blumenfeld. — *(D)* Mr President, I am very grateful to be able to add my voice to those all the colleagues who have expressed their thanks to Mr Andersen here today, at the close of his term as President-in-Office of the Council and also as Foreign Minister of his country, for the cooperation between Council and Parliament and for the firm resolve with which he has persisted in carrying out what he originally promised, namely to ensure that cooperation between Parliament and Council was as close as possible, although he clearly did not overestimate the possibilities available to him on this difficult question.

The President-in-Office of the Council will therefore not be surprised if, after all the words of praise that have so far been expressed by my colleagues, and which I fully support, I make a critical observation which is not directed to him personally but concerns European political cooperation as practised by the nine Foreign Ministers.

Your statement unfortunately told us nothing about the fate reserved in the meetings of the Council for the resolution adopted by Parliament on 13 February. This resolution was on European political cooperation and not only related to internal Council questions, putting forward certain ideas on that, but dealt in particular with relations between Parliament and Council. According to our information, this question has on various occasions been on the Council's agenda but each time it has ended up being shelved again. No doubt that is not the fault of the President-in-Office; on the contrary, we know he has done his best to get the ministers to make a statement on this. Nonetheless, we have received no reply whatever. This reply, Mr Andersen, is all the more necessary, however, in that we are concerned not only with the four European political cooperation meetings in the course of a year but with a profusion of other meetings and discussions between the relevant ministers about which Parliament is scarcely, or at least inadequately informed.

In your speech, Mr Andersen, you discussed the meeting in Copenhagen that came to an end a few days ago. You talked about the particular significance of this meeting, in that in view of the forthcoming accession negotiations with Greece you have now introduced a formula comprising an obligation on the President-in-Office of the Council to keep the Greek Government regularly informed.

Blumenfeld

We welcome that. We also suppose — and would ask you to give us more information on this — that the same will apply to Portugal and later to Spain, but we now wonder, as my colleague Mr Fellermaier has already mentioned, how Turkey is to be dealt with as an associated country, for otherwise we see the disturbing possibility of a situation developing which would involve, in addition to the existing tensions and difficulties, a new dimension of problems affecting the European Community too.

What I regard as particularly important, however, is to point out to the President-in-Office that, now that the obligation to keep the future candidates for accession and future Member States informed has been accepted at government level, we regard it as all the more important for the Council to honour the obligation to keep Parliament informed and henceforth to concentrate on implementing that principle. This is particularly necessary in view of the fact that we are shortly to have direct elections to the European Parliament, and I cannot imagine how European political cooperation can function unless there is a considerable intensification of the exchange of views between Parliament, or its relevant committee, and the governments or the Presidency of the Council.

Mr Andersen, I should like to quote an example to show how essential and important that is — and this has already been mentioned by my colleagues — namely our policy towards Africa. The main characteristics of European political cooperation with regard to Africa are our helplessness and inability to act, combined with the fact that on the question of taking action — as, for example, at the moment with regard to Zaire — the opportunities for exchanging views or information and discussing policies between Parliament and Council are non-existent or thoroughly inadequate. The fact that every time anything noteworthy has happened in Africa in the past few years to focus the spotlight of international tension on one or more African States the European Community has been unable to act as a Community. It is something we all regret and which demonstrates that the Member States of the European Community are practically all concerned with pursuing their own aims and are, moreover, split into various international groups.

My question, therefore, to the President-in-Office of the Council is this: In view of the fact that we have in the Lomé Convention a treaty structure which is, at least in economic terms, tailor-made for creating the means of dealing with current questions such as aid to Zaire, does Europe really have a plausible Africa policy? We find it at least difficult to understand why the Lomé Convention has not been applied in this way.

I hope, Mr Andersen, that you will have an opportunity — if not here today then at the joint meeting with the Political Affairs Committee in Copenhagen

next week, where we shall once again, as members of the committee, have the pleasure of meeting you — of discussing these questions with us in depth and in a broader context.

(Applause)

President. — I call Mr Spicer.

Mr Spicer. — Mr President, I am sure we would all like to applaud the statement made by the President-in-Office of the Council in some particular respect.

I would like first to concentrate on what he said about Turkey. There is absolutely no doubt in any one's mind that the former special relationship which we enjoyed with Turkey has become, in Turkish eyes at least, tarnished and discredited. I remember being in Ankara some two years ago, and at that time informed opinion said that over 80 % of the Turkish people were solidly in favour of their close links with the European Community and wished them to become even closer. Sad to say that today, if we took a poll in Turkey, we would probably find that that figure was well down, probably down to 60 %. The fears that Mr Blumenfeld and others have expressed are, I think, very real fears in Turkish eyes at the moment. One of the most important tours I think in recent times has been that of Mr Ecevit through Europe and to America. I hope that the President-in-Office and his colleagues will press ahead to restore real meaning to the special relationship that did exist and to make it more worth while.

Could I now turn, as I expect the President-in-Office would expect me to, to one or two points that he made about Africa. In relation to Eritrea I think the words you used, sir: 'We look for a genuine African solution to the Eritrean problem'. I think probably we are seeing a genuine African solution in Eritrea today. It was not the Eritreans who decided to become a part of Ethiopia. It was basically a decision made by Europeans without any consultation with them. We mixed oil and water, we put Somalis under Ethiopians, we allowed the federal status that they enjoyed under the initial agreement to be torn up by the Ethiopians and now we, in Europe, abrogate any responsibility and we stand by whilst Cuban-led Ethiopian troops, supported by Russian material, move in to Eritrea on a mission of absolute genocide. It really is not good enough for us to wash our hands and say this is an African matter. We started it, we have a duty still to do and a part still to play there.

Could I now turn to Zimbabwe. The President-in-Office will have seen the question that I put down to him which reads as follows:

How does the statement of Mr Mugabe that his aim and purpose is to establish a single-party State, match with the policy of the Nine to establish democracy for the people of Zimbabwe?

Spicer

He has clearly stated that he believes in the establishment of a single-party State. In the situation which you have in Zimbabwe today, if you want a single-party State, you get that single-party State by using the gun. Again, I would just echo what Mr Scott-Hopkins said earlier on. Why on earth are we not giving more regard to the desperate attempts being made to achieve an internal settlement? It is the guerilla movements outside that are doing all in their power to thwart that settlement and are killing hundreds of people, day in and day out, in pursuing a campaign of terrorism, not against the Smith régime alone, but against black Africans, against Bishop Muzorewa's party, and the Reverend Sithole's party, people who genuinely do want to see a multiracial society established in Zimbabwe. So I would ask the President-in-Office to look more closely at the facts, and not to allow himself to be led all the time by an Anglo-American initiative which is discredited in everyone's eyes except, it would seem, within the Council of Ministers.

Could I then just say a quick word about Kolwezi and Zaire. Again it is absolutely right that we should say it is first and foremost for the Africans to control their own destiny, and we must not interfere too much. Mr Scott-Hopkins again floated the idea of a blue-helmeted African force. But when you look around the African continent and you see the many thousands of Europeans there who are vital to the economic development of Africa and vital to our economies in Europe, then surely you must never ever forget that in the ultimate it is for us to safeguard the lives of our own citizens when the necessity arises — and thank God, in my view, for the action of the French Government in moving into Kolwezi, because without that action we would have seen not 250 people killed, but 2 500. I had the honour to serve in a parachute regiment for some six years, and by all means, let us encourage the establishment of an African force, but at the same time, let us, as Europeans, live with the reality of today and at least have some contingency political and military planning against the day, which will surely come again somewhere in Africa, when we will need to take action to protect the lives of our own citizens. Because if we do not do it, I can assure you no one else will do it, and that force, European based, perhaps with American aircraft, must, in my view, be a parachute-trained, airborne force.

Finally, Mr Andersen, you mentioned in your closing remarks about South Africa that it was right and proper that the civilized world should bring economic pressure to bear, if need be, to make her change her views on apartheid. I dislike apartheid as much as you do, but when I look around our world — when I look at Angola, where you have genocide practised against Angolans by Angolans led by Cubans and supplied by Russians; when I look at other parts of the world — why are we choosing, as our prime target, South Africa? Why are we not saying: look what the

Russians are doing, look what the Cubans are doing, look what any other half-a-dozen nations are going to their own people? And why are we not saying, in the same breath, let us have economic sanctions against South Africa, if that is the feeling of the President-in-Office and his colleagues, but at the same time, why not economic sanctions against Cuba, why not economic sanctions against Russia?

Sir, I have a great respect for your idealism, but I do beg and implore you in the closing day of your term of office to temper that idealism with a little more realism, particularly in relation to the continent of Africa.

(Applause)

President. — I call Mr Ansquer.

Mr Ansquer. — *(F)* Mr President, Europe has traditional, indeed centuries-old responsibilities with regard to Africa — I say this without fear of contradiction. Whether in the case of Great Britain, Federal Germany, Belgium, the Netherlands or, of course, France, these responsibilities derive from very ancient ties, and these various countries must accept them, as henceforward must Europe. Of course, the African situation as we know it today demands continuous in-depth examination. Indeed, we must beware of making the general and simplistic analysis which is too often made, and claim that any destabilization in Africa is the result of Soviet and Cuban aggression. We must avoid deceiving ourselves about what this destabilization means. In fact, for reasons of which we are well aware, both of an ethnic nature and linked to the unsuitability of the structures inherited from the colonial past, Africa has an inherent tendency to destabilization. For example, we all know that in Chad there are longstanding rivalries between North and South. We must therefore avoid making a deceptive analysis which exaggerates the ideological aspect.

Secondly, we should ask ourselves whether the problems of development have not been too frequently seen in world-wide terms. For example, it is above all the richer countries which have been assisted by generalized preferences, at the expense of our responsibilities in Africa. If we look at the particular cases of Chad, Mauritania, and Zaire, we can say, particularly with respect to Zaire, that France intervened to save human lives, and that this intervention did in fact make it possible, as the whole world witnessed, to save a large number. This intervention has, moreover, been completed.

With regard to Chad and Mauritania, France acts on the basis of technical cooperation agreements. And if a legitimate friendly government asks France for military aid, have we the right to stand aloof? Of course, our role is not to poison relations in Africa, but on the contrary to bring opposing views closer together. In

Ansquer

any case we think that there is no military solution, but only political solutions.

To return for a moment to Zaire, it was clear to all that France was probably the only country able to intervene rapidly for humanitarian purposes. But we do not seek military involvement. In the framework of cooperation we cannot refuse assistance, but it must remain within very narrow limits, and that is why in our view one must first seek political agreement.

It also seems extremely important to us to make every effort to avoid raising the stakes in Africa and transferring the superpower confrontation to that continent, since this would have the almost inevitable result of dividing Africa into two blocs. Our main concern is therefore to avoid 'Nato-izing' Africa. And if I may refer to the most recent meeting, held in Paris on 5 June, between American, German, Belgian, British and French senior officials, that is the conclusion which emerged from that meeting — that any decisions are taken outside the framework of NATO.

Mr President, African affairs are indeed of vital importance to Europe. It behoves us to reflect on them, but it is certain that France wished — and still wishes — at the same time to respect cooperation agreements and to intervene for humanitarian purposes, in accordance with its centuries-old tradition.

(Applause)

President. — I call Mr Dankert.

Mr Dankert. — *(NL)* Mr President, I do not feel the time is ripe to hold the definitive debate on Africa. But events in Zaire in particular have drawn Europe's attention rather forcefully to the African problem, and something will have to be done in the near future to find a solution. I find it extremely difficult, for example, to ignore the humanitarian aspects of the French and more particularly the Belgian intervention in Zaire. In the situation in which the paratroopers intervened in Kolwezi there was, as far as I can judge, little alternative. But the question is, of course, whether this intervention would have been necessary if France had not intervened, via Morocco, a year before. The question is whether as many people would have been killed if the previous intervention had not taken place. The question is ultimately whether this intervention, particularly by the French, was exclusively a humanitarian operation.

However that may be, we are now faced with the political consequences — consequences which it is still impossible to assess but which seem likely in any case to have wider implications than the Community can at present cope with. For some years — but this is now even more marked than before — Africa has been a battleground in the East-West conflict, and Europe has now also become involved. It is no longer just southern Africa but black Africa too that has

become an arena for the power-struggle between the Soviet Union and its allies on the one hand and a number of Western countries on the other. Nor do they shun the use of military means in this conflict, whether directly or by proxy. As has been pointed out already, France is involved in the conflict in Chad, in the Western Sahara and now in Zaire as well, from where it has, however, withdrawn its troops. The Soviet Union has a massive presence in Ethiopia, and the Cubans are in Angola.

My group rejects these military operations. With regard to this sort of operation, we refuse to make a distinction between good, less good and bad intervention, as is sometimes done.

In our view this sort of intervention, from whatever side it comes and whoever requests it, is unacceptable because it has been shown that military intervention is more likely to aggravate the situation than to improve it. These operations do not make the slightest contribution to solving the existing problems. Refraining from military intervention is not only good for Africa, it is also good for us, for the future, for détente and perhaps for peace. For it has also become apparent that intervention operations of this kind cannot be isolated from world politics. Nor is it possible — however much we may aspire to this — for the countries of Europe to control the pattern of events on their own. Even for such a limited operation as the one in Zaire, logistical support from the United States has proved to be indispensable, and it is clearly beyond the capacity of the individual countries to maintain this intervention policy.

For those in Europe — and there are some — who think in terms of power politics, that should perhaps be a good reason to consider for once the advantages of a policy directed at leaving Africa to the Africans. In coming to the rescue, the governments offering assistance have in fact been forced to prop up weak and often rotten regimes. That sort of operation is likely to complicate relations between the African governments themselves and those between African governments and the countries of Europe.

As I have already said, military intervention solves nothing, whether it comes from Western Europe or from Russia. We have seen that in Zaire, we shall shortly see the same thing in Chad and there is a good chance — particularly if Castro keeps the promises he has apparently made with regard to Eritrea — that the Soviet Union will not succeed in getting the situation under control in Ethiopia either. The deterioration of the situation in Africa raises enormous questions. It also creates enormous problems. It is little short of extraordinary that Mr Cheysson is still able, within the framework of the Lomé Convention, to go on trips to Somalia on the one hand and Ethiopia on the other.

Dankert

I am afraid that if we continue with the present intervention policy that sort of trip will also become difficult, and even that this could threaten cooperation under the Lomé Convention in its present form. It struck me at the joint meeting we had two weeks ago in Grenada that the Africans there made a point of not talking about the French intervention in Zaire. And I gathered from conversations with a number of ambassadors and other representatives from English-speaking African countries why nothing was said about this. There were no discussions about Zaire in Grenada because this intervention in fact planted a bomb under relations between the French-speaking and English-speaking countries in Africa. Only a tiny spark is needed to set that bomb off. That is an enormous danger, a danger that also directly concerns us as a Community. Quite simply, there is a real danger that as a result of Kolwezi Africa will once again split into English-speaking and French-speaking countries. And it must be a matter of great concern for us to prevent that. What has happened can no longer be undone. But I should like, for example, to see the Member States make it impossible for Mr Mobutu to obtain mercenaries from our countries. Reports about these plans crop up too frequently for us not to believe them. Perhaps the President-in-Office of the Council can say something about this. Perhaps he can then tell us whether any thought has actually been given to a policy — such as has been followed in other cases — to prevent Europe from providing Mobutu with mercenaries. The Foreign Legion was quite enough in that direction.

It is, of course, easy to say what Europe must not do. It is much more difficult — I have already said that this is only the beginning of the Africa debate — to decide what Europe must do. I do not think that the joint conference on Zaire will provide a solution to the problems there, because in the present situation saving Zaire also means saving Mobutu, and if you save Mobutu you cannot save Zaire.

We can in any case help the refugees in the region — the refugees that there will probably be both in Zambia and in Angola and Shaba.

That seems to me to be a good approach, since we can thus correct the impression that Europe is only concerned to help its own white people in such situations.

Our policy must be directed towards providing Africa with the means to help itself and to stand on its own feet. It is better to do that by means of a STABEX scheme than by using troops, and it seems to me that for Europe that is also a better way of securing long-term supplies of vital raw materials. In our view it is essential to get the North-South Dialogue going again, and to put more substance into the Lomé Convention, in terms of development and cooperation and not as an instrument for influencing African politics.

One final remark. Mr Bertrand accused my group of being selective with regard to human rights. I feel he ought to substantiate that accusation: the overwhelming impression is that there is still a great deal of irritation at the hearing on Argentina. In my view there is no real evidence to support Mr Bertrand's accusation.

(Applause)

IN THE CHAIR: MR HOLST

Vice-President

President. — I call Mr Dewulf.

Mr Dewulf. — *(NL)* Mr President, Mr Fellermaier paid tribute to the sober way in which Mr Andersen presented his report. In view of recent events I on the contrary, missed a certain sense of drama, of compelling urgency in his statement on Africa. He talked about Zimbabwe and Namibia, the Horn of Africa and South Africa. We can go along with him here to a large extent. But he said nothing about Zaire, although horrific and bloody events have taken place there which call for serious political consideration and action, in the first instance by Africa itself but also by Europe.

It is, however, with great caution that we Christian-Democrats approach today's introductory debate on the political situation in Africa in connection with the motion for a resolution tabled by the group chairmen. This motion is after all only meant to be a start with a view to a more extensive, fundamental debate on Africa which no-one wants to round off today but which everyone regards as urgent. I say we approach this with great caution since Africa is developing into an extremely complex and sensitive political continent and constitutes a potentially rich region in search of economic growth and independence. This is above all an African matter — a task for Africa and the Africans themselves. But, be that as it may, the African continent is criss-crossed by a web of European commitments. Everywhere the Community and its Member States have links with Africa and African countries — both historic bilateral links and the substantial multilateral solidarity on a contractual basis between Africa and the Community within the framework of the Lomé Convention.

Who can deny the geopolitical dimension of this grand design? Who can overlook the fact that this cooperation in the economic and development spheres means that tens of thousands of Europeans are working for the African economy or are cooperating on development projects. Mutual economic interests are being developed in the fields of trade and even industry on the basis of the fundamentally complementary relationship between Europe and Africa.

Dewulf

To what kind of solidarity, based on peace and cooperation, should this lead? We have no need to be ashamed of this complementarity. On the contrary, we must join together in developing a deeper appreciation of it, nurture it and above all incorporate it in an overall political concept. Therefore, Mr President-in-Office, we Christian-Democrats strongly urge the Council to see that the Community and the Member States increasingly pursue a Community policy towards Africa. What are we waiting for? For others to take advantage of Africa's unrest, insecurity and instability to use weapons and foreign interference to foster an ideological apartheid which is bound one day to lead to an African Yalta?

The fate of Africa involves a web of facts and developments to which we cannot remain indifferent. The greatest danger, however, and the worst course for Europe is for us to react to this in a divided, disunited, unilateral and inconsistent fashion. Only recently — and Mr Andersen said nothing about this — dozens of Europeans, as well as hundreds of Africans, have been senselessly murdered, innocent victims of brute force, of internal conflicts or feuds between neighbouring States. Both Africans and Europeans are victims in particular of the disintegration of social structures, leading to economic breakdown, and, indeed, desperate poverty. We shall be talking shortly about the safety of our investments. But is a minimum of security for the people working on these projects not an equally vital question? The problem of how the Africans themselves in certain areas are to regain confidence and security is unfortunately one I must leave aside, since time is short.

Mr President, we must stress the extent as well as the sensitive and at the same time urgent nature of these problems. We can offer no definitive solution in this delicate field. We know that we cannot iron out our differences of opinion in one day, but we would argue that we must be prepared to have the political determination to see the African challenge as a unique chance for political cooperation among the Nine in Europe. Our policy towards the African continent, more than any other, must demonstrate the credibility of Europe's foreign policy.

A comprehensive European Africa policy aimed at peace, conciliation and cooperation. That is what we must strive towards — for otherwise, if we stand aloof or are divided amongst ourselves, there will be an increasing risk, whether from internal or external factors, of disintegration, destabilization, balkanization or satellization of Africa and its young nations. We are against arms build-ups and sabre-rattling, and we condemn them particularly when foreign or super-powers are involved. Europe can develop an open Africa policy based on economic and technical cooperation, and the renewal of the Lomé Convention will shortly provide the real opportunity for this.

In conclusion, Mr President, our unity is the best guarantee of Africa's unity. Our will for peace is the best way of furthering the cause of peace in Africa. Our cooperation is the trump card in developing cooperation between African countries.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — Mr President I largely want to support what has been said by Mr Scott-Hopkins and Mr Spicer, mainly to touch on some of the changes that are taking place in Africa, and the lessons we have to learn from Kolwezi and Zaire.

If I make an analysis of the economic situation, most of the EEC countries and the countries of the continent of Africa have developed together certainly for four centuries if not more, in parallel, and there is now an interdependence between the peoples tribal groups and indigenous peoples of Africa and the many cultures that make up the European Community and Europe. It is certainly true of Britain that the Industrial Revolution largely went hand in hand with the growth of an empire and a colonial system which is now behind us and past, but this was because the European countries provided a market for the products of the African countries- and for that matter what are now the ACP countries — and the ACP countries a market for our products. This situation is still there, although the emphasis is entirely changed. I shall be asking, in a question to the President-in-Office this afternoon, what we know of the needs of Europe which can be supplied from the ACP countries in general, but with particular reference to Africa.

Another issue which has been touched on is the growing military power of the Soviet Union and the growing realization of the consequences of Soviet and Cuban influence in Africa. I welcome the more realistic line taken by President Carter. We had a debate in the British Parliament, last week on foreign affairs, much of it about Africa. The shadow Foreign Secretary Mr John Davies emphasized that it was wrong to imagine that the Soviet Union's whole purpose was to secure dominant situations threatening to the West. In many instances, it is internal disruption of key areas that has been more effective than domination, and of course it is the sapping of Western resources and the morale of the West by indirect means, particularly in Africa, that is of concern to us.

Thirdly, in the discussion at Grenada, I touched on Europe's deep need for and dependence on the resources in Africa whether timber, pulp or minerals, Africa, of course, is equally dependent on Europe's contribution to its development and management, and this is no less important a side of the matter. Today I

Osborn

reiterate what Mr Dewulf has said, that the Community and Europe must find ways of working hand in hand with the newly independent States of Africa.

Fourthly, I want to touch on the lessons of Zaire. Mr Dankert was quite right in saying that this was not touched on in Grenada for a variety of reasons. Because of economic circumstances and the example of Kolwezi, it may well be that Africa and other parts of the world are depriving themselves of the management expertise of Western countries. Since Kolwezi — 30 years ago I could have been a mining engineer myself — I have spoken to many mining engineers and, at the Institute of Geological Sciences, to many who have served throughout the world: they spoke to me about the difficulty of carrying out geological surveys and mining activities and said that if they were offered jobs in certain parts of the world, perhaps they would not want them, certainly they would not want to take their wives and families, and they talked about higher pay for going there. Now to what extent is this cooperation between European management and others so vital? I would like the President-in-Office to let us know the views of the foreign ministers of the West on the extent to which we as Europeans are prepared, first of all, to extract the goodwill of these countries towards European management, and then to consider the possibility of guaranteeing the lives of Europeans, guaranteeing them against deprivation of property and unreasonable political interference. Mr Ansquer and others quite rightly referred to the French and Belgian operations. As one-off operations they saved lives, and I welcome them; but what we are concerned about as a Community is that France and Belgium do not overcommit themselves and indirectly the Community. There are, of course, Europeans working in South Africa, and they ask why it is in order for the French and Belgians to save those working in mines elsewhere in southern Africa and wrong for South Africa to protect itself against attacks and inroads from Angola. The question is being asked, and we must find the answer.

Now, Mr President, in order to save time, I will wind up with three questions: Firstly, what sort of peace-keeping force should we have and to what extent are the foreign ministers seriously discussing this as a suitable Community activity? This has been put forward by the Conservatives in the House of Commons, and it should be looked at thoroughly.

(Interruption)

Secondly, I have asked the question: to what extent can we have cooperation and increase sales of the products of Africa and the ACP countries in the Community, to what extent can we increase trade? This is point that was raised in Grenada. Finally, there is the problem — Mr Spicer touched on this — of Rhodesia and, of course, the bigger problem of Namibia and South Africa. Does the President-in-Of-

fice believe the time is now right for a dialogue with all parties in southern Africa, including those trying to reach an internal settlement in Rhodesia? In Europe and in the Community, we have a responsibility to act cautiously and with understanding in an area which, I believe, is now becoming more and more dangerous. Peaceful cooperation is a matter in which the Community can show initiative. I therefore support the last speaker, Mr Dewulf, and the very sensible and sensitive way he put forward a plea for cooperation.

(Applause)

President. — I call Mr Soury.

Mr Soury. — *(F)* Mr President, ladies and gentlemen, the African continent is being shaken by an increasing number of armed conflicts, in which the countries of the Community intervene, particularly France which has been involved in the western Sahara, Chad and Zaire.

In our view, the machinery of the colonial wars of the past is being set in motion once more; the decisions which have led to this situation, to this revival of colonialism, were taken both in Paris and in Brussels without any democratic control. The truth is beginning to come to light: the need to guarantee the safety of European nationals and development workers was put forward to justify the use of armed force. We French Communists, for our part, are deeply concerned about the fate of our compatriots living abroad, but how can one fail to realize that it is the gangrenous, unstable and corrupt regime of General Mobutu — this regime which the Community and the United States stubbornly support — which constitutes the most serious source of insecurity for Europeans living in that country?

In fact, the safety of European nationals is subordinated to the interests of the large private companies, particularly in Zaire and Mauritania. The cooperation which has been referred to should in our view always mean respect for the sovereignty of States and non-interference in the affairs of peoples — this is a point of principle for us, which I wish to reassert forcefully. We are therefore opposed to any interference.

The reason for the veritable recolonization which we are witnessing is obviously that Africa is at the centre of the policy of multinational redeployment of European big business. The multinational concerns rapaciousness and thirst for profit conflict with the advance of the African peoples, who have reached a new stage in their struggle for liberation. But the aspirations of the latter are legitimate and seem to us in no way incompatible with the aspirations of our own peoples to economic and social progress, democracy and national independence. The Community would earn respect if it played a more active role in meeting these new needs, Although the Lomé Convention is a

Soury

timid step in this direction, the Community is moving in an opposite and dangerous direction by trying as it is now doing at the Brussels Conference, to maintain in power corrupt and discredited men by every available means.

But one can detect in the EEC the desire to prolong the dominance of the Western camp over Africa. This desire was clearly demonstrated by the conversations between President Carter and Mr Giscard d'Estaing in Washington, then by the Paris meeting which sought to set up a military pact, led by the main NATO powers and including the most reactionary African and Arab regimes, and finally by the Brussels Conference going on at this moment.

The Commission is currently considering in Brussels the economic refloating of the discredited Zaire regime, in consultation with the International Monetary Fund, the World Bank and eleven rich countries including six members of the Community. This policy, which seems to us totally to contradict the spirit of the Lomé Convention, is to say the least hardly in keeping with the aspirations and the independence of the developing countries and their wish to develop wide-ranging cooperation. The Community seeks, by resorting to armed intervention and to a colonialism which one had hoped had disappeared for ever, to revive and extend to Africa the dangerous policy of bloc-forming. Our countries and the Community as a whole need a different policy: one based on the principles of independence, cooperation and peace, on the refusal to line up with any bloc, on respect for the sovereignty of all States, on awareness of the desire of nations for social progress and liberty, and on action to achieve more stable and more equitable relations among nations. Those, in my view, are the factors which would really make it possible to develop very fruitful relations with all the African States, something which would greatly benefit the Community and our peoples. Such relations would also make it possible for us to help the African peoples in their immense efforts to banish hunger and poverty from their countries, and to industrialize and modernize them.

Mr President, these are some of the considerations which I wanted to introduce into this debate.

(Applause)

President. — I call Mr Glinne.

Mr Glinne. — *(F)* Mr President, we share the disappointment expressed by the President of the Council about the failure to establish a Community energy policy, which is so necessary. We have taken note of the conclusions of the Copenhagen European Council of 7 and 8 April that sustained international economic stability depends principally on the efforts made in all the industrialized countries to reduce their dependence on imported oil, that there is an urgent need for greater efforts to reduce this demand and increase

the supply of energy within the Community itself, but that this presupposes large investments, and finally that priority must be given to the necessary efforts in this field, which must at one and the same time stimulate economic activity, create new jobs and improve the balance of payments.

But it is a long way from these consultations and diagnoses to their effective translation into practical action. It is clearly unfortunate that only coal should be the subject of a real Community policy, Euratom being a wishable failure. Suggestions must be welcomed and encouraged. For example, it is interesting to note that a working party of the European Confederation of Trade Unions has suggested the creation of a European hydrocarbons office and even of a public refinery under European law. The Council is trying to help solve the problem, but is not doing enough. For example, we note with regret that Parliament's opinion on joint hydrocarbon prospecting projects diverged very markedly from the Council's views. We all know that there are enormous possibilities for the Community in the field of low-technology energy, particularly as regards the development of a very advanced common research project, but it is all taking far too long. The President of the Council has expressed regret at the delays.

Concluding my remarks on this point, I should like, Mr President, to stress the importance of the meeting which I hope will shortly take place between the European Parliament and the Council under the conciliation procedure, since the basic proposal of 31 May 1977 qualifies for this procedure. The European Parliament cannot regard the positions which the Council has adopted as final decisions. The dialogue on this point between Parliament and Council has all the more chance of success in that the two institutions are both appalled that so very little progress has been made in this crucial field.

The President of the Council devoted his closing remarks to cooperation between Parliament and Council. 'In the last six months,' he said, 'I have endeavoured to take into account that cooperation between the Council and Parliament should reflect Parliament's new position after the introduction of direct elections. It has been a pleasure for me to contribute ... to effective cooperation between our institutions ...' In thanking you, Mr President, for your desire for cooperation, I should like to stress the importance which we attach to the conciliation procedure, which provides the only possibility of extending the powers of Parliament as presently legally formulated. When nine members of the Council meet nine delegates from our Parliament, an important political dialogue takes place. It was successful in solving the problem of the Financial Regulation, and it will be applied early next week to what is called in technocratic jargon 'the Ortoli facility'. The same dialogue will take place on the Regional Fund.

Glinne

Last May, our institution reserved the right to resort to the conciliation procedure should the Council intend not to follow Parliament's opinion on the implementing regulation for the financial protocols concluded with Greece, Turkey and Portugal. Last May too, the Parliament's Committee on Development and Cooperation agreed to ask for the conciliation procedure to be applied with regard to financial and technical aid to non-associated developing countries. I could, of course, cite other instances.

It is also worth recalling that the Council promised to apply the information procedure to questions of special importance, and if I remember rightly it decided to apply it to the statute of the European company. This is a lower-level procedure, very different from the conciliation procedure. It provides that the Council should inform Parliament of action taken on opinions of the latter on acts which are important or have financial consequences. In these cases, if the report by the Committee of Permanent Representatives to the Council diverges appreciably, as to basic content and on important questions from Parliament's opinion, the President of the Council arranges a meeting with the President of Parliament who may arrange to be accompanied or represented by the chairman and or rapporteur of the appropriate parliamentary committee. He reports to the Council on this exchange of views.

Mr President, I think that the strengthening of these two procedures, conciliation and information, is very important as we approach direct elections, to which these two instruments will give added credibility. On behalf of my Group, Mr President of the Council, I thank you for having understood and encouraged the use of procedures during your term of office.

(Applause)

President. — I call Mr Sandri.

Mr Sandri. — *(I)* Mr President, in view of the very limited time available to me I shall confine myself to a clear statement of the position of the Italian Communists on the situation which has arisen in Africa.

In our view, there is a danger that Africa may become a theatre of superpower confrontation, whether direct or indirect, through division of the continent into two camps mirroring the blocs into which Europe and the world are divided. We believe that this danger must be met with a wide-ranging strategy, so that Africa does not align itself with any camp or find itself in a subordinate position, and so that all troops from other continents or other African countries are removed. We approved the statement made by Mr Andersen — not today but on a previous occasion — opposing any form of external interference in Africa.

We think that only a non-aligned Africa which is not subordinated to other powers, and in which every

country is free of foreign troops, can provide the fundamental conditions for the emergence of that continent from the darkness of underdevelopment. We also think this is one of the keys to the revival of the world economy, and that African nonalignment is an indispensable precondition for world peace.

I should like to ask Mr Andersen a question about Zaire. Since it is known that 17 % of the budget of that country is reserved for its President, I should like to ask whether the hundred millions for launching the so-called 'Marshall plan' to save Zaire will include 17 % for the President. I should like an answer, because I think this question implies an assessment which is not merely moral.

In conclusion, Mr President, we demand a general military withdrawal, and resolute political action by Europe to help achieve peaceful solutions in the trouble spots of the African continent. We think that the European Economic Community should propose, not Euro-African pacts or inter-African armies, but increased cooperation on an equal basis, given the continuing importance of Africa for our economies. It would be disastrous if we regarded Africa, with its great potential, as an area for trying to reestablish our influence. We would be going against history, and in any case we would not have the strength to do it. Our policy has been outlined in the Lomé Convention, and we look to the next round of negotiations as a fundamental and peaceful instrument of development which the European Community must offer Africa.

One last remark: I would ask the Groups to bear in mind that when we talk to our African partners about human rights, we must do so with caution, calmness and the awareness that human rights are not goods to be exported from Europe, but an objective to be achieved with the common consent of our African partners. Otherwise, we shall suffer bitter disillusionment.

(Applause)

President. — I call Mr Bertrand.

Mr Bertrand, *chairman of the Political Affairs Committee.* — *(NL)* Mr President, as Chairman of the Political Affairs Committee, I think I must say that I regard the motion for a resolution tabled by all the Groups as very appropriate, it is true, but nonetheless as too cautious.

Instead of asking the Foreign Ministers of the Nine to tackle a crucial problem after the event the European Parliament would be justified in expressing its surprise at the fact that on such an occasion political cooperation between the Member States is practically non-existent and that two friendly neighbouring countries in Europe were not even able to coordinate a rescue operation with a limited and above all humanitarian objective.

Bertrand

The last three years have done absolutely nothing to diminish our concern at the gradual shift of the cold war to Africa, where the superpowers are extending their traditional expansionist policies.

This has been particularly clear since the long-overdue Portuguese decolonization with the arrival of the first Cuban troops in Angola, and the radicalization in southern Africa, where the racist regimes remain in power and continue to disregard elementary human rights, while at the same time the white minority — which also has rights — is being isolated and drawn into escalating violence by a series of discriminatory measures. And I cannot let this pass without mentioning the measures recently taken in South Africa to detain leaders of the KAJ.

Faced with the spread of these conflicts and the tendentious way they are being exploited in the name of outdated foreign ideologies, what is Europe doing?

Like Africa, Europe is seeking its unity in independence. There is thus no objection to our offering Africa a form of cooperation between equal partners, without seeking a dominant position. Our basis should be the Lomé model, together with the new Lomé II agreement. Owing to its weakness and vulnerability with regard to supplies of raw materials, Europe is becoming a less and less suspect partner for Africa.

European economic cooperation, which has its ups and downs, can in no way be compared with that practised by the Soviet Union, which mainly exports weapons and provides arms for the Cubans and other hirelings, but whose visible development aid is still insignificant. Here are the figures: in 1977, Russia provided 500 million dollars, compared with 5 000 million dollars from the OPEC countries and 15 000 million dollars of aid from Western countries (EEC, EFTA and the United States). These last two groups thus respectively contribute 10 and 30 times more than the Soviet Union. These are figures that it is worth recalling today. My practical conclusion, Mr President, is not that Europe should take on the role of policeman in Africa, nor that it should attempt to maintain shaky and even corrupt regimes in power — on the contrary, I think that Europe must in the first place increase its economic and social development aid to the people of Africa, who are at present more than anywhere else bearing the combined burden of the world crisis and their internal feuds.

Secondly, Europe should support the Organization for African Unity in its efforts at mediation in the various conflicts in that continent. If an inter-African security force could be created — and I think it would be in a position to give the people confidence and provide protection, more particularly to our people who are giving technical assistance in dangerous conflict zones

— Europe should give technical support to this without imposing political conditions, with regard exclusively to African unity and the continent's independence.

In conclusion, I think that Europe still needs to confirm its credibility with the independent African States by giving unequivocal effect to the decisions reached within the framework of political cooperation in support of the fight against apartheid — and here I would point to the need to implement the code of conduct for European companies operating in South Africa, and also to strengthen the 'front-line' countries, whose development is threatened, such as Lesotho and Botswana.

Those, Mr President, are just a few considerations I wanted to contribute to this debate, which is only starting today, but which is of the greatest importance for the future freedom and development of the people in that continent and thereby for the whole world.

President. — I call Mr Andersen.

Mr K.B. Andersen, *President-in-Office the Council.* — (DK) Mr President, may I begin by expressing my thanks for the compliments paid to the Danish Presidency and to myself by a whole series of speakers, and I greatly appreciate the fact that these included Members holding political views which may be perhaps just a little different from those which I ordinarily represent. I am delighted that it is possible to hold different opinions but none-the-less to be able to come together as we have done today. When you have been in politics as long as I have, you develop a thick skin, but it is not so thick that I cannot feel gratified at hearing such complimentary remarks as have been addressed to me here today. I greatly appreciate your kindness.

I greatly regret that, although I was able to remain throughout the proceedings on the five previous occasions I attended this House, I had to inform the Bureau some time ago, on my last visit here, that I would unfortunately have to leave today as soon as Question Time was over. I am sorry about this. It is the first time I have had to depart early, and I crave your indulgence and forgiveness.

On the question of Africa, and taking the speech we have just heard from Mr Bertrand as my cue, I would say that the motion for a resolution which has been put forward, and in which I do not wish to get involved, since I have not yet received the decision in my capacity as foreign minister, gives expression to the two elements which have run like a leitmotiv through the many speeches on Africa today, namely our deep concern and our responsibility, and indeed a third element — the desire to see the ministers making further efforts to find common positions on Africa.

K. B. Andersen

I shall refrain from commenting on the individual speeches. I am very much tempted to respond to a great many of them, both as President of the Council and as Danish Foreign Minister, but in view of the length of time the debate has already lasted I shall not do so. Moreover, when I spoke earlier I made some remarks on the areas in which common positions exist among the Nine. I am thinking of Namibia, Zimbabwe, the Horn of Africa and South Africa, in other words the areas which we have debated and are debating, and on which we have adopted certain positions about which I have already informed you. There are areas in which we have not yet attained common positions, and I have therefore not spoken of them here, and I shall consequently refrain from endeavouring to give my own views. I will only add that I know that my successor as President of the Council, the German Foreign Minister, is looking forward to continuing this debate with Parliament, a debate which Parliament considers of vital importance, and that he intends among other things to do this by pinpointing new areas in which we hope it will be possible to reach common attitudes among the Nine.

In addition, I should like to make a few remarks without, however, trying in any way to comment on all the speeches made. I listened to them all, and all your views will be passed on, but I should like to say something briefly on certain questions, including those raised by the spokesmen for the various groups. Mr Fellermaier expressed his concern on fisheries, and I in fact began my speech by expressing the same concern, as did Mr Scott-Hopkins and Mr Pintat. Since the fisheries minister will be here this afternoon to participate as President of the Council in the fisheries debate, I refer you to him, but obviously this is primarily a question of, how shall I put it, political will and courage to reach a solution in this affair, which is putting a strain on the Community. I fully agree that it is here we must look for the reasons why we have not yet found a solution. Mr Fellermaier also raised the question of the Community judicial area.

I should like to remind you since perhaps not everyone is entirely *au fait* that there will be a meeting of the Council of Ministers of Justice of the member states of the Council of Europe in Copenhagen next week, and that they will be discussing many of the same items. Moreover, we understand that during the period of the German Presidency a meeting of Justice Ministers of the Community will take place. It therefore seems likely that some of the points raised by Mr Fellermaier will be discussed at these meetings.

A number of speakers raised the same points as Mr Fellermaier, with respect to the Bremen meeting. Mr Fellermaier said, and I could not agree with him more, that this must not simply be a meeting of good intentions. We simply cannot accept a meeting in which nothing happens but the expression of good

intentions. Mr Bertrand remarked that a fiasco would have serious consequences for our cooperation, and I thoroughly agree. Mr Pintat spoke along the same lines. Mr Spinelli commented that we simply cannot continue as we have been doing up to now. I am sorry that I am not able to give Mr Granelli the further details he asked for today, since we must first have the very important meeting of Finance Ministers, which will take place in 4 or 5 days, and which will be of decisive importance for what happens in Bremen. But I agree that there has never been such a united resolve among the Nine as there was following the Copenhagen meeting — and I do not say that because it was held in Copenhagen — but there has never been such a unified will to declare that there must now be a systematic step-by-step build-up to a unified policy, so that we can make progress in Bremen with a view to making further progress at the world economic summit in Bonn. Given this situation, it would be doubly disastrous for the image of the entire Community if we come to the meeting in Bremen and the subsequent meeting in Bonn and have to admit that this has all led to nothing. On previous occasions we had excellent debates at our summits, and agreed that we would meet at a subsequent summit and continue the debate. This time we said that we were preparing these steps for the next meeting, and if nothing comes of them, I do agree that this will have very serious consequences for the European Community. Mr Bertrand had something to say on my remarks about the relationship between Parliament and the Council. I can tell you that the incoming Presidency is very interested in developing this relationship along the lines I sketched here. This is also my reply to Mr Blumenfeld. I am quite certain that my German colleague is keen to continue and develop this good cooperation.

I am sorry if I did not express myself clearly about the Fresco. I say this in reply to Mr Bertrand. I did indeed say that the Fresco did not contain concrete proposals, but it was never the intention, as such, that concrete proposals should be made. That will happen during the negotiations. But I agree with Mr Bertrand that the Fresco constitutes the absolutely indispensable political, philosophical and general foundation for the entire question of enlargement, and I think this requires stressing. This is why I find the Fresco exceptionally valuable. My comments were intended more as a reply to those who ask 'What concrete measures does the Fresco contain?' The Fresco is not intended to contain concrete measures; these will be tabled during our negotiations with the individual countries. The Fresco constitutes the essential, indispensable, constructive and sound basis for these concrete negotiations.

Mr Scott-Hopkins spoke of restructuring in connection with steel and shipbuilding. Since I must keep my remarks brief, I shall simply say that restructuring is and has been for a long time a keyword for us in

K. B. Andersen

dealing with these matters. Indeed, no durable solution to the employment problem can be found unless attention is paid to restructuring each time these arrangements are discussed, and we have always done this. I should like to emphasize this point.

Mr Scott-Hopkins asked for a few more details about what happened with respect to Greece and Turkey at the Copenhagen meeting on Monday, and Mr Blumenfeld and Mr Spicer also raised this subject. Well, we agreed on an arrangement whereby the three applicant countries would gradually be inducted into our political cooperation. In a nutshell, this process involves three stages. Some of us will be able to discuss this in greater detail at the concertation meeting next Monday.

During the negotiations, information will be given in various forms; following the signature of the accession agreements there will be proper consultations; and once the countries are full members there will be full participation. These are the three stages, and we also reached agreement on some of the details of how we could begin the information phase with Greece, and how we could do the same with Turkey. Turkey was dealt with as a special item on the agenda, as I said already, and even if there is no direct connection between the three applicant countries and Turkey, it is perfectly obvious that it is in the Community's interest to have good relations with Turkey, as Mr Bertrand, Mr Blumenfeld, Mr Spicer and many other speakers pointed out. This is why it was so important to be able also to send for the Turkish ambassador and tell him how we planned to begin the information phase vis-à-vis Turkey as the first of the stages I have mentioned.

Mr Pintat touched on the matter of reciprocity in raw materials agreements, and I go along with him on that. This was indeed the background to our negotiations in this sector.

I welcomed Mr Spinelli's emphasis on the fact that the agricultural problems were dealt with for the first time in a broad context. In any case it is true that it was not simply a price farrago, and I think it was a very good thing that the Mediterranean problems were included in the way they were. Mr Spinelli was, however, slightly disappointed at the slow progress made in the negotiations on enlargement. I myself feel that, taken all in all, we have made quite good progress during the last six months. I also believe that this is the opinion of the Greek Government, but it is a rather long and laborious process.

You will understand that I listened with very special interest and pleasure to Mr Spinelli's encouraging comments on behalf of his Group with respect to the good prospects from the agreement with China. I think it was important that this should be said in this manner on this occasion.

It is now one o'clock, and I shall try to show the same restraint as others have shown. May I once again

express my thanks for this debate. This has been a strenuous six months for us. We did not promise miracles when we began and there have been no miracles, but I believe in all modesty that there has been some progress here and there, and if anyone replies that these are merely drops in the ocean I would retort that, as we all know, the ocean consists of drops, and that we are therefore entitled to be pleased that some progress has been made here and there during this period.

(Applause)

President. — Thank you for your closing remarks. If we dare hope that the present situation is such that there is a little less need for miracles than was perhaps the case earlier, we shall regard these six months as the expression of a very positive development in the European Community.

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

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

4. Question Time

President. — The next item is the second part of *Question Time* (Doc. No 157/78).

We begin with the questions addressed to the Council.

I call Question No 40, by Mrs Walz :

Is the Council prepared to cooperate in the conclusion of international agreements on the location of the satellites, the microwave frequencies and the operation of the space power stations which would contain provisions enabling the European Community to undertake actions of this kind or to participate in projects organized by friendly countries, even if no action of this kind is envisaged for the time being, so that the Community and its Member States can influence the terms of such agreements, thereby ensuring that the Community's rights as a political entity in international law are firmly established for the future?

Mr K. B. Andersen, President-in-Office of the Council. — *(DK)* To date the Council has not received any proposals on the conclusion of international agreements, on the carrying out of Community activities or on Community participation in activities regarding satellites used to generate electricity. It is therefore unable at present to say what its position might be if such proposals were laid before it.

Mrs Walz. — (D) According to American newspapers, an international conference is to be held on the allocation of frequencies for microwave carriers and space power stations and it is known that all the developing countries are already protesting at the very idea of space power stations being put into orbit above their territory. What are your views on this matter?

Mr K. B. Andersen. — (DK) I can only refer you back to what I have already said since I cannot answer on behalf of other international organizations and I have already answered the question as far as the Community is concerned.

Mr Dalyell. — At a cost of £ 1.25 billion, is this not far in the future, and should we not concentrate on overcoming nuclear problems rather than giving our mind to way-out propositions?

Mr K. B. Andersen. — (DK) I agree that this is why we have concentrated on the more immediate and important problems.

Mr Osborn. — American companies are in fact, studying proposals to build satellites, perhaps 30 km × 5 km, to transmit up to 10 gigawatts of energy to earth. Ought not the Community to be taking an interest in the studies being carried out so that we have the required technology when in 10, 20 or 30 years' time this could become an economic feasibility and a possibility for the future? If we delay, does the President-in-Office not think it will be too late for us to come in? This has so often been the case in Europe before. I very much hope an urgent look will be taken at what is going on elsewhere in the world in this field.

Mr K. B. Andersen. — (DK) I do not intend to open a major debate on the principles involved here — nor is this the purpose of Question Time — but there is the question of whether one should always take up exactly the same matters as others. I realize that one occasionally runs the risk of missing the boat, but one does not necessarily always have to make the same mistakes which others make to their cost.

Lord Bessborough. — Is the Council aware that failure by the Community to go into this form of energy generation could place the Community in a situation of energy dependence on the United States which would be analogous to that on the Arabs today?

Mr K. B. Andersen. — (DK) It is, I think, far too early to discuss this question in detail.

President. — I call Question No 41, by Mr Osborn :

What initiatives has the Council taken in assessing prospects for continuing availability to the Community's economy of raw materials from ACP states and other developing countries, and in establishing commodity agreements?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) The problem of supplies of raw materials for the Community varies from one product to another and it should be pointed out that the Community is by no means exclusively dependent on the developing countries for raw materials supplies, although these countries play an important part.

In its relations with the developing countries, both on a bilateral basis and within the wider framework of the North-South dialogue, the Community follows two main principles. Firstly, at the general level, it is attempting to establish an atmosphere of cooperation and develop a dialogue which will promote a more equitable economic order in the world. Secondly, as regards the wide range of problems in connection with the various raw materials, we are endeavouring to find solutions acceptable to both the producer and the consumer countries. The spokesman for the Liberal Group referred to this this morning. In this connection, the Lomé Convention contains a wide range of possible solutions which are both comprehensive and original, such as Stabex, the Protocol on sugar, and financial and technical cooperation etc. Some of these instruments also figure in other cooperation agreements concluded by the Community.

The Community also plays an active part in international discussions on raw materials, particularly in connection with UNCTAD. There is particular interest in the negotiations on the Common Fund, which are currently rather heavy going — indeed, I might even say that they have ground to a halt. However, there is hope that we might be able to get these negotiations moving again as well as the talks on various raw materials under the integrated raw-materials programme. In the Council's view an overall approach of this kind is in the best interests of the Community in general and as regards raw-materials supplies from the developing countries in particular.

Mr Osborn. — I thank the President-in-Office for this reply, but is he aware that, for instance, Community mining companies are reported to have an investment of only 10 % of the levels of 15 years ago in mining activities in developing countries? Is he satisfied from his talks with the suppliers of critical materials for our western industries that necessary investment is now being made and adequately secured to provide us with the raw materials we shall want in 10 and 15 years' time, will he continue to look at this issue as one of urgency, and can he state what consideration the appropriate Council of Ministers have given to this in recent months?

Mr K. B. Andersen. — (DK) Firstly, I should like to say that we are constantly examining this question, since we are fully aware of the importance of concluding both raw-materials agreements on particular products — a number of agreements have in fact already been concluded — and to get the negotiations on the raw-materials fund underway again. Secondly, I am obviously in no position to say anything whatsoever regarding the situation ten to fifteen years from now. All I can say is that it will definitely be better than if we had not opened the very constructive negotiations on raw-materials problems within the Community. Finally, as regards the falling level of investment in various places, it is clear that the current difficulties which began some three or four years ago, have had consequences of this kind in the raw-materials sector in various places, just as much as in other sectors.

President. — Since the author is not present, Question No 42, by Mr Brown, will receive a written reply¹.

I call Question No 43, by Sir Geoffrey de Freitas :

What plans are there for experimenting with the opening to the public of meetings of the Council which are concerned with legislation ?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) This question was raised at the last part-session, and since then we have not had an opportunity of discussing it in the Council. For this reason, I can merely refer you to the answer I have given on previous occasions including the May part-session.

Sir Geoffrey de Freitas. — Will the President-in-Office bear in mind that this is only a request for an experiment, and is the Council aware that there is a certain disappointment at the lack of progress with an experiment in this field, and that this disappointment is in sharp contrast to the general acknowledgment of the success of the Danish presidency ?

Mr K. B. Andersen. — (DK) I do not think it would be very fair to my German colleague if, a few days before I hand over my post, I were to say that he would probably be able to clear this matter up. I do not think this would be quite cricket. However, as I said this morning, it was very obvious at our meeting in Copenhagen last Monday that the German presidency was extremely interested in the whole question of the relations between the Council and Parliament. This is not much in itself, but at least the next presidency has clearly stated its concern to do whatever possible to strengthen the relations between the Council and Parliament, which means that Sir Geoffrey can look forward to a reasonably open-minded opponent when this question is taken up under the German presidency.

Mrs Ewing. — Does the President-in-Office not agree that the time must be ripe for some concession to democracy and open government in the legislative function of the Council ? Does he not agree further that direct elections will focus greater interest on the role of all the institutions of the EEC and will make the contrast between the open doors of this Parliament and the closed doors of the Council very stark, and might even create a suspicion in the mind of the man in the European street about the motivation which does not even allow an invitation to be extended to Members of this Parliament on relevant committees ? Is it not time we got a different answer admitting that the time is ripe for some concession to a more open exercise of the legislative function by the Council ?

Mr K. B. Andersen. — (DK) This is a question we discuss virtually every month in this House, but we should not forget that none of the Member States which the Members of Parliament who have brought this question up here come from have managed to persuade their governments — regardless of their political colour — to open their doors to the public. The other thing we must bear in mind is that each Council meeting is followed by a detailed press conference which, although not always very long, always provides information on all the subjects discussed at the meeting in question. Finally, at the risk of coming into conflict with my colleagues in the Council — and I hope this is not how I am going to end my period of presidency — I should like to say that, as long as things go on being leaked from Council meetings to the current extent, I do not think there could be many councils meeting behind closed doors which are in fact as open as the Council of Ministers, even if this is somewhat against its own wishes. I am sorry to have to admit it, but that is the way things are.

(Laughter)

Mr Ryan. — Although I fear my question may be a little superfluous in view of what the President-in-Office has just said, has the Council noted that there is far greater publicity given in the media of the Community to the secret meetings of Council than to the public workings of Parliament ?

Mr K. B. Andersen. — (DK) If Mr Ryan is correct, it would indicate that we should continue meeting behind closed doors in order to ensure publicity.

(Laughter)

President. — I call Question No 44, by Mr Stetter, for whom Mr Shaw is deputizing :

Does the Council agree that greater openness in the running of the Community by making publicity a rule could help to increase the Community citizen's confi-

¹ See Annex

President

dence and interest in European cooperation and, if so, would it give favourable consideration to Commission proposals to this end?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) I should like to begin by pointing out that even though this question also concerns openness, it is different from the previous one. It is not possible to draw direct parallels between our national administrations and the Community administration, since what we call the Community administration — and I stress, what we call the Community administration — is first and foremost concerned with the adoption of Community regulations, i.e. something which could more accurately be described as legislation. In the vast majority of cases it is the national administrations who are responsible for the application regulations concerning their citizens, which means that we cannot simply apply the national-level principle of transparency to the Community administration just like that. I might also add that the Council already takes various steps to promote general public awareness of its activities. As I said before, the Council holds a press conference after each meeting, and its general secretariat publishes a report on Council activities each year. In precisely the same way, the Commission draws up a general report each year on the activities of the Community, and the same applies to the Court of Auditors, which publishes an annual report. Finally, as we can see once more today, Parliament's meetings are open to the public who can in this way become acquainted with all the proposals put forward by the Commission, together with the views of the Commission and Council.

It will be clear from what I have said, that the Council is very much in favour of enabling the people of Europe to familiarize themselves as much as possible with the work of the Community. If the Commission submits proposals on further measures to promote openness — and this is the last point contained in Mr Stetter's question — the Council will naturally give them its careful attention. On the other hand, I cannot of course predict how the Council will react to proposals with which I am not yet familiar. However, you can rest assured that there is considerable interest in as great a degree of openness as possible in this field, but as I said at the beginning of my answer, one cannot simply equate the Community administration with the administrations in our own countries.

Mr Shaw. — Would the President-in-Office agree that there is an urgent need to make it understood by the citizens of the Community that it is the EEC institutions that are there to serve them and not they who are there to serve the institutions, and would he personally agree that this proposed principle, adapted to the EEC situation, would be a step in the right direction?

Mr K. B. Andersen. — (DK) I agree with the views put forward by Mr Shaw on behalf of Mr Stetter. All I was trying to explain in my reply was why it is not possible, in general terms, to give answer, and one of the reasons for this is the absence of Commission proposals. It is not really my job to give advice to the Members of Parliament, but if I may do so nevertheless — and I hope you will not take this amiss — I should like to say that I am certain that the institutions of the Community would welcome any concrete proposal for an inquiry into why such and such cannot be done openly; since there is no-one in the Community who would wish its activities be shrouded in mystery. Basically I think it would be useful for this entire debate on openness if we had a number of specific proposals on particular bodies in particular situations, so that we could, as it were, open up gradually. This is perhaps one of the ways in which we might approach this difficult problem.

Mr Vandewiele. — (NL) Mr President, I can in fact provide the President-in-Office of the Council with a concrete example. Complaints have repeatedly been made that the recruitment procedure for Commission and Council staff is somewhat obscure. It has frequently happened that candidates have applied to take part in a competition and have simply not been allowed to do so. Does not the President-in-Office of the Council agree that this kind of thing should be looked into?

Anyone may enter for an examination in a national administration. This is not the case in the Community. As an experiment, I recently asked a university professor to apply to sit an examination, and he was simply not allowed to do so. And when I asked why this should be, the only answer I received was 'we are not obliged to answer this question'.

Mr K. B. Andersen. — (DK) I am not familiar with the details and will of course look into this matter, but I think it must be said that there is no secretiveness surrounding recruitment. Furthermore, I think we all realize that recruitment will always be a moot point. However, it is not true to say that vacancies and the relevant procedures are not announced publicly. We are all familiar with the procedures to be followed. However, we shall be pleased to look into the question of whether certain aspects of these procedures are kept from the public eye, except where necessary for personal or other reasons.

President. — I call Question No 45, by Mr Ryan:

Will the Council take an initiative to ensure compatibility between the information programmes of the different Community institutions in relation to direct elections?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) This question concerns the information programmes of the various Community institu-

K. B. Andersen

tions. As we all know, credits have been allocated to the European Parliament and the Commission for special information programmes regarding the direct elections, and these two institutions have made arrangements to ensure that their programmes are reasonably coordinated. A liaison group has been set up at political level between the two institutions, and this is backed up by a joint working party of officials. The Council therefore has so far not needed to take any initiatives in this field. What I cannot of course comment on in detail, because I am not familiar with the details — and this is perhaps what Mr Ryan is driving at — is whether everything is going according to plan. This is very difficult for me to know, but the machinery itself is in order.

Mr Ryan. — I understand that, as structured, the Council has no direct responsibility, but is the Council aware that the Commission has produced material which is regarded by sensitive and nature Members of Parliament as being damaging to the public image of all the institutions of the Community and particularly so to the image of Parliament, and more likely to discourage than to encourage the electorate to respect Parliament and vote in direct elections, and, having regard to the probability if not indeed the certainty, that members of the Council may be more aware than the Commission of domestic responses to Community propaganda, has the Council any suggestions as to how differences between Commission and Parliament might be resolved, or how there could be a greater regard paid to the political sensitivity of propaganda?

Mr K. B. Andersen. — (DK) My natural reaction to a question of this kind would be to give the same answer as I would in my own national parliament, i.e. I would ask you to give specific examples so that we could have a look at them. The situation is a little more complicated in this case, however, since we have this committee consisting of three Members of Parliament and, as far as I know, the President of the Commission, Mr Jenkins, and Vice-President Natali. Since this body exists, its members — i.e. the three Members of Parliament and the two Members of the Commission — would no doubt feel that it is they who should have given the examples, and this may well be correct. This procedure was an attempt to avoid involving the Council directly in the electoral campaign. I think it is fairly safe to assume that this is not a task for the Council. Parliament must try and settle the question directly with the Commission. I think that would be the right course of action.

Mr Prescott. — Can the President-in-Office throw any light on the current speculation that, owing to political difficulties in one or two of the Community countries, it may not be possible for them to hold

direct elections in June 1979? Has the Council received any indication of this, or indeed can I tempt him to give a personal comment on the occasion of his last appearance before us?

Mr K.B. Andersen. — (DK) This is perhaps somewhat outside the scope of the question. Certainly, if no elections are to be held, there is no point in discussing any information campaign. I realize that. However, I can tell you that I have received no indications of the kind mentioned — otherwise I would have said so this morning when I said that work on the act should have completed its passage by the end of this month. Parliament will adopt its opinion on 4 July, and then everything should be settled. I have received no indications to the contrary except for a few rumours in the media. One should not always take too much notice of these, however.

Mrs Squarcialupi. — (I) The Council has stated that a liaison committee has been set up in connection with this matter, but it also added that it has not and will not itself be involved in this campaign for the direct elections. Who then is to give the overall political strategy, since we are electing a Parliament in the countries of the Community, which is represented by the Council?

Mr K.B. Andersen. — (DK) This is the first time in my fairly long political career that I have been asked by a Member of Parliament who should give the political strategy for an electoral campaign. I would have thought this was up to the parties. The question we are in fact considering is whether or not the material distributed is an appropriate basis for the work of the parties, and I feel this is a matter for the joint committee and no-one else. It is this body which must discuss the general guidelines. More specific matters are the responsibility of the individual parties themselves.

Mr Dalyell. — The President, asked for an example: I will oblige him. A German cartoon film that the Control Subcommittee saw depicted the Commission as the engine of a bus, the Council as the steering of the bus, and the Parliament as some rather portly passengers getting onto the bus. You can imagine what Mr Aigner, the chairman of the subcommittee, thought of that.

(Laughter)

How about arranging for Mr Genscher to have a film display given to him on 1 July?

Mr K.B. Andersen. — (DK) I think it is difficult to comment on this matter. I can merely console myself with the thought that none of the three institutions was associated with the brakes of the bus and I think that in itself as a good sign.

(Laughter)

K. B. Andersen

However, if I may comment a little further on the idea of the bus, I personally would not have cast Parliament in such a passive rôle but rather portrayed it as one of the more active elements — I should like to make this quite clear. I still think, however, that it is up to the committee in question to adopt an opinion on things of this kind.

President. — Since the author is not present, Question No 46, by Mr Bertrand, will receive a written reply¹.

I call Question No 47 by Lord Bessborough :

In view of the positive opinions given by the European Parliament, the Economic and Social committee and the CREST, and the continuing and unanimous support of the European airframe industry, why has the Council not yet approved the action programme for aeronautical research forwarded by the Commission to the Council in July 1977, and why has the 8 million u.a., available in the 1977 budget for aeronautical research, not been approved by the Council for carrying forward into 1978 despite the request from the European Parliament and the Commission that this should be done?

Mr K. B. Andersen, President-in-Office of the Council — (DK) The differences of opinion within CREST regarding the Commission proposals for an aeronautical research programme were also in evidence in the Council departments responsible for preparing the decision on this matter. Attempts are currently being made to overcome these differences so that it might be possible to reach agreement on the first Community programme for technological research into aircraft construction as described in the proposed action programme.

In accordance with the Financial Regulation of 21 December 1977, the Council was to consult Parliament before taking its decision on the request that the 8 million u.a. available for aeronautical research, as mentioned by Lord Bessborough, should be carried over from 1977 to 1978. I believe it was not until yesterday, 13 June, that the European Parliament gave its opinion on this matter. The Council therefore has all the necessary material at its disposal, and I can assure the honourable Member that, now that Parliament has made its decision, the Council will make its own decision as soon as possible.

Lord Bessborough. — I would like to thank the President-in-Office for that satisfactory reply, for which I am most grateful. I am glad to hear that efforts are being made to overcome differences, and that, now that Parliament's decision was given yesterday, action will be taken. But I would ask the President this: in view of the unanimous support of all firms in all Member States, when as rapporteur

I consulted them about the Commission's proposal, is the Council aware that these firms are emphatic in wanting a speedy decision and that it is important in the light even of direct elections to this Parliament that the Community should impress the management with the Community's ability to reach decisions, and secondly, may I ask the Council to bear in mind the need for treating the approval of this programme as a matter of the highest priority, for in these matters of science and technology time is truly of the essence?

Mr K. B. Andersen. — (DK) I fully realize the importance and urgency of this matter, and I shall inform my successor of your request for swift action. However, we are once more in the same difficult situation as so often in the past, i.e., there is quite simply a lack of agreement between the various governments at a political level, and this disagreement must be overcome before we can make any progress. I will nevertheless stress the urgency of the matter to the next presidency.

President. — I call Question No 48, by Mr Howell :
Will the Council provide an estimate of what quantities of agricultural goods are crossing the border between Northern Ireland and the Republic of Ireland illegally as a consequence of the MCA differential?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) The Council is unfortunately not in a position to provide an estimate of the possible frauds mentioned by Mr Howell in his question, since it is for the national authorities to prevent and proceed against such irregularities. I would recall that what the Council can do, and has in fact done, is to set up a system of mutual information between Member States and the Commission regarding irregularities in connection with the financing of the Common agricultural Policy. However, as I have already said, it is for the national authorities to take action against irregularities of this kind.

Mr Howell. — Mr President, the object of my tabling this question is to draw attention to the ludicrous situation which exists between the Republic of Ireland and Northern Ireland, whereby the Council of Ministers is deliberately encouraging the movement of livestock and produce across the border by retaining the green currency system. It is a matter of very great regret that the Council is not facing up to the need to phase out the green currency system. In Ireland, the situation is particularly difficult, because both countries operate with a single currency for normal transactions, yet use two vastly differing currencies for agricultural products. We are therefore encouraging this illegal traffic across the border, and I would like to know from the President-in-Office what the Council intends to do about it?

Mr K. B. Andersen. — (DK) If I may speak for a moment in my capacity as Danish Foreign Minister, I should like to say that we have made no secret of our

¹ See Annex.

K. B. Andersen

wish to discontinue these monetary compensatory amounts. Indeed, we have worked systematically to this end. There are other Member States who share our wish, but who are in favour of phasing the system out more gradually, although the phrase 'more gradually' is something of an understatement. If it had only been up to Denmark, the system of monetary compensatory amounts would already have been discontinued and thus the problem would have been solved.

Mr L'Estrange. — I would like to say to the President-in-Office that if broad irregularities do exist, and if there is a ludicrous situation does he know that we did not create the border — why blame Ireland for someone else's mistake?

Is he aware that the MCA anomalies have cost Ireland £ 30 million per year for the past three years, and that the method of calculating the MCAs has penalized the Irish meat-processing industry so much that our share of the British market has been reduced by two-thirds over the last three years....

(Protests)

while the demand for processed meat has increased by 400 per cent; that a situation has now arisen where Irish beef processed, boned and vacuum-packed in Ireland, is competing on the French, German and Belgian markets with Irish beef which has been processed in Britain in receipt of Britain's employment subsidy, thereby benefiting from a reduced charge on exports from Britain to these countries; is the President further aware that the number of EEC-approved processing factories in Great Britain has increased from 27 in September 1975 to 49 in June 1977, and that the Irish share of the vacuum-packed market in the United Kingdom alone has decreased from 6 000 tonnes to 2 000 tonnes in the same period; is he further aware that over 400 000 Irish cattle could have been boned out in Ireland, giving employment to over 1 000 Irish people in meat ancillary and servicing industries if the anomalies in the MCAs did not exist? And is it fair for a large neighbour to penalize a small nation like this?

Mr K. B. Andersen. — *(DK)* A lifetime's experience has taught me that there are certain arguments in which one should not get involved.

(Laughter — Applause from various quarters on the left)

Mr McDonald. — Mr President, I just wanted to put a very brief question through the chair to Mr Howell. I should like to put it to him that if he has evidence of any irregularities, has he passed it on to the UK Government, and if so, what are they doing about it? After all, you yourself are stuck there on the one side of the border, which is the same length as the other.

Mr K. B. Andersen. — *(DK)* Mr President, I am not familiar with the Rules of Procedure of this Parliament, but this was a question to Mr Howell.

(Laughter)

President. — I call Question No 49, by Mrs Dunwoody:

What action has the Council taken on the communication from the Commission concerning an action programme for the European aeronautical sector which recommended the creation of a European airspace, managed at Community level?

Mr K. B. Andersen, *President-in-Office of the Council.* — *(DK)* The Council has examined the communication from the Commission concerning an action programme for the European aeronautical sector to which the honourable Member refers and, as many of you are no doubt aware, the Transport Ministers approved a programme for future work in this field at their meeting last Monday. Although the Council in no way denies the importance of creating a European airspace and the problems mentioned by the honourable Member, this was not included on the list of priorities agreed upon last Monday. As usual, the Ministers endeavoured to restrict the programme in view of the urgency of the various issues and the resources available to the Community Institutions for such studies. The honourable Member way of course disagree with the Council, but these were the reasons underlying its decision not to include this point in its programme.

Mrs Dunwoody. — It is the President-in-Office aware that it is very important that some control of airspace should be created, because never again should a situation be allowed to arise like that five years ago when two planes, one an Iberia DC9 and the other a Spantax Corona carrying a number of European citizens collided in French airspace; the French Government has not yet come to any kind of conclusion, so that there are many European women and children living in absolute penury today because of the complete refusal of the French Government to settle the insurance claims. These people demand action on the European level to see that their rights are protected, because if not, they can only continue to live in absolute poverty, believing that no one cares for them either at European level or at any other?

Mr K. B. Andersen. — *(DK)* I fully appreciate the problem to which this question refers, but I must stress that the Ministers responsible for this matter either did not feel able or inclined to give this matter such high priority or were unable to agree to do so. There is also a further argument which I might perhaps have mentioned before but which is still relevant, namely that it is not perhaps very meaningful to limit this matter to the Community in view of the international nature of air transport. I am not qualified to comment on the matter, but I would have

K. B. Andersen

thought that it would be difficult to solve this problem effectively within the limits of the Community.

Mr Osborn. — I would ask the President-in-Office to study the debate last month in Strasbourg on the Noë report, with an opinion about the future role of Eurocontrol. I accept his view that there are international bodies, but at the moment airspace over Europe is not European in the sense of being international, and could the President-in-Office ensure that this subject is discussed by transport ministers, because the role of the Community and the role of other institutions is one that they should have drawn to their attention? It is a vital issue, and one that the ministers should be looking at.

Mr K. B. Andersen. — (DK) I will of course inform the Transport Ministers of the interest in this question which has become apparent here today. All I can say, however, is that this matter was mentioned in the Commission communication and that the Council has not included it on its list of priorities.

President. — I call Question No 50, by Mr Dalyell :

What study is the Council making of the properties of the jojoba plant in relation to producing oil, which can be used as a substitute by the leather and kindred industries for sperm-whale oil ; and will it encourage the development of jojoba plantations in developing countries in order to supply an industrial need, create conditions in which poor countries can earn foreign exchange, and help in the campaign to save the whale from extinction ?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) The Council has no information on the oil-producing properties of the jojoba plant and is of the opinion that, under the Treaties, it would be for the Commission, should it see fit, to formulate any recommendations or opinions on the matter. I think it is the Commission which should be asked about this.

Mr Dalyell. — I did try to give Mr Andersen's advisors, albeit a bit late, the information from the Arid Lands Institute in Arizona showing how this plant, which has properties which make it a substitute for sperm-whale oil can in fact be grown in arid lands. But is there not a serious and deep moral issue for all of us here — the extent to which mankind should be responsible for creating the conditions in which the world's largest mammal may soon face extinction? Does he understand that since raising this issue, I have had many pathetic letters and paper models of whales from primary-school children? A great many people are affected by this, and really care about it. Is it not about time that perhaps the Council and the Commission — I am glad Mr Cheysson is here — really got together to see what could be done?

Perhaps he could also raise this in Moscow, because the Soviets and the Japanese are killing more whales than anybody else? Now that there are substitutes for this important item in the leather industry, cannot we get a move on and do something? There is the added advantage of producing foreign exchange for developing countries.

Mr K. B. Andersen. — (DK) Mr Dalyell said that he was glad that representatives of the Commission were present, and I too am pleased that both Mr Cheysson and Mr Ortoli are here, since this is a serious problem and Mr Dalyell has pointed out a possible solution. I am not an expert in this field and do not know whether this solution is feasible, but it is at any rate vital that the problem should be researched as exhaustively as possible. We must therefore — and I think Mr Dalyell agrees with me on this point — wait and see whether the Commission regards it as so feasible that something should be done about it and, if not, whether it will look into the question.

Mr Mitchell. — On the essential issue, is it not important that the Council should take some initiative on the whole question of the destruction of whales and the use of sperm oil?

On the second point, could the President-in-Office tell us exactly what is the jojoba plant, where it is grown, is there any international trade in this product? I just do not know, I never heard of it before; perhaps he could give us more information on the subject.

(Laughter)

Mr K. B. Andersen. — (DK) Firstly, under the Treaties it is up to the Commission to take the lead in this matter, and I think we are all agreed on this point. All I can say, as regards my knowledge of the plant, is that the limited time available to me in Question Time does not permit me to tell you all I know, but I should like to point out that the Commission is taking the matter up.

(Laughter)

I regard this matter as important, since one should be on the lookout for any substitute which would — be more ecologically acceptable from the point of view of both human beings and animals.

President. — I call Question No 51, by Mr Schyns :

Following the 1975 Luxembourg colloquy on drinking water, the Commission submitted to the Council a directive which has still not been adopted. Could the Council state the possible difficulties involved and indicate when the directive is likely to be adopted?

Mr K. B. Andersen, President-in-Office of the Council. — (DK) Some of the problems regarding this draft directive are still unresolved. The directive

K. B. Andersen

concerns maximum values for sodium, chlorides, conductivity, copper, zinc and lead, which Member States must not exceed. The most difficult task is to fix a mandatory value for sodium, which determines the salt content of drinking water. The Council would, however, stress that apart from these six parameters — on which, as I have explained, opinions differ — the proposal covers nearly 60 other parameters determining the quality of water, and on which agreement has been reached. Thus there is still disagreement on only a very small proportion of the directive. In addition, the Council has not yet decided on the extent of the powers of the committee responsible for adjusting the directive in the light of technological developments and I know that it is intended to resume examination of this draft directive shortly with a view to solving the remaining problems, i.e. the problems regarding the six parameters and the powers of the committee.

Mr Schyns. — (F) The President-in-Office will no doubt realize that I am not satisfied with his answer, since it is regrettable that this proposal has been before the Council for three years. Is it not because of the disagreement regarding salt content, a question on which the Netherlands government is particularly insistent, that it has hitherto proved impossible to reach agreement on a common regulation on drinking water? It would be equally regrettable if the Netherlands were to try and solve the problem of the pollution of the Rhine in this way. If this is the case, I find it deplorable, but I would like to hear the opinion of the President of the Council on this matter.

Mr K. B. Andersen. — (DK) I can understand the honourable Member's concern, since this is a very important subject. However, I naturally cannot, on behalf of the Council, begin to give marks to the individual governments and say whether their attitudes are reasonable or otherwise. The honourable Member has just mentioned one government. There are, however, other governments whose opinions differ on this question. I think the honourable Member will understand that I cannot start trying to solve the political conflict publicly here in Parliament.

Mrs Squarzialupi. — (I) Does not the President-in-Office of the Council feel that the large number of directives concerning the environment and public health currently before the Council and awaiting adoption suggest that the Council is trying to offset some of the consequences of the economic crisis at the expense of these matters.

This would be out of keeping with certain studies carried out by the Commission, which indicate that environmental protection might in fact be a field in which new jobs could be created?

Mr K. B. Andersen. — (DK) As far as I remember, this more general question was discussed at the last meeting. I have the impression from the meetings in which I have taken part, both during my period of presidency and previously, that both the Commission — indeed, especially the Commission — and the Council take a very positive view of this matter. However, when it is a question of a specific field such as this, which affects four or five countries directly, we find ourselves involved in political conflicts of this kind, which cannot be solved by means of a technical or objective formula but only by political means, and this is something I cannot of course do here.

President. — I call Question No 52, by Mr McDonald:

Does the Council agree that the European Regional Development Fund is too small in relation to the task it should accomplish?

Mr K. B. Andersen, *President-in-Office of the Council.* — (DK) The fact is that, when the general budget of the Communities was adopted in December last year, the endowment of the European Regional Development Fund was fixed by the budgetary authority, which consists of Parliament and the Council, at 581 million EUA in commitment appropriations and 525 million EUA in payment appropriations, which represents a very substantial increase. The endowment of the Regional Fund takes account of the tasks which it is required to perform, and for this reason the Council feels that the Fund represents an extremely useful supplement to the money spent by the Member States themselves on regional development.

Mr McDonald. — Surely the President-in-Office is not suggesting seriously in that rather unsatisfactory reply, that the present size of the fund is adequate to meet the tasks that I recollect are laid down in the regulations setting up the fund, of redressing the imbalances in the Community. Would he not agree that if there were a clear indication of a dimension of additionality in the operation of the fund by the national administrations, that in itself would achieve much more, since the people themselves would have the assurance that the Community was doing something tangible about their problems in the poorer areas, and would also give them hope in the future, so that perhaps they would be able to look forward with confidence to an improvement in their way of life, bearing in mind that over the past few years the imbalance between the richer and the poorer areas is growing? Therefore I would ask the President-in-Office of the Council to comment on the fact that so much money is being spent on the quiet, without the public being informed of where or how it is being spent.

Mr K. B. Andersen. — (DK) If I were to agree with the honourable Member, I would be disagreeing with the majority of those present, which I cannot do. This budget was fixed by the Council and Parliament, and I should also like to point out that the figure in fact represents an increase from one year to the next of between 50 and 60 %, which is not the case with very many items in our internal budget. As I said, however, the amount was decided by agreement between the Council and Parliament.

Mrs Dunwoody. — Would the President-in-Office of the Council take note of the fact that, since 80 % of the budget is spent on agriculture, it might be helpful if he could evolve a scheme whereby Irish farmers, who received a 21 % increase in their income last year, should give at least 50 % of that increase to the Regional Fund, particularly if they actually voted either for Fianna Fáil or Fine Gael?

(Laughter)

Mr K. B. Andersen. — (DK) No comment.

Mrs Kellett-Bowman. — Would the President-in-Office accept the fact that I am absolutely astounded by his answer that the endowment of the Regional Fund takes account of the tasks it is expected to perform, and that he does not agree that the fund is too small? In view of the pledge given at Copenhagen to concentrate the EEC efforts on social and regional problems, which are quite demonstrably getting worse, would the President-in-Office not change his mind and agree that, if the rumour is true that the proposed increase in the Regional Fund is little over 6 %, this would be a gross breach of faith with the less-favoured regions of the Community and, unless some positive effort is made to redress the balance between the most fortunate and the least fortunate, the Community cannot survive?

Mr K. B. Andersen. — (DK) The honourable Member's anger should be directed not at me, but at the majority in this Parliament, since it was not I who fixed the budget.

Lord Bruce of Donington. — Will the President-in-Office forgive me if I correct him in connection with his last reply? The question put down by Mr McDonald did not relate to the budget appropriations for any particular year. It is quite true that for the year 1978 Parliament itself does bear some responsibility, but the question does not mention 1978, and is the President-in-Office aware that according to the preliminary draft budget recently published by Commissioner Tugendhat the budget for the Regional Fund for the year 1979, so far as payment appropriations are concerned, is 11.5m u.a. less than in the year 1978? Is he furthermore aware that the Council itself is in gross breach of contract in that it undertook to have

new regulations agreed in relation to the European Regional Development Fund, by 1 January 1978, and it is now nearly the end of June some six months later, and we still have no agreement by Council as to the final form that the fund should take? Will he agree in these circumstances that the question phrased by my friend, Sir Geoffrey de Freitas, about the holding of Council meetings in public is very apposite, since then the whole of Parliament would know which nation or which nations are responsible for the hold-up of this fund and for the scandal that has resulted from it?

Mr K. B. Andersen. — (DK) I should like to inform Lord Bruce — after all we are both very civilized people and I shall try to answer his question in as civil a fashion as he asked it — that I find it difficult to understand how it can be relevant for Parliament to say that this fund is too small, if the majority in this Parliament is responsible for this budget. I should therefore like to point out once more that there can be no doubt that it is Parliament to which this question should be addressed.

The other question brought up by Lord Bruce is whether or not I agree that it is a scandal that the Regional Fund has been held up. I do indeed agree. The Danish presidency has done what it can. We have put forward a compromise. We almost reached agreement at the meeting of 6 June, and I am certain this matter will be cleared up by the meeting of 27 June, since confidential negotiations are currently under way and I think, for this reason, that we will achieve a result.

Mr Fitch. — Is the President-in-Office aware that I am not very happy about his reply? I am sure he realizes that within the Community, there are regions of very high unemployment, particularly in the north-west of the United Kingdom, and would he even at this late hour reconsider the amount of money allocated under the Development Fund, and not only that, would he reconsider the method of allocating that fund?

Mr K. B. Andersen. — (DK) The last question is one of the points currently under discussion in the Council and which will come up again on 27 June when, I have reason to believe, we will reach agreement on the allocation. As regards the amount itself, I must repeat that the figure was agreed upon by the nine countries and by Parliament. For the time being I am speaking only of the current year, for which there has been an increase of 60 %. Lord Bruce mentioned 1979, but we have not yet discussed that year at all in the Council and therefore have no idea of what the amount might be. It goes without saying that I share Parliament's interest in this fund, and if the majority in this Parliament is in favour of different amounts for 1979 there is after all some hope.

Mr Dalyell. — Since no one in all Europe does better per head out of the Regional Fund than the 50 000 Greenlanders, how does the President-in-Office see future relations between the Community and Greenland?

(Laughter)

Mr K. B. Andersen. — (DK) This falls completely outside the scope of this question, but I can nevertheless inform you that negotiations regarding a devolution arrangement for Greenland are currently under way, and considerable progress is being made. There is reason to believe that this question will be solved in the reasonably near future. This is all I will say, since the limits of Question Time do not permit me to give a proper account of our policy regarding Greenland, although I should otherwise be very glad to do so.

Mr L'Estrange. — I would like to ask the President-in-Office how he can reconcile the Council's view that the Regional Fund is sufficient to accomplish its task with the statement by the Prime Ministers at Copenhagen that a reduction of the regional imbalance is one of the key objectives of the Community. Does he not agree that since we all joined the EEC the rich are getting richer and the poor are not catching up? And is he further aware that, according to figures published in the *Economist* last week, the income per head in Denmark and Germany is over 2 400 dollars per annum whereas in Ireland it is only a little over 700 dollars? I would like to inform Mrs Dunwoody that the Irish farmers have not yet got the equivalent of the industrial workers' wage!

Mr K. B. Andersen. — (DK) I must admit that it is the first time I have been called upon to speak in defence of decisions made by a Parliament to the very Parliament which made them. It is a somewhat topsyturvy situation, but I must try and come to terms with it. I must point out, however, that as regards the allocation of this fund, it is perfectly clear that it should first and foremost go to those areas where the need is greatest, and if I may be permitted to put forward the Danish point of view — and I stress that this is the Danish point of view — I should like to say that we in Denmark have always been a little cautious about designating development areas in our own country, since we feel that the fund should first and foremost go to those areas which are really in need of it, and should not be merely a system of swapping money around so that everyone gets the same amount and nobody gets enough. Furthermore, I think that, if all countries seriously adopted this point of view — and this is what we are working on at the moment — the fund would come to serve its purpose as well as possible. The amounts were fixed, I must repeat, by the Council and Parliament. We have not yet finished discussing the 1979 budget, which was mentioned earlier, and I am sure that we will complete our discus-

sions on the actual structure of the fund at the meeting of 27 June.

President. — We now proceed to the questions to the Foreign Ministers of the Nine Member States of the European Communities meeting in political cooperation.

I call Question No 59, by Sir Geoffrey de Freitas:

What plans are there for experimenting in having at least one consular office in a country outside the Community which could act in consular affairs for all members of the Community?

Mr K. B. Andersen, President-in-Office of the Foreign Ministers. — (DK) Sir Geoffrey de Freitas asks what plans there are for experimenting — and I notice he is only proposing an experiment, not full-scale introduction — with a consular office in one country outside the Community to deal with consular affairs for all Community countries, and I must inform that there are currently no such plans. However, as Sir Geoffrey is no doubt aware, we have agreed in many cases for practical reasons, and on an *ad hoc* basis, that one of the countries of the Community should safeguard the interests of one or more other countries in situations where there is either no embassy or the embassy has been closed. I do not know if one could say that there was currently a need for systematic cooperation in consular matters, but clearly we must continue to be on the lookout for specific situations in which cooperation of this kind might prove useful. As I said before, however, there are currently no plans, not even for an experiment.

Sir Geoffrey de Freitas. — I find the first part of the President's answer very encouraging and appreciate the forthcoming way in which he dealt with it, but I particularly want to have some experiment along the lines I suggest. After all I am not initiating this. Such questions were being put to the Council long before I came here. I would hope for a definite indication — not today because it is obvious that the President-in-Office cannot give it — that the Council will consider and experiment along the lines suggested in my question.

Mr K. B. Andersen. — (DK) I should like to inform Sir Geoffrey in my capacity as Danish Foreign Minister that we have given extremely serious and detailed consideration to ideas of this kind at Scandinavian level. I am mentioning this because, as you know, the Scandinavian countries are very similar as regards size, social system and language, which is important in this connection, so we would appear to have all that is necessary to solve this problem, which has been brought up several times in the various Scandinavian parliaments and in the Nordic Council. Up to now, however, the outcome has always been negative, since a consulate deals not only with, for

K. B. Andersen

example, legal questions — which I think it would be possible to settle — but also with trade and similar matters where problems of competition inevitably arise. I say this merely to show that the problem is so complex that we have not been able to solve it even in the small context of Scandinavia, and for this reason it would presumably be extremely difficult to solve it at Community level.

President. — Questions Nos 60, 61 and 62 will not be called since the subjects to which they relate have been discussed in a joint debate.

I call Question No 63, by Mrs Dunwoody :

Would the Foreign Ministers make a particular effort in the light of the EEC/USSR dialogue to persuade the Soviet authorities to allow baby Jessica Katz, aged 7 months, to travel to America for the highly specialized medical treatment she requires ?

Mr K. B. Andersen, President-in-Office of the Foreign Ministers. — The Foreign Ministers of the nine countries meeting in political cooperation are constantly striving to ensure and monitor the implementation of the provisions of the Final Act of Helsinki as regards cooperation in humanitarian and related fields, to give but one example. By signing the Final Act, all the participants in the Conference on Security and Cooperation in Europe declared their intention to make it easier for their citizens to travel for specific personal reasons. As regards the case in question, I am convinced that it would be most natural, and no doubt most effective too, to attempt to find a solution in keeping with the spirit and letter of the Helsinki agreement by means of bilateral contacts between the CSCE countries directly involved in this matter, i.e. the USA and the Soviet Union.

Mrs Dunwoody. — Would the President-in-Office of the Council, as a last act before he leaves office, not make a personal appeal to the Soviet authorities ? This is a tiny baby who is being kept alive by drugs sent from America and who could, if she was allowed to go to the United States, receive specialized treatment which would allow her to live as near normally as possible. Will he not on humanitarian grounds use the strength of his office to make a special appeal to the Soviet authorities, who have no need to raise barriers against children in this manner and do themselves enormous harm with public opinion as a whole ? Please help this tiny child.

Mr K. B. Andersen. — (DK) All I can say to Mrs Dunwoody, and I am saying this very seriously since it is a serious matter, is that it is not only my conviction, but also my experience over many years, that matters of this kind — by which I mean questions in which human lives are involved — it is normally better to seek a solution with as little publicity as possible. I am therefore afraid that all I can say on this matter is that

I know that serious work is being done on it, and I cannot and should not say anything more on this occasion.

Lord Kennet. — Did I hear the President-in-Office of the Council correctly, or was it a mistake of interpretation ? It came through as 'the two countries most closely involved with CSCE, the Soviet Union and the United States'. I think there must have been some mistake here. This CSCE stands for Security and Cooperation in Europe. I do not imagine that one would really on reflection hold that the United States was more closely involved with that than the countries of Europe themselves.

Mr K.B. Andersen. — (DK) I am afraid there must have been some misunderstanding. The USA was one of the 35 countries which signed the Final Act of the Security Conference and is therefore committed in the same way as the other 34. The full name of the conference was the Conference on Security and Cooperation in Europe, and all the 35 signatories are of course committed to exactly the same extent.

Lord Bruce of Donington. — Did I understand the President-in-Office to say that in his experience the least possible publicity tended to be more successful in matters of this kind ? Is he aware that it is the experience of most of us that it has only been the worldwide publicity that has been given to these matters that has in fact shifted the Soviet Government and other governments from perpetrating inhumanities of this kind ?

Mr K. B. Andersen. — (DK) I do not deny that, in certain cases, particularly those of a more general nature, public opinion can contribute to a solution, but I can only speak from my own experience — and I have only five and a half years experience as Foreign Minister to work from. What I have found over these five and a half years is in fact that we have most often succeeded in finding a solution to problems when we were not hindered by a troublesome obstacle in the form of a public debate. This is my experience, and that is all I can say. We succeeded time and time again, but not always in cases where problems were brought into the open.

President. — I call Question No 64, by Mrs Dahlerup :

At a hearing organized by the Socialist Group on 25 May 1978 on the violation of human rights in Argentina, one of the witnesses revealed that, since the new administration took power, the World Bank had increased its loans to the country 8- or 10-fold, though no appreciable increase in investment had ensued. Are the Foreign Ministers aware of this ?

Mr K. B. Andersen, President-in-Office of the Foreign Ministers. — (DK) I am afraid I will have to give an answer which I know will not satisfy Mrs

Dahlerup, but there is nothing else I can do in this situation. All I can say is that the loans granted by the World Bank to Argentina have not been discussed under political cooperation, nor have the Nine adopted a common position on this matter. I cannot therefore state a common view.

Mrs Dahlerup. — (DK) I trust the President will allow me to tell the President-in-Office of the Foreign Ministers how sorry I am that, as in the case of the last question, he is being called upon to deal with something with such a tragic background as my question. The President-in-Office of the Council is right in thinking that I am not satisfied with his answer, and for this reason I must ask another question.

Can the President-in-Office assure me that the Foreign Ministers will examine thoroughly the question of whether the investment loans are in fact being used for investment designed to improve conditions for the people of Argentina, or whether the funds which should have been used for investment have found their way into other pockets and might be used by the junta to combat trade union activities, to suppress political discussion or perhaps, in the future, to quell the weeping women in Buenos Aires who have only one question to ask the military regime, namely, 'Where are our husbands, where are our daughters and where are our sons?'

Mr K. B. Andersen. — (DK) I can tell Mrs Dahlerup two things. Firstly, we in the Nine have dealt with what we might refer to as the general human rights situation in Argentina. I cannot remember exactly when we last discussed this matter, but it was about a month and a half ago that the Danish Minister Lise Østergaard telephoned the Argentinian Ambassador on behalf of the Nine to protest against a number of conditions in Argentina. As regards the other question — the first one you brought up — I cannot say anything on behalf of the Nine, but since Denmark has, as it were, a place on the board — several countries being represented jointly — I have taken due note of the points raised by Mrs Dahlerup and will of course look into them. I can make this promise as Danish Foreign Minister, but I cannot do so on a broader basis.

Mr Ryan. — Is the President-in-Office aware that the statutes of the World Bank explicitly prohibit the World Bank from taking into consideration, with regard to loans, the political complexion of régimes; that, in its administration, the workings of the World Bank are so strict as to ensure that money devoted to a particular purpose cannot be misapplied, and that, while allegations have been made about the World Bank's activities in the past, no evidence has been adduced anywhere of the mis-application of the funds of the World Bank? And would the President-in-Of-

fice bear in mind that there is so much misery and poverty in the world, irrespective of the political nature of régimes, that if we allow political considerations to enter into decisions affecting offers of help to the poorest of the poor, then it is the poor who will suffer more than those who, for the time being, may be in political control of any particular country?

Mr K. B. Andersen. — (DK) I can only refer back to my answer to Mrs Dahlerup a few moments ago.

Mr Prescott. — Is the President-in-Office aware that one day after the closure of the hearing referred to by my comrade, where we were concerned with the fate of thousands of people missing in the Argentine, the leader of the Human Rights Movement in the Argentine was released from prison by the authorities and that they have further released the names of 3 000 people who they now admit to be in their prisons and who were previously missing? That is a full justification for the holding of the hearing, and I hope the President-in-Office will again ask for further names of those who are still considered to be on the missing list in the Argentine.

Mr K. B. Andersen. — (DK) My answer to this question is quite simply, 'Yes'. We still work on this matter along the lines proposed.

(Applause from various quarters on the left)

President. — The second part of Question Time is closed.

I call Mr Spicer on a point of order.

Mr Spicer. — You were kind enough, Sir, to give us your blessing this morning and give those of us who had particular questions down relating to Africa the right to put those questions in the course of the debate. That was a perfectly acceptable procedure and I fully understand that the problem arose because we were rather short of time this morning and the President-in-Office had to answer very briefly. But, in fact, it is not within my recollection that any of those specific questions were answered, although I did, in particular, specifically read out my question — Question No 61 — in the expectation of getting an answer to it. I wonder if you could help me, Sir?

President. — Mr Spicer, if you are not satisfied, you can always retable your question and it will be included on the agenda for the next part-session.

The second part of Question Time is closed.¹

5. Votes

President. — The next item is the votes on the motions for resolutions contained in the reports on which the debate is closed.

¹ See Annex.

President

We shall begin with the motion for a resolution contained in the *Klepsch report (Doc. 83/78): European armaments procurement cooperation*.

I put to the vote the first six indents of the preamble.

The first six indents of the preamble are adopted.

On the seventh indent of the preamble, I have Amendment No 1 tabled by Mr Klepsch and seeking to delete this indent.

I put the amendment to the vote.

Amendment No 1 is adopted.

I put to the vote the last three indents of the preamble and paragraphs 1 and 2.

The last three indents of the preamble and paragraphs 1 and 2 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 *Cifarelli report (Doc. 154/78): Regulation on oils and fats*.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the *Bangemann report (Doc. 163/78/rev.): Floods in Germany*

The resolution is adopted.¹

6. Council activities under the Danish presidency — Situation in Africa (continued)

President. — The next item is the continuation of the joint debate on the statement by the Council and the situation in Africa.

I call Mr Caro.

Mr Caro. — (F) Mr President, I should like to have taken part in this morning's debate in this Chamber, and I deeply regret that because of problems of timing I was unable to express my views in the presence of the President-in-Office of the Council.

What I had to say was relatively simple and largely concerned a new realization on the part of most of our European States, arising from recent events in Zaire. The Zaire episode is to some extent a historic turning-point, and the Zairian detonator has touched off a new process of political thinking and a much sharper awareness of the situation.

There is one obvious fact, which I think it would be a mistake not to give the importance it deserves, namely it is that, for the first time in most of our member countries, the danger of a Soviet/Cuban attack, offensive or stragey is being publicly mentioned even by the persons most likely to know. The fact that international political language is becoming so precise is a sure sign that this new realization is not solely verbal, and that it profoundly affects the masses, who have also assimilated without difficulty the political developments which we are now observing.

The basic problem, which is fully understood, is that of security, which conditions the development of our modern society and which has three essential components whatever sectors one is dealing with: firstly, protection of human rights and basic freedom; secondly, economic and social development; and thirdly, the future of this Euro-African society whose role depends on the effectiveness with which politicians can endow their actions and initiatives.

With regard to human rights, we have observed a development of opinion in the EEC-ACP Committee, and we have noted a rather extraordinary thing, namely that, while everyone declares support for human rights, there is no unanimous agreement to debate the problem politically. Why is there no unanimity? Because the countries with which we have special ties, particularly those of the Third World, think that if the subject is discussed there will be scope for possible interference in their internal affairs. On the contrary, however, democratic debate requires an exchange of views, even if it is difficult to broach the problem for sociological, historical or cultural reasons. I would not wish to say for purely political reasons, since on both sides of the Mediterranean, in the old European continent and the rapidly developing African continent, we still live according to traditions which, I think I can claim to be totally opposed to any doctrines of administrative, military or economic totalitarianism.

It would therefore be desirable for us Europeans, in our relations with overseas countries, particularly with Africa, to put democracy at the centre of the dialogue. The fact that we Europeans raise questions about respect for human and individual rights, with the inevitable implications for the safety of persons and property, does not mean that we are guilty of interference and the fact that the countries of the Third World are worried about our attempts to re-establish an economic balance, and if possible to establish a zone of economic and monetary stability between the two continents, does not mean that we are afraid that these countries will interfere in our affairs. Mutual respect is one thing, but solidarity means going beyond this, and I think this is the step which all our democracies are now taking.

¹ OJ C 163 of 10. 7. 1978.

Caro

The second component is economic and social development. We know that for developing countries, particularly in Africa, the guaranteeing of raw material prices, the question of industrialization and the financing of industrial investments, the encouragement to be given to joint financing, the special assistance given for the purpose of achieving equilibrium on the trade balances, particularly through the STABEX system relating to the external trade of the developing countries, and the coordination of bilateral agreements, whether economic or cultural, between each of our countries and various ACP countries, all contribute to greater economic and social progress in the developing countries. All these measures must, moreover, be based on the principle of complementarity, for it is pointless trying to promote the development of these countries by means of *ad hoc* short-term measures, which have overtones of political interference, unless these measures also take account of Europe's complementary requirements. Obviously nothing can be done without developing the economic markets of the Third World and reforming the industrial structures of the already industrialized countries, which may sometimes be a painful process. Particularly in certain sectors, such as the labour-intensive industries which we have in our countries, we are very well aware of our inability to overcome the imbalance with which we are faced, and the employment crisis we are experiencing in Europe is the most obvious illustration of this.

The result of this analysis, in which I should like to see the Council of Ministers play a dynamic part, is to place all initiatives and policy statements in the context of a real partnership, between Europe and Africa. It is a long time since Robert Schuman spoke of the long march towards 'Eurafrica'. I think that the time has now come. The new awareness resulting from events in Zaire shows that a sense of shared destiny is being forged between Europe and the African continent — and we do not need to explain this, I repeat, since even the masses and public opinion have understood it. It would be a mistake not to seize this opportunity of drawing these countries into a common policy with us. But, for all that, security demands a certain political will, and we cannot accept the statements of those who criticize this or that action allegedly or in fact taken to save human lives, on the grounds that one should not interfere, when these same critics turn a blind eye to world powers which do not hesitate to provoke military confrontation by proxy and have kept the fires of civil war burning in various parts of the world since the end of the Second World War. Nations such as Lebanon are now being destroyed simply so that these powers can pit their dictatorship against the Western democracies. This needs to be said, and the revival of the policy which we wish to achieve depends on the frankness with which we speak. In this context, my

experience of living in Third World countries, particularly in Africa, with which France has had fraternal ties for many years, even if colonialism has left some unfortunate stains upon our history, has convinced me that we are capable of achieving such solidarity, and that we must not give way, for economic or diplomatic reasons, in the public discussion of the essential problems relating to our future.

I therefore hope that this policy, which we all want to see, will enable us to move from the cooperation stage to that of a community of interests. Let us hope that the Council will be ready to back this attitude, which implies political resolve, and will help us to achieve this development, which will be the proof of the measures taken to ensure that both we and our brother countries of the ACP — particularly the African countries, since we are discussing Africa — are entirely willing to cooperate with each other.

President. — I would point out that Mr Jakobsen will be the President-in-Office of the Council during Mr Andersen's absence.

I call Mr Dalyell.

Mr Dalyell. — Mr President I would like to put some questions to Mr Jacobsen at this, the fag end of the Danish presidency, but on a subject where Denmark has many hundreds of years of history behind it, namely Greenland. This is nevertheless an issue that affects us all. The President of the Commission spent three days in Greenland, and I would have hoped for some kind of statement from the President to Parliament on this important visit, because he was there to help persuade the Greenlanders to stay in the EEC. Greenland has nearly 60 % of the Community's land surface. Admittedly most of it is covered with ice, but it has vast potential mineral resources, as well as being strategically important in the Arctic Circle, so the Commission is naturally anxious to dissolve anti-EEC feeling among the 50 000 Greenland people. But apparently the President of the Commission did not have an altogether easy time of it. At the fishing port of Sukkertoppen on Greenland's west coast, we are told that he was set upon by some hundred anti-market demonstrators.

The question that I have to ask is: precisely what are future relations between Greenland and the Community to be? Is there to be a referendum next year, and what happens if the result of that referendum is that, in certain circumstances the Greenlanders wish to hive off from the Danish State? The very least that one can ask is: what is to be the institutional result of all this? Quite clearly it is unthinkable that Greenland, as an individual State, could assume the presidency of the Council of Ministers. Such a proposition is obviously impossible with 50 000 people. On the other hand, if they are in anyway to break off from the Danish State, there is the problem of precisely what relations are to be.

Dalyell

Now I do not hide from colleagues that I have two reasons for asking this. One is genuine concern about Greenland and the other is that this does set precedents for people in other States who may think that they can hive off. I need not refer colleagues to the Scottish problem. Yes, there is a precedent, and that is why some of us are very concerned about precisely what the Community thinks about it. Because after all, in the Danish referendum on EEC membership in 1972, 71 % of the Greenlanders voted against membership. I am told that Commission officials now fear that they may hold another referendum if they get home rule, and conceivably pull out. Now, if they pull out, the problem in that sense is solved, although we might regret it. But it would not be the same as what would happen in Scotland if the Scots wanted to hive off from the rest of the United Kingdom and at the same time retain membership of the Community. The question I am afraid we come back to is: what in such a case would be the institutional arrangements? I would ask Mr Jacobsen, even at the fag end of his presidency, to comment on how he sees this position and, in particular, to give the simple undertaking that he will pass on the problem to the German presidency in the hope that they will make some statement one way or the other. Because one thing I am very clear about is that this Parliament ought to be regularly informed from now on as to precisely what the Greenland situation is and should have statements from the Commission and the Council of Ministers.

President. — I call Mr Christensen.

Mr Christensen. — (DK) Mr President, I regret that I was not able to speak when the Danish Foreign Minister was present, and since most of the things I have to say relate to points made by the President of the Council, I will not deal with these matters now but merely say a few words on the other question we are debating, namely the motion for a resolution concerning Africa. I should like to warn against the Community involving itself in the internal situation in a number of African countries. The motion for a resolution before us, in my view, smacks of colonialism. What is it that gives the European Community more particular responsibilities towards the African continent than towards other countries, groups of countries and continents? It would be interesting to know the answer to this question, but it is not contained in the motion for a resolution. Intervention by the countries of Europe and other countries such as Cuba and the Soviet Union has been described as likely to lead to a new Vietnam, a Community Vietnam. I should like to sound a warning against anything along these lines. I should like to warn against military intervention which would benefit corrupt dictatorships.

I admit that there have also been other tragic cases where it was a question of rescuing more honourable

and respectable systems or guaranteeing the right of a people to self determination, but nevertheless I feel that the positive answer given by the Danish Foreign Minister in his capacity as President of the Council of Ministers of the Community to a supplementary question put during Question Time at the last part-session in connection with a question by Mr Gert Petersen concerning the extent to which the Foreign Ministers regretted the presence of all foreign troops in Africa must hold good and that for this reason we must dissociate ourselves from any form of foreign, including European, military intervention in Africa.

We can help the people of Africa by granting development aid and trading with them, and in this connection the Community has been somewhat guilty of embarking on a more protectionistic trade policy, as we have discussed here in Parliament on a previous occasion. By providing development aid for land reforms, too, we will be able to prevent developments in Africa which might, in the longer term, constitute a threat to us and to the security of Europe. I also feel that it is up to the United Nations, i.e. not the Member States of the European Community or the European Community as such, to intervene in the African situation. In questions of military conflicts which might jeopardize world peace or the security and peace of other countries, it is up to the United Nations and not the European Community to take action. I therefore intend to vote against the motion for a resolution contained in Doc. 136.

President. — I call Mr Ryan.

Mr Ryan. — Mr President I regret that while I received a courteous note from the Secretary-General about the opportunity of raising Question No 60 today, I was unable, because of previous commitments to attend this morning's debate, but I did read the report in today's Diary. I am fully aware of the fact that several speakers raised related matters and that the President-in-Office, Mr Andersen, was good enough to deal with the topic in the course of his earlier intervention.

I had asked some time ago, in view of widespread concern at the involvement of the USSR in Africa, if the Foreign Ministers proposed to take any initiative to discourage this development. That was even before the French and Belgian troops became involved in Zaire. That was not entirely the manner in which I had contemplated an initiative being taken, but what should give us cause for thought now is that, once again we see Europe and parts of Europe reacting to events rather than directing them. It seems to me from what I have observed in what is obviously a condensed account of what was debated this morning, that several members of this Parliament, irrespective of political groups, are of a similar mind in expressing

Ryan

their concern about Europe's failure to give a lead in the right direction, particularly on the highly sensitive African continent, a continent in which Europe has inescapable obligations, because of European involvement — indeed one might call it occupation — in that continent for so long.

One of the great problems which we face in determining what is the will of the people of Africa, which must be the predominant consideration, is: who are the people, how is their will to be ascertained? In Europe we ascertain will by recognizing nation States, by recognizing the manner in which our people have evolved over the course of history. History has not been written in Africa for long, except as a history of colonial occupation, and colonial occupation in many cases does not reflect the will of local people except by accident. We have geographical and political dimensions in Africa today arising not out of political determination, but out of forceable occupation. Nevertheless, we must recognize that events have occurred in the past which have given some validity to existing boundaries, and that if those boundaries are to be changed, they must be changed by the will of the people of Africa themselves.

One does not wish to see an East-West conflict, or even an East-West debate, but there are certain things which we in Europe are entitled to assert if we believe in them, and among these are that western democracy respects individuality, it values different cultures and it not merely respects but insists upon observance of human rights. These are matters which are of inestimable value and justify us with all due modesty in saying that Europeans are the friends of Africans.

But the same cannot be said of the part played by the USSR and its satellites in Africa. First of all, this régime does not respect human rights, different cultures, individual wishes. It is a cruel and oppressive system of government and is exercised by the USSR within and outside its own boundaries. It is a system which denies national will. But because Europe, the United States of America too and other countries in the West have failed to discharge their obligations in Africa, Africa's difficulties have left an open door for people who are no friends of the Africans to move in on them.

There are those who decry self-interest, and suggest that the intervention of France and Belgium in Zaire and Shaba recently was motivated only by self-interest. I am not in a position to judge whether that be so, although, quite frankly, I would regard the humanitarian aspect of their intervention as justifying it entirely. While I subscribe to all that has been said about the importance of having an international dimension through some forum such as the United Nations or the Organization of African Unity, to deal with conflicts in Africa, we must recognize that emer-

gencies do sometimes arise which do not permit of the delays which are inevitably associated with international forums. But if self-interest be an invalid consideration, as alleged by some against the intervention of France and Belgium, it is also unjustifiable for Russia and Cuba to be involved, because their involvement is certainly prompted by their own self-interest and not by a regard for the wishes of the people of Africa.

Now, we are immediately and primarily concerned with the involvement of armed forces in Africa, and clearly what is most desirable is that all non-African armed forces in Africa should withdraw. But I would like to draw attention to one serious aspect of the present African — indeed world — dilemma, and I would preface these remarks by asking you to remember Vietnam, how in the early days of the Vietnamese conflict, some people who did not know or care where Vietnam was were seen seated outside United States embassies right across the world protesting against the alleged denial by the United States of human rights in Vietnam: the western world began to allow itself to become a victim of Soviet propaganda, and the result was that whatever good might have arisen out of the United States' involvement in Vietnam was totally destroyed because of the fact that the Soviets had won the propaganda war even before the rest of the free world had woken up to what was really happening. Even now, a very subtle propaganda campaign is being developed which suggests that it was wrong for any country to answer the call on humanitarian grounds and send troops to Shaba to save people from being killed. That could easily escalate in such a way as to undermine the whole Western involvement in Africa and weaken the will of Europe to discharge its obligation to the African people, and that would be a very undesirable thing.

Earlier, Mr President, I, in the course of Question time, posed some questions relating to the World Bank and the propriety or otherwise of bringing political considerations into determining whether or not loans should be advanced to certain countries. I should like to explain, lest there be any misunderstanding, that I have a total and absolute dedication to the observance of human rights: I am proud to be an active member of Amnesty International, and only wish that my public duties allowed me to be more deeply involved. But I think it is very important that we should never forget that there are over 2 billion people in this world so miserable that they could not care less under what political régime they live: their misery is so appalling that no abstract discussion about human rights can ever touch them, because they live in such squalor, hunger and ignorance that the concept of rights is beyond their understanding.

Ryan

And while it is essential that we should, in this Parliament and elsewhere, be concerned to insist that governments respect human rights, we should be very careful never to withhold support, physical and financial, in the form of food aid and so on, from people whose misery is beyond our comprehension because we have not been unfortunate enough to be born into the misery, disease and ignorance in which over 2 billion people in this world are living at the present time. If we, in Europe, bore that in mind, we might become a little more positive in our approach to all aspects of human rights. The problem of human right extends beyond the sphere of politics into that of opportunity, and the standard of living which we all have here is something which some people in the world can never even dream of; it is beyond their comprehension, because of the poverty and misery in which they live.

President. — I call Mr Jakobsen.

Mr Svend Jakobsen, President-in-Office of the Council. — (DK) Mr President, I should like to say once more on behalf of Mr Andersen and the Presidency, how much we regret that, for reasons beyond his control, Mr Andersen has been obliged to leave this debate. I should like to tell Mr Ryan and Mr Caro that I have taken due note of the views they have put forward and shall inform Mr Andersen of them. The same applies to what Mr Christensen has just said. The reason I asked to speak was to say something to Mr Dalyell concerning the future of Greenland. Mr Andersen dealt with this question briefly in Question Time, and there is not much to add. The situation is that the Greenland and Danish authorities are currently working on a devolution arrangement for Greenland. Proposals have been submitted to the Danish Folketing and it is hoped to introduce the arrangement in 1979. I must add, however, that the time is not yet ripe for this Parliament to enter into a debate on Greenland's future relations with the Community. All I can say to Mr Dalyell is that the aim of these discussions on a devolution arrangement is that Greenland should remain within and part of the Danish realm and I think this clears up a number of uncertainties mentioned by Mr Dalyell.

President. — I note that no one else wishes to speak. The motion for a resolution (Doc. 136/78) will be put to the vote, as it stands, at voting time tomorrow.

The debate is closed.

7. Agenda

President. — I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — I apologize for interrupting at this moment, but I wish to raise a point of order

concerning the oral question with debate on a common strategy for economic recovery. It has been drawn to my attention that unhappily through no fault of this own, the President-in-Office has had to leave, and there is only the very excellent honourable gentleman who is the minister responsible for fishing to reply to the debate. As far as the Commission are concerned, I understand the Vice-President Mr Ortoli will have to go in a very short space of time, and nobody other than the Commissioner for fishing will be available. We are ourselves slightly to blame for this because it was on the proposal of an honourable gentleman opposite that the order of business was changed, the debate on Africa being brought ahead of the economic debate. If we had not changed the order, the minister would have been here to reply. But as it is he is not. I suggest that we postpone this debate until the Tuesday of our plenary sitting in July.

There is the argument and I am fully aware of it, Mr President, that any debate is worth holding even though the ministers or Commissioners competent to reply are not here. But I would also say that it is more relevant to hold it when we can get constructive replies from the minister and the Commissioner concerned. In any event it will be before the Bremen conference, which does not start until the Thursday, and the Bonn Conference which does not start until later the following week. I therefore ask the House's permission to postpone this debate until the Tuesday, when I have the understanding that the German President-in-Office will be present.

I will make one last remark: if we do start the debate now, we shall have missed all the press throughout the world and most of the other media as well, so what we say will go unsung and unheard and unclaimed.

President. — I call Mr Fellermaier

Mr Fellermaier. — (D) In reply to my esteemed opposite number, I should like to say that the logical consequence of his last argument — that the media are not present — would be that we would also have to postpone the fishery debate. But let us look at the matter in hand, Mr Scott-Hopkins. A glance at the dates reveals the following: if Parliament remains silent on the subject until 4 July, immediately before the Bremen Summit, what we then say will not have a chance to influence public opinion. I should therefore like to say that in my view the objection that the Danish Foreign Minister is not here is not a valid one. With all respect to the Foreign Minister in his capacity as President of the Council, he is no more or no less competent in economic questions than the President-in-Office of the Council who is now in the House and is his government's Minister of Fisheries.

Fellermaier

By Mr Scott-Hopkins' reasoning we should insist on the presence of the responsible Economics Minister.

No, the Council is replying to what I consider to be the very important question by the European Conservative Group on a common strategy for economic recovery. Since it does not have to be a comprehensive debate, Parliament's political groups can make brief statements of position on the Bremen economic summit, which will deal with the strategy for economic recovery. The Council can take note of these statements and at the same time request that Mr Genscher, the German Foreign Minister, who assumes the Presidency of the Council on 1 July and is due to make his debut in the House on 4 July, should on that occasion give a reply agreed on in the Council to the questions we have asked today. In fact, any discussion we have with Mr Genscher in this House on 4 July will actually only be a discussion with the German Foreign Minister, even if he is wearing his President of the Council hat, since on that date he will not yet have been able to coordinate with the other Member Governments all the points of his replies to the questions on economic recovery.

I therefore request, Mr President, that the debate be held so that the Council has the opportunity to give the House further answers on 4 July during the general debate which is always held at the beginning of a new President's period of office. I am sure that the Danish Minister of Fisheries will be able to provide just as good answers on behalf of the Council as Foreign Minister Andersen would have done.

Mr President. — I call Mr Klepsch.

Mr Klepsch. — (D) My reasons are, briefly as follows. In such cases Parliament has hitherto adopted a useful practice. Whenever a Group has requested the postponement of a question which it had tabled, we had generally complied with this request, irrespective of who made it. I feel that we should also do the same today.

Mr Fellermaier put forward good reasons for discussing the matter today. But we had the opportunity of making comments today in connection with the statement by the President of the Council. I should therefore like to make the following proposal. Mr Scott-Hopkins has heard what Mr Fellermaier had to say. If he is in favour of proceeding as Mr Fellermaier proposed, then so be it, but if not I think we should comply with his request and postpone the debate.

President. — Since Mr Scott-Hopkins upholds his request, I put it to the vote.

That is agreed.

The question on a common strategy for an economic recovery (Doc. 140/78) is therefore postponed to the next part-session.

I call Lord Ardwick on a point of order.

Lord Ardwick. — Mr President, does this procedure mean that nobody can add his voice to the protest against what has happened this afternoon? The way that this Parliament treats economic affairs is absolutely scandalous. Month after month this goes on. In January, we had a debate suddenly improvised, for two hours only on economic and monetary union, the vastest of subjects. Then, in April we had a debate on the Copenhagen summit, on disgraceful statements from the Council which gave no information at all, and now a debate which was flagged a fortnight ago for this afternoon and which people have prepared for is not going to take place, on the flimsy excuse that a mere airy-fairy motion of the Conservatives is sufficient to kill the debate, whereas what we wanted to talk about was not their dream of a Marshall Plan, we wanted to talk about the European summit and about affairs which are of great concern to this Community. This is an Economic Community and we debate economic affairs worse than any other subject.

(Applause from certain quarters on the left)

President. — I have been very kind to you, since that was not a point of order but a protest.

I can agree with you that it is not right to neglect economic questions, but it does not seem to me that this is Mr Scott-Hopkins' intention, since the debate has not been cancelled but only postponed.

8. Fisheries policy

President. — The next item is the joint debate on :

- the report drawn up by Mr Schmidt on behalf of the Legal Affairs Committee on the legal basis and procedures for certain legal acts relating to the Community's fisheries policy (Doc. 80/78);
- the report (Doc. 39/78) drawn up by Mr Corrie on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland;
- the oral question with debate, put by Mr Hughes, Mr Lemp and Mr Prescott on behalf of the Socialist Group to the Commission of the European Communities (Doc. 71/78) and to the Council of the European Communities (Doc. 72/78):

Subject: Fisheries policy

Will the Commission/Council report on the state of progress on 1. establishing an internal fisheries regime for the Community; 2. negotiation of fisheries agreements with third countries?

President

- the oral question with debate (Doc. 74/78), put by Mr Corrie on behalf of the European Conservative Group to the Commission of the European Communities :

Subject : Conservation of fisheries resources

Will the Commission reconsider Article 10 of Doc. COM (77) 515 final, laying down technical measures for the conservation of fisheries resources which will cut the catch of nephrops by 60 % in certain waters and cause the loss of over 1 000 jobs in the peripheral regions of the Community ?

- the oral question with debate (Doc. 70/78), put by Mr Ryan, Mr McDonald, Mr L'Estrange, Mr Vandewiele and Mr Müller-Hermann to the Commission of the European Communities :

Subject : Fish caught in Irish waters

Having regard to the fact that 80 % of fish caught in Irish waters are caught by fishing boats from other Member States, does the Commission consider that aid from Community funds for surveillance of these waters should amount to 80 % of the cost of this activity ?

I call Mr Schmidt.

Mr Schmidt, rapporteur. — (D) Mr President, I apologize for having to present today a report which deals with a relatively dry subject. I am not even able to really deal with the subject of fish — so popular in this House — which in this case is anyway only a convenient peg on which to hang the procedural criticism which we have to level at the Council of Ministers and also at the Commission. No one in this House denies that measures need to be taken to protect the fishing interests of the nine Member States. No one denies that in certain cases catch quotas need to be fixed to prevent overfishing. We are even very much in favour, and would welcome it if an arrangement were at last reached in the fish sector. The reason for this report is the way in which the subject is being dealt with. Last year — 1977 — the Council of Ministers issued 23 regulations dealing with fish, in only one of which it referred to the actual legal basis of the Treaty, in this case Article 43. It based itself on Article 102 in only seven of them. It was from the provisions of these two articles that the European Court of Justice in fact deduced that the Council was competent to issue certain regulations relating to fisheries policy. Many of the regulations, ten in fact, were issued without any legal basis being quoted by the Council of Ministers, and the rest are based on Article 103 of the Treaty.

What is the point of listing all this and what difference does it make ? First of all, it makes a difference to Parliament whether certain articles on which the measures are based stipulate that it must be consulted or not. Furthermore, we consider that it is totally inadmissible, even contrary to the Treaty, to issue regulations without stating exactly the subject concerned

and the legal basis for issuing such regulations. This procedure was adopted in ten cases, not only in fisheries policy but also in another previous case. In the Federal Republic of Germany, for example, where we have very strict rules on the subject, this would be the equivalent of the *Bundestag* or the Federal Government invoking the country's Basic Law when issuing regulations — something which would always be considered totally inadmissible. It might be argued that the legal basis in the Community is perhaps different. But this is not the case. Article 190 stipulates that regulations must be clearly specified and the reasons on which they are based stated. Moreover, the European Court of Justice has made it known that, even in the case of legal verification the Court must be left in no doubt as to the reasons on which a given regulation is based.

We therefore think — and this is the first point of criticism in the report — that in future there should not and must not be one single regulation in which only general reference is made to the Treaties without the exact legal basis being stated, since otherwise — and this is the second point of criticism — it also means that Parliament is bypassed. I would urge that in future this practice, which is contrary to the Treaties, be discontinued both in fisheries policy and in other cases. This is intended as a general remark and does not just refer to the fact that this is also an encroachment on Parliament's rights.

Another cause for criticism is the following. It is undoubtedly legally possible to base certain measures, in fisheries policy for example, on Article 103. This Article, however, makes only one provision and is a sort of emergency regulation — if there is a sudden shortage somewhere, the necessary measures may be adopted at short notice without Parliament being consulted. Nobody objects to that. But we do object to measures adopted under Article 103 being constantly extended so that a sort of automatic renewal takes place on the basis of an article which is specifically intended only for prompt, short-term measures on which Parliament is not consulted.

It is a familiar problem in national legislation, for instance in the case of automatically renewable employment contracts, and here attitudes are clear-cut: if employment contracts are always concluded for limited periods only and then constantly renewed in order to get around certain regulations on termination of employment, this is regarded as illegal and immoral, and we think that similar terms could be used to describe a practice carried out under Article 103, even though the application of that article is no longer justified because the measures concerned have long-term objectives. There is also no reason why the Commission and the Council should not base their fishery measures on

Schmidt

Articles 43 or 102, in which they themselves laid down a procedure under which Parliament must be consulted.

We think that this is what should and must be done in future and that Parliament must be consulted. And what is more — although one might say it is nothing to do with us — it ought not to be forgotten that in its Rules of Procedure the Council of Ministers itself laid down that the exact legal basis must be stated.

I should therefore like to sum up the presentation of my report by saying that the reason why this report was drawn up and why I would ask you, on behalf of the Legal Affairs Committee, to adopt, it is that a practice has crept in which is partly wrong. It is all right to adopt measures under Article 43 after consulting Parliament, under Article 102 on the basis of a regulation adopted by the Council with Parliament's agreement, and under Article 103 — in the case of a short-term measure — without consulting Parliament. But it is totally inadmissible to adopt measures on the basis of reference to the Treaties as a whole. This in itself is not right. Secondly, we must also object strongly to the fact that Parliament does not have the opportunity to express its opinion in such cases.

I should therefore like to urge the Council and Commission to discontinue this practice in future and to take to heart the demand and wishes of Parliament contained in this report.

IN THE CHAIR : MR HOLST*Vice-President*

President. — I call Mr Corrie.

Mr Corrie, rapporteur. — Mr President, I find myself in the situation in this debate of wearing three hats, one, as the rapporteur for the Committee on Agriculture, two, as having an oral question down in my own name, and three, as a politician representing my own country. I think I must start by offering an apology to Mr Gundelach, because I have stood here on occasion in this Parliament and complained that he has not produced documents in time for us. We have in fact, I think, postponed three times the document on Ireland and Greenland, which he has probably been waiting for, and therefore I would apologise for this not having come forward.

If I might first of all talk on that particular opinion from the Committee on Agriculture: the basic aim of the Community fisheries policy, of course, is now under discussion, and I hope that discussion is still continuing. It is to conserve the biological resources of the sea by means of scientifically derived management policies, quotas and conservation policies. To

this end the Commission have proposed a wide ranging series of measures, which includes the laying down of total allowable catches for particular species and their allocation by means of quotas between Member States, together with a series of technical measures concerning, for example, the mesh size of nets, the minimum size of fish to be caught, and zones in which fishing is subject to specific restrictions. Everyone might not agree with them, Mr President, but they are certainly a step in the right direction. Such a conservation policy is absolutely essential in order to ensure that fish stocks are maintained at a sufficiently high level, so that there will be plenty of fish for future years. A number of species, in particular, herring, cod, sole and plaice have been seriously overfished in previous years, so that important stocks are in danger of total collapse. The conservation policies consequently are of prime importance.

At the same time the European Parliament has emphasized on numerous occasions that conservation measures which are not backed by sufficient control and inspection systems will not achieve their aims and, moreover will be politically unacceptable to a number of Member States. The problem of inspection and control has been rendered all the more difficult by the extension of fishing zones to 200 miles. Vast areas must be patrolled and vessels both of Member States and of third countries must be examined. In certain Member States the fishing industry has not been highly developed, and their inspection capability reflects that fact. At the same time, these Member States are obliged by Community policies under examination by the Council to inspect activities of vessels of other Member States and of third countries. This often covers very large areas of sea. Two countries particularly affected by this are Ireland and Greenland. The necessity for a community financial contribution to the financing of control and inspection systems has been recognized by the European Parliament. We have already mentioned it in reports by Mr Kofoed, Mr Hughes and myself. The Commission proposes the financing of two types of measures, short-term and medium-term. The short-term would provide for the immediate establishment of a surveillance capacity in a period up to 31 December 1979, and include therefore the leasing of coastguard vessels and reconnaissance aircraft, their equipment and operating costs. The medium term measures, to be implemented by 31 December 1982, include the purchase or construction of coastguard vessels and reconnaissance aircraft and any alterations to land-based installations that are required. The Community is to participate in the financing of these projects for Ireland and Denmark by reimbursing 50 % of the eligible expenditure. We, in fact, in the committee have suggested that this could go up to 75 % or even 100 % if it was for Community surveillance only.

Corrie

The Committee on Agriculture can therefore approve the Commission's proposals with one or two small reservations. If we are going to spend that large amount of money on aircraft and ships of this type, we feel that they certainly must do more than simply patrol those waters. The cost of inspection is extremely high: the average cost of a vessel, for instance, is roughly 7 m u.a., of an aircraft 3.5 m u.a. It is important, of course, that facilities for inspections are available as soon as possible and this is why we are going to lease rather than buy, to start with. It should be emphasized that vessels and aircraft have, therefore, a multiple use and should not be restricted merely to fisheries' surveillance. There is a wide range of functions to be carried out, for example, control of agreements on maritime pollution, enforcement of navigational rules, rescue operations, scientific research. Some of these are being carried out just now by national governments. No one in this hemicycle needs reminding of the damage done by the Amoco Cadiz to marine and birdlife. We have heard since then that another oil tanker was just warned at the last moment before it struck a sandbank, and this was done by a spotter aircraft. Increasing problems are indeed arising from maritime oil industries. There is the well known matter of the policing and protection of maritime installations in the North Sea as the oil industry grows there. There is the additional danger to fishing nets of discarded scrap in the oilfields. Last week we had the story of a Scottish fishing boat that arrived back at a Scottish port with 20 tons of scrap, and one ton of fish, and minus two of its nets.

A more comprehensive legal framework is therefore urgently required. I think this House in this respect owes a debt of gratitude to Lord Bruce of Donington for the work he is doing in this field as Chairman of the Committee on Regional Policy, Regional Planning and Transport. He is setting up a special hearing in Paris next week to look at this whole problem of oil pollution, because we must have coordination within the industry, and not just within the fishing industry, but within the shipping industry as a whole. We have suggested a European maritime agency that could control all these activities. There is no doubt, Mr President, that the existing coastguard facilities or even an extension of them could not cope, and that a new agency is required.

The Commission anticipate the measures proposed would lead to expenditure of roughly 70 m u.a., of which they would pay half. The Committee on Budgets has given a favourable opinion. It is essential therefore that the Community contribution should be put to the most economic use. In this, it should be remembered that the most difficult function to be carried out by surveillance vessels is the rader control of wooden trawlers. This means that one requires the most expensive and sophisticated equipment. Moving on from that, Mr President, might I mention my own oral question with debate, which is on a very specific

subject and which I have taken up with the Commissioner on the problems of fishing for nephrops, which one I suppose could call scampi, in the English version, in the Irish Sea and the waters off the west coast of Scotland. The problem here is that the mesh size that we have gone up to and the allowable catch size of the nephrops is in fact far above the size that they actually grow to in these waters. In the reasonably warm waters on the French coast, they do in fact grow to 100 mm in length on the edible portion. In these cold waters of Ireland and North Scotland, they average between 45 and 70 mm in length. If we go up to the net size suggested by the Commission, something like 60 % of all the nephrops that are caught just now will go straight through the nets, and this will mean there will be a tremendous loss of jobs in these areas. Now, it may seem strange, when we are talking about conservation so much, that I should be suggesting that a net or a fish size should not go up as high as the Commission in fact want it to go. But I think that in many cases we have tried to sort out the fishing problem with a broad brush, whereas in fact it is a lot of small problems that all have to be looked at on an individual basis, such as things like the poutbox. I hope that the Commissioner has had time to look at this particular problem.

Mr President, I would also like to say a few words speaking personally, before I sit down. I have been asking British fishermen what their real needs are and I am having another special meeting with them next week. The real issues that come to light from talks with my fishermen are that we want any fishing policy to be based on conservation and a rejuvenation of the existing stocks. Surely we all agree on that. They want quotas which should be based on the amount of fish available for catching, never on political decisions, and we have all agreed in this House that that is how it should be. We ask that fishing communities must be specifically protected, where they depend on fishing for their livelihood. Again, I think that promise has been given in this House, and we have looked at things like steaming times or other bases of calculation, so that these fishing communities can be protected. The British industry accepts that circumstances have totally changed since the original negotiations, when we had a 12-mile limit, and now we have 200 miles. Had full agreement been reached then, the call for a 50-mile exclusive limit could never have arisen. Over the past few years, British conservation measures, the loss of third country waters, and our predominance in fishing for edible species, have meant an enforced and extremely painful contraction of our fishing industry. Over 5 000 men have lost their jobs at sea; that probably means about 40 000 jobs on land. It is only natural that, having nursed our stocks, our fishermen want to have some benefit in the reaping of the fish harvest. This is why they seem to be prepared to have harsh total non-discriminatory conservation policies, rather than an agreement at any cost.

Corrie

I speak personally again, more in sadness than in anger. I hear rumours that talks have broken off between Britain and the Commissioner. Two months ago it sounded as if common ground, or should one say, common water, had been reached. Now Britain appears to be playing politics with the fishing situation, as we near an election. I hope this is not so. We are in a sort of 'heads I win, tails you lose' situation and this is bad for British fishermen, bad for Britain, and worst of all bad for Europe. Surely what we want is the things that I have already talked about. Surely it is only fair that a percentage increase of any additional quotas that do come along do go to the British fishermen. Most of the things that we require appear to have been offered by the Commission. So will the Commissioner today lay his cards on the table, and tell us where there is disagreement, if eight countries have agreed and yet we cannot get the nine to agree? We simply do not know the answers. I know there is a debate in my House tomorrow night and we may get the other side of this story, so perhaps the time has come for plain speaking in this House. Perhaps it is unfair in this way to attack someone who cannot reply, but perhaps someone from his party will reply when the time comes. I hope that we are not in a situation where we are not going to see any agreement, not only before the summer recess, but before the end of this year. I am sure the Commissioner must agree that we are not going to get any good and useful third-country agreements, until we have got our internal policy sorted out. With every week that goes past we lose the chance of getting good agreements with third countries. Our inshore fleets can perhaps survive, but there is no doubt that our deep-sea fleets are going to suffer severely, and, if no agreement is reached soon, it is going to be extremely bad, not only for Britain, but for the whole of Europe. I hope, therefore, today that the Commissioner can shed some light on exactly where we have got to. Much is to be done to complete a satisfactory common fisheries policy agreement. The whole EEC fleet needs restructuring, and trimming, to fit in with the available catches. New grounds have to be looked for. Is the Commissioner looking at the EEC connections throughout the world to this end? All the islands for instance under the EEC umbrella must now have 200-mile limits. Are there fish there that we could catch? New Zealand has had a disagreement with Japan and is looking for new customers for her fishing grounds. These are far away, but with factory ships and new technology we have to widen our horizons and look for new fishing grounds. If we do not, our deep sea industry is finished.

I thank Mr Gundelach for the work he has already done; I look forward to seeing in the very near future full agreement.

President. — Since Mr Hughes does not wish to present his oral questions and Mr Corrie has already presented his, I call Mr Ryan.

Mr Ryan. — When I, with my colleagues, tabled the oral question relating to fish caught in Irish waters and the aid from Community funds to meet the costs for surveillance of those waters, the Commission's proposal at that stage was to make a contribution of 50% of the cost of that activity. Since then, both the Commission and the Committee on Agriculture have come forward with proposals suggesting aid of 75% of the cost of the surveillance activities in Irish waters and it would be less than generous on the part of my colleagues and myself to be quibbling at this stage over 5%, particularly at a time when there is a readiness, as already verified by regulation, to let Ireland have a right to increase her percentage taken in Irish waters. I am not in fact pressing for an increase of from 75 to 80% at this stage.

President. — I call Mrs Dahlerup to present the opinion of the Committee on Budgets.

Mrs Dahlerup, draftsman of an opinion. — (DK) The Committee on Budgets adopted its draft opinion at a meeting on 1 March and we have therefore been a little slow in getting round to dealing with this particular fisheries problem. Our opinion corresponds extensively with the viewpoints put forward by the Committee on Agriculture in the motion for a resolution tabled by Mr Corrie. We in the Committee on Budgets are extremely pleased at the idea of Community aid to Ireland and Greenland for inspection under a common fisheries policy. Since — as we also say in our opinion — the establishment of such a policy is of benefit to all citizens in the Community, it is appropriate and only natural that the Community should alleviate the financial burden of those Member States which have to guard particularly long coastlines or waters which are particularly difficult of access.

The Committee on Budgets has noted that the Commission's financial statement and financial estimate are considerably more informative and detailed than usual and conform to the requests by the Committee on Budgets for exhaustive information. We are also very pleased to note that the question of the amount of expenditure envisaged in the various financial years has been left sufficiently open to enable the budgetary authority to make its decision during the budgetary procedure and that the EAGGF Committee is to be given a purely consultative rôle as regards the financial aspects.

As regards the financial controls, we agree with the Committee on Agriculture that the procedures should be clear and transparent and that the budgetary authority should be kept constantly informed. We have proposed that the annual report which is to be submitted to both the Council and Parliament, should also be submitted to the Court of Auditors so that it can make observations on any problems which might arise in the control context. During the initial talks on

Dahlerup

this question within the Committee on Budgets considerable doubts were expressed in many quarters as to whether 50 % aid would be at all adequate. We were thinking to a great extent of the extensive waters and long coastlines, including, of course, the difficult waters around Greenland. I personally have had an opportunity of spending a fortnight on a patrol vessel in these waters, and I can assure Parliament that we will have to obtain first class equipment if we are to fulfil the task before us here.

It would be quite unrealistic, in our view, to expect the two countries, which will have to make certain contributions to this Community task from their own budgets, to pay an amount which will certainly be in excess of 35 million EUA for the implementation of a policy which will be of benefit to the entire Community and we were sure that the Council probably took the same view, so that it might be necessary to revise the financial implications even before we actually get down to carrying out the task we have outlined. It is conceivable that the Community contribution will amount not to 35 million EUA but to 56 million EUA, but the Committee on Budgets is entirely in favour of this. Right from the outset, it was intended that the aid should be spread over five years, and clearly a new distribution will require certain new figures, so I have proposed a possible breakdown of the payments between 1978 and 1982 in paragraph 6a of the opinion. If the proposal is adopted now, we must assume that the major financial burden would be in 1979. We must get down to work very soon on the leasing or acquisition of the necessary equipment.

We can therefore support the amendment to Article 1 of the Commission's proposal tabled by the Committee on Agriculture, to the effect that the amount of Community aid might be raised to two-thirds or possibly the entire amount. In saying two-thirds or the entire amount I am hoping to avoid setting a precedent by using percentages which one might feel obliged to continue with on other occasions. We take the view that each case of this kind should be judged on its merits, and we therefore stated that we could accept either two-thirds or complete coverage. In our view, it is considerably more realistic to adopt these figures than it was to rely on the first proposal that was made.

In this statement, the Committee on Budgets has not — and I should like to stress this — in any way adopted a standpoint regarding the possibility of other projects to which we might wish to give financial aid. We have discussed this question in isolation, and this is the question on which we have adopted an opinion. Thus, subject to these reservations and comments, the Committee on Budgets can go along with the Commission's proposals and we can wholeheartedly support the views expressed by Mr Corrie on behalf of the Committee on Agriculture.

President. — I call Mr Jakobsen.

Mr Svend Jakobsen, President-in-Office of the Council. — (DK) Mr President, I should like to answer the question put by Mr Hughes to both the Council and the Commission. The question falls into two parts, the first of which concerns internal fisheries policy. The last time fishery problems were discussed here in Parliament was on 15 February 1978, when the President-in-Office of the Council made a statement on developments within the Council, in particular the meetings of 16, 17 and 30 January. Unfortunately these meetings failed to produce any definitive results. Since then, the Council has discussed the fisheries question on several occasions, the most recent being 24 April, with a view to reaching agreement on the outstanding problems. It is therefore not true to say that the Council has given up its attempts to find a solution in this vital and very pressing matter. The honourable Member can rest assured that no efforts are being spared or will be spared to overcome the difficulties standing in the way of a solution. These are extremely far-reaching and difficult problems of considerable economic significance for many areas of the European Community, and the Council therefore feels it necessary to continue with its examination of the problems which are still outstanding with a view to finding solutions acceptable to all on the basis of the Commission proposal.

The Council is aware of the urgency of the problem and intends to continue its discussion at a meeting next week, the agenda for which will include all the various aspects, including the structural problems. It is intended that the Council should adopt an opinion regarding the results of the consultations which the Commission has conducted with the individual Member States since the last talks within the Council, with a view to finding an overall solution which can be put into practice immediately.

As regards external fisheries policy I should like to say that, as you know, it is up to the Commission to conduct negotiations with third countries on the basis of a brief from the Council. I am not therefore in a position to provide you with exhaustive information on this matter, and I am sure that the Vice-President of the Commission, Mr Gundelach, will give you a more complete account of these problems. The Council is currently considering a series of Commission proposals, one of which concerns the conclusion of a framework agreement with Norway on the basis of the results of the Commission negotiations. In addition, there has been consultation with Norway, the Faroes and Sweden regarding fisheries arrangements for 1978. The Council is considering these questions, too, and they will be discussed at next week's meeting. The Council has taken measures with a view to guaranteeing the renewal of the reciprocal fishing arrangements with Norway, Sweden and the Faroes so that the possibilities of fishing in the waters of third countries will remain open to the Member States as far as possible.

Svend Jakobsen

The Council has authorized the Commission to open negotiations with Yugoslavia. The aim of these negotiations is to replace the bilateral agreement between Yugoslavia and Italy, which expires on 30 June 1978. However, the Yugoslavian authorities have not yet replied to the Commission's request to start negotiations. There has also been a preliminary round of negotiations with Senegal and Mauritania, and provisional agreements have been concluded between representatives of the Commission and representatives of Guinea-Bissau and the Cape Verde Islands. A new and, we hope, final round of negotiations between the Community and Spain will take place this week. There has also been a series of negotiations with Canada, which the Commission intends to continue in the coming weeks. Thus it is likely that the Communities will soon be able to conclude fisheries agreements with a further series of third countries in which Community fishermen have considerable fishing interests. There have been no new developments in the relations between the Community and the Soviet Union and the other Eastern European countries as regards fisheries.

So much for Mr Hughes' question. I should now like to address a few remarks to Mr Schmidt who spoke on his report, which was also, of course, addressed to the Council. I will naturally inform my colleagues of the additional points made by Mr Schmidt, and I can assure the honourable Member that in its deliberations, the Council will take full account of the views he put forward. I should, however, like to comment on a number of points brought up in Mr Schmidt's report, which we also discussed during the negotiations. Firstly, the report states that when certain fisheries regulations were adopted in 1977, the failure to indicate the particular article or articles in the Treaty forming the legal basis of these regulations in favour of a general reference to the Treaty establishing the European Economic Community constitute an infringement of a provision concerning the form which regulations should take, which is of crucial importance for their validity. I should like to say in this connection, that the regulations in question were merely interim arrangements and that it was clear from the provisions contained in them that they were based on Article 103. The scope of Article 103 has also been queried, and the question has also been raised of the extent to which this Article may be used as the legal basis for the prohibition or restriction of fishing for certain species. Under this Article, short-term economic measures may be taken, in particular if difficulties should arise in the supply of certain products. Since in practice unless restrictions are imposed on fishing by third countries, the Community's fish supplies will be jeopardized, the Council regards the adoption of the requisite short-term measures on the basis of Article 103 as acceptable.

Clearly, I myself and the Council as a whole hope that a common fisheries policy will be established in the very near future, so that it will be possible to find a definitive

and long-term solution to the question of management of fishing in the waters of the Community. I also hope that there will be no further need to have recourse to Article 103, which does not require that Parliament be consulted, since it concerns short-term measures which may have to be adopted swiftly, I need hardly point out that if the Treaty so requires, the European Parliament will in fact be consulted. If, however, consultation is optional, the Council is in favour of extending consultation of Parliament to cover important questions, but nevertheless feels that it is up to the Council to decide on what matters consultation should take place. The Council takes the view that it is not obliged to consult Parliament in connection with texts regarding implementation, unless, of course, the Treaties stipulate otherwise. However, even in the case of texts of this kind, the Council reserves the right to decide in each individual case whether or not Parliament should be consulted.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, may I at the opening of my statement on fisheries today express my sincere regret that I was not able to take part in the May part-session of this House for reasons which I hope you will understand, namely, the Council meeting on agricultural prices.

I have earlier had occasion to report on the state of affairs with regard to the common fisheries policy, in particular during the February part-session, when Mr Dalsager, on behalf of the Council, and I, on behalf of the Commission, reported on the state of affairs and the House had a substantial debate on all elements of the common fisheries policy with regard to both its internal and its external aspects. On that occasion, I answered in detail the questions raised by the Parliament, and in particular those raised by Mr Nyborg, Mr Klinker, Mr Cousté and Mr Corrie.

The situation is unfortunately still, in all its main points, as it was on 31 January 1978, when eight Member States declared that they could go along with the whole package of Commission proposals while one Member State was in a position to accept a number of the Commission proposals but felt that something was still missing, and therefore could not accept the package as a whole. The President of the Council then made a compromise proposal for 1978 leaving aside controversial issues. This compromise again was acceptable to eight Member States and to the Commission, but not to the United Kingdom. The establishment of a common fisheries policy was then for the time being blocked. You will remember that in this situation the eight Member States which could accept the Commission's proposals declared that they would in fact act according to the Commission's proposals in the exercise of fishing activities by Community vessels, while the United Kingdom declared that it would abide by the Hague resolution and seek the approval of the Commission if there was need for national measures.

Gundelach

Since January, the Council has on two occasions had brief discussions on the fisheries policy, at its meetings of 3 and 24 April. These discussions, however, did not bring about any changes in the situation, except for the Council's resolution to renew the informal arrangements concluded with regard to Community fishing in third-country waters and third-country fishing in Community waters.

The Council, however, charged me as the responsible Commissioner with the task of exploring, together with the competent ministers of the Member States, the possibilities of finding solutions which could bridge the gap between the eighth and the ninth Member States. With regard, first, to external relations, a number of proposals submitted to the Council and the Parliament reflect the evolution in our relations with third countries. Negotiations on a framework agreement with Norway have been brought to an end and the Commission has submitted a proposal for a Council regulation concluding the agreement on fisheries between the EEC and Norway; and I understand that the Parliament will debate a report by Mr Lemp at its July part-session. The Commission has also proposed regulations for the conclusion of agreements with the Faeroe Isles and Sweden, and the Commission has proposed regulations of the Council laying down certain measures for the conservation and management of fisheries resources applicable to vessels of the Faeroe Isles, Norway and Sweden, as well as Council regulations allocating certain quotas among the Member States. In respect of vessels fishing in the waters of the Faeroe Isles and in Norway's exclusive economic zone, these proposals, together with certain modifications in the general quota proposal for 1978, to which I shall come back in a while, reflect the results of negotiations carried out with third countries on the mutual fishing possibilities for 1978. I understand that all these proposals are at present being examined by the appropriate committees of this House.

On the whole, and here I think there is a consensus also in the Council, I find that the results obtained in negotiations with third countries are satisfactory and that the Community should, as far as possible, ensure the correct application of the agreements concluded with third countries, not only for 1978 but also, as far as the framework agreements are concerned, for future years. In the present situation, the lack of an internal fisheries policy has had the result that no formal Community provisions on relations with a number of third countries, especially Norway, Sweden and the Faeroe Isles, have come into existence; and the Community's fishing activities in these third-country waters, as well as those of the vessels of these countries in Community waters, have therefore, as I have already indicated, had to be continued on a very pragmatic basis, not least due to the understanding of the present situation shown by the third countries in ques-

tion. I must, however, say to the Parliament, as I said to the Council, that this pragmatism is for obvious reasons now coming to an end. No further time can be gained in our relations with third countries by the simple informal renewal of current decisions: things cannot go on this way any longer.

I should add, in this connexion, that the Commission is naturally continuing negotiations with Spain, Canada, Finland and Portugal, and Rumania has requested that negotiations be opened.

As indicated by the President-in-Office of the Council, there are no new developments in the relations with East European countries, for reasons the House is well aware of.

Here I must naturally express, on behalf of the Commission, concern about the conditions under which fishing is being conducted at the present time in the Baltic Sea. This is not only causing concern to the two Member States who are fishing in the Baltic Sea, but, since fishing policy in the end is a single whole, it has consequences for the Community as a whole.

With regard to West African Countries, a number of explanatory talks have taken place with Senegal, Mauritania and the Cape Verde Islands, and full negotiations are expected to be pursued in the near future.

In the case of Yugoslavia, the Commission is pressing for negotiations to be opened. The Yugoslav authorities have not yet responded, and in the meantime we are seeking a prolongation of the present temporary arrangements.

What is the situation now and how are preparations progressing for the meeting of the Council of Fisheries Ministers of next week? In accordance with the mandate to which I have just referred and which I was given by the Council in April, I have carried out a great number of consultations in various capitals with a view to assessing the possibility of finding a solution to the common fisheries policy which would be acceptable to all Member States. Suggestions have, of course, been made to me during these consultations that the Commission should table new proposals which would allow the Council to make a decision. However, I must inform the Parliament quite candidly that I have not, during these consultations, received such indications as would make it possible for the Commission to establish compromise proposals which would be accepted by all nine Member States.

If anything has come out of these consultations, it is the impression that the gap which existed at the end of January and beginning of February between the eighth and the ninth Member State has not diminished. It may even appear to have increased, but that, of course, may be a reflection of a public negotiating stance. As Parliament will be well aware, the Commission has, since 1976, submitted a constant stream of

Gundelach

proposals to the Council on all aspects of a common fisheries policy. At the end of 1977, a fully-fledged proposal covering all aspects, internal and external, of management, quotas, conservation, the vital issue of control, structures, fishing plans — you name it — was put on the table of the Council. The proposals were, as it turned out at the Council's meeting in December 1977 and as I have just indicated, acceptable to the majority but not to one. The Commission then, in January, tabled, after intensive consultations with the Member States and debates in this House, modified proposals which implied a major effort to meet specific United Kingdom requirements and considerable sacrifices from other fishing nations of the Community. These proposals were followed, at the last Council meeting in January, by a communication on the possible use of the fishing-plan concept within the limits of the Treaty. In this process, the quota proposals have been amended to take account of the outcome of negotiations with third countries, and, to correct for certain errors, modified proposals under Article 149 have been tabled. This goes especially for the proposal on immediate structural measures and the proposal on coastal fisheries. The Commission has, moreover, recently tabled a proposal on the application of fishing plans for the West of Ireland as well as a number of proposals on relations with third countries, as I mentioned a while ago. It is, moreover, tabling a proposal on the administration of licences for fishing in third-country waters by Community vessels, to overcome the present fragile and pragmatic management of these fishing possibilities. We are furthermore making proposals for a total allowable catch for herring in areas west of Scotland. According to urgent multinational biological advice, we must treat the herring stocks in these waters in the same manner as we dealt with the herring stocks in the North Sea last year.

I think I can say with full justification that the Commission has put on the Council's table all the material and all the proposals which are necessary to allow the Council to take a decision and that the Commission has continually brought its proposals, up to date in accordance with new biological data, new experience and the progress made in the application of controls and other measures in the field of conservation. With regard to the proposal which from a political point of view could be regarded as the centrepiece of the package put before the Council — namely, the proposal on the management of Community resources — the Community has taken into consideration not only past performances but also, I must underline, future possibilities; it has compensated to the greatest extent possible the losses in third countries; and it has taken into account, in conformity with the Treaty and with the agreement reached at The Hague in the autumn 1976, the special needs of the northern parts of the United Kingdom of Ireland and of Greenland. It has been changing its proposals in general this year, and has made a major effort to meet the special require-

ments of the United Kingdom within the possibilities of the Treaty. In particular, a major transfer of fish was made from other Member States to the United Kingdom — to such an extent that, whilst other Member States — with the exception of Ireland, where there is an increase, as agreed in The Hague — will have to bear considerable losses amounting to nearly 30 % in the case of one Member States and half of that for most of the others, the fishing possibilities made available to the United Kingdom are no less than what the United Kingdom had fished on the average over recent representative years — namely, 1973-76.

While underlining the move which has been made towards the United Kingdom position, and naturally not denying that the United Kingdom too has made a step in the direction of the others by dropping, at least for the time being, the request for a formal exclusive zone, it should be mentioned that the Commission and the Member States, during the work in the Council on other points in the package, have gone a long way to meeting specific United Kingdom wishes, mainly in connection with the proposals for conservation and control measures. The tendency in the work which has been carried out has been to strengthen the Community's original proposals on a number of points where such wishes had been advanced by the United Kingdom, amongst others. On the other hand, it should not be passed over in silence that the United Kingdom, with regard to some points in the Commission's original conservation and control proposals, had expressed the view that the rules should be made less strict than proposed by the Commission.

The Commission feels that the proposals which it has submitted to the Council are fair and go about as far as the Commission can propose under the Treaty. I am not saying that it will not be possible in the end to make modifications on points of importance in order to achieve a fully-fledged common fisheries policy: certainly not, but the rules of the Treaty must be respected, because a treaty, Mr Prescott, is a treaty and not like that famous piece of paper in 1914 which brought you into a war. The Treaty must be respected, which means that preferential treatment must serve objective goals. That does not mean that there can be no preference, as I repeated often enough, but the preference must have a specific goal in order to be in accordance with Article 39. That also applies to the use of fishing plans — which, by the way, were an innovation offered by the Commission, accepted by Ireland, rejected by the United Kingdom, and now accepted by the United Kingdom. Furthermore, the solution arrived at must, of course, be one with which other Member States can live.

I have been asked point-blank the question why it would appear — I hope it is only an appearance — that agreement is not at hand at the present moment. If you add to the far-reaching initial quota requests demands for an escalation of further quota increases

Gundelach

over the next few years, a preferential share of growth as a result of fish conservation measures and a far-reaching application of fishing plans, and special treatment in regard to historic rights within 12 miles, then it appears to eight Member States that it is just going a bit too far and it would also appear to the Commission that it is just going a bit too far. That is why, at the present stage, we seem to be at an *impasse*.

But since we have, quite obviously, over the last eighteen months made very considerable progress in our discussions on fishing policy, on the concept of conservation, on the necessity of strengthening controls and adding to quotas, even on the concept of quotas (because preferential treatment where there is a reason for it has been accepted as a matter of principle; the concept of fishing plans has been accepted; we have even got to the point of starting implementing them in some of the waters of the Community), it would, in the light of all this considerable achievement, appear to be a great pity and a great shame if we were not now able to bridge the last gap between one Member State and the eight others. I said that it seemed that we had at the present time reached an *impasse*. The Commission can only hope that it will be possible, at the Council meeting at the beginning of next week, to pave the way for a final agreement. And when I said that the Commission was not going, at the present time, to make new proposals other than those I have already indicated to you, it is because it will serve no purpose for any party to apply so-called salami tactics in these negotiations. It is now a question of building over the gap or not getting any further. Any further concessions from the one side or the other must be part of a final deal which ensures a final and indivisible common fisheries policy. The Commission seeks that agreement and will, as always, assume its responsibilities by making, at the right moment, such proposals as may be helpful and necessary in bringing about that agreement which it is necessary to achieve.

Why is it so necessary to achieve it? Because, as I said a while ago, we cannot continue to let people engaged in fishing or in industries based on fishing, continue to live in uncertainty as to what the future will bring. Nor can we continue, for reasons I have already indicated, to live on a month-to-month basis on the goodwill of third countries, on their readiness to accept fishing in their waters, whether fishing subject to licences which we cannot agree to distribute among ourselves, or fishing of joint stocks where we are incapable of taking the necessary steps to control our fishing of our own share of the joint stocks as they are doing. Unless we come to an agreement, we shall be in danger of losing fishing possibilities in third-country waters which we have, with great difficulty, negotiated for ourselves. We shall also run the risk of serious confrontations between fishing boats of our

various nationalities in our own waters. This would not be worthy of the Community. There is no easy way out of the problem, as I have already said; mere renewal of current arrangements will not do, because of the relations with third countries to which I have just referred. Nor is there any escape in the possibility of individual Member States trying to negotiate, whether formally or informally, solutions for themselves with third countries, because in this area the Community's responsibility is exclusive. No individual Member State can negotiate fishing rights with a third country: this is not in accordance with the Treaties, and it would be the responsibility of the Commission to bring anybody who broke that rule to the Court. It is only by solidarity that we have been able so far to secure worthwhile agreements. It is only by continuing to show solidarity that we shall solve our problems in regard to third countries, including the painful problems with which we are at the present time confronted in the Baltic Sea. If we do not there demonstrate solidarity, we shall not find a solution; if we do show solidarity, we shall there, as elsewhere, overcome our difficulties.

(Applause from certain quarters)

Mr President, I think this is all I have to say in regard to the general problem of a common fisheries policy, both internal and external. Whilst I must conclude by saying that the picture is not rosy I must on the other side also say that the stakes are so high that the ultimate effort will be made — must be made — and I hope, with the support which the Commission has hitherto received fully from this House, we shall jointly prevail also in the Council.

May I then return, as briefly as I can, to the specific issues raised in reports from various committees of the House? First of all, I should like to thank Mr Corrie and Mrs Dahlerup for the excellent reports which they have presented and for the quality of their analyses of such an important and complex problem as that of the surveillance of Community fishing-zones. Since the Council of the Hague, at the end of October 1976, the importance of strict controls over fishing-zones to enable the reconstitution and protection of stocks has been formally recognized. At the same time, it has also been emphasized that the cost of these controls should not be out of proportion to the contribution made by fishing to the gross national product of the coastal States. The Commission's proposal is based on these premises and provides for Community financial intervention in favour of Ireland and Denmark to ensure a more equal distribution of the costs of surveillance in the Irish and Greenland zones. The Commission's proposals have been restricted, intentionally and realistically, to only two countries where the imbalance referred to is quite obvious.

Gundelach

Mr Klinker and Mr Corrie proposed some months ago to go further in the direction of a European authority. As I stated on 15 February, these proposals are encouraging for their European approach to control, and the day, in my view, will come when it will be possible to implement such proposals in full; but bearing in mind what I have just had to say on other subjects, that day has obviously not yet quite come and we must be realistic in studying such a long-term prospect as that of the Community having its own inspection facilities.

It is however clear that the Community must be more active in applying controls, in order to secure equality of treatment, which is still inadequate today, and as part of the solution to the important problems to which Mr Corrie referred.

The problem of Community aid and the question whether 50 % of the expenditure incurred is sufficient to enable the two Member States concerned to set up the necessary control structure, has already caused concern in Parliament's Committee on Budgets and elsewhere. In fact discussion in both the Commission and the Council suggest an even higher figure, although by normal Community agricultural standards, a contribution of 50 % is a very high figure. It took a big fight to maintain a contribution of 50 % for most of the products involved — 50 % in itself is not bad. But what we are now driving towards is somewhat higher than 50 %. I would not guarantee, however, that we would move in the near future towards anything resembling 100 %. I can confirm what was stated by Mrs Dahlerup, the rapporteur for the Committee on Budgets, and I would point out that at the Council meeting of 31 January 1978 in the compromise paper by the President, a draft decision was circulated whereby the Council would insert a provision in Article 1 (2) replacing the 50 % contribution by specific amounts of '46m EUA' for Ireland and '10m EUA' for Denmark. These amounts will be reimbursed to the countries concerned in the period after 31 December 1982.

As regards the amounts proposed by the rapporteur for the Council to review, before 31 December 1982, the possibility of Community participation in the expenditure incurred, not only by Denmark and Ireland, but by all the Member States of the Community on inspection and surveillance in their fishing zones, I can say that the Commission has no particular objection to deleting the words 'referred to in Article 1', as proposed by the rapporteur. I should however like to emphasize that this amendment does not alter the spirit and basis of the decision proposed by the Commission, whose beneficiaries for the initial period remain Denmark and Ireland, and that for this reason the Commission is not in agreement with deletion of the second paragraph of Article 2.

Dealing with the report by Mr Corrie naturally leads me on to the question put to the Commission by Mr

Ryan and others. No, Mr Ryan, the Commission does not find that a relation of the kind you suggest should be established. This would in fact mean that the philosophy of the Commission proposals would be changed from one of assisting Member States for which the burden of control imposed by the Community is out of proportion to that Member State's economy and overall population strength, into one where the Community paid all Member States according to the relation, between the fish caught by the Member State in question and catches by others. It would also logically mean that the inspection vessels should be reserved exclusively for fisheries inspection, whereas we all know that such boats have a number of other civil tasks to carry out, as mentioned by Mr Corrie. I would add that the specific problems of Ireland have been appropriately recognized, as the Council is moving towards a specific amount of '46m u.a.' for Ireland, and only '10m u.a.' for Denmark. The Commission is convinced that aid of this order would enable the Irish government to maintain an appropriate inspection and surveillance system.

I now turn to the question by Mr Corrie on nephrops. I will be brief on this, because it has been a matter of some discussion between Mr Corrie and myself. As Mr Corrie himself indicated, when you deal initially with the new concept of fish conservation, you do paint with a broad brush, in particular since you have to catch up on something which should have been done a long time ago. In the process you do run the risk, in certain specific areas, of going further than you need have done. In the areas to which Mr Corrie refers we have delayed introduction of net sizes until 1 September 1979, and that means that a re-examination must take place before then. I think that will at least substantially if not totally, meet with Mr Corrie's wishes.

I have left one general question which we have already discussed, in my view exhaustively, on more than one occasion, namely the problems raised by the excellent legal report by Mr Schmidt. I have already clearly stated the Commission's position with regard to the legal basis of the fisheries policy. You will consequently not be surprised to learn that the Commission is fully in agreement with the analysis given in the explanatory statement to the report by Mr Schmidt on behalf of the Legal Affairs Committee on the legal basis and procedures for certain legal acts relating to the Community's fisheries policy. The Commission deplores, as I have said before, the rather confused situation in the fisheries sector which, in the course of 1977, has led to practices which are objectionable from the legal point of view and which are highly undesirable from the point of view of active cooperation between the institutions of the Community.

Gundelach

May I also take the opportunity to confirm my statement of 15 December 1977 quoted in paragraph 3 of the explanatory statement in Mr Schmidt's report. During a debate in the European Parliament on 15 February of this year, I came back to this problem. I repeated on that occasion the substance of my statement of 15 December and added that I considered the active cooperation between the Parliament and the Commission one of the main ways of solving the problems with which we have been confronted in the fisheries sector. The House will have noted that since these debates took place, all proposals submitted by the Commission indicated clearly the article on which they were based — either Article 49, which is the principle article used, or, in cases of extreme urgency, Article 103. The opinion of Parliament on the proposals was asked for on an obligatory or an optional basis. In doing so, the Commission met in substance the demands set out in the motion for a resolution now before the House.

Mr President, these important but detailed matters are bound to remain purely theoretical unless the Council comes to an agreement on the more substantive issues involved in the establishment of a common fisheries policy. Our discussions on such subjects in the future will be futile, unless we now set in train a decisive movement towards the establishment of a common fisheries policy. I have not diminished the difficulties with which we are confronted, nor have I diminished the risk we are running if we do not succeed. We can only hope that despite some signs of holding back, it will nevertheless be possible to make significant progress in the Council. I do think that the Council owes to the fishing population of the Community, and to the Community as a whole, a common fisheries policy.

(Applause)

President. — I have received from Mr Blumenfeld, Mr Notenboom, Mr Vandewiele, Mr Müller-Hermann and Mr Klinker on behalf of the Christian-Democratic Group (EPP Group) a motion for a resolution with a request for immediate vote pursuant to Rule 47 (5) of the Rules of Procedure to wind up the debate on the oral question to the Commission on fisheries policy (Doc. 169/78).

I shall consult Parliament on this request at the beginning of tomorrow's sitting.

I call Mr Hughes to speak on behalf of the Socialist Group.

Mr Hughes. — Mr President, it was with increasing depression that one listened to the earlier part of the speech by Mr Gundelach. We had hopes in December and January that, despite all the difficulties, the narrow but deep divisions between

Member States could be bridged, but as we heard Mr Gundelach's exposition this evening, it became clear that if anything, the possibility of a common fisheries policy being agreed to looks further away now than it did six months ago.

That is not because there is anything new in the way of technical information concerning available stocks of fish, it is not because anything additional has happened in the real world of fisheries, it is clearly because the political will to find a solution has faltered. It is faltering on two premises, both of which, I would wish to suggest, are wholly wrong. The political will is faltering because there are many throughout the Community who believe — I exclude the Danes obviously from this with their problems in the Baltic — that the present quiet period can be indefinitely continued; that because nothing dramatic is happening on the high seas around the Community as a whole, all is peaceable and well, why disturb it? There is a general mistaken view that you can leave things alone and carry on as though you had got an agreement — though you haven't — and all will be alright on the day, because no one is going to be beastly. That, if I can use the English phrase, is a fool's paradise, because it cannot last. You cannot continue the present non-system and pretend that it is a system, without its going wrong sooner or later.

As a specific example, I find it very easy to anticipate the moment when the Norwegian Government turns to the Community members and tells them: sorry you cannot fish any longer in our waters until you have tidied up your internal fisheries regime in your own waters, so that the joint stocks can be effectively managed. In fact, I would go so far as to say that I am surprised the Norwegian have been so kind in their gentlemen's agreements so far. When that happens, the fishing interests of this Community, in particular many of the fishing interests of British fishermen who at the moment applaud the intransigence of Mr Silkin, will be materially affected. When that happens the tune may start to alter; and it will happen if we believe that we can continue with the present non-arrangement arrangement in perpetuity.

The second area where I think the lack of political will is based on misjudgment is the belief, I am told among some of my continental friends, that (a) there is likely to be an election in the United Kingdom in the not too distant future and (b) if there were an election, my continental colleagues would have a more amiable or more pliable agricultural Minister than Mr Silkin to negotiate with. I do not know where they have got the idea that Britain is likely to have an election. There has been no announcement to that effect. Certainly, I see no likelihood that they would get a more pliable Minister of Agriculture and Fisheries, because if this issue is brought into the general elec-

Hughes

tion, as it surely will be, it will be brought into the general election with all the parties bidding themselves up in their intransigence for 50-mile exclusive zones and all the other paraphernalia.

What has been quite clear when we have had debates in this House — and I am sorry the honourable lady is not here — is that no matter what attempt to seek a compromise is made by Conservative colleagues or British colleagues of mine in the Socialist Group, the Scottish Nationalist Party will not permit it. We have the SNP chairman on record as saying that they would stay away from the negotiating table for twenty years if necessary to achieve the interests of Scottish fishermen. Once you get into an electoral situation, that is what is going to happen, whether you like it or not. All parties are going to bid up one another in their intransigence. It is going to become harder and harder to find a solution. Certainly from the narrow British point of view, I do not believe that it is in our interests any longer to put off seeking a solution. I see no case in which British interests are assisted by unnecessarily delaying the search for a solution. I hope the other countries will not play the line that there is also an advantage for them in delaying finding a solution. The political will to find it is in the economic interests of every fisherman in this Community. The narrowness of the actual gap between the offer by the Commission and Britain's essential requirements is so small that I cannot believe that it is other than an act of political will not to close that gap. That act of political will is based upon a wrong assumption that there is more to be got out of delaying than out of settling.

On behalf of the Socialist Group I want to pass from this Chamber to the Council of Ministers our sense of urgency that they find a solution. Time is not on the side of the fishermen of the Community in the search for a solution. If it is not found, it is the fishermen who will suffer. If it is not found, it will do nothing but harm to third country relations: the Community as a whole must lose opportunities. And when it is found, we, in the Socialist Group, and in this Parliament will, I hope, take the due credit for the contribution we have made to the search for that solution.

(Applause)

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

Mr Vandewiele. — *(NL)* Mr President, I should like to endorse what Mr Hughes has just said. The remarks I intend to make on behalf of the Christian-Democratic Group will be in precisely the same vein — as brief as possible and as constructive and Community-minded as possible, which means that they will be in the same spirit as the excellent speech made by Mr Gundelach too.

First of all we should like to congratulate the rapporteur, Mr Schmidt and Mr Corrie, who have succeeded in producing important reports which have won the general approval of the respective committees, and I hope Parliament will follow suit. We intend to give our support to the proposals made by Mr Corrie and Mr Schmidt, and Mr Corrie will no doubt go along with some of the proposed amendments to his report. We shall presumably join him in rejecting other amendments.

Mr President, I should like, in particular, to deal with the main points made by the President-in-Office of the Council and Mr Gundelach, who concentrated on questions put by Mr Hughes and Mr Corrie.

The fact is that, after 20 months and 7 special meetings of the Council, the nine Member States of the Community, have still not managed to reach agreement on a common fisheries policy. Mr President-in-Office of the Council, we would have been extremely pleased — and we also made this point the last time when Mr Humblet was here — if you had been able to go home with Parliament's applause ringing in your ears because an agreement had been reached under your presidency. This, however, has not been possible. Thus, if we voice certain criticisms on particular points, we hope you will not take it personally, but that you will at least act as our mouthpiece when the Council meets again and pass on the wish of this Parliament that it may be possible to bridge the gap mentioned by Mr Gundelach.

We regret that one Member State refuses to adopt the provisional measures for 1978. These measures were adopted by the other eight countries, and it was not easy for Ireland to let itself be won over by Mr Gundelach either. Nevertheless, Ireland wished to show its solidarity. These measures provided for catch quotas aimed at maintaining fish stocks. There were also plans for a scheme covering, fishing to the west of Scotland and in the waters around Ireland.

I should like to ask the Commissioner responsible for these matters whether he can assure us that all the measures for the conservation of fish stocks currently in force are in accordance with the Hague Declaration of November 1966 and will remain so. Are all the Member States, i.e. including the United Kingdom, currently respecting the principles of the Treaty of Rome? Have the measures already taken, or yet to be taken, been submitted to the Commission for approval? We are asking these questions because, we feel there is an increasing tendency to take national conservation and support measures, and this inevitably jeopardizes the entire Community policy. The danger of disunity threatens all the more now that the shipowners and fishermen in various countries are expressing their dissatisfaction with ever increasing bitterness.

Vandewiele

I should now like to address the President-in-Office of the Council. At the beginning of May, 400 Danish fishing boats positioned themselves in rows of five in the port of Copenhagen. They were demanding either higher catch quotas or compensation for their losses. This is clear evidence of the tensions which are being created at national level, and Denmark is not an isolated example. The same thing might happen tomorrow in the Benelux countries or in West Germany. The problems facing us here and to which Mr Hughes drew attention, are of a social nature and we cannot go on trying to gloss over them.

On 5 May, Danish trawlers began their blockade of 6 Danish ports, including that of the capital. Around the same time, the organization of West German shipowners and fishermen at Cuxhaven had announced that their trawlers would also stop fishing in the Baltic in order to show their solidarity with their Danish counterparts.

As you see, the movement is growing.

Wednesday, 10 May witnessed a new development. According to the press, 1 800 fishing vessels blocked no less than 20 Danish ports. In this case too, West German fishing vessels joined in the protest which resulted in the Kiel Canal being thrown into total confusion.

Mr President-in-Office of the Council, these acts highlight what the fishermen of your own country rightly describe as the inability of the Community to reach agreement on an internal fisheries policy. In spite of all this, however, we still hope that we will manage to get a common policy off the ground this year. Our Group regrets that the discussions in the Council have so far merely resulted in the formation of two opposing factions. We hope, therefore, that the eight Member States on the one hand and the United Kingdom on the other will soon be able to agree to the compromise which Mr Gundelach has defended so eloquently. Although agreement has not yet been reached on a common policy, the eight did in fact agree that, if national measures were to be taken, they would have to be in accordance with the principles on which agreement has finally been reached within the EEC — or between the eight at least — though I hope this is in fact the case in all Nine Member States.

Possible national measures would then concern quotas, minimum mesh size, fishing plans, inspection measures and a number of other aspects. We fixed the quotas for each individual country at the beginning of this year. Some countries have even introduced legislation affirming them, though others have not.

And now I come to the major problem. If agreement can be reached for the rest of 1978, this might cause certain problems; the countries which have already

been applying the quotas might, for example, take the view that the measures still to be introduced should be made retroactive to 1 January of this year. A retroactive arrangement of this kind, which might be demanded by certain of the parties involved, could give rise to extremely difficult problems.

I should just like to sound this warning. I have no intention of opening a major debate on the matter today, but I urge the Commissioner to take note of this situation. The points I have mentioned were based on things I have read on the shipowning and fisheries sector.

If a retroactive scheme were in fact introduced, the amount of fish already caught at the time when it came into force would be subtracted from the total quota. In some cases the quota fixed in December might even already be exhausted, so that in practice all that could be done when the scheme came into force would be to keep the fleet in dock.

We feel that this is a ridiculous idea which is indefensible from either the economic or the social point of view, so that if an agreement is reached before the end of this year — and we still hope that this will be the case — it strikes us that it would hardly be possible for us to defend the idea that the scheme should be made retroactive with effect from 1 January. We cannot repay the difficulty which some people have caused us by creating new difficulties, so that others, who had exercised greater self-discipline, would in the long run have to suffer as a result of their having being so cooperative in the first place.

The difficulties involved in working out an appropriate internal arrangement naturally make the negotiations on external arrangements extremely difficult. The lack of long-term fisheries agreements with third countries has unfortunate consequences not only for the continental Member States but also for our friends in Great Britain.

Mr Blumenfeld intends to speak to us today on the serious situation resulting from things such as conflicts with Poland and, possibly, East Germany. I notice that Mr Gundelach has just drawn our attention to another aspect of this matter in making the point that, until we have a fully-fledged internal Community policy which would also ultimately make external agreements possible, we are increasing the uncertainty in the fisheries sector and thereby discouraging investment.

All the national governments are already facing the problem of redundancy. We are faced with an enormous number of problems arising from the fact that many people will perhaps be obliged to change their jobs. The social aspects of the problem are still uncertain. We must all join together to ensure that we can no longer be held responsible for this situation. I should therefore like to urge all the groups in this

Vandewiele

Parliament to respond to the appeals made by the President-in-Office of the Council and, in particular, Mr Gundelach, and to support the Commission in its attempts to obtain a clear decision from the Council which will guarantee a genuine internal and external common fisheries policy.

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

Mr Croze. — (*F*) Mr President, ladies and gentlemen, in October 1976 the Council adopted the principle of concerted action to encourage the Member States to establish a 200 mile limit for fishing zones, these zones to be governed within these limits by the provisions of the common fisheries policy.

Today's debate gives us another opportunity to sound the alarm. More than 20 months after this decision, no progress has been made. That is why, on behalf of the Liberal and Democratic Group, I strongly urge the Commission and Council to make greater efforts to reach agreement. We know that Mr Gundelach has spared no effort to consult all the delegations involved. Unfortunately, the last meetings on 3 and 24 April 1978 did not enable the Council to get things moving. Great Britain is still alone in its rejection of the compromise worked out by the Eight in Berlin.

Like the Member who spoke before me, I make an urgent appeal to our British friends to make representations to their Government and urge it to take steps towards the views of the other member countries. Numerous concessions have already been made to Great Britain in the hope of gaining its support for the Berlin compromise, particularly with regard to the very substantial share of the quotas which has been allocated to it. It seems difficult to go beyond these concessions, which should nevertheless enable the British Government at last to apply a common fisheries policy.

Certainly, one problem remains — that of maintaining of the historic rights deriving from the London Convention and the Accession Treaty — but an agreement could be reached on the basis of special rules. These rules could be drawn up in the form of fishing plans which would make it possible to strengthen conservation of stocks in threatened zones and would guarantee coastal fishermen some priority in practice in the strip between the 6 and 12 mile limits.

Measures which could be envisaged are, for example, limiting the number of vessels, fixing a ceiling for their size, and other similar provisions. The current stalemate is a source of conflict between member countries, since we do not apply the same legal rules — whence the incidents in which vessels have been boarded.

Moreover, this situation affects our relations with third countries.

We have been obliged to extend by two months the transitional regime applied between the Community on the one hand, and Norway, Sweden and the Faroe Islands on the other. As long as the problems of the North Sea remain unsolved, we shall not find a solution to those of the Baltic Sea where the situation is also very serious.

At the moment, only a softening of the British position, in the direction of compliance with Community law and respect for earlier commitments, could overcome a stalemate which is seriously jeopardizing the interests of all Community fishermen and the progress made towards European integration.

The Liberal and Democratic Group appeals to the Community spirit of all Member States — a spirit which we find reflected in the excellent reports by Messrs Schmidt and Corrie, whom we congratulate.

More especially, I want to stress two points. Firstly, with regard to the legal basis and procedures for certain legal acts, the Council must specify on each occasion — in all fields and particularly for fisheries policy — on which Article of the Treaties a legal act is based. It has not always done so, and this constitutes a violation of the EEC Treaty; the absence of a reference makes it impossible to check whether the procedure followed is correct. By this expedient, the Council has avoided consulting Parliament, and we are in total agreement with the conclusions of Mr Schmidt's report, in which the European Parliament strongly urges that this method should be discontinued in future. Similarly, we support any moves to achieve greater participation by the Community in inspection and surveillance operations. That is why we hope that the financing will not be limited to Ireland and Denmark, and we ask that it be extended to all the countries of the Community.

For the same reason, we shall vote in favour of the amendments put down by Messrs Vandewiele and others, and by Mr Hughes, proposing the creation of a Community coastal surveillance service as well as the standardization of equipment.

On the other hand, we shall vote against Amendment No 4 put down by Messrs Ryan, McDonald and L'Estrange, because it seeks to delete paragraph 6 whereas we propose to add to it, nor for the other amendments, because we think that they are too restrictive.

The reports by Mr Corrie and Mr Schmidt constitute a first step towards the creation of a real common fisheries policy. I would stress the fact that we must above all get out of a situation which is not only harmful for the interests of all Community fishermen, but is also threatening European Integration itself.

(*Applause*)

President. — I call Mr Brosnan.

Mr Brosnan. — Like Mr Hughes, I too, am depressed and I regret that I have to begin my intervention by deploring the fact that twenty months after the Hague meeting, and after so much talk, so many debates, endless negotiations, we are here this evening with nothing — with no real progress to report on establishing a common fisheries policy. As Mr Hughes said, and I share his view, it would appear to some of us that the solution of this vital problem of the Community, is further away from resolution than it has ever been. This is a sad reflection on the Community, and an indictment of its institutions. It casts grave doubts on the credibility of those who are now frustrating the plans proposed here this evening and at other times by Mr Gundelach. It also casts doubts on our ability as a Community to solve the problems of the citizens of the Community.

Against this grim background, I felt rather hopeful when I read in the paper yesterday that some slight progress was made in Dublin when agreement was reached between Holland and Ireland. I expected that this agreement would receive the full support of the Member States, and the approval of the Council at its meeting next week. Unfortunately, it would now appear, from what we have heard from Mr Hughes, that this is not going to be the case. This as I said already, is a shame. This initiative is now going to be frustrated by the irresponsible and irrational intransigence of Mr Silkin, who has been holding this Community up, not just to ransom, but to ridicule...

(Protest)

It would appear from what you are about to say — and what Mr Hughes said — that you have no intention whatsoever of resolving this problem. You spoke about will — political will. Where is the political will on the part of your government? If the political will were there on your part, this problem would be resolved overnight. The will and the solution lie in your hand.

Mr President, I would like now to turn briefly to the Corry report. Like the other speakers, I welcome this report and the proposal upon which it is based. It is a clear recognition that the responsibilities which result from membership of the Community must be equitably shared among all the Member States. This applies, in particular, to the financial implications of the Community policies and decisions. The present proposals result from the so-called Hague agreement, which was a significant milestone in the negotiation of a common fisheries policy, negotiations which unfortunately, have not yet ended. It is one of the few important areas where agreement was reached, and I sincerely hope that the want of agreement on other issues will not hold up the adoption and implementation of these proposals by the Council of Ministers. They relate to the inspection and surveillance operations in the waters of Ireland and Denmark, and more

particularly the financial aid from the Community for such operations.

There can be no doubt that the adoption of a 200-mile fishing zone has placed very serious responsibilities on maritime States like Ireland and Denmark. It is quite clear that the costs of meeting the responsibilities for policing their waters is far beyond the financial capacity of the States concerned. Indeed, it is not even fair to suggest that Ireland should have to bear the full expense of policing these waters, when she catches a mere 10 % of the total catch in her own waters, and an even more meagre 2 to 3 % of the total Community catch. On this basis the proposals to give 50 % towards the purchase of fishery protection vessels and aircraft is nowhere near what the Community contribution should be. The suggestion in Mr Corrie's report to increase the Community participation from 50 % to 75 % or even 100 %, is getting closer to the ideal situation. Where is the logic in expecting the Irish people to pay for a fishery protection and surveillance system which will protect fishing vessels from other countries, while they take fish from Irish waters?

In that connection, Mr President, I would like to express my regret that the Commission has not accepted the suggestion made by both Mr Ryan and Mr Corrie. The level of Community financial participation must be higher than the 50 % proposed, and the overall amount of Community funds being made available must be increased. This is essential if the job is not only to be done, but to be done properly. The Irish fishery zone covers 130 000 square miles, four times the whole national territory — as defined of course in the Irish Constitution, Article 2. The surveillance of such an extensive area would be an expensive exercise, and to be done properly it must be paid for by the Community as a whole. Thus, I would like to see the Community participate at the highest level of 75 to 100 %.

Mr Corrie's report suggests that we lay down certain conditions which I cannot agree with. Responsibility for patrolling in the territorial waters of Member States is a matter of national jurisdiction, and is therefore the sole responsibility of the coastal State concerned. I do not think the Community is developed enough yet that we can start talking seriously about action in the areas of defence, and these involve delicate matters of defence — territorial jurisdiction, NATO etc. I would prefer that these matters were not mentioned in his report. To try and place too many conditions on granting this Community aid will more than likely defeat the purpose of the whole exercise. The coastal States concerned know best what types of vessels and aircraft are most suitable for patrolling their fishing zones. Insisting on conditions is also likely to delay the adoption of these proposals and I think it is now agreed that time is of the essence in this particular problem.

Brosnan

Mr Hughes mentioned the importance of third countries. I would suggest this is merely a red herring brought into this debate by Mr Hughes to divert attention from his group's own intransigence, and from the attitude of both himself and his minister — and apparently that of Mr Prescott here this evening.

I conclude by expressing my gratitude to Mr Corrie on behalf of my Government and my party for his excellent report, which I accept with a reservation or two which I have already expressed.

(*Applause*)

President. — I call Mr Luster.

Mr Luster. — (*D*) Mr President, I should like to deal with the Schmidt Report, which loses out somewhat owing to the very nature of the subject dealt with and is not receiving the attention which its importance warrants.

As my friend Mr Vandewiele has already stated, the Christian-Democratic Group firmly supports the motion for a resolution and fully endorses the explanatory statement.

The Legal Affairs Committee and the rapporteur deserve our thanks for their thorough and convincing presentation of the legal questions examined. In view of the large number, and thus the gravity, of the Treaty violations which the Council and Commission are accused of having committed when adopting regulation in the field of Community fisheries policy, the language used in the motion for a resolution can only be described as moderate.

The charges which must be levelled at the Council and Commission are above all of a legal nature, but they are also political. It is difficult for lawyers to understand how, in such a short time and in such a narrowly defined legal area, the Council and Commission should have made so many legal errors. If, like the Romans, we ask *cui bono* i.e., who stands to gain by it, in every case the answer is: in adopting a practice contrary to the Treaties, the Council and Commission obviously thought that they could relieve themselves of the obligation to consult Parliament. We here in Parliament note the intention and resent it.

It may be said in their favour that the Members of the Council acted under pressure of time and possibly in legal ignorance. But this casts all the more doubt on the good will of the Council's capable officials. There were so many legal blunders that it can surely not simply have been a question of human error — an ever-present possibility — or of 'technical hitches'. The number of legal blunders rather indicate that those concerned adopted the wrong attitude, were not sufficiently prepared to be cooperative or simply took

the easy way out. Consulting Parliament and listening to any misgivings it may have may well be more trouble and effort than adopting a regulation, as it were, *par orde de Mufti*. But it is bordering on — if you will excuse the expression — legal diletantism to introduce a regulation, as has often happened, by stating as the legal basis' — based on the Treaty establishing the European Economic Community'. Lawyers might just as well say ' — based on the four winds'.

I am aware that those concerned will not take too kindly to what I have just said, but the matter is so serious and there is so little time in which to deal with it that there is no room for pleasantries.

Since in this case the Treaties have not been interpreted but — I am afraid we must say it — simply disregarded, it is more than a violation of the main principle underlying all treaty law: *pacta sunt servanda*. I may have been absent when Mr Gundelach put the Commission's view on the matter earlier today, but he already put forward his view on 1 December last year. He said, if I may quote him :

But there is no disagreement that the type of regulations to which you have referred should be presented under Article 43; that must be so in the future. I hope the Council will follow us in this direction.

In this respect the Commission has realized the consequences of its action and this is a mitigating circumstance.

I fail to understand, Mr President, the position adopted in this House by the President of the Council when he said — I apologize, since he is not representing his personal opinion here but that of the Council — somewhat condescendingly that the Council would join in the discussions on the subject of the Schmidt Report and then stated that regulations adopted under Article 103 were in any case, by their very nature, only short-term measures.

Mr President of the Council, the criticism which we are making — and I refer to page 14 of the report — is that regulations intended as short-term measures have been misused. Regulation 350/77 of 18 February 1977 was initially valid for the unusually long period of 9 months; it did not cease to be valid at the end of the emergency but was quite simply turned into a permanent regulation with the adoption on 21 December 1977 of Regulation 2899/77. This is what we object to.

Mr President, at the moment there is unfortunately no higher law in the Community than the Treaties. The chronic lack of circumspection in handling this treaty law is therefore not only wrong from the legal point of view, but also politically significant. For all those concerned the Treaties are the *conditio sine qua non*,

Luster

and that is why they must be treated with particular respect. This is all the more so where the Treaties lay down rules on the division of responsibility between the Community bodies, and even more so in view of the fact that according to the Treaties, Parliament's powers have in any case not got beyond the embryo stage. These very limited powers are even now not at all commensurate with the increased importance of the European Community. The trend must therefore be towards extending these powers and not towards restricting them. The purely legal interpretation of regulations may always be a doubtful matter, since it is not the same in law as in mathematics, but we must all accept that in doubtful cases the law must be interpreted in favour of the rights of Parliament. The self-respect of the Community as a democratically organized entity demands this. Democracy, the principle of the rule of law and the division of powers or functions are a stabilizing element of this Community. Whoever has the good of the Community at heart must strengthen its democratic elements. Therefore, Mr President, we consider it our duty to support the motion for a resolution not only because it criticizes violations of the law and the Treaties, but also especially because it aims to ensure that the rights of Parliament are no longer disregarded.

(Applause)

President. — I call Mr Eberhard.

Mr Eberhard. — *(F)* Mr President, ladies and gentlemen, the maritime fisheries sector is of vital importance to the Community and its Member States. It concerns, as we all know, tens of thousands of seafarers, but also many related activities, such as ship-building, unloading, canning, etc.

At this very moment, fishermen are in a state of terrible uncertainty. No agreement has yet been reached among the member countries on an internal fisheries policy. The French Communists consider such a policy necessary provided that all the member countries are on an equal footing, which means in particular that we are opposed to 50 mile fishing zones, as well as to the granting of privileges to individual countries, for example on quotas.

The protection of maritime resources, necessary as it is, must also take account of traditional fishing areas. We do not think that an internal fisheries policy can be based on the ruin of French deep-sea fishing, as would be the case if the demands of one member country were accepted. But one thing is clear: we cannot discuss an internal fisheries policy unless fishermen are still in business. And from this angle, there is cause for concern over the European proposals for restructuring deep-sea fishing. It should be pointed out that these proposals already seem to be implemented without any Community decisions having yet been taken. Indeed, in my country many vessels are up for sale, in Boulogne, Etaple, Fécamp and else-

where. Again, fishermen are told that vessels must be made competitive within the Common Market, but we think that this is a dangerous policy likely to cause further unemployment in regions which are unfortunately already at a disadvantage.

Did not the Commission itself state that unemployment — either long-term or technical according to circumstances — might result from the implementation of these measures. This policy is of course financed from public funds, since there is talk of subsidies for the beaching and even the breaking-up of vessels. We note that, once again, these guidelines have been drawn up without the knowledge of Parliament or of the fishermen, who have been systematically kept out of all the negotiations and presented with a *fait accompli*. Do you think that fishermen would support such a policy if they were consulted?

Finally, fisheries policy cannot be separated from the general policy of the Community; in particular, the policy of austerity implemented by the Commission and the Member States affects the purchasing power, and therefore the foodstuffs consumption capacity of the citizens of our countries.

The right to work must be defended. This is not only desirable in human terms, but also necessary in order to conserve Community resources. That is why we say that the fishermen's employment and income must be guaranteed. This was why we asked for the guide prices and withdrawal prices at European level to be increased. The interests of fishermen in the various member countries are not inevitably irreconcilable, in spite of the difficulties which have been mentioned today; but although we regard European cooperation as very important, in this field as in others, we do not think it should be based on the dismantling of the French deep-sea fisheries sector.

This unfortunately, is what we see happening at the moment, and that is why the anxiety of French fishermen today seems to us to be fully justified.

(Applause)

President. — I call Mr Nyborg.

Mr Nyborg. — *(DK)* Mr President, in his speech earlier today, the President-in-Office of the Council, Mr K. B. Andersen, regretted that the attempts to find a solution in the fishery sector had completely broken down.

Even if the establishment of a common fisheries policy for the Community is an extremely difficult task, which has required and continues to require thorough analysis if this industry is to survive the extension of territorial limits to 200 miles, it must be pointed out that it is the United Kingdom under the leadership of Mr Silkin, the Minister for Fisheries, which has been largely responsible for the failure to establish an acceptable compromise between the nine Member States in this sector, in spite of the Commis-

Nyborg

sion's unremitting efforts. As has already been pointed out the problems have been great, and the European Parliament has been discussing the future of the fishing forbearance and patience *vis-à-vis* both the Council and the Council and the Commission because we wanted to leave them in peace to conduct the necessary negotiations. We have discussed fisheries policy in the European Parliament on various occasions over the last few years. Viewpoints have differed widely but the ongoing debate has enabled Parliament to arrive at a more or less common position. It is sad, therefore, to hear Mr Silkin state that he does not wish to negotiate with anyone at all on this matter, including the Commission, until September of this year. This is unacceptable. The fishermen are in an extremely difficult situation, and we have recently witnessed one of the consequences in the form of the blockade of Danish ports by Baltic fishermen who wished in this way to draw attention to the serious state of affairs in which the industry currently finds itself.

I have taken the opportunity of pointing out during previous fisheries debates that we must take the Baltic into account and not simply let ourselves be hypnotised by the North Sea entirely or partly at the expense of the Baltic fishermen. Unless something is done very soon, the fishermen from Bornholm, South Zealand and Lolland-Falster will be left to their fate, and one of the reasons for this will be the lack of agreements with Poland. It is also extremely regrettable that the United Kingdom has seen to it that nothing has come of the negotiations with Norway regarding the North Sea.

As regards internal Community fisheries policy, it should be pointed out once more that, within the Community pond, the fishermen should have the greatest possible freedom to practice their trade. We should avoid burdening the fishing industry with unnecessary red tape. There has recently been talk of introducing a system which would entail a ridiculous amount of paper work for this industry. On a previous occasion I advocated finding new fishing methods with a view to exploiting the resources as efficiently as possible. I also asked the Commission whether they had any intentions in this direction, to which the answer was positive. So far, however, these studies on the part of the Commission do not appear to have produced any results.

I was, however, pleased to note that serious consideration has been given by both the Commission and Parliament to Dr Ursin's North Sea model, since I think this represents one possible way of solving major problems within the fisheries sector. I will not weary the honourable Members here by repeating what the North Sea model is about, since we all know that it is based on the principle of fishing about a dozen species simultaneously according to a particular system after which it should be possible to increase the number of tonnes which can be taken from the sea.

As mentioned before, it is vital that we consider realistic ways of guaranteeing the fishing industry an acceptable future, not least when one considers the employment situation there and the important industries on land which rely on fishing.

Finally, a little *cri de cœur* I am sure we can all agree that all the Member States of the Community are concerned with their own interests to a certain degree — indeed to a reasonable degree — but I am afraid that I get the impression that, in this and many other cases, the British Government shows a lack of Community spirit of Community awareness, and seems to be aiming at preventing the smooth-running of the Community becoming a reality. I find this totally unacceptable.

(Applause)

President. — I call Mr Prescott.

Mr Prescott. — Mr President, I think this is probably the appropriate time for a representative from that villainous nation, Britain, to intervene in the debate. Members of this House who have been here as long as I have consistently put forward a point of view in this House on this subject. I am not going to weary the House with my remarks on the various excellent reports that are before the House at the present time. I want to adjust myself to the political content that we are obviously now having to consider in this final stage of agreement. Do bear in mind that, when the fishing debate started, the arguments were between exclusivity and free access. I hear those like Mr Nyborg, a champion of free access, now commending the Commission's proposals which are somewhat far away from what, when he started the first debate, he said was essential for the expression of a true Community spirit. I listened to Mr Brosnan talking about the villainous British and I must tell him that, when the Socialists put a motion for a resolution before this House 18 months ago — most of which has now been implemented by the Council and the Commission — which departed from the principle of exclusivity, one of our comrades in the Socialist Group was attacked by Mr Brosnan's party for appearing to depart from the essential principle of exclusivity, and we lost the issue by one vote, primarily because Mr Brosnan's colleague, Mr Lenihan, who is now the Minister for Fisheries, could not make up his mind how he was voting. That is why that particular motion, which made most of the points embodied in this policy, was lost in this House and he has the audacity now to attack us for lacking the political will. We were saying what the basis of agreement had to be and it was not based on exclusivity 18 months ago, when we were being attacked from most of the speakers in this House for such a compromise formula. I refer you to that motion lost by one vote in the House. Then make your judgment as to who was right and who had the political will at that particular time.

Prescott

So we feel that what the Commissioner has said today represents a major advance from that time. I think the Commissioner has played a considerable part in that development and I congratulate him. The development of the concept of fishing plans, the licensing and quota arrangements, the conservation and enforcement plans that we have been discussing in the various papers before us this evening, the preferential treatment in certain areas of waters reflecting the social and regional consequences, all those aspects which many people here tonight are talking about as the Community plan, were voted against time and time again in this House. I am not likely therefore to take lightly this talk about lack of political will from those who at that time were representatives of an opposition which did not have to do deals. Let the record speak and I hope that those who appear to be unaware of the facts will go back and read it.

Not only that, the Socialist Group has now gone to the second stage in the fishing argument: it is now producing a second plan for what we consider should be the future of fishing. We hope to produce a statement in the next few weeks. To enable us to discuss that, a number of us, including the chairman of the relevant committee, produced a document called, 'Fishing into the 80's', which recognized the concept that there had to be a Community fishing policy. I probably more than any other Member here represent a constituency with more fishermen more trawlers — over 100 — put out of work than any other, so I do not need to be told about the political difficulties of argument along lines that may not seem popular in political terms.

I hope the Commissioner will be giving consideration to the ideas on the second stage of the fishing policy which are embodied in this report. Indeed, I was confident that major advances had been made, I had received the impression from a number of people responsible for negotiations that agreement would be reached, and when we launched this document in Britain on April 25 I said: 'Within weeks a Community fishing policy will be agreed based upon a proposal by our group two years ago.' I was wrong: there has not been an agreement, but I still remain confident that we are near to an agreement. The Commissioner has pointed out the areas where we may be in disagreement. What is clear is that there has been no lack of goodwill on Britain's part — a nation with probably more to lose than anyone. You cannot divorce that from British electoral thinking — it is the reality as the Commission knows from delegations and conferences that we have attended together. It is an electoral reality and we all, as politicians, must take heed of what the people tell us.

Of course, we do not necessarily have to do what they tell us if we think they are mistaken. I supported Iceland's case against Britain and events have proved

that Britain was wrong in relation to Iceland. We can only adopt what we believe to be right by our own judgment and then hope that we can convince the people we seek to represent that that is the way.

Now, that is not the case just in Britain alone: it is the same in all our countries. I want to make this point because of what might happen in the next few months. If we do not get an agreement it could be disastrous, disastrous for my area, for fishing stocks, for relationships with third countries and for the matter of conservation and it could provoke confrontation. The motion for a resolution that has been put forward tonight in the name of Mr Blumenfeld suggests that somehow we can use the Community military force in a situation of confrontation! Imagine, if a Danish ship was asked to go to rescue a German trawler from a Polish warship! Do you not think that such an approach would provoke very dangerous confrontation? I hope the House will recognize this when it considers that motion.

I think the only area of disagreement left concerns the question of whether a country should get a greater proportion of the stocks of fish when they increase as a result of the conservation measures. But this is a small enough problem compared with the argument about exclusivity. The Commissioner has said that Britain no longer puts forward the argument of exclusivity. It has given up that argument in the negotiations. However, I want to make this point to you which was made by my colleague, Mark Hughes, about electoral considerations. It would be a mistake to think that a negotiator would be any different if he were representing a different party. That is the first point. But I want to consider this point: if there is an election in Britain and you have no agreement on fishing by October and the election is about fishing, do you think that both parties will stand in the compromise position? We all know what happens in elections. We saw the tragedy that happened in Northern Ireland when we had a Sunningdale agreement. It goes by the board when the electorate overthrow it. So the party that goes to the polls and says: 'I will stand for exclusivity because that is in the interests of this country' may well be elected. And if the electorate tell the government that that is what they want, what will be the position of a government negotiating in that position? Now, I ask you to think very carefully on that.

The second point concerns the Treaty. The Commissioner said: 'Look, I cannot go any further than the Treaty'. I understand this argument — he has an obligation. Somebody should tell Viscount Davignon, however, because he is breaking the Treaty every day of the week — and I support him in it — in steel, shipbuilding, textiles, because the Treaty is irrelevant there, and other solutions have to be found. And we demand that other solutions be found even though

Prescott

they are in breach of the Treaty. If it becomes an argument of the Treaty versus the people in Britain, I am bound to tell you what the people might say, in regard not only to fishing, but to all those other things which are unpopular for whatever reason, rationally or irrationally. If the issue in the election becomes a 'pro or anti' argument as we had in the referendum, the 'anti' argument may win and if that is the case your negotiations will be no further forward. They will become more protracted and more difficult and you may find a government then prepared to defy the Court and the Treaty.

So please, the one political point I make, do bear in mind that elections in Britain may be about the market — you may not like it but politicians will have to do what the electorate tells them in the end.

I do not have time to say more, but I hope the Commissioner will give further consideration to the reply he gave me about reducing tariffs on plaice in the Community market which certainly affect workers in my area.

(Applause)

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — *(D)* Thank you, Mr President, for your kindness in not overlooking me. After hearing what Mr Prescott had to say, I am very tempted to reply directly to his arguments, but my colleague Mr Klinker will do that. However, I should just like to say, Mr Prescott, that with your arguments on fisheries policy you have started a political free-for-all. The logical conclusion of your argument is that, given a particular circumstance, the elections in the United Kingdom must lead to withdrawal from the Community. The arguments you have put forward here are so lacking in Community spirit that your reaction would then have to be: 'Very well then, we must withdraw from the Community'! Look here, even in the British elections it is not simply a question of fisheries policy, any more than the German or French elections are concerned with any one particular economic policy. It is a Community policy we are discussing here, and that is also what I should like to speak about. I should like to follow on from what Mr Hughes said when presenting his question. Without wishing to appear too critical, I did find that what Mr Hughes said on behalf of the Socialist Group and the Labour Party gave a most remarkable picture of the situation and of the possible ways in which solutions might be sought.

Having said this, Mr President, I should like to deal with a single point, namely the grey zone which has resulted from the regrettable incapacity of the Council of Ministers to agree on a Community fisheries policy. I am most thankful to Mr Gundelach for the very clear and logical way in which the Commission's policy has developed although this has unfortunately

not yet led to a corresponding success in the Council. But at the end of his speech Mr Gundelach pointed out that, in certain areas, third countries are now attempting to take advantage of the Community's situation which is admittedly extremely difficult, to drive a wedge between the individual countries of the Community, and it is precisely this point at which the motion for a resolution which my colleagues and I have tabled is aimed.

Ladies and gentlemen, tomorrow or the day after it can happen again in the Baltic that inshore fishing boats belonging to one or other Community country are intercepted and towed away by third countries, whether the GDR or Poland, either to be placed under arrest or to be released against payment of a substantial surety, as has happened to two German trawlers in recent weeks.

The Community can no longer put up with this kind of modern economic piracy, i.e. it must not stand idly by.

Mr Prescott, my motion for a resolution contains the words 'official protection'. If you take this to mean military intervention by naval vessels, this reflects on the translation of this point in your version of the motion for a resolution, but is not what we have in mind. I can only tell you that it is necessary in such a case, however, to have protection vessels — within this Community zone as well — in order to prevent peaceful fishing boats from being towed away or intercepted by naval vessels. Protection vessels do not mean military intervention, but they are a clear signal to the countries which act in this way, in this case Poland and in future perhaps others. This does not mean that, as a Community, we are not prepared to show solidarity, but it means that as a Community we are not prepared to abandon peaceful fishermen to an uncertain fate. This means giving official protection, which in turn means political protection and economic protection.

The Community is not going totally empty handed to meet these third countries, with which it is currently conducting negotiations on the fishing zones, for both Poland and the GDR or other Comecon countries are extremely keen to trade and have economic exchanges with the European Community and its Member countries in order to obtain hard currency, to obtain technological know-how and to sell their agricultural products to us. These countries must be reminded of all this if they behave as they have done in the case of the two German trawlers.

I therefore feel, Mr President, that it is absolutely essential for the Community to behave in future as requested in our motion for a resolution, i.e. to display solidarity and to protect these fishermen, as well as any others — the same thing can happen in other waters — from economic ruin, since where else are these fishermen to practise their trade? Where are

Blumenfeld

they to fish with impunity if most of the waters surrounding the Community are claimed by third countries, as the Polish Government has done in the Baltic ?

Mr President, I urge Parliament to adopt this resolution, especially since I read in a paper from the GDR — it is called *Horizont* and appears in East Berlin — that the GDR Government has tried, in the light of the Polish case, to put more pressure on the Danish Government than in the past to enter into bilateral negotiations and has stated — and I quote :

The main thing is to get Denmark to take the step of negotiating with the countries on the Baltic without using the EEC as a promoter.

So you see, Mr Prescott, what the political consequences may be if we in the Community do nothing to defend ourselves, and speaking as a German, I am extremely grateful to the Danish Government for extending their protection in recent days to German trawlers fishing near Bornholm. It is clear from the passage quoted what can and will happen if the Community does nothing to defend itself, and this is what the resolution is about.

IN THE CHAIR : MR YEATS

Vice-President

President. — I call Mr L'Estrange.

Mr L'Estrange. — Mr President, I welcome the opportunity to take part in this very important debate, because we in Ireland have a special place in the fishing industry. I am sorry that the Nine have so far not agreed on a common fisheries policy. Mr Corrie's report approves the Commission's proposal subject to certain reservations, and I want to say that we also have reservations on paragraphs 8, 9 and 10. The fishermen of my country are still demanding a fifty-mile exclusive zone and a proper conservation policy. We believe that unless immediate action is taken on conservation, we will have no waters to dispute or fish to catch. A number of species, in particular herring, cod, sole and plaice, have been so seriously over-fished in the past that important stocks are in danger of extinction.

It should be remembered that there are depressed areas, especially around the western seaboard of my country. Fishermen have invested large sums of money in boats, gear and equipment, and it is vital to their livelihood. I believe we have a special case to make, because the future of so many of our fishermen depends on action taken as soon as possible.

We are in favour of a conservation policy and we want to see it implemented as soon as possible. Even if we were to double our catch on the waters around our

coast, it would not amount to 4 % of the whole of the catch made by the Community fishing fleet. So we could never be accused of plundering fishing grounds. It may be easy to set up a full procedure for national quotas, monitoring of fish caught, size of net, etc. ; we can make rules and regulations, but can we enforce or police them ? That I think is the big question. I hope it can be done efficiently and expeditiously ; with the help now promised we will be able to play our part.

Questions have been asked in the past about whether Ireland had the financial and manpower resources to control a 50 mile exclusive zone ; we will now have to control a 200 mile zone. I wish to stress that such a zone will conserve fish-breeding stocks for the whole Community. It therefore is in the Community's interests — even if they gave us a greater grant than the 75 %, as Mr Brosnan mentioned, even going to 80 % or 100 % — to help Ireland financially to carry out this task. In Ireland's case the inspection effort required is out of all proportion to the amount of fish caught. Other Member States have their priorities, and we also have ours. Although we have only a quarter of one percent of the Community's population, and two-thirds of one percent of its gross national product, we will, with the declaration of a fishing zone, provide almost a quarter of the total additional waters thus generated by the Community countries. This surely entitles Ireland and Irish fishermen to at least justice, and I am therefore glad that we are getting the increased grant mentioned in this report.

Fish is one of Ireland's few natural resources. We have very little mineral wealth such as coal or metallic ore like the great nations of Europe. The standard of living of many of our people depends on what we can get from the land of Ireland and the waters around our shores. Our fishing industry is underdeveloped ; I am glad that this is recognized and that we, as well as Denmark qualify for this special treatment.

The Commission proposals are intended to enable Denmark and Ireland to carry out inspection and surveillance operations in their respective fishing zones. Initially this scheme will apply to the leasing of coastguard vessels, reconnaissance aircraft ; at a later date it will apply to the purchase or construction of these vessels and aircraft, as also to all necessary alterations to land installations. The Corrie report, while endorsing the proposals, suggests that the financial participation of the Community should not be restricted in the long-term to two Member States. It also proposes that the Community's financial participation should be increased, and the Council has decided to increase it to 75 %. Finally, it calls for an extension of the function of the surveillance craft used, and the establishment of a European maritime agency.

L'Estrange

As far as Denmark and Ireland are concerned the cost of the policy over five years will amount to 70 million EUA, 15 million for Denmark, 55 for Ireland. The report agrees that a grant of 46 million should apply to Ireland, which is roughly 75 %, or £30 million while, 10 million u.a. has been allocated for the Greenland zone. This will cover the capital expenditure up to 1982, and the costs involved in leasing ships and planes up to 1979.

Ireland is one of the member countries having a proportionately very long coastline, and we are glad that it is recognized that comprehensive surveillance will require considerable expenditure, and that an effort is being made with those measures to ensure that costs are fairly shared. It is reckoned that Ireland will have to patrol an area of about 130 000 square miles off her coasts, it is a big job for a small nation, but as a member of the EEC we will honour our obligations.

We have tabled Amendments Nos 4 and 5 asking that paragraphs 6 and 7 be deleted. These paragraphs contain references to non-fishery matters, but out of consideration for the views of Parliament, we will withdraw those Amendments, but Nos 6 and 7, calling for the deletion of paragraphs 8 and 9 stand as both these paragraphs are, in my opinion, an interference with national sovereignty, and we would like to see paragraph 10 reworded. As regards paragraphs 8 and 9, I believe indeed that things are difficult enough already, trying to get a Community fisheries regime off the ground, without unduly complicating matters with an unrealistic proposal for a European Maritime Authority. We have proposed that paragraph 8 be deleted, because whatever the merits of the coordination functions envisaged, the fact is that the responsibility for patrolling in sea areas of Members States is a matter of national jurisdiction, and is the responsibility of the coastal states concerned. We have also asked that paragraph 9 be deleted, because we believe that the present proposals are short-term measures to cater for the immediate difficulties encountered by Ireland and Denmark around Greenland, and having to control vastly increased sea areas. As such the proposals merely implement the expression of political will contained in the Hague Resolution of October 1976, which did not go beyond the question of fishing. We have agreed to let the first part of paragraph 10 stand, because the functions of sea fisheries protection facilities are precisely that, and they do not need to be further altered. But we would replace (a), (b) and (c) in the text by the new subparagraphs as in the amendment.

Now in conclusion, I would like to point out that I think Ireland is the only country in the Community which has been obliged, in peace-time, to double the size of its army and police force. Not, mind you, because of any internal problem, but because of the

failure of the United Kingdom government to maintain security in Northern Ireland...

(Protests)

Now wait, now wait! I am not saying this in any way critical of our British colleagues, because I understand the problem, and how difficult it is for them to deal with terrorists. We have the same problem, and I am a hundred percent behind them in trying to put them down. I only mention we have unfortunately had to double our army and our police force to try to do this. We are all out for putting down these terrorists, I have never stood for them, and never will, either in this Parliament or in any parliament. We have no time for them, but I have mentioned this to point out the enormous burden on the Irish economy caused by having to double the cost of its army and police force to deal with a problem that unfortunately we are not responsible for. But it is there, and we are spending this money to try to do this work.

I want to express my thanks to Mr Corrie for his report, and for the increased grants that we are getting from the Council. I think it is up to all of us now to get on with the work. I hope that we will not have to wait until after the British general election, to see a common fisheries policy.

President. — I call Mr Klinker.

Mr Klinker. — (D) Mr President, I regret that there are so few Members present in the House, since as well as the political reason for this debate there is after all an economic one, and if you take a look at the economic situation that has arisen from this development in the fishing industry, it is clear that, in the final instance, it is not only the fishermen but also the fishing industry and the consumers who are affected, because this policy has also had the effect of pushing up prices. The whole purpose of a European policy is that there should be something in it for *everyone*.

My colleague Mr Luster has given a very clear picture of the legal background and it is my view that a government which has concluded treaties and agreed on adjustment periods should at least make an effort to comply with these treaties. It should at least show itself willing to negotiate a transitional arrangement acceptable to the other signatories of the Treaty. And when I hear statements here to the effect that the British Government has only very minor reservations and is sure to reach agreement with the eight other governments in new negotiations, and then see how far the British Government is from the Commission's proposals and the views of the other eight — as can be seen from this document before me — then I must say that this is an obvious infringement of the Treaty.

Klinker

I am not so sure, Mr Prescott, that you were well advised to argue as you did, since treaties are treaties after all, and governments must comply with them. This is completely different from the way you described things. In my opinion there should at least be some sign of willingness to negotiate, and such categorical statements as 'there will be no negotiations before 1 September' should be avoided. That is outrageous. And when I see that until 1982 the British want, by raising their quotas in Community waters annually, to increase their share by certain percentages higher than those provided for in the proposals, I must point out that, in the common fisheries Policy, my country has made far more concessions than, for example, the British Government would have to make under the Commission's proposal. That is important for us as well. Financial solidarity is also a crucial question, and I think that the British Government has no reason to complain, since Britain has benefited in the last four years from considerable financial contributions to assist it in the process of adjustment to the Community. This simply has to be said. We are, after all, in a political Parliament and all the facts must be stated.

At the beginning all of us in the Six went through a difficult process. The Germans and the French didn't have such an easy time either, but we always had the will to agree and did not lay down conditions for negotiations.

As can be clearly seen from Mr Gundelach's report, all his proposals for agreement have always met with a 'no' from the chief British negotiator. That is not a European policy, and I think that we should say so before the European public, since this list of demands, submitted by Britain alone, is unacceptable to the other member countries. We represent fishermen as well and both our Baltic fishermen and the Danish fishermen have demonstrated. They have become victims of this British veto. The Commission has no mandate to negotiate with third countries until it has achieved an internal settlement. This point must be understood, and it is something which it is impossible, politically speaking, to support indefinitely in our countries. If, as Mr Prescott said, the matter were to be taken before the Court of Justice, I would consider such a solution unsatisfactory, for if it is no longer possible to achieve agreement among politicians, and the decision on what is law must be taken by judges, such a policy is in my view wrong. But nevertheless, if an appeal were made to the Court of Justice and it decided that this was a clear infringement of the Treaty, what action would you take then?

I believe that the United Kingdom's failure to cooperate is ultimately not in the interest of all nine countries belonging to the Community, nor in the interest of any new member countries, for in the situation we are in Europe can only survive as a whole, and it is only as a whole that it can maintain its economic

health and strength. The political stimulus is there — the economic integration of the Nine is much further advanced than many politicians are prepared to admit, and politics must follow this lead. The Ministers who fail to grasp this must be made to see in public debates that they must also have the will to agree. This was the whole purpose of this debate. That is why, Mr President, I wanted to deal briefly with these basic elements.

I wish the Commissioner success in the further negotiations and hope that the Council of Ministers manages, with energy and clear references to its commitments under the Treaty, to find a solution. Industry is awaiting it.

(Applause)

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I am happy to have the opportunity of speaking in this debate, which we have been waiting for for some two months now, and despite the fact that we have here a package of reports and questions, I must say that I admire the agility of both the Council and the Commission, who are constantly able to talk around the subject and the problems that are besetting the industry. Now I would expect that, after almost two years since the Community first tackled this problem — as we thought then, in a dynamic way — either the Council or the Commission would come to the Parliament and tell what proposals are actually on the table. What proposals are so unacceptable to the United Kingdom Government? What stumbling-blocks are there? Are they quotas? Are they licences? Are they restrictions, outright bands or indeed coastal bands? I think it is only fair that we who represent the people of the Community should also, after so many meetings and non-meetings between the other institutions of the Community, be told what goes on and not be solely dependent on the leaks that the President-in-Office said emerge from some of the Council meetings.

Now, I fully accept that the Commissioner has a difficult problem and that he and his officials are working quite hard on it, but after all, if this were a larger industry and there were more people involved, I suspect that there would be a more determined political will to get on with the work; but by virtue of the fact that numerically, *vis-à-vis* the total population of the Community fisherman and other people in that industry do not count for many heads, I think the problem is being left to lie.

I was very interested to hear Mr Gundelach say in passing that there was a proposed ban on herring-fishing off the West of Scotland. Now I should like to know whether I am correct in assuming that this means that the fishermen in Donegal, in Burtonport, in Killybegs are now going to come on lean times, because that is also their fishing-ground: west of

McDonald

Scotland is west of Scotland. Why can't people be honest? Why cannot you come outright? Why cannot you, at least, tell the people what exactly is going on so that we do not start suspecting everybody. That is one of the big problems in this entire negotiation. It is all right to point to our friends, the British, and say: you are holding it all up. What are you holding up, and what is it about? When I come here and hear representatives of the European fishermen talk to me about the very favourable terms, about the Irish minister for fisheries, I begin to wonder whether we should not be supporting the British people; because in this entire question, the Irish people have practically all to give and very little to get, for the simple reason that our industry is extremely small. When we asked for a coastal band, we were looking for special protection for a very underdeveloped industry mainly an inshore-fishing fleet, an industry starved of the capital that our own successive governments should have given it over the years. I am not talking about the period since we joined the Community, I am talking about the fact that, years ago in our national development, we did not recognize early enough the potential of the fishing industry, of the sea in the middle of which our island nestles. Mr Jakobsen, the President-in-Office, mentioned during the course of his speech continuing studies — studies of what, where and by whom? Surely, we could have a list of the projects going on. In our country, for example, there is only one department of marine biology: it is at Galway University, which is central to the west coast of Ireland. I know that they have an excellent department, and Commissioner Thompson, a couple of years ago, paid a special visit there. But I have not seen any reports that they were undertaking special studies for the EEC. I find it infuriating to get information only here during a protracted debate: this is the third debate this year; we have had one, I think, in December, and one or two since that, and we squeeze information from the Council and the Commission, bit by bit. I am sure that there are volumes of information stored away on this entire vast subject, and I should like to know what studies are going on, especially on the seas off the West of Ireland, the Celtic Sea, and indeed the Irish Sea. I accept, of course, that the entire Irish fishing industry is in a mess, and, as I said, it is mainly because it is a very weak industry.

I readily recognize the importance of the Commission's being able to negotiate with third countries, and we have had a long list of countries mentioned here in the House this evening. But surely we must have an internal policy as a basis for any *quid pro quo* agreements or arrangements that have to be made, and, as I have already said, the Republic of Ireland, in this whole question, has the most to give.

With regard to the Corrie report, I want to support the many points and the amendments that have been tabled. I think that this is an excellent effort, and I

compliment Mr Corrie. However, I would hope that the House will understand our determination to protect our sovereignty as well as to conserve fish species in our waters. I support the points made by Mr L'Estrange, and I would ask that the Members of the House consider them, because we have, it is quite readily recognized, been in the five and a half years of our membership, ready to demonstrate that we are Community-spirited people, and we should like to see the industry progress, not just for Irish nationals alone, but for the Community as a whole. If we have to tolerate Russian and Eastern-bloc factory-ships steaming into Bantry Bay and so on, just vacuum-cleaning the shores and the seas around our country, then I think, at the very least, that there should be greater understanding of the problems we have.

Could I mention one point as a correction to a point made by Mr Prescott? He said that the people of Northern Ireland had turned over the Sunningdale agreement. Regarding the historical accuracy of that statement, I would submit...

President. — Mr McDonald, I would remind you we are discussing fishing.

I call Mr Kavanagh.

Mr Kavanagh. — Mr President, I am sure by now that the Commissioner will at the end of this debate be almost speaking with an Irish accent. He certainly has had about one-half the whole Irish membership of this Parliament speaking on this subject, and I think there are more of us to come.

Let me point out at the outset, Mr President, that the financial proposals contained in the Corrie report will bring no direct and immediate benefit to the fishermen of Ireland, or, I suspect, of Denmark. The hard-pressed fishermen have been waiting now for over two years for the renegotiation of the common fisheries policy, while at the same time, as my colleagues have pointed out and as is stated in the explanatory statement of the Corrie report, a number of important species of fish — namely, herring, cod, sole, plaice — have been grossly over-fished, so that important stocks are in danger of collapse. If one is to believe the rumours that abound in this House, then the Commissioner will be proposing a conservation measure which will require a total ban on herring-fishing in the West of Scotland fishing-area for the remainder of the year, and possibly into next year. If this is correct — and I am sure the Commissioner can verify that — then the plight of the fishermen in the Donegal area of Ireland, which could be termed the centre of the Irish fishing industry, would certainly be very serious, and the industry would be placed in a ruinous situation. I think it is also true to say that if indiscriminate fishing continues by both the Community boats and third-country boats, then the end of the fishing industry is also in sight. So there we have the dilemma that the Council and the Commission have to tackle.

Kavanagh

Nevertheless, when one considers the separate paragraph on Ireland's fishing situation in the Council resolution of 30 October 1976, while the Community committed itself to a progressive development of the Irish fishing industry, despite the fact that the rest of the proposals under consideration involved the cutting back of fishing efforts in every other Community country, that development programme which the Community accepted envisaged an increase in the fishing catch by Irish fishermen from 75 000 tons in 1975 to 100 000 tons by the end of 1979. Those figures may seem large in respect of the Irish situation, but in fact, at the time, they represented 1.7 % of the Community catch in 1975, and I suspect that, if the catching capacity has continued, then we were expected to account for about 3-4 % of the total fishing-catch in the Community, which is certainly far from excessive.

In view of what we have heard today from Mr Gundelach and also what has happened since October 1976, is it any wonder, then, that Irish fishermen are angry and confused? I know that the Commissioner had first-hand experience of this anger when he visited County Donegal some months ago. The fishing industry in Ireland is, as has been said over and over again, based in the West, the North-West and the South-West, and, as my colleagues know from many regional-policy debates in this House, these are the most deprived regions of the Community. There simply is no alternative to fishing. You have in effect three choices if you live there: you can fish, you can emigrate or you can die. If the Community apply conservation measures which deprive fishermen of their livelihood or if, as has been said in this debate, because of the lack of political will no common policy is arrived at in the near future, then there will be no fish for anybody to catch, and those alternatives mentioned will be reduced to two: emigration and the bread-line. I want in no way to exaggerate the position, because Mr Gundelach may recall — or he may consult the record of the House when we had a debate on fishing almost two years ago — that the present Irish Minister for Agriculture, Mr Gibbons, made a very strong plea for the fishermen in the West of Ireland. In those days, the present Minister for Fisheries in Ireland, Mr Lenihan, and his colleagues — some of them still in the EPD group — demanded 50-mile exclusive zone for Irish fishermen as the only conservation measure which would guarantee the expansion of the Irish industry. Now it is interesting to hear Mr Gundelach today say that eight out of the nine countries have agreed to a common policy and that the outsider, or the nigger in the woodpile — I do not want to be racist in any way — is Great Britain. I wonder what has been agreed with the Irish? Certainly the Corrie report, even if the improved financial contribution were made, would be totally unacceptable to me and, what is more important, to the fishermen of Ireland if implicit in the acceptance of those financial proposals was the acceptance also of a common fishery policy which rejected the right of Member States to control their own

in-shore waters. Mr Prescott has already adverted to the Socialist Group motion for a resolution of 13 October 1976, and I think it is useful to remind the House of what the important clause 4 said on that occasion. It urged a

rapid agreement on a revised fishing policy consequent on extension of fishing-zones by the Community and its neighbours on the basis of a Community agreed system of

- (a) fishing quotas for each Member State;
- (b) the limiting of fishing effort by licensing arrangements;
- (c) reserved fishing zones; and
- (d) coastal fishing conservation zones up to 50 miles controlled by the coastal state for the purpose of conservation of fishing-stocks.

Such a policy would give due recognition to the historic rights of Member States the need of those peripheral coastal regions which are particularly dependent on fishing and an essential requirement to conserve and increase the Community stocks.

On that occasion I had a great deal of heart-searching to agree to that basic notion and I came in for some considerable animosity from the benches, beyond when I did support it. Now I want the Commissioner to ensure that there is no trade-off for the terms of the Corrie report which will guarantee the Irish fishermen anything less than the proposals in that notion for a resolution, because certainly I will not accept it and the Irish fishermen, and I feel the Irish people, will not accept it. There are a few other minor reservations I have about paragraphs 8, 9 and 10 of the present notion, but, as I said, my support for this document totally depends on a guarantee by the Commissioner that nothing less than what was in that resolution of October 1976 is being agreed to by the Irish Government.

(Applause)

President. — I call Mr Ryan.

Mr Ryan. — Mr President in 1972 there were a lot of wry smiles around Europe when the Norwegians complained that entry to Europe would damage their fishing stocks and jeopardize their fishing industry. But the Norwegian people took the matter seriously if others were smiling, and the result was that Norway voted not to join the Community. That ought to be a starting point in considering fisheries policy and also in evaluating the contributions made by Irish members to the fisheries debate.

As Mr Kavanagh has said, half the Irish delegation has already spoken in this debate, and it is not the first time that they have; not always with total unanimity, because those who are now in government in Ireland are now apparently conceding considerable compromises — in total contradiction to what two of them said when they were Members of this Parliament. But it

Ryan

does not surprise those of us who opposed them in the past, and continue to oppose them because in 1972 they sold Ireland down the drain. Because the main trouble, as far as Ireland is concerned, is the Treaty of Accession, which failed to give adequate protection to the Irish fishing industry. I do not like to have to put that on the record, but it seems to be slipping away from the minds of several people both in this Parliament and elsewhere. My colleague, Mr Klinker, sought — which I can understand him doing — sympathy for his own country because some fishermen were now suffering as a consequence of restrictions and controls which are part of the new fisheries policy. Well, the simile I would like to draw is the one of the patient who has indulged in excesses of various kinds, goes to the doctor, is prescribed a course of treatment to bring him back to full health, and then wants to sue the doctor for damages.

The problems of most of the fishing industries in Europe are due to excess catches. The problems of the Irish fishing industry are not due to excess catches by Irish fishermen. They are partly due, as Mr McDonald said, to inadequate development in the past, but such investment as there was in the fishing industry in Ireland was to the limit of the capacity of the fishing industry itself and of the Irish government — that is, the Irish taxpayer — to contribute. I share with Mr Klinker, a strong will for the unification of Europe and for the implementation of the obligations of the Treaty — that is what has us here. But one of the most essential obligations of the Treaty is to ensure a common standard of living and equal opportunities. You cannot have equal opportunities for a reasonable livelihood in the peripheral regions unless there are, not merely special measures to maintain the livelihood of people in the traditional form in which they have operated in the regions or alternatively — and this alternative, I think, is a very important one for Mr Klinker and his colleagues — a massive and unprecedented transfer of resources from the wealthy centre to the peripheral regions, not merely to compensate for loss of employment, but to bring up the present living standards to the standards of those who are more fortunate in the central area.

Over-fishing of course means a loss of jobs in the peripheral regions, a loss which, as Mr Kavanagh said, cannot be replaced — except of course, at enormous expense. Well and good, those who seek to plunder peripheral waters ought at least as they come for the fish, to come with bags of gold or Deutsche Marks. If they do not they have little reason to complain that people in the peripheral regions doubt the sincerity of their attachment to the obligations of the Treaty.

I know there are problems — we are all aware of them — we would be fools if we weren't — in reaching agreement, because of conflict of interests. But I want to make one point here as I have made it before. Delay in granting financial aid to Denmark

and Ireland to help in the surveillance of coastal waters means that we have not, as of now, adequate protection for fish stocks in those countries waters. We may dispute whether it is a Community resource or a Danish or an Irish or a Greenland resource but the reality is, it is a resource anyway, belonging to members of the Community. I have pleaded and again urge that whatever be the disputes about the nature of a common fisheries policy, the Community should make financial aid available to both Denmark and Ireland to enable them at least to police these waters against vessels of third countries.

Now I want to come to a legal point. I am glad to base my arguments upon the Schmidt report, which very correctly deprecates any actions on the part of any institutions of this Community which are illegal or which are less than in accordance with the Treaty. But I find it somewhat ironic that this Parliament has already — and from the indications, it is apparently prepared to do so again — departed from the Treaty. Once again we have a suggestion for the establishment of new law enforcement agencies which would amount to a contravention of the sovereign rights of Member States. Under the Treaty, as it has developed, the obligation to enforce Community law lies on each Member State within the area of its own jurisdiction. That is as valid in relation to maritime waters as it is to land. It is naturally resented in an island State with a large coastal area that there is a failure on the part of people whose main boundary is a land boundary to understand that people in a water-surrounded island have a natural desire to maintain the sovereignty of their waters.

I wonder how this Parliament would react if a proposal came forward to have a European police force to enforce the laws of the Community throughout each Member State on its land, — laws affecting industrial activity, commercial and agricultural activities and so forth. I believe there would now be deep resentment, and rightly so. That day may yet come, but we have to bring the people with us before we have a willingness on their part to accept a loss of sovereignty. Before that loss is accepted, there must be very obvious compensations. But there are no compensations for Ireland in relation to the suggestions that her sovereignty should be invaded, that there should be a Community fleet in Irish waters to enforce Community regulations. The proposal is not well based — that is putting it mildly — on the Treaty of Rome, or on international law, or on the Law of the Sea, or any other legal foundation that I know of. I have urged before that not only should we not, in this Parliament, be exhorting other institutions of the Community to breach the law, we should also respect our own statutes. If we expect people to pay attention to resolutions of this Parliament, we should not soil those resolutions by suggestions which are contrary to the Treaty and which are offensive to several Member States.

Ryan

That is the reason why my colleagues and I have asked for the deletion of paragraphs 8 and 9. We are not against the objective of having a European fisheries policy; we are not against the idea of having improved coastguard services in Europe; we are not opposed to having better inspection facilities — indeed, we would insist ourselves that inspection facilities and surveillance should be improved. But, to suggest, as much as this report, that the Irish authorities would be less than fair and even-handed in their enforcement of Treaty obligations is, I submit, to offer an insult to a Member State which is not justified on any grounds on the basis of past experience or, I trust, what you know of us. So I would urge that there might be readiness to accept our amendments. I would offer this suggestion: If our view in this is accepted, I believe that the Commission and the Council of Ministers might have greater respect for the otherwise excellent reports from Mr Corrie and from Mr Schmidt.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I can be brief, because I do not feel that the debate gives me reason to answer very many questions. I will try to answer the few specific questions put to me, and make a few general remarks.

The first specific question which was put to me by Mr Vandewiele was: 'Have national measures been taken by individual governments in the period subsequent to the Council meeting in January — which did not lead to a result — which were not in conformity with the agreements then reached about our consultation with the Commission or adherence to certain basic rules'? The answer to that question is 'no'. No national measures have been taken by any Member State other than in accordance with the appropriate procedures which involve a hearing with the Commission and the Commission's approval. We have not therefore had any conflicts of this kind so far.

But another problem related to this is emerging, and that is that a welcome tightening of the legislation concerning the execution and control of quotas and other conservation measures, is taking place. But this is developing unevenly in different Member States, with the result that fishermen in some Member States feel that they are being more tightly controlled than the fishermen in neighbouring countries who are fishing in the same waters. Here, we are obviously confronted with a problem, which, as I said in my initial statement, necessitates a more active Community policy in order to ensure equality of treatment.

A great deal has been made of the Schmidt report to which I referred in my initial statement. As I then said, I agree with the main lines of the report, even if I think in some places it goes a bit too far. In particular, I must underline that while there was some

confusion last year, there were in fact no breaches of the Treaty. That I must also say to Mr Ryan: that is totally false, and I reject that criticism without any hesitation. Furthermore, the anomalies which did take place have long since been straightened out. This the other committees in this House which deal with these matters have duly recognized. We had a House-clearing party on this subject on 15 December, and since then, matters have been developing in a very constructive spirit. Therefore, once again, with some reservation in regard to some of the elements in the Schmidt report, I am glad to underline, in particular since Mr Luster made a lot of this, that the actual practice now is in accordance with the motion for a resolution which he has tabled, at least in broad lines.

Having said that, I will repeat what I said towards the end of my introductory statement: all this legal perfectionism is, of course, totally philosophic and irrelevant, if you do not come to a political agreement. Whilst agreeing with a lot of it, I think maybe too much has been made of it tonight, but be that as it may.

In replying to Mr Corrie previously, I referred to net sizes, but I should have added — and I apologize for that omission — that we will also be looking again at the question of the size of the nephrops landed.

As I said in my statement and as Mr Prescott rightly underlines, we have travelled a long road; we have built up over the last 18 months a series of concepts which have brought us much closer together and made a sensible, meaningful, dynamic fishing policy possible. In that context, I would like to say to him that I have received the publication 'Fishing into the 80s', and I think it is a valuable contribution to the consideration of the next step. The Commission would be happy to discuss the implications of this report in an appropriate forum.

Mr Prescott also raised a specific question concerning the securing of a raw material for certain fishing industries. I shall not go into the details of that tonight, but only assure him that I am taking due note of his comments, and they shall certainly be looked into, because we must not forget that the fishing policy is not only a matter for those who fish on the seas, but is also of basic importance to the masses of people who work in fishing industries. The raw material for the maintenance of the activity there must be secured.

Returning for a minute to the legal question: the Treaty is there, and must be respected. Norway did not accept the existing treaty, Mr Ryan, but Ireland did. Denmark did, the United Kingdom did and that means that the Treaty must be respected unless it is renegotiated. That has not been asked for, so we must implement it. But in implementing a Treaty, one naturally uses all the provisions of that Treaty in order to find a just and equal treatment for the problems with which we are confronted. That Treaty, as I under-

Gundelach

lined in my initial statement, does open the way for preferential treatment or treatment of special problems, special regions. That paragraph must be used, and we are using it. But we must respect the Treaty. It can be used to solve the problems, and I have not hitherto been confronted in the discussions on fishing with any problem which could not be solved within the framework of that Treaty.

Speaking about preferential treatment, I must say to the last string of speakers from Ireland that they might leave those who do not know any better with the impression that Ireland is the great loser in this discussion on the fishing policy, when the truth is that it is the one country which is *sure* to be gaining.

(Cries 'Hear!, hear')

You did not develop a fishing policy before you joined the Community, that cannot be the Community's fault. Now you want to develop one, and we accept that and we support that because you are a developing area and you should catch up in development with the rest of the Community. So, we are allocating — and everybody agrees with this — far-reaching special quotas. We are establishing fishing plans which ensure that the fishing efforts of other Member States in important parts of your waters are tailored very carefully exactly to what the quotas say: so the quotas become a reality. Therefore, the risk of over-fishing you are talking about is taken care of in your case, and on top of the preferences you will get money to build the boats with which you are going to catch the fish which you do not have today. Thereafter, you will probably also get money to build the fishing industries to process the fish which you would not know what to do with today, because you cannot eat it all yourselves — you have to process it, and thereafter you have to sell it. Where? To the Community. So, please bear all this in mind when you speak, because your country is the one which is bound, — for good reasons, I accept that it should be so — to gain from this common fisheries policy, where other countries are living, one way or another, through an extremely difficult period. It may be better one day when the effects of conservation show results, but that is still a long way off, and until then others will have a very rough passage. By the way, there are no big Russian mother ships fishing in your waters any longer, and I thought you knew that as well.

Furthermore, you, Mr McDonald, were complaining that you did not know what was going on, that it was all taking place behind the scenes. There is no subject which I have been acquainted with over the last five and a half years in the Community which has been so thoroughly discussed in this Parliament as the fisheries policy. I welcome it because it has been a discussion which has brought us forward, but do not come and tell me that you do not know what has been going on, because every two or three months we have

been discussing every aspect of it, and I am sure you have been sitting there, I am sure you have been following all of it. So you have just forgotten tonight a few of the things which were said in February, and in December and last September and last July, etc.

One of the things you have heard me say again and again is that the Commission and other Member States cannot accept an exclusive zone. Other solutions have to be found. And there is no question of a trade-off between some money we are going to give you in order to execute a proper control in your waters and the question of exclusive zones, because you have heard me say the same thing about exclusive zones ever since I took this portfolio and spoke in this place on fishing policy — that cannot be a secret. Nor can it be a secret that your Government has agreed to try to solve this problem on the basis of the use of fishing plans, admittedly, reserving its right, if it goes wrong, to come back to a different policy, but, for the time being, seeking to find a solution on the basis of fishing plans — which, by the way, is not too different from what the British Government is seeking. So, some of your comments are, in my view, taking us a little bit back in history which really should be behind us; we have enough difficulties as it is without getting old ghosts back again in our conversations.

Mr Blumenfeld raised the question, to which I also referred, concerning the Baltic Sea and has submitted a motion for a resolution. First, I must say naturally that the question of drawing lines between what is national waters and what is not national waters is a national responsibility. But once that decision is taken the Community of course enters into the picture because they are responsible for questions of access etc. And you will have heard in my initial statement that I consider it of essential importance that the Community adopts a united approach in its negotiations in fishing matters with third countries, and therefore I can accept the philosophy underlying your motion for a resolution. As far as the details are concerned, particularly one, I must reserve my position at this present time, because I am not sure if this is the right way to go about it. There is no difference of view between us as to the necessity of solidarity, but how it is going to be achieved in the most appropriate manner is something which we will have to consider at greater length.

A question was also raised in regard to herring fishing off the West of Scotland. Well, I did refer to that in my statement. I was saying that we were going to propose what amounts to a ban on herring fishing for this year and we will then in the autumn hear from the biologists again — for the multi-national body of biologists have submitted to us, as I am sure you are aware, a report which flatly states that, unless, this measure is taken, the stock of herring west of Scotland will be exhausted. This then is a clear recommendation, without any dissenting voice, that herring fishing in that area should be stopped for a while.

Gundelach

Now, when we were confronted with a similar report in regard to the North Sea, which we discussed in this House at great length last summer, you were among those who spoke for conservation as you have today. Now conservation is not something your neighbour does; it is something which is done all over the place when the need is there. Or it is not done at all and we just eliminate the fish and it becomes a museum piece. When there was a need for a ban on herring in the North Sea it was declared by your votes. Now, there is a need to declare the same herring ban for the salvation of herring fishing in the areas to which you refer for the future. If we do not do it people whose interests you want to defend will find their livelihood for the future permanently destroyed. Sure, it will lead to difficulties for individual fishermen not only in your areas — also in Norway, which has fishing rights in these areas, and in other Member States and in Scotland. We have made proposals too for structural aid. We hope that these various proposals which can help in situations of this kind will be treated seriously by the Council — I am sure they will be — and adopted in the not-too-distant future. In the meantime it is clear that a number of Member States are starting taking measures in order to deal with problems created by such necessary action in order to restore the fishing stocks on a national basis but guided too, as far as I can judge, by the proposals made by the Commission. I think that is going the right way about it and I hope that the Council will soon be able, with the Commission, to adopt proposals in this area on a Community basis in order that the Community may bear its legitimate part of the financial burden in dealing with special situations of this kind.

Mr President, I think that I have answered all the specific questions which have been put to me. I shall therefore end by general comments that will be very short. Despite differences of view expressed in this interesting debate, one can nevertheless draw out of it a broad consensus once again in this Parliament that time is no longer on our side. That was the case for a while — while we were developing new concepts — but now time is no longer on our side. The longer it takes until we have a final agreement in the Council, the greater the risk that positions will further harden and make a decision more difficult than yesterday and today and maybe, still hopefully, tomorrow. Therefore, nothing is gained by letting things drag on. Positions will harden and, in the meantime, we may lose fishing opportunities in third country waters and we may have confrontations in our own waters of a nature which cannot help the relationship between the European countries, not only on fisheries, but in all areas. Therefore, that consensus that emerges clearly from the debate this afternoon and this evening I consider to be an extremely useful and positive one to communicate to the Council: despite differences on

points of substance, this Parliament is telling the Commission and the Council — get on with it now, because each new day lost, the more difficult it is going to be for the fishermen and for Europe.

(Applause)

President. I call Mr Jakobsen.

Mr Svend Jakobsen, *President-in-Office of the Council.* — *(DK)* Mr President, I shall be brief but as well as expressing my thanks for today's debate I should like to comment on certain important aspects.

Various Members touched on the question of consultation of Parliament by the Council and expressed the wish that this should take place. When I said earlier today, both in a personal capacity and on behalf of the Council as a whole, that we attach great importance to hearing Parliament's views on all important questions, this is because we value Parliament's views and assessments very highly — indeed I have listened with great interest to the contributions made to the debate here today.

Mr Gundelach, Mr Hughes and several other Members have drawn attention to the fact that the present situation cannot be allowed to continue much longer. I fully agree with this. Several Members who mentioned the problems we have experienced in Denmark involving blockades of the ports etc. I will not go into this any further but I have just mentioned it because it is a symptom of the fact that we have no fully-fledged fisheries policy within the Community. To some extent at least, this is a result of the reduction in catching possibilities which is one of the consequences of the agreement between eight of the nine Member States. However, we introduced these restrictions without at the same time taking the structural measures which are a necessary accompaniment to changes in the conditions for our fishermen. I should therefore like to stress that the Community fisheries policy should be an integrated whole, covering structural and inspection measures as well as quotas and conservation measures, and a Commission proposal for a fully-fledged fisheries policy of this kind is currently before the Council. I can assure the honourable Members that the Danish Presidency will do all in its power and leave no stone unturned to achieve a result in the very near future.

Finally, I should like to say that it is not enough for the Presidency to have set itself this goal and to make the necessary efforts — and we know Mr Gundelach will give his support in this matter. What is necessary is that every individual member of the Council should show not only the political will mentioned by Mr Hughes earlier this evening but also the necessary political courage. I hope this will prove to be the case when we resume negotiations.

(Applause)

President. — I call Mr Corrie.

Mr Corrie, rapporteur. — Mr President, might I first say that Mrs Ewing has asked me to give her apologies for not being at this debate, because she had to return to London.

Can I just thank colleagues for taking part in this debate. I think we have in fact moved a long way forward and there have been enormous changes in the last two years. I think it is now a political problem. When I said that I hoped we were not going to play politics, what I meant was that I hope it never becomes an election issue in Britain. I think it is a little unfair of some of my friends to criticize British Members of Parliament here, because I think the thinking of British Members of Parliament here has always been ahead of that in Westminster, and there has been a better understanding of the problem.

One or two people have questioned my thoughts on a maritime agency. I would point out that the Commissioner did say that this was perhaps ahead of time. I would also recall that Mr Prescott pointed out that his motion for a resolution of 18 months ago is now almost policy. Perhaps in 18 months time, this may be policy.

Might I say to Mr Ryan that there is no intention whatsoever in any way of invading sovereignty. What I was looking for was coordination and cooperation between nations when that sort of agency was set up so that we have the cooperation between the countries within Europe.

I welcome the ban on herring fishing off the West coast of Scotland, as the Scottish fishermen will do.

I would thank Mr Gundelach for his very frank address tonight. Mr Gundelach I cannot express strongly enough the good wishes from every quarter of this House for a successful conclusion to negotiations in the next few weeks. You deserve that success for the work you have done.

(Cries of 'hear!, hear!')

President. — I note that no one else wishes to speak.

The motions for resolutions will be put to the vote, together with the amendments which have been moved, at voting time tomorrow.

The debate is closed.

9. *Inter-institutional dialogue on budgetary questions*

President. — The next item is the report (Doc. 150/78) drawn up by Mr Cointat on behalf of the Committee on Budgets on

the inter-institutional dialogue on certain budgetary questions.

I call Mr Cointat.

Mr Cointat, rapporteur. — *(F)* Mr President, since it is so late and this document is so austere, yet so important, I would refer Parliament to my written report. I shall therefore confine myself to three remarks: firstly, I still think that Parliament's budgetary powers are at least as important as fishing, but it is a subject which will only take up a few minutes; secondly, I thank most sincerely my eminent, hard-working and kind colleagues for doing me the honour of accepting me as chairman of the working party and for providing Parliament with eight — in my view extremely important — reports to help in the drawing up of budgetary policy; thirdly, I hope that, as in previous years, both the Commission and the Council will be able to reply as soon as possible to the questions which we have asked them, so that we can really start an inter-institutional dialogue to define Community budgetary policy as closely as possible. When this Parliament is elected by direct universal suffrage, it will then have perfectly clear and consistent guidelines enabling it to avoid in future any misunderstandings and disputes.

(Applause)

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

Mr Shaw. — You will now see why year after year, we re-elect Mr Cointat as our chairman of this most important working group because, his skill and eloquence are, when necessary, matched by his brevity, and I am afraid that we cannot say that always of our colleagues. But the work that he does and that working-party, are absolutely vital to the working of this Parliament because the character of the budget changes so rapidly each year that it is necessary to look at it and to see where we can make improvements. Under his wise leadership, we have that review each year, along with the review of the timetable, and I believe we can see, through the history of these deliberations, a tremendous change in the way that our Parliament works. It is therefore a live and a growing organism and, so far as the budget is concerned, we are indebted to Mr Cointat and the work that he does. I offer, on behalf of my Group, wholehearted support to his report.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — I shall be very brief indeed. I would like to congratulate Mr Cointat on the report. We have only recently received it, but I have had a chance especially during the long wait that took place before this debate, to study it with great care, and it certainly is a most interesting document; nevertheless, I know that he would not expect me to go into details about our reaction now. All I can say is that I think it is extremely desir-

able that the three institutions should get down to the work of studying it as quickly as possible, and for our part, especially bearing in mind the experience of last year, we will do our best to let Parliament have our reaction, without too great a lapse of time.

(Applause)

President. —The debate is closed.

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

10. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 15 June 1978, with the following agenda :

10 a.m. and in the afternoon :

- Decision on the request for an immediate vote on the motion for a resolution on fisheries policy ;
- Schmidt report on EEC-CEMA relations ;
- Cousté report on multilateral negotiations in GATT,
- Oral question with debate, to the Commission on multinationals ;
- Oral question with debate to the Commission on the abuse of dominant positions ;
- Schwörer report on group accounts ;
- Nyborg report on the accounts of railway undertakings ;
- Notenboom report on VAT.

3. p.m. : Question-time (Questions to the Commission)

3.45 p.m. : Voting-time

The sitting is closed.

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

ANNEX

Questions to the Council which could not be answered during Question Time, with written answers

Question No 42, by Mr Brown

Subject: The Community and World Energy Situation

With reference to the Commission's recent Communication to the Council on the Community and World Energy Situation it is shown that oil imports into the Community fell by 6.6 % from 1976/77, whereas imports of oil into the United States and Japan rose by 11.8 % and 5.7 % respectively in the same period.

What steps does the Council propose to take to ensure that the Community's major partners in OECD take firm and urgent action to reduce its consumption of this finite energy source ?

Answer

I would recall that energy problems involving the OECD are dealt with mainly by the International Energy Agency. Since not all the Member States of the Community belong to this Agency, the Community is not represented on it as such, although the Commission does attend as an observer. The Council is therefore unable to use that forum to ask the Community's main partners to take similar drastic measures to reduce their oil consumption.

At the coordination meetings which precede each meeting of the Agency, the Council can only invite one or more of its members or the Commission to take every opportunity to pursue this line of argument in the course of the Agency's debates.

Question No 46 by Mr Bertrand

Subject: Common Market telephone directory

Can the Council inform Parliament of the decisions taken at the meeting of Ministers responsible for postal services on 15 December 1977 on the subject of the collaboration required between the nine telecommunications authorities and the publisher of the Common Market Telephone Directory ?

Answer

At its meeting of 15 December 1977 the Council heard a communication from Mr Davignon, Member of the Commission, regarding a second edition of the Common Market Telephone Directory. In his communication, Mr Davignon raised the question of whether or not the Council could examine how the telecommunication authorities in the Member States could, both technically and financially (i.e. by taking out subscriptions), demonstrate their interest in a new edition of this directory.

During the ensuing discussion, a member of the Ministers supported this proposal. Others, however, felt that this was a special case and for this reason did not fall within the competency of the Council. The Council therefore did not draw any conclusion from this communication.

Question No 53, by Mr L'Estrange: postponed

Question No 54 by Mr Kofoed

Subject: Conference on the Law of the Sea

During the recent Danish presidency of the Council of Ministers, Denmark has advocated joint ratification of the Convention on the Law of the Sea by the Member States of the Community. With the exception of the Federal Republic of Germany, the other Member States share this view.

What position do the Member States intend to adopt on this problem at the forthcoming meeting on the Convention on the Law of the Sea, to be held between 21 August and 15 September ?

Answer

At the plenary session of the Conference on 5 May the Danish Delegation — on behalf of the nine Member States — repeated the request put forward by the Member States on two previous occasions, namely that the Community should be able to sign the forthcoming Convention on the Law of the Sea. In particular, the Danish delegate pointed out that the 'Informal Composite Negotiating Text' included provisions in a number of fields, including the conservation and exploitation of biological marine resources in the exclusive economic zone, the protection and conservation of the marine environment and trade policy, in which the Community was competent to undertake international commitments.

He went on to say that the Community should therefore be a signatory to the Convention together with the Member States, which had retained their jurisdiction in other fields covered by the Convention. To enable the Community to be a signatory to the Convention, a special provision would have to be included in the final provisions.

This statement was studied at a coordinating meeting by the Member States and was unanimously approved. It should be recalled that the Council took the same view in a statement in July 1976.

It is true that only some of the Member States' delegations supported the Danish statement at one of the two subsequent plenary sessions, but lack of time prevented all the delegations from speaking, particularly since the final session of the Conference — at which this question was to be dealt with — had to be devoted to other subjects.

In the period prior to the meeting in August/September, the Community will be studying the replies to certain questions which were put to it on the abovementioned clause in the course of this session.

Question No 55 by Mr Fellermaier

Subject : Dumping prices in merchant shipping

What view does the Council take of the announcement by the Soviet Minister for Shipping that measures to protect the Community's merchant shipping would be met with retaliatory measures?

Answer

As the honourable Member is aware, the Council has made a rule of not commenting on declarations, regardless of their source. The Council takes the view that it cannot be reproached for being mindful of the Member States' legitimate shipping interests.

Question No 56 by Mr Berkhouwer

Subject : Direct elections

France and the United Kingdom are the only two States which have not yet notified their ratification of the Act of 20 September 1976. Can the Council indicate whether this notification is likely to be forthcoming this month, the grounds for the attitude of these two countries, and whether pressure can be brought to bear at Community level to compel the Member States to complete this last stage in the procedure, in so far as they have already adopted all the other provisions?

Answer

At its meeting of 6 June 1978, the Council noted that the procedures for the adoption of the provisions contained in the Council Decision of 20 September 1976 had been completed in all the Member States and that no difficulties were anticipated in connection with notification of the Secretary General by those governments which had not yet given such notification.

Question No 57 by Lord Reay

Subject : EEC-ACP Convention and human rights

Has the Council been able to reach agreement on a positive stand to the proposal to introduce an obligation to apply basic human rights in the new Convention between the EEC and the ACP-countries ?

Answer

At its meeting in Luxembourg on 6 June 1978 the Council examined in detail, on the basis of the work carried out by the Permanent Representatives Committee, the positions which the Community would adopt in the negotiations on the new ACP-EEC Convention. As you know, these negotiations are to be opened formally on 24 July 1978 and to begin substantively in September 1978.

Of the issues it discussed the Council attached special importance to the suggestion submitted by the Commission on the introduction into the new Convention of a reference to human rights. It made considerable progress on the matter, and I feel that it will be able to reach agreement on this issue and on the broad outline of the Community positions at its next meeting, scheduled for 27 June 1978 in Luxembourg. You will therefore understand that it is not possible to explain here the positions which are being worked out gradually in this way.

I would add that the Council will not fail to take into consideration the outcome of the work done by the ACP-EEC Joint Committee at its meeting in Granada at the end of April.

Question No 58, by Mr Schmidt

Subject : UN Conference on the Law of the Sea

What is the Council's assessment of the progress made at the last session of the UN Conference on the Law of the Sea, and of the collaboration at it of the delegations of the Member States ?

Answer

The Council has not drawn any conclusions from the last session of the UN Conference on the Law of the Sea. It is, however, satisfied with the cooperation shown by the Member States' delegations at this Conference.

SITTING OF THURSDAY, 15 JUNE 1978

Contents

1. Approval of minutes: Point of order: Mr Liogier	188	<i>Social Situation 1977 in the chapter on housing concerning Ireland:</i> <i>Mr Jenkins, President of the Commission; Mr Kavanagh; Mr Jenkins; Mr Power; Mr Jenkins; Mr Yeats; Mr Jenkins; Mr Ryan; Mr Jenkins; Mr L'Estrange; Mr Jenkins</i>	211
2. Documents received	188	<i>Question No 9, by Mr Johnston (see Annex)</i>	212
3. Texts of treaties forwarded by the Council	188	<i>Question No 10, by Mr Patijn (withdrawn)</i>	212
4. Membership of committees	188	<i>Question No 11, by Mr Fitch: Trade talks with Australia:</i> <i>Mr Haferkamp, Vice-President of the Commission; Mr Fitch; Mrs Dunwoody; Mr Haferkamp; Mr Scott-Hopkins; Mr Haferkamp; Mr Scott-Hopkins; Mr Haferkamp; Mr van Aerssen; Mr Haferkamp</i>	212
5. Resolution pursuant to Rule 47 (5) Sir Geoffrey de Freitas; Mr Klepsch	188	<i>Question No 12, by Mr Osborn: Energy needs of the developing countries:</i> <i>Mr Jenkins; Mr Normanton; Mr Jenkins; Mrs Dunwoody; Mr Jenkins; Mr Corrie; Mr Jenkins</i>	213
6. Agenda: Point of order: Mr Scott-Hopkins; Mr Lange	189	<i>Question No 13, by Lord Reay: Use of Greek language:</i> <i>Mr Jenkins; Lord Reay; Mr Jenkins; Mr Dalyell; Mr Jenkins; Mr Patijn; Mr Jenkins; Mrs Dablerup; Mr Jenkins; Mr Lange; Mr Jenkins; Mr Deschamps; Mr Jenkins; Mr Holst; Mr Jenkins</i>	214
7. EEC-CMEA relations — Report drawn up by Mr Schmidt on behalf of the Committee on External Economic Relations (Doc. 89/78) Mr Schmidt, rapporteur	190	<i>Question No 14, by Mr Brown (see Annex)</i>	216
<i>Mr Martinelli on behalf of the Christian-Democratic Group (EPP Group); Mr Jung on behalf of the Liberal and Democratic Group; Mr Spicer on behalf of the European Conservative Group; Mr Sandri on behalf of the Communist and Allies Group; Mr Nyborg, draftsman of an opinion; Mr van Aerssen; Lord Brimelow on behalf of the Socialist Group; Mr Jahb; Mr Dalyell; Mr Haferkamp, Vice-President of the Commission; Mr Schmidt</i>	192	<i>Question No 15, by Mr E. Muller (see Annex)</i>	216
8. Agenda	206	<i>Question No 16, by Mr Glinne (see Annex)</i>	216
9. Multilateral negotiations in GATT — Report drawn up by Mr Cousté on behalf of the Committee on External Economic Relations (Doc. 86/78): Mr Brugba, deputy rapporteur	206	11. Votes: <i>Ripamonti report (Doc. 156/78): Draft estimates of the Parliament for 1979:</i> <i>Adoption of the resolution</i>	216
Lord Brimelow on behalf of the Socialist Group	208	<i>Resolution tabled by all the political groups (Doc. 136/78): Political situation in Africa:</i> <i>Adoption of the resolution</i>	216
10. Question Time (Doc. 157/78) (conclusion): Questions to the Commission of the European Communities: Question No 8, by Mr Kavanagh: Information contained in the Report on the			

- Schmidt report (Doc. 80/78): Legal acts relating to the fisheries policy:*
Adoption of the resolution 216
Corrie report (Doc. 39/78): Inspection and surveillance in maritime waters:
Amendments to paragraph 6:
Mr Corrie, rapporteur; Mr Ryan 216
Amendment to paragraph 7:
Mr Ryan 217
Amendment to paragraph 8:
Mr Corrie 217
Amendment to paragraph 9:
Mr Corrie 217
Amendment after paragraph 9:
Mr Corrie 217
Amendments to paragraph 10:
Mr Corrie 217
Adoption of the resolution 218
Cointat report (Doc. 150/78): Inter-institutional dialogue on budgetary questions:
Adoption of the resolution 218
Schmidt report (Doc. 89/78): EEC-CMEA relations:
Amendment to paragraph 3:
Lord Brimelow, deputy rapporteur 218
Amendment to paragraph 6:
Lord Brimelow 218
Adoption of the resolution 218
12. *Multilateral negotiations in GATT (resumption):*
Mr van Aerssen on behalf of the Christian-Democratic Group (EPP); Mr Jung on behalf of the Liberal and Democratic Group; Mr Normanton on behalf of the European Conservative Group; Mr Sandri on behalf of the Communist and Allies Group; Mr Liogier on behalf of the Group of European Progressive Democrats; Mr Hughes, draftsman of an opinion; Mr Power; Mr Martinelli; Mrs Kellett-Bowman; Mrs Dunwoody 218
Procedural motion: Mr Sandri; Mr Haferkamp, Vice-President of the Commission 234
13. *Oral Question with debate: Code of conduct for multinationals (Doc. 69/78):*
Mr Notenboom, author of the question 236
Mr Haferkamp, Vice-President of the Commission; Mr Lange on behalf of the Socialist Group; Mr Notenboom on behalf of the Christian-Democratic Group (EPP); Mr Ansquer on behalf of the Group of European Progressive Democrats; Sir Brandon Rhys Williams on behalf of the European Conservative Group 237
14. *Oral Question with debate: Abuse of dominant positions (Doc. 141/78):*
Mr Haferkamp, Vice-President of the Commission; Mr Lange; Mr Haferkamp 241
15. *Directive on group accounts — Report by Mr Schwörer on behalf of the Legal Affairs Committee (Doc. 103/78):*
Mr Schwörer, rapporteur 242
Lord Bruce of Donington on behalf of the Socialist Group; Mr Shaw on behalf of the European Conservative Group; Mr Burke, Member of the Commission 244
16. *Regulation on the normalization of accounts of railway undertakings — Report by Mr Nyborg on behalf of the Committee on Regional Policy, Regional Planning and Transport (Doc. 142/78):*
Mr Nyborg, rapporteur 249
Mr Jung on behalf of the Liberal and Democratic Group; Mr Porcu on behalf of the Communist and Allies Group; Mr Dalyell 250
Procedural motion: Mr Nyborg 252
Mr Dalyell; Mr Burke, Member of the Commission 252
17. *Directive on VAT — Report by Mr Notenboom on behalf of the Committee on Budgets (Doc. 168/78):*
Mr Notenboom, rapporteur 253
Mr Burke, Member of the Commission; Mr Dalyell; Mr Burke 254
18. *Regulation on milk and milk products — Report by Mr Herbert on behalf of the Committee on Agriculture (Doc. 167/78):*
Mr Herbert, rapporteur 255
Mr Früh on behalf of the Christian-Democratic Group (EPP); Mr Scott-Hopkins on behalf of the European Conservative Group; Mr Liogier, on behalf of the Group of European Progressive Democrats; Mr Howell; Lord Kennet; Mr Früh; Mr Burke, Member of the Commission 255
Procedural motion: Mr Scott-Hopkins; Mr Herbert; Mr Scott-Hopkins; Mr Dalyell; Mr Scott-Hopkins; Mr Dalyell 259
19. *Agenda for the next sitting* 260
Annex 262

IN THE CHAIR : MR BERKHOUWER

Vice-President

(The sitting was opened at 10.00 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments ?

The minutes of proceedings are approved.

I call Mr Liogier on a point of order.

Mr Liogier. — *(F)* Mr President, I am surprised to see that today's agenda does not include the agricultural reports which must be dealt with during this part-session, especially the report on pigmeat, for which it was decided to adopt urgent procedure and for which a request was made to include it on today's agenda.

By almost systematically postponing — despite repeated protests which hitherto have remained unheeded — agricultural reports to the final day's sitting, when most of our colleagues have had to return to their constituencies, we are surely giving a very poor impression of the interest which Parliament takes in them !

President. — Mr Liogier, I know that you have sent a letter on this subject to the Bureau. In fact, the enlarged Bureau is dealing with the matter this morning.

2. *Documents received*

President. — I have received from the committees the following reports :

— report by Mr Spicer, on behalf of the Committee on External Economic Relations, on the proposals from the Commission to the Council for :

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for wines of fresh grapes falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Cyprus

II. a regulation opening, allocating and providing for the administration of a Community tariff quota for liqueur wines falling within subheading ex 22.05 of the Common Customs Tariff, originating in Cyprus

III. a regulation opening, allocating and providing for the administration of a Community tariff quota for table grapes falling within subheading ex 08.04 A I of the Common Customs Tariff, originating in Cyprus

(Doc. 170/78) ;

— report by Mr L'Estrange, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 2759/75 on the common organization of the market in pigmeat (Doc. 171/78).

3. *Texts of treaties forwarded by the Council*

President. — I have received from the Council a certified true copy of the

agreement on the implementation of a European concerted action project in the field of metallurgy on the topic 'materials for gas turbines'.

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

4. *Membership of committees*

President. — I have received from the Liberal and Democratic Group a request for the appointment of

— Mr Rossi to the Committee on Budgets to replace Mr Kofoed and to the Committee on External Economic Relations to replace Mr Pintat ;

— Mr Granet to the Committee on Energy and Research to replace Mr Cifarelli and to the Committee on the Environment, Public Health and Consumer Protection.

Are there any objections ?

These appointments are ratified.

5. *Resolution pursuant to Rule 47(5)*

President. — The next item is the request for an immediate vote, pursuant to Rule 47(5) of the Rules of Procedure, on the motion for a resolution (Doc. 169/78) tabled by Mr Blumenfeld and others on behalf of the Christian-Democratic Group (EPP Group) to wind up the debate on the oral question to the Commission on fishing policy.

I call Sir Geoffrey de Freitas.

Sir Geoffrey de Freitas. — Mr President, I hope the House will not in any way think that I or my colleagues have any desire to oppose the motion as such, but we do not understand exactly what is meant, for a very good reason. Phrases like 'coastal waters', 'official protection' and so on are highly ambiguous in law, and I very much hope that this Assembly will not dispense with the established procedure of our House and omit to refer this to the Legal Affairs Committee and the Committee on Agriculture. I hope that there will be no question of rushing this through without getting a legal opinion on it and also the opinion of the Committee on Agriculture, presumably its fisheries sub-committee. After all, we are having a debate on this in a few weeks' time, in the July part-session, and so I hope that the House will not accept this.

President. — I call Mr Klepsch.

Mr Klepsch. — (*D*) Mr President, there is a procedural question which is not quite clear to me. When an oral question with debate is being dealt with, our Rules of Procedure provide for the tabling of a motion for a resolution on which a vote must be taken. However, voting time is not now but this afternoon.

(*Mixed reactions*)

We are departing completely from our customary practice. We shall be reverting to the situation, Mr Fellermaier, in which votes are held at any time of day.

(*Continuing interruptions and cries*)

Yes, yes, I see the agenda! I have no idea what it has to do with urgent procedure. I originally had the impression that the motion for a resolution was to be included as an additional item on the agenda; so this is being done under Rule 47 (5) and concerns an item which is already on the agenda, so that the vote on it should be taken during voting time this afternoon. It has been agreed by Parliament that a particular time be set aside for voting on the agenda items which have been dealt with. Today voting is due to take place at 3.45 p.m. I am therefore surprised that now a separate vote is supposed to be held. Everything that Sir Geoffrey de Freitas said can be taken into consideration this afternoon.

President. — The situation is as follows. The matter was debated yesterday. Afterwards Mr Blumenfeld and others requested an immediate vote, on behalf of their Group, i.e. without reference to committee, and Parliament must now vote on this request. If Parliament is in favour, the vote on the motion for a resolution will take place this afternoon.

I therefore put to the vote the request by Mr Blumenfeld on behalf of his Group that a vote be taken on the motion for a resolution today.

The request is rejected. Thus the motion for a resolution is referred to the Political Affairs Committee as the committee responsible and to the Legal Affairs Committee for its opinion.

6. Agenda

President. — I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — Mr President, am I right in asking you to add to today's agenda two items of importance which I think were mentioned by Mr Liogier? One is the report which we dealt with urgently in the Committee on Agriculture on Monday concerning the milk marketing boards; the second is the report on the technical changes in the pigmeat regulations for the calculation of MCAs, which was also dealt with with great urgency, in the Committee

on Agriculture, on Tuesday and again yesterday. I would have thought that — while I accept that there can be no question of voting today — they could be put onto our agenda for debate this afternoon after the vote, because our agenda is not as crowded as all that, so I formally propose that these two should be added to our agenda today.

President. — These two items are at this moment under consideration in the Bureau.

Mr Scott-Hopkins. — With respect, sir, this House, as you know full well from your years of presidency, can in point of fact decide. I am delighted to hear that the Bureau will be considering this matter, but by then it will be too late for the House to take a decision in good time. So, as I have proposed formally that these two items should be included in today's agenda, may I ask you to have the goodness and the courtesy to put my proposal to the House now?

President. — Does anyone wish to speak against the proposal?

I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (*D*) Mr President, although I have already done so this week, I should now like to object yet again to the inclusion of this item on the agenda, and the reason is perfectly simple; the proposal submitted by the Commission to the Council and forwarded by the Council is not ready for consideration because the financial section is missing. The Commission did — as far as I know — state in the Committee on Agriculture that it was unable to provide the necessary figures, but that is not a reason. The Commission can provide the figures if it wants to. My impression is that it did not want to, and since we in this House have come to certain agreements with regard to financial proposals so that they can be dealt with by Parliament in an appropriately conscientious manner, it is essential for us to be informed of the financial implications of this regulation. This has not happened so far. I am therefore against including this item in the agenda and in favour of dealing with it during the July part-session.

President. — I can already tell you that the enlarged Bureau intends to propose that the report on pigmeat be included in tomorrow's agenda. As for the report on the Milk Marketing Boards, it could, if the enlarged Bureau agrees, be added to today's agenda. In any case, Parliament will soon be voting on our order of business.

Since Mr Scott-Hopkins is not maintaining his request, we can proceed to the next item on the agenda.

7. EEC-CMEA relations

President. — The next item is the report drawn up by Mr Schmidt on behalf of the Committee on External Economic Relations on the state of relations between the EEC and East European state-trading countries and Comecon (Doc. 89/78).

I call Mr Schmidt.

Mr Schmidt, rapporteur. — (D) Mr President, in discussing EEC-Comecon relations today Parliament has, I think, chosen rather an appropriate moment. The Commissioner responsible for these relations, Mr Haferkamp, was in Moscow a few weeks ago, and the President-in-Office of the Council went to Moscow yesterday for talks. I am very pleased to see Mr Haferkamp here, since he will certainly use this opportunity to inform Parliament about his discussions in Moscow. He was prepared to supply the committee with advance information; the fact that this did not happen and that I am unable to refer to any such information has nothing to do with him but is due to Parliament itself, so that it is our fault and not Mr Haferkamp's! It is regrettable, since this information would certainly have been useful for the debate. On the other hand, there is the advantage that you can directly inform Parliament as a whole about your talks in Moscow.

If I am to speak before the House on these relations, I must first explain a few points. It is certainly undisputed that the political relations between the EEC countries and the bloc which has formed to the east of us are of enormous importance, but the economic relations are still not as wide-ranging as many imagine. If I tell you that EEC exports to these countries account for only 7% of its total external trade, this shows clearly, I think, that there is an imbalance between the political importance of the two blocs and trade between them to date, even though the volume of this trade has increased very considerably over the last few years.

What is the explanation for this relatively small amount of trade? In addition to the economic reasons, there are other reasons which have their roots in the past. During the period described as the Cold War there were very many obstacles. Various embargoes were imposed. Just as an example, a large pipeline contract involving several hundred thousand million marks which a firm in the Federal Republic wanted to conclude did not come off because an embargo was imposed, and at the time it was the generally held view that anything which supported the economies of Comecon countries was damaging to the West as a whole because it strengthened our political and military opponents.

Nowadays this argument is in any case not nearly so virulent as it was then, and even people who were

unrelenting advocates of this view at the time now think that trade is a far from unimportant factor in international *détente*, so that, although not yet completely eliminated, these obstacles today play a much more minor role.

In addition to these obstacles to trade which are of a more psychological, ideological and intellectual nature, there are of course a number of practical obstacles. The main thing to remember is that totally different economic systems are involved which inevitably give rise to practical problems in the mutual exchange of goods, the reason for which must be sought not only in the planned economy system, which is governed by totally different forces from our market economy, but also, for example, in the fact that the currencies of the Comecon countries are non-convertible. Here both sides draw attention to certain shortcomings.

Attention is very often drawn by the Community's to the considerable balance of trade deficit brought about by the Comecon countries' increased demand for technologically advanced semi-finished and finished products, in return for which they have often been able to export only raw materials or semi-finished products.

There have also been complaints from the Eastern bloc countries. Comecon maintains that we do not treat them as well as other trade partners, e.g. we do not grant them most-favoured-nation status, while they fully grant such status to the West. It must be said, however, that although this is correct in theory it has virtually no significance in practice because completely different conditions apply in a planned economy and there is hardly any advantage to be gained from the most-favoured-nation clause in a system under which prices and all foreign trade terms are in any case fixed centrally. Here in the West such a clause means a great deal more.

The development of trade relations between Comecon and the West between 1971 and 1975 was characterized by a steep rise in the balance of trade deficit of the Comecon countries. In 1975 it amounted to 11 600 million dollars. The Comecon countries do not publish balance of payments figures, but on the basis of the data available in the West it is clear that these deficits were financed by considerable imports of capital. Borrowing by the Comecon countries was particularly high in 1975, when their net indebtedness rose by almost as much as their total deficit on the trade balance. However, a certain change has taken place since 1976. In that year EEC imports from Comecon countries rose sharply, while EEC exports hardly increased in value or volume.

As a result of the steadily growing trade, the problems involved in East-West cooperation have naturally

Schmidt

become more important, since this bilateral cooperation has provided new incentives to trade. At the same time these international cooperation agreements represent the formal legal basis for cooperation between Western undertakings and the economic organization of Comecon. Initially there were great differences in the ways in which the Member States of the EEC dealt with such agreements. While most of them concluded separate agreements in the form of traditional trade agreements or cooperation agreements, other Member States, e.g. the Federal Republic of Germany, initially included provisions for cooperation between undertakings under the heading of trade.

Since the power to negotiate these trade and cooperation agreements was transferred to the Community in accordance with Article 113 of the EEC Treaty, the legal situation regarding them has radically changed. This meant that it was no longer the Member States but the Community as such which was entitled to conclude conventional trade agreements. However, since there were very many difficulties involved in establishing reasonable relations between Comecon countries and the Community — and this is something which still causes us trouble today, since even now some people have not completely given up attempts to interfere in, to refuse to recognize or politically to disparage the legal standing of the other side, so that the Community has hardly made any significant progress in this field — it is not so hard to understand, even if it is extremely dangerous, why in the case of a number of cooperation agreements concluded instead of the former trade agreements attempts, even successful ones, are made to include more in them than may normally be covered by a cooperation agreement. In other words, they are in no small measure contrary to the Treaty. Two agreements, for example, provide for the most-favoured-nation clause, something which definitely does not belong in a cooperation agreement but exclusively in an agreement.

The committee was very clearly of the opinion that this circumvention of the provisions of the Treaty greatly jeopardized integration and that very special attention should urgently be given to this point.

What has the Commission done about it? It has intervened in some cases, but on the other hand it is rather hard to understand why in this House, for example in reply to a question by Mr Jahn, the problems were in fact somewhat minimized, the danger thus being presented as less serious than it appears to me and the committee actually to be.

I think that if you look at the individual cooperation agreements — I did in fact take the trouble to look through all the cooperation agreements concluded after expiry of the former trade agreements — it is impossible to give full approval to the position

adopted in various instances by the Commission before this Parliament. It is clear that in these cooperation agreements — not in all, but in almost all of them — the provisions of the Treaty have been circumvented, and we as a Parliament are very anxious to see the Commission carry out its obligation to state clearly what it thinks about it, thereby also helping the process of integration.

A further problem arises in this context. Since, on the one hand, it is precisely at times of economic crisis that the Member States of the European Community are more interested in concluding trade agreements, but since, on the other hand, export regulations are not harmonized, there has been and is a sort of competition to see who can grant the most favourable terms. I think that to a certain extent a stage has been reached where it is becoming difficult to talk of business transactions at all but where the dividing line between business and charity is becoming very blurred, and in my view this is a bad development. We therefore consider that the Commission should attach less importance to finding new instruments, such as the Export Bank, and much more to the harmonization of export regulations; it is precisely in our relations with the Eastern bloc, the Comecon countries, that considerable improvements could be made.

A problem which has often been raised in this House in questions and in the Committee on External Economic Relations is that of the indebtedness of the Comecon countries. It must be said that it is not very easy to obtain satisfactory figures in the West because on the other side things are less transparent than they are here and for the most part we have to rely on estimates. Thus if we estimate that the indebtedness of all the Comecon countries together is 45 000 million dollars, even testing various items and approaching the problem from various angles, we find, I think, that this gives a fairly accurate picture. At the same time, however, it would be totally wrong to lump all the Comecon countries together and to say that the indebtedness is so great that trade must be cut down, for in the meantime this could jeopardize trade. There are certainly Comecon countries whose indebtedness is near the upper limit, but there are also quite a few Comecon countries which are regarded, even by the banks, as an excellent credit risk. And if we compare, for example, the indebtedness of Brazil with that of the Soviet Union, we must, I think, accept that even the Soviet Union does not at all belong in the category which may be regarded as critical.

Time prevents me from describing the development of the institutional contacts. But I think there is no great harm in this because Mr Haferkamp, who has just been to Moscow, can certainly add a new chapter here and has the chance to describe it once again in a new light.

Schmidt

Lastly, we think that trade with these countries poses quite a number of problems for the West: I shall just quote the examples of dumping and barter transactions, which represent a very heavy burden for many small firms in the West, although we also think that this trade offers opportunities. This would be particularly so if we showed rather more flexibility in trying to conclude an agreement with Comecon and if — this is a request which is directed at both sides — rather fewer attempts were made to solve the other side's problems for them, i.e. if an attempt were made to reach an agreement on this basis. We have an interest in such an agreement because the cohesion of the Community, and its competency depend on it, and we have an interest in it because we think that, over and above the barter transactions which play the most important part at the moment, it is services which present an opportunity for a not inconsiderable expansion of trade. Unfortunately the CSCE Conference in Belgrade did not bring about any significant progress. But I think that there are still opportunities here and that trade also plays a considerable role in *détente*. From this point of view also we are very keen to see progress.

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

Mr Martinelli. — (I) Mr President, the report which Mr Schmidt, on behalf of the Committee on External Economic Relations, has presented on the state of relations between the EEC and East European state-trading countries and Comecon is an excellent document, both on account of its clarity and of the problems it raises. I should like to offer Mr Schmidt my warm congratulations on this objective piece of work.

This subject is of signal importance and — as Mr Schmidt himself said — highly topical. It is important on account of the volume of trade in relation to an area with a population, in the European part alone, of 300 million, and also because of the problems which have emerged from these relations. It is highly topical because, alongside the increasing growth of trade which is proof of the continuing development of relations between these countries and the Community, there is also the serious problem of the eastern countries' indebtedness to the West. The major cause of this deficit is the imbalance between imports and exports.

Another problem is that markets in the West are often upset by low-priced imports and by dumping practices which the state-trading economies encourage. There is no real way of checking these from outside and the problem has reached alarming proportions, for example, in the transport sector where there is a total lack of reciprocal arrangements.

We need to reduce the current lack of balance and ensure that the debt situation is controlled in a realistic manner. This has to be done without arresting the growth of trade, and we must also steer clear of ruinous competition which has no economic support. In short, what we need to do is to achieve a reasonable balance of the advantages to each side.

These problems cannot be tackled realistically unless we establish suitable institutional contacts — and this is where Comecon comes in — insofar as this is feasible on each side. As for the volume of trade, we must not forget that the figures here are fairly impressive. In 1958 the total volume of trade between East and West amounted to 2 000 million dollars, rising to 6 000 million ten years later. Five years later, at the end of the period between 1968 and 1973 it had again doubled to reach 12 000 million. Another three years on, in 1976, the total volume of trade was just short of 24 000 million dollars. And if we look at the kind of goods which are traded, we can see that they are of great importance for both sides. For example, 40 % of the Community's exports are capital goods, while more than 50 % of its imports from the state-trading countries of Eastern Europe are raw materials and energy-generating products.

The type and variety of trade are — and I shall say it again — of great importance. However, the imbalance has got steadily worse, as Community exports have benefited from a generous credit policy which has facilitated exports to Eastern Europe. I was not the first to make this comment but I wanted to stress it here. As a result, the balance of payments — as I mentioned earlier — of the Eastern European countries has deteriorated sharply and by 1975 their indebtedness *vis-à-vis* the Community totalled 3 100 million dollars. This deficit was subsequently cut back and dropped to 1 100 million dollars in 1976. As was pointed out by Mr Schmidt — although he was rather tentative about it whereas I am going to be quite definite — the Eastern bloc has had to import Western capital to meet this deficit. It is difficult to know the real situation because a lot of data are not made public in Eastern Europe, but the most conservative estimates put the total debt of the Comecon countries at 40 000 million dollars at the end of 1976. The figure I am giving is different from the one quoted by Mr Schmidt, which only goes to show how difficult it is to get to the truth of the matter. If the development plans of the state-trading countries in Eastern Europe are carried through successfully, it is estimated that by 1980 this debt will have risen to 70 000 million dollars.

It is obvious that a situation like this cannot go on unchecked. Since 1973 the Commission has had sole

Martinelli

responsibility for negotiations on commercial policy with the state-trading countries — this was already the case with regard to other third countries — and it began its work in this area by proposing a model for Community trade agreements with the state-trading countries which already had agreements with the Member States. The Commission proposal envisaged long-term non-preferential trade agreements on a reciprocal basis which would encourage balanced conditions for development, with mutual benefit for both sides. In February 1976, however, Comecon came up with a model agreement to replace the direct agreements between the Community and individual state-trading countries.

The Schmidt report gives a fair idea of the difficulties in the negotiations between the Commission and Comecon. They have been dogged by a vagueness and ambiguity which are not easy to dissipate. In November 1976 the Commission was obliged to point out to those on the other side of the negotiating table that it was still uncertain as to whether Comecon was actually competent to sign agreements with third countries and international organizations. There was also some doubt about just how independent the Eastern European countries were with regard to commercial policy, whereas in the Community it was laid down in the treaties that commercial policy was the exclusive responsibility of the Commission, whose task it was to define it and to negotiate with individual countries.

Has Comecon clearly understood that the Commission has exclusive responsibility? Even now it is not easy to answer that question, unless perhaps Mr Haferkamp can give us any useful information as a result of his recent talks in Moscow. Nevertheless, even though negotiations have proved difficult, the Commission has always been willing to talk to Comecon. I believe, however, that the Commission recently had once again to make it clear that it would not waver in its determination to normalize relations with Eastern European countries separately.

The Commission has stated that there is no problem of principle in developing constructive relations between the European Community and Comecon as such, on the basis of one institution to another, but these relations are specifically defined as working relations for the exchange of information in a number of sectors where the competence of each side is quite clear: standardization, environmental protection, statistics and economic forecasting. Last September the President of Comecon met Mr Haferkamp, Vice-President of the Commission, and the official statements indicated that the talks had been constructive. Like our rapporteur, Mr Schmidt, I am waiting to know just how constructive they were. Let me say by way of conclusion that the trading relations between the Euro-

pean Community and the state-trading countries of Eastern Europe have been in a kind of legal limbo for three years now, as they are not governed by any treaty. Large-scale bartering is on the increase. As far as trading policy is concerned, this is a step backwards which is naturally of no help to small and medium-sized undertakings. Anyway, it is intolerable as things stand that the Community, which has diplomatic relations with 111 nations, should not yet have established such relations with its immediate neighbours. We also have to bear in mind that some of these countries — Bulgaria, Czechoslovakia, Hungary, Poland and Romania — are members of GATT and are participating in the current negotiations. They enjoy most-favoured-nation treatment in Western markets and thus enjoy the concessions which the Western nations grant each other. In my view, we cannot go on with such a one-sided system. On the one hand the countries of Eastern Europe are getting all the benefits of the Western markets, while on the other hand they are disturbing our markets by fixing export prices in an arbitrary fashion and denying — if I may quote again the example of the transport sector — every opportunity for Community concerns to operate. It is unthinkable that the credit ceiling applied to the Eastern bloc should go on rising without realistic limits. A return to the idea of revolving credit has been mooted for some of our debtors in Eastern Europe who have apparently reached their borrowing limit. I am not referring to the Soviet Union, of course, which is an economic giant which can repay any debts. However, unless there is a more even balance as regards benefits on both sides, we can see more and more difficulties arising to hinder trade between the Community and Comecon. This would be an alarming situation.

The time at my disposal is running short. On behalf of the Christian-Democratic Group, I should like to say in conclusion that I hope that the agreement which is being negotiated will lead to an exchange of information between both organizations in their respective spheres of competence. I also hope that the principle of reciprocity and balanced apportionment of advantages will be maintained and applied, albeit in the phased manner which is essential, to the separate negotiations between the Commission and the countries of Eastern Europe. In this way the Community will make a greater contribution towards integrating the Comecon countries into our economy, and I feel that this will be no mean factor in the furtherance of East-West *détente*.

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

Mr Jung. — (*D*) The Liberal and Democratic Group welcomes this report on relations between the European Community and Comecon. We would, however,

Jung

have preferred to have had this report earlier, since a dialogue has been going on between the two economic blocs for some considerable time, and the contacts between them have acquired fresh significance since Comecon presented a draft agreement in February 1976.

Of course, it is too soon to speak of negotiations, but since the Vice-President of the Commission, Mr Hafenkamp, stated in Moscow at the end of last month that the Commission was prepared to consider this Moscow meeting as the beginning of negotiations and proposed that there should be talks in Brussels in June or July between experts from both sides, it is important for us to hold this debate today and inform the Commission of Parliament's views *before* these talks. It is a fact that in the proposal submitted by Comecon an attempt can be detected to do something which the West firmly rejected in the CSCE negotiations, namely the attempt to achieve, beyond the declarations of intent and rules of conduct in Basket 2, concrete measures and instruments to improve its economic relations with the West without at the same time having to discuss measures in the humanitarian field, which are laid down in Basket 3 of the CSCE Final Act. I should therefore now like to remind the Commission once again that the West took a perfectly clear stand in the CSCE negotiations. It indicated clearly that it was willing to negotiate on Basket 2 and of course also on Basket 1, but it made this dependent on the acceptance of its demands regarding Basket 3. It is important to stress this here, since demands are naturally open to discussion.

I congratulate the Commission, by the way, for sticking to its guns on the most-favoured-nation clause, credits and of course particularly questions connected with the agricultural market. At this point I should like, however, to associate myself with the misgivings expressed by the previous speaker and once again stress that account should be taken of the opinion of the Committee on Regional Policy, Regional Planning and Transport presented by Mr Nyborg, since Comecon actually embraces quite a number of measures which simply cannot be reconciled with our system of market economy and which the previous speaker, Mr Martinelli, has just mentioned in connection with dumping prices which are very apparent precisely in the services sector, i.e. the transport sector, and this of course further complicates negotiations. I should therefore like to urge the Commission to conduct these negotiations very carefully.

At this point, however, we should look at the historical background, since approaches have been made between the Eastern economic bloc of Comecon and the European Economic Community for over four years now. The agreement to start direct negotiations

on future cooperation does, after all, mean — and this is something we can view with a certain amount of satisfaction — for the Council for Mutual Economic Aid, i.e. the organization of Communist countries, that it will have to jump over its own shadow. But this is precisely what Comecon has hitherto wished to avoid. It attempted to establish relations with the EEC via the national governments, but it did not want to increase the political prestige of the supranational Commission of the European Communities. That has been its watchword so far, and it would now be interesting to hear from the Commission what changes have taken place in the meantime. Of course we are also familiar with the ideas put forward as long ago as 1971 by Mrs Maximova in her book on capitalist integration, and with Brezhnev's statements at the 24th Party Congress of the Communist Party of the Soviet Union, but it would be a good thing if the Commission in its turn would once again make clear what has changed in the meantime and the reasons behind this change of attitude.

The relationship between the two economic blocs is just as confusing as the motives behind the intended cooperation. I have already alluded to the fact that as long ago as 1971 and 1972 Brezhnev admitted the existence of the European Economic Community by actually referring to it as such, but he has hitherto refused to follow it up with action. Since the beginning of 1975 the Commission in Brussels has had responsibility for the external trade of all the Member States. At that time the Eastern European countries were offered the possibility of concluding new agreements on trade. Certainly most of them would have been more than willing to do so, but the Soviet Union as the leading power wanted to avoid the recognition of the Community implied in such agreements.

The growing interest of individual Eastern European countries in improved terms of trade with Western Europe is probably the reason why the Moscow-based Council for Mutual Economic Aid has repeatedly tried to establish relations with the EEC. It is certain that petty rivalry among the Communist countries is another reason for these efforts. Romania, for example, has managed to obtain customs preferences with the EEC for its goods and also has a special textile agreement with special concessions. As a result of intra-German trade the GDR occupies a special position in the Eastern bloc, doubtless to the annoyance of its Communist partners.

The Community's offer of a general textile agreement brought the conflicting views of the Eastern bloc out into the open. At first only Romania attended the negotiations, but the Poles and Hungarians, who had also been invited, did not appear. Later the governments in Warsaw and Budapest changed their minds and sent their negotiators, too. The economic pressure

Jung

is unmistakable in all this. Hungary earns a third of its foreign currency by exporting agricultural goods to the EEC. Large quantities of foodstuffs are also supplied by other Eastern bloc countries. The common agricultural policy is an obstacle to them in this. It is only by talking to Brussels that they can obtain concessions. The Eastern bloc countries also want easier access for machines, household goods and cars. In supplying these goods they must overcome the Community's external customs tariff. The Soviet Union, on the other hand, with its main exports of oil, gas, timber and diamonds, is hardly affected by customs duties or restrictions.

For the European Community the persistent approaches made by Comecon cut both ways. On the one hand, it is tempting to secure political recognition by the Communist bloc. Any cooperation agreement would mean the realization of this aim, towards which the Community has striven for many years. On the other hand, however, we must avoid a situation in which Moscow, in a round-about way via Comecon, can keep an even tighter rein on the trade policies — already firmly controlled as it is — of its partners. We must do absolutely nothing to encourage the emergence of a sort of Brezhnev Doctrine in the field of trade policy. Eastern bloc countries should conclude trade agreements with the EEC independently.

But Moscow's dilemma is just as obvious. In all its approaches so far the EEC has steadfastly insisted on the Commission's responsibility. The Presidents of the Council with their six-month periods of office have constantly stated that trade policy is a matter for the Commission. As a result of pressure from within its own ranks, the Soviet leadership obviously no longer considers it advisable to take too stubborn a line. Nor, moreover, does this kind of behaviour fit in with the Helsinki agreements, in which economic cooperation is writ large. But at this point I should like to refer once again to another aspect, namely Basket 3, which we consider irreducible.

As far as the Commission is concerned, I think that the arguments in favour of refusing to conclude a trade agreement with Comecon directly are very convincing. The Comecon executive is not, in fact, competent to conclude such an agreement. Comecon is not at all responsible for the trade policies of its member countries. It can only make recommendations. What is more, the hopes which Moscow placed in Comecon when it was founded in 1949 have been severely shaken in recent years. In 1971 at the organization's congress in Budapest reference was still being made to a complex programme providing for complete economic integration by 1980. But in 1976 at the 30th Comecon Congress in East Berlin, this date was simply brushed aside and it was recom-

mended that for the next 10 to 15 years there should be only a common cooperation programme in the five most important sectors of production.

The Liberal and Democratic Group supports the Commission's intention to conclude only a framework agreement on cooperation with Comecon and bilateral trade agreements with each individual member country. But on this point also we should like to have a few more explanations from the Commission. We would be interested to know on what basis the Comecon representatives negotiate or will negotiate. The Commission should provide information on this point, too.

The last proposal at the beginning of 1976 was concerned with the most-favoured-nation clause and preferences as granted by the EEC to developing countries. But the draft, which comprised 15 articles, also referred to contractual links between four partners: the European Community and its institutions, the Council for Mutual Economic Aid, the Member States of that Council and the Member States of the EEC. The Liberal and Democratic Group would like to warn the Commission not to allow its sole responsibility for trade policy to be undermined by arrangements of this kind.

Lastly I should like, on behalf of the Liberal and Democratic Group, to draw attention to another point, and here I address myself to the Member States of the EEC. The negotiations with Comecon must at all costs not be allowed to become a test case for the solidarity of the EEC as regards trade policy. In any case there is some danger, where the advantages and disadvantages of new agreements with the Eastern European countries on trade policy are concerned, that the nine Member States of the EEC will find it difficult to agree on a generally binding formula.

The negotiations which are about to begin will not be easy, but they are economically and — I should like particularly to stress this once again — politically important, especially with regard to the policy of *détente*, which we all wish to see. The Commission would therefore be well advised in future to inform Parliament at regular and frequent intervals of the progress made in the negotiations.

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

Mr Spicer. — Mr President, may I, at the outset, extend a very warm welcome to Mr Schmidt's report, and say how very much we appreciate all the work that he has put into this in committee? We, of course, are in favour of this report, and all I would like to do, in a very brief intervention, is to highlight some of the areas where his views and mine do not exactly coincide.

Spicer

Opening this debate, he quite rightly stressed the vital political significance of trade agreements and trade negotiations with Comecon, but he then went on to draw some other conclusions which I do not quite agree with. He talked about the period of the cold war, when we felt that there had to be an embargo on trade, and said that those days had, one hoped, gone forever and that we were now taking a much broader view of it. That is a view that I would like to take, but I think that we must all accept that trade with the West, and increasingly with the European Community, is vital for the Soviet Union and for the East-bloc countries. It may be small in terms of total trade — I think Mr Schmidt mentioned the figure of 7 1/2 per cent — but it falls in areas where they can take advantage of our willingness to intervene and help them, and where they can, therefore, rely on us. But it is not just that 7 1/2 per cent that is important, it is the fact that they know that, if they have a gap in their economy, in their infrastructure, they can rely upon us to move in and fill that gap. We are not particularly dealing with the export of foodstuffs, but that surely is the classic case: in large measure the USSR, in particular, can afford to take a chance on the supply of foodstuffs, because they know that they can always make a deal with the USA at the end of the line that will cover any gap in their production on a year-by-year basis. So it does have great political significance, and I think that in our relations with Comecon and the Eastern bloc, it is of vital importance that we examine this very carefully and act in a Community spirit, bearing in mind the overall relations that we have with the Eastern bloc and particularly with the Soviet Union. I would therefore emphasize the longer-term need for us to re-examine this question in the light of the behaviour of the East-bloc countries.

Moreover, we are here dealing with possibly the toughest set of negotiations in the business. There is absolutely no doubt that the Soviet Union negotiate in a very tough way and quite naturally — I do not blame them for this — go for the best deal. Now the problem we face is that in a period of recession they play one off against the other and as a result they get a much better deal than any single Member State of the Community can really afford to give them. May I quote very briefly from *The Economist* of 3 June, describing Britain renegotiating the terms of our trade arrangements with the USSR:

Unfortunately for Britain, Italy and France were also renegotiating their Russian credit agreements last autumn and the Russians were increasingly alarmed by their growing debts... Rather than rush ahead with further orders, the Russians decided to break the threat of a Western export-credit cartel. They had little trouble squeezing Italy and France into breaking the Paris guidelines and offering minimum interest rates of 7.1%. After this backsliding, Britain had no choice but to renegotiate its own terms, which the Russians had always regarded as 'unilaterally imposed', and refused to recognize.

This is the way things are done at the moment. As I say, at this time of recession in all our countries, there is a tendency for us to say we must get this or that order. If you want the classic example of a country rushing to get an order and cutting its own throat in the process, then, of course, you only have to look at the United Kingdom, which has signed a deal to produce 24 ships for Poland. We are paying a very large part of the cost of building those ships for delivery to the Polish shipping-lines, who will then be in competition in international trade in the only sector in shipping where there is still a marginal profit. Our shipping lines, certainly in the United Kingdom, are thus being kept alive in this very narrow sector: we are producing ships for Poland at a cut price so that they can then come in and compete with us.

Sir, this is no way for us to operate, and I do believe that it is incumbent upon the Commission to try and bring some order into this affair. Quite how they go about it I do not know, but I am certain they should try. You see, if one looks back to the 1940s, trade with the East-bloc countries was absolutely negligible and therefore there was no question of including them in GATT and no way in which that could be done. But times have changed since then: there is now a very significant trade with the East-bloc countries, and it may well grow in the years ahead. So there must be some way of bringing them within a general agreement on tariffs and trade.

May I make one final point, where, again, I disagree with Mr Schmidt. He did say that in all this he felt that the European Export Bank had very little part to play: I do not think I misunderstood him: he preferred another approach to it. All I would like to ask the Commissioner is what exactly has happened to the European Export Bank, because 2 or 3 years ago we were rushing around, the matter was of vital importance, it had to come through, and we dealt with it in our committee at great length. All right, it may not provide a total answer, but at least it imposes yet another discipline, yet another centre where all the Member States can coordinate their activities. I would be extremely grateful if we might have a word on the present state of play on the European Export Bank.

May I finally, once again, congratulate Mr Schmidt on his report and hope that in the course of his reply the Commissioner will be able to answer many of the questions that have been raised in this debate.

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

Mr Sandri. — (I) Mr President, ladies and gentlemen, the Italian members of the Communist Group intend to vote for this resolution, even though there are one or two points in it which do not have our full support.

Sandri

We also feel that the explanatory statement accompanying the motion for a resolution is very much to the point in its treatment of the relations between the European Economic Community, Comecon and the member countries of that organization. The report provides an accurate and well-documented general picture which, we trust, will be further amplified — and this was also the request of Mr Schmidt — by Mr Haferkamp when he speaks.

There can be doubt that the differences in structure and in the objectives and spheres of competence of the EEC and Comecon have hampered the opening of formal relations between the two organizations. Nevertheless, it is our view that if enough political will is brought to bear on efforts in this direction, we could and should be able to get formal relations established.

This objective is important primarily for economic reasons. It is to our advantage, and not only to the advantage of our Eastern European partners, to encourage trade. Earlier speakers have spoken of the volume of trade involved, and so I shall not dwell on that here. Of course — as Mr Martinelli so rightly said — encouragement of this kind must be based on a concept of reciprocal advantage and equilibrium, especially where the balance of payments is concerned. This involves certain obligations on the part of Comecon and its member countries, as well as on the part of the Member States of the EEC. As Mr Spicer said a few minutes ago, the principal obligation would seem to be the need to harmonize credit arrangements and export guarantees among the Member States of the Community. If we were to start competing with each other at this time, a number of Member States would suffer, and ultimately this would be of no benefit to the smooth development of EEC-Comecon relations.

I have a slight reservation about what Mr Schmidt said on the subject of dumping. I felt that Mr Martinelli was right to point out that it is not always easy to decide when and where dumping is being carried out, as the two economic systems are structured quite differently and there is also a tremendous difference in the way prices are fixed. More important, I feel, is what the rapporteur calls for in his motion for a resolution, i.e. steps to ensure the introduction of various arrangements which will enable the Community to tackle this problem, which certainly cannot be tackled along traditional lines.

As for shipping, there are of course difficulties. But rather than call a halt to the infiltration of transport markets, it is better to stress as the motion for a resolution does the need not so much to halt infiltration as to regulate this sector on the basis of mutual advantages.

The last point worthy of note, in our opinion, was the suggestion in the motion for a resolution that there

should be more coordination of development policies between the EEC and Comecon. The hope was also expressed that the Comecon countries should participate in the North-South dialogue. In this connection, I believe that Mr Brandt, who chaired the development committee on behalf of Mr McNamara, hinted at the participation of the Soviet Union, and perhaps of the Comecon countries, in the North-South dialogue — or at any rate at their willingness to take part. This was apparently the outcome of the meeting between Messrs Brandt and Brezhnev.

We feel that this is a very significant event, which will have considerable repercussions, because economic and political motives are interwoven here. Clearly the participation of these countries, working alongside the European Community or at least in coordination with it, would give a tremendous boost to efforts directed at the development of the Third World. In this way the Third World would at last no longer be an area of confrontation, but an arena for joint action aimed at its genuine liberation.

In conclusion, Mr President, it is our view that we have to consider Comecon as a vast market which is rich in potential for the economies of our countries. We have to establish new and formal relations with Comecon, although — as the Schmidt report so rightly points out — we must not let any disagreements over the spheres of competence of the two organizations hinder the development of relations between them. Similarly — and I want to make this clear — relations with Comecon must not bar or preclude the possibility of the EEC's negotiating bilateral agreements with each member country of Comecon. In our opinion, this is a factor of supreme importance in providing flexible relations between States in this continent of ours.

In conclusion, again, I should like to say that we all welcomed the outline agreement which the European Economic Community has drawn up with China. It is important not merely for what it means in economic terms, but rather because it indicates an opportunity for new initiatives, and thus for peace.

There have been some people who suggested we had ulterior motives in signing the agreement with China, as though it were some kind of scheme aimed at the Soviet Union or Comecon. As Mr Haferkamp explained at a recent meeting, the best way of illustrating the Community's real intentions will be through our ability to follow a cautious but steadfast line towards opening relations with Comecon. This will add to the diversity of relations in a world which, since it contains many centres of power, will be more disposed to peace.

These are the reasons behind our support for the resolution which has been proposed by the rapporteur, to whom go our thanks.

President. — I call Mr Nyborg to present the opinion of the Committee on Regional Policy, Regional Planning and Transport.

Mr Nyborg, draftsman of an Opinion. (DK) Mr President, I have the pleasure of speaking on behalf of both the Committee on Regional Policy, Regional Planning and Transport and the Group of European Progressive Democrats. I was greatly interested in Mr Schmidt's report on the state of relations between the EEC and the Comecon countries, and I must express my appreciation for this report which, in my view, pinpoints the most important aspects of the current trade relations between Eastern and Western Europe. Of particular interest is a table of statistics contained in the report showing the annual growth rate of trade between the two blocs in terms of value since 1958. The average growth rate is around 20 % and as far as I know there is no geographical or political area in the world whose trade with the Community has developed more rapidly.

However, it is quite clear that there are also a number of serious problems in connection with this expansion of East-West Trade. As I explained in the opinion of the Committee on Regional Policy, Regional Planning and Transport, the relations between the Member States of the Community and the state-trading countries as regards transport policy are largely regarded as a pendant to external trade. However this pendant is of considerable importance. I am sure you will agree that transport problems in connection with the Eastern bloc countries must be considered in the context of the Community's external relations. I am sure you will also agree that the Community's transport interests have been somewhat neglected when compared with our trade interests. I am therefore pleased, Mr Schmidt, that you deal with transport problems in paragraph 30 of your report and in paragraphs 5 and 6 of the motion for a resolution. It is high time that the countries of the Community stopped sitting back and watching the Comecon countries virtually monopolizing the goods transport between Eastern and Western Europe both by sea and inland waterway and by road. The application of fob conditions for all imports and cif conditions for all exports means that many ship owners and transport companies are almost entirely excluded from freight traffic between the Community and the state-trading countries, with the result that, for example, 98.5 % of freight traffic between Russia and the Federal Republic of Germany is carried out by state-owned Soviet transport organizations. In addition to the discriminatory 'fob' and 'cif' clauses for freight, the freight-rate of 'dumping' is also a major cause for concern. Particularly serious is the situation as regards competition in the sea transport sector. The Soviet merchant fleet undercuts Western European freight rates by up to 50 %, with an average of 20 %. We can therefore

safely assume that dumping is going on even if we repeatedly argue that one cannot actually speak of dumping because there are no directly comparable figures available.

The Comecon countries are using the establishment of agencies and subsidiaries in various Community countries in conjunction with the dumping I have already mentioned in order to gain for themselves a growing proportion of freight traffic in the Western world, while at the same time not allowing Western freight companies to establish themselves on the same conditions within Comecon territory. There is also an imbalance in the volume of goods transported by road between the state-trading countries and the Community. Approximately 85 % of the freight is transported by vehicles from the Eastern bloc and only 15 % by Community vehicles. This is a result of both the extremely low freight rates and the 'cif' and 'fob' conditions.

I am very disturbed and disappointed to learn that although the Council has apparently got down to examining these problems, it has refused to do anything about them, is has refused to take any effective steps with a view to finding out exactly how the land lies in the transport sector. This is, I think, very disappointing. I have heard something to the effect that one of the Member States of the Community has vetoed these attempts to get something done about the situation, and I do not think we can go on watching ourselves undermining our own economy and the number of jobs within the Community by constantly supplying the Comecon countries with advanced machinery, know-how and credits on better conditions than those which we offer to our own industry. I therefore think it is vital that we negotiate with Japan and the USA. If we do not manage to establish cooperation with these countries, we are powerless, because there is nothing the Community can do alone since if we tried to we would merely end up transferring trade to the other two major powers I have mentioned. I would therefore like to see a dialogue of this kind as soon as at all possible.

Mr President, I should like to finish by recommending that we approve Mr Schmidt's report.

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

Mr van Aerssen. — (D) Mr President, ladies and gentlemen, I should like briefly to take up a few points from today's debate which my Group regards as being of particular importance. We are very grateful to Mr Schmidt for pointing out very clearly in his report that an agreement with Comecon can only be an outline agreement covering the exchange of information, statistical questions, standardization and other activities, and that two criteria should be applied.

van Aerssen

There is only value in signing a treaty of this kind if it covers activities in which both organizations engage in, and if there is genuine and mutual interest in cooperation in these fields.

Taking these two criteria as a basis, trade policy must logically be outside the terms of the treaty. And so we are rather surprised to find that Comecon has suggested that the European Community and its Member States should conclude a treaty-like agreement with Comecon and its Member States, to be signed by all concerned.

If this were to be done — and the Commission has hitherto always strongly opposed such a line — the Commission's powers and responsibilities in the field of trade policy might well be undermined. We must also realize that there are many reputable specialists in international law who take the view that Comecon has no power to conclude treaties of this kind in the field of external relations. I do not want to go into this question at the moment, although there can be no doubt that, given its responsibilities and its special structure, Comecon does not possess the same range of powers as does the European Community, acting through the Commission.

Another important consideration is that, as the Commission has said before the committee and also very clearly in public, this agreement should not enable any one State — in other words, the Soviet Union — to get, so to speak, a tighter economic grip on its satellite States. We must retain the right to engage in bilateral consultations.

Mr President, reference has been made to the question of Comecon indebtedness, and of course Mr Schmidt was quite right in saying that it was difficult to get accurate figures. One thing is sure, however. The trend has so far been for Comecon to run up an extremely large debt to us, a debt which has by now taken on the proportions of several Marshall Plans. On the other hand, the Soviet Union and its satellite States — in other words, the other member States of Comecon — are taking steps to reduce drastically their level of indebtedness to us. We must, however, realize that there are very real limits to these attempts to reduce the debt and that we must expect this indebtedness to continue in the coming years. The reasons for this are as follows.

It is quite clear that the Soviet Union and its allies in Comecon will not be in a position in the next few years to bring about a drastic reduction in their balance of trade deficits. The Soviet Union could only do so by cutting back further on imports, which is out of the question for internal economic reasons. The Soviet Union and the other Comecon States will therefore have to continue taking up credits.

The second point is that the Comecon States are increasingly tending to incorporate barter transactions as a permanent feature of their planning. These tran-

sactions used to be peripheral matters, intended to bring in the necessary foreign exchange. Nowadays, however, they have become, for all intents and purposes, an object of foreign trade planning. They have become an instrument in these States' thinking and planning and barter transactions are, by their very nature, dependent on credit. Basically, what we should be trying to do with our financial resources is to finance new firms and new works in these countries, so that the income generated by the new production will serve to pay off their debts.

There is a third and final point to be made, and that is that the balance of trade deficits run by these countries provide no prospect in the next few years of the debts being substantially repaid from export surpluses.

I would sum up by saying that it is illusory to think that this problem will simply go away. We shall therefore oppose the amendment which has been tabled to point 3 of the motion for a resolution. The amendment is quite accurate, as far as it goes, but it fails to bring out any sense of concern over this problem of indebtedness.

We feel that the problem will become increasingly important in the future, which is why we are in favour of the idea of debt management.

Mr President, I should like to conclude by supporting Mr Jung and saying that we are very disappointed that the essential points in the Final Act of the Helsinki Conference have not been fulfilled. The Comecon States put their names to unambiguous undertakings to enter into an exchange of information and to allow firms on their territory, to greatly intensify contact with the Member States of the European Community and to enable us to engage in economic activities within their bloc.

Generally speaking, these undertakings have not been fulfilled. There is no need for me to recall the words of Mr Nyborg, who dealt with the transport aspect. I can only give the Commission my encouragement and assurance that we shall support its attempts to implement Article 4 of the recently submitted draft Council Decision. As things are at the moment, small and medium-sized undertakings in particular do not have the chance to set up firms in the Comecon States, and frequently, there is not even a regular exchange of information. We feel that before an agreement is reached with Comecon, we first of all have to have the kind of climate in which such relations can prosper. There is obviously something wrong with a situation in which we have to be constantly wary of Comecon's exploiting our market with the aid of the special practices available to the state-trading countries, while we are ourselves prevented from doing the same on their markets. We must therefore ensure that the principle of non-discrimination — as was brought out yet again in the Final Act of the Helsinki Conference — is consistently adhered to when the agreement is eventually signed.

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

Lord Brimelow. — Mr President, I must apologize for my inability to be present hitherto during the major part of this debate: I was called to a meeting in the group which I really had to attend. I have in consequence missed a good deal of what was said, and, that being so, I shall try to keep my remarks as brief as possible. I can do that, because the rapporteur is Mr Schmidt, who belongs to the Socialist Group, and of course the views expressed in his report are compatible with the views of the Socialist Group, where this subject has been greatly discussed. But when we had our last discussion on Mr Schmidt's report, I was asked to say something about the political aspects of this report — a difficult request, because this is a matter on which opinions vary widely, I think, in all political groups.

The hope at Helsinki, in Basket Two, was that trade would be a contribution to *détente*. And the hope, I think, was a legitimate one. But *détente* is not at the moment in very good shape, and the growth of trade and the fact that we have given so much in the way of credit that Mr van Aerssen is a little worried about the growth of Comecon indebtedness has not prevented a recrudescence of tension which we, in the Socialist Group, all deplore and which everybody, I think, in this Assembly regards as in itself regrettable.

The difficulty, as I see it, having dealt with Soviet affairs for many years, is that whereas my group would like to see *détente* comprehensive and all-embracing, the Soviet leaders, who determine the general policy of all the Comecon countries, see *détente* as something partial. At the 25th Congress of the Communist Party of the Soviet Union, Mr Brezhnev said explicitly that *détente* related only to inter-state relations, and did not, and could not, rescind the laws of the class struggle or affect the national liberation movement.

The recent strains to which *détente* has been subjected have not, in fact, come from the class struggle: they have come from the national liberation movement. Trade, the development of trade with Comecon, does not greatly interest that, but if you go back to the beginning of relations with the Soviet Union, you will find that my own country began by establishing trade relations. We had trade relations long before we had diplomatic relations, and although trade in itself will not necessarily solve political problems or prevent new political problems from arising, the development of trade does one thing: it shows goodwill, it shows that you are not out to undermine and destroy the other political system, and this, in the long term, is important.

Now, we have favoured — I think all the governments in the Community have favoured — the development of trade with the Comecon countries. But from the

point of view of those governments, trade with the EEC tends to be a residual: they tend to plan their economy, depending as far as they can on their own resources, but the plan shows a necessity for foreign trade, and that trade has tended to grow more or less in step with the growth of their own economy.

Now in recent years, we have been worried by high levels of unemployment. We have tried to develop foreign trade where we could, and we have given credits. And these credits have been used by the Comecon countries to increase their purchases from the EEC countries as well as from other countries. Their debt, as Mr van Aerssen has stated, has increased, but the growth of that debt has decelerated, and with many of the Comecon countries — not with all but with the principal ones — the indebtedness on current trade has been diminishing.

I do not think that the wording of paragraph 3 of the motion for a resolution, which reflects a proposal made by Mr van Aerssen at the Rome meeting of the Committee on External Economic Relations and which 'calls for sound debt management arrangements between the two parties', is really quite right. The subject of this report is not two parties: it is the EEC on the one hand, and East European state-trading countries and Comecon on the other. The subject is not bilateral, it is in essence multilateral, and the debts are not bilateral debts between Comecon and the EEC. These are, in part, State credits, which form a part of bilateral State relations; but a very large part of the indebtedness acquired by the Comecon countries is commercial indebtedness or bank indebtedness through borrowings on the Euro-currency market. To talk about such complex relationships being governed by 'management arrangements between the two parties' is, I think, an over-simplification. But I believe that Mr Schmidt made that point.

Mr van Aerssen regretted that at the Belgrade Conference more progress was not made under Basket Two of the Helsinki arrangement. My group would fully agree with that. My group believes that although *détente*, for reasons not connected with trade, may have its ups and downs, the development of trade is a way of showing a certain steady goodwill for *détente* on our side. One has to take the downs philosophically, in the belief that ultimately the ups will come and that trade can make a contribution to that process.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, once again we are discussing relations between the Community and Comecon. We have previously done so under Sir Christopher Soames and under Ralf Dahrendorf, and now we are doing so again under the watchful eye of the man currently responsible, our friend, Mr Haferkamp.

Jahn

Permit me to make a few observations on the state of play. As Mr Schmidt's excellent report brings out, there have to date been no important new developments in our relations with Comecon. This being so, we shall be very interested to hear what Mr Haferkamp has to report on the recent round of discussions. East-West trade is still lopsided, although the deficit on Comecon's balance of trade with the Community was cut back in 1976 as a result of the East's reduced level of purchases in the West. And on this point I should like to reply to something Lord Brimelow said. Despite the attempts which have been made to reduce the deficit on the balance of trade, experts expect the Comecon States' indebtedness to the West to increase from some 40 thousand million US dollars in 1976 to something like 70 to 90 thousand million dollars. These are the same figures as Mr Schmidt quoted, although there is a possibility of the debt rising rapidly to as much as 100 000 million dollars. I simply cannot imagine, Lord Brimelow, how you think you can improve such a balanced text as that passed by the Committee. The report :

notes that although, according to the figures available, the rate at which the state-trading countries have run up new debts has fallen off in the last two years, their total indebtedness continues to increase, and, believing that the size of this debt may place a serious strain on East-West trade, calls for sound debt management arrangements between the two parties...

Mr van Aerssen emphasized this point on behalf of our Group. Reading through your proposed amendment, I just do not see what you are trying to change.

Your amendment :

notes that, according to the figures available, the debts of the state-trading countries, which had been rising for many years, have in the last two years shown a declining growth rate.

That is all there in the report. You surely do not mean to say that there has been an overall decline when the Committee — after hearing all the evidence — has come to a different conclusion. I just wanted to make this point by way of introduction.

The problem of the pattern of trade and of barter transactions caused by the Eastern bloc's planned economies has intensified recently. More and more — as we have heard here today — cheap imports from, and the dumping practices of, the countries of the Eastern bloc are having a disruptive effect on the Community's markets. For this reason, it is becoming ever more vital for the Community's competences to be respected within the Community and for an end to be put to the violation of treaty provisions by bilateral cooperation agreements. Under Sir Christopher Soames, we pointed out that both private and national bilateral cooperation agreements jeopardized the Community's trading position; now we are faced with a development which may cause damage to the

Community's trading policy, namely over-flexible interpretation, and the extension of the provision of cooperation agreements, credit agreements and the like.

In 1975 we had as many as 44 bilateral cooperation agreements between the European Community and the Comecon countries, and I agree with the rapporteur, Mr Schmidt, that this situation must change. We must get a firm grip on these cooperation agreements, otherwise we shall have our Member States competing against each other just like normal trading countries which are not bound by any Community treaty.

Mr Schmidt's report discusses the increasing number of barter transactions with the state-trading countries and points out that the market has been disturbed by the reduced diversification of trade and discrimination against small and medium-sized undertakings. The same thought has been echoed on various occasions during this debate. However, I personally am more concerned about the cheap imports and the dumping practices of state-trading countries. This is a problem we have discussed on a number of occasions, and it concerns inland shipping, ocean-going shipping, the international exchange of goods and road transport. This is causing considerable damage to the Member States' economies and we expect the Commission to put forward clear demands in the course of negotiations to eliminate these abuses and thus to ensure a return to sensible relations.

This said, the main aims of the policy of trade relations between the European Community and Comecon remain unchanged. These are, firstly, to reduce the imbalance in the flow of trade, secondly, to limit the new debts incurred by the Comecon States, thirdly, to improve the balance of the reciprocal benefits from trade with the Comecon States and finally, to avoid a ruinous credit war among the Western countries by harmonizing export credits and guarantees within the Community.

Following the preliminary round of talks held in September 1977, the dialogue between the European Community and Comecon got under way again at the end of May 1978. The discussions between Mr Haferkamp and Mr Fadeyev were for the time being, however, only of an exploratory nature. So far there have been no negotiations on an agreement as such. So it seems to me that Mr Haferkamp was going a bit far in claiming after his visit to Moscow that a new chapter had opened in the history of the Community's external relations. In view of the progress which has admittedly been made but also of what has not been achieved, we shall be interested to hear now how you intend to qualify this remark.

The Community must continue to take a firm line in this dialogue. Comecon is only responsible for the internal relations of the Eastern bloc, not for its

Jahn

external relations. Comecon has only concluded one treaty outside its own bloc, namely with Finland, and this treaty has no legal basis. Even this so-called international precedent is only an outline treaty which has been supplemented by trade agreements between Finland and the various Member States of Comecon. We must remember that Comecon was not represented as such at the Helsinki or Belgrade negotiations, whereas the Community spoke with one voice on behalf of its Member States. Comecon has no independent powers in the field of trade policy as has the Community, for example. Comecon is not the Eastern bloc's version of the EEC, and this is something we should always bear in mind. It is not responsible for fixing import and export quotas, nor for the application of most-favoured-nation clauses, nor for the customs regulations of its Member States.

For this reason, there can be no trade agreements between the two blocs. Any agreement on cooperation between the European Community and Comecon must therefore be restricted to those areas in which both the organizations are competent to act. All we can expect is a framework agreement, with bilateral negotiations and bilateral treaties being dealt with directly, as has always been the case.

Trade relations must remain dependent upon an agreement between the European Community and the member States of Comecon, not because the Community insists rigidly on formal rules, but for practical and political reasons. The Community can have no interest in seeing such freedom for manoeuvre as the countries of the Eastern bloc still possess *vis-à-vis* Moscow restricted still further, with the result that the satellite States are bound closer and closer to Moscow. This is a position the Community must not surrender. The Community can only be interested in entering negotiations on condition that the different natures and powers of the two sides are respected. Only if Mr Haferkamp can confirm that this condition has been fulfilled and that agreement was reached in Moscow that relations would be based on the mutual recognition of objectives and be subject to the institutional rules and procedures of the two sides can we claim that progress has been made.

Allow me to say in conclusion, Mr President, that the Community must maintain its drive to normalize relations with Comecon. Mr Haferkamp rightly pointed out the anachronism of 111 States from all parts of the world maintaining diplomatic relations with the European Community, the only exception to this being our immediate neighbours. If China can bring itself to recognize the European Community, there is no reason why the world's greatest power cannot do the same. Experience has shown that the Community's perseverance has been worthwhile. There is no reason to change our present policy of conducting discussions and negotiations, and the same goes for

the inclusion of Berlin and the scope of application of the Community Treaties.

President. — I call Mr Dalyell.

Mr Dalyell. — Not least because his Brunswick constituency borders directly on the Comecon area, I was most interested to listen to Dr Jahn.

Mr President, it would be gratuitous and time-consuming of me to attempt to add anything to the perceptive analysis given by Manfred Schmidt and by Lord Brimelow, and I have only one question, of which I have given Mr Haferkamp notice. It is the same question as was put by Mr Spicer earlier in the debate and it concerns the Export Bank.

Perhaps I should say that I was the rapporteur for the Committee on Budgets on the Export Bank, and frankly, over two years ago, when I was asked to be rapporteur, I went to Mr Lange and colleagues on the committee and said: 'Look, I am very sceptical about this proposal for an export bank: is it right that, starting off prejudiced against it, I should be your rapporteur?' They said: 'Oh, that is all right, you go ahead'. We took enormous trouble: the Committee on Budgets wrote to a number of central banks and private merchant banks; I went on two occasions to see Kit McMahon, the executive director of the Bank of England, about it, and talked at great length to Liliana Archibald, the lady in the Commission who was then directly handling it. As a result of all this work, some of us were persuaded that, contrary to our original prejudices, the export bank was a sensible and sound proposition and part of the reason why we were so persuaded was that it was likely that the Community's trading relations with Comecon would be helped by the establishment of an export bank; although I have to add in fairness that we were also persuaded by evidence from South America and particularly from the Brazilian National Development Bank.

Having said all this, my question is really very simple. If over two years ago the Commission thought that an export bank was of great importance, if they thought at that time that it was essential, how is it that we have gone over two years now without very much seeming to be done? If they said: 'All right, we have changed our minds; certain factors have now entered into the international trade situation which either we did not see or were not there two years ago', I would understand this as a reasoned argument. Anybody can change his mind and give reasons for doing so, but, as I understand it, the Commission have not changed their mind; at any rate, their official position is that the export bank is still needed. And if that is so, I think we do have a right, in this debate, to ask a question of which Mr Haferkamp was warned — and presumably he can take expert advice, it is not just being thrown at him. Why is it that nothing has

Dalyell

happened? Why is it that the Commission are dragging their feet? Is it their responsibility, is it the Council of Ministers? Is it, perhaps, other important organizations in the Community? I do think that this is the right occasion to ask yet again what has become of the export bank proposal.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I should like to take the last question first, and simply reiterate what I said on a previous occasion two months ago.

The Commission has submitted its proposal on this matter. I must repudiate the suggestion that nothing has been done in the last two years on the question of export credits, the Export Bank and the like. I must add, however, that we have concentrated our efforts much more on creating the necessary political conditions for a sensible approach to the question of export credits than on mechanisms which would be useless without these conditions. A bank is no substitute for political will and no bank — not even an export credit bank — can function properly without certain ground rules to govern export credit questions. It has been said in the course of today's debate that world trading nations — and I do not exclude our own Member States here — frequently outbid and undercut each other in an attempt to create favourable conditions for third parties, offering lower and lower rates of interest and longer and longer terms. I do not want to repeat what has already been said on this point. This is why we have made great efforts in the last two years — with a certain amount of success — to reach international agreement on certain ground rules intended to put an end to this nonsense, which is nothing more than a waste of taxpayers' money.

As you know, we now have a gentlemen's agreement on the conditions for granting export credits which was reached a few months ago in Paris, largely thanks to the efforts of the Commission. Since the last debate on this subject, Austria and New Zealand have added their names to the agreement, but not all the Member States of the OECD have yet signed.

Through it, we are seeing a system of rules emerge which might make it worthwhile having an instrument like a bank and enable it to do a useful job. We have concentrated our efforts on this system of rules and I may add that it was by no means an easy matter. The Commission has acted in its own right. The agreement between the negotiating partners — and the Commission assumed this role on behalf of the Community — has been concluded for the European Community, and the Member States are listed in a footnote at the appropriate place as Member States of the Community. Clearly, therefore, the procedure

followed was in line with the trade policy principles and stipulations of the Treaty. This was a side aspect of the whole issue, but I would class it as a fairly important aspect, nevertheless. It accounted for a good deal of our work on these questions, and I must be frank and admit that I gave priority to this matter rather than to the creation of any particular instrument. We shall of course be continuing our work on this point and I believe that we now have a better political basis to build on.

Moving on to the real subject of today's debate, Mr President, I should like to express my sincere thanks for the rapporteur's very comprehensive report. It provides a wealth of valuable information which will undoubtedly be of interest not only for today's debate, but also for reference and information purposes in the future.

The rapporteur's remarks and the speeches made in the course of the debate highlighted the economic and political importance of the relations between the Community and Comecon and its member States.

I can only reiterate at this point that the relations between Comecon and the European Community and the relations between the member States of Comecon and the European Community do not reflect the political and economic importance which has been referred to here today. Nor do they reflect the developments in Europe over the last few years and we feel — and we have given voice to this feeling in no uncertain terms — that these relations are not in accord with the Final Act of the Helsinki Conference, which was concerned with developments in all — and I would stress the 'all' — fields. Allow me, Mr President, to quote a few sentences from the initial declaration which I made in the negotiations with Mr Fadeyev in Moscow. The Community has unwaveringly and unequivocally expressed its desire to see the Final Act of the Helsinki Conference fully implemented by all the signatories. The Community played an active part as such in the formulation of this important document.

This is true of all the fields dealt with in this document. The results of this conference have, however, not materialized in all the fields, and we considered it important to make this point right at the outset of our discussions and negotiations with Comecon. We also pointed out that it was inappropriate and an anachronism that — as was mentioned earlier — the Community maintains diplomatic relations with 111 States throughout the world but not with its immediate neighbours to the East.

One of our main objectives was to make it clear in the course of our negotiations in Moscow that we should like to see a normalization of our relations with the member States of Comecon and with Comecon itself.

Haferkamp

Reference has been made on a number of occasions here to the negotiations which took place in Moscow on 29 and 30 May. It was the first time a delegation from the European Community had conducted negotiations with Comecon and the discussions and the meeting in September of last year with the President of the Comecon Executive Committee Mr Marinescu were intended to prepare the ground for these negotiations. Right from the outset, we insisted that these negotiations should continue, and indeed we had this incorporated in the final version with the agreement of the Comecon negotiators.

Of course we can argue until doomsday about what we expect to emerge from these negotiations, but there is one thing about which there can be no argument and that is a development which has taken more than 20 years cannot be dealt with in two days' of negotiating, moulded into a treaty overnight and packed ready to be brought home the following day. That would really have been too much to expect. The mere fact that a delegation from the European Community has conducted these negotiations at all is something quite new. We had a clear mandate for these negotiations; the other side's terms of reference are apparently still being worked out.

In dealing with such matters, I consider it important for the respective positions to be stated clearly, and this is what we have done. We conducted very extensive negotiations, lasting from Monday through to Tuesday without a break, which was nothing new for us, with our experience of Agricultural Council meetings and the like. In the course of these negotiations, it became clear that our respective positions were at variance on a number of points, particularly in the field of trade policy. Comecon expressed the wish for a framework treaty on trade policy with the Community referring to the proposal which was presented to Prime Minister Thorn by Mr Weis in the spring of 1976. We felt obliged to point out that of the 15 articles in this proposed treaty, 5 would be entirely contrary to the institutional status, practice and aims of the Community and were therefore unacceptable. For our part, we explained that the Community was responsible for questions of trade policy and that its powers were of more than a formal nature. I think it important to make this point again here. We are not concerned about whether we or Comecon have or do not have formal powers. In my opinion, the reality of the situation is far more important in both cases.

We therefore asked the other side whether Comecon as such was in a position to regulate, implement, apply and guarantee the principle of most-favoured-nation or a common customs tariff. This would mean that a common customs area would be instituted within Comecon as is already the case within our own Community. It would mean that free traffic in goods would be possible within this common customs area. First question: is this the case within Comecon? Second question: is it possible in other areas of trade

policy? We are competent to negotiate foreign trade quotas. We are competent to enter into voluntary restraint undertakings. Is Comecon as such competent to do the same on behalf of its member States? The same goes for import quotas, for instance, such as were fixed by the Community in the textile agreements or in the steel agreements, and then to some extent applied by the Community to its Member States as quotas for intra-Community trade.

Is Comecon competent to do the same? The same question has to be asked about the GATT negotiations. As you know, we are legally entitled to act at these negotiations on behalf of the Member States, on behalf of the Community and hence on behalf of the Nine. The same is not true of Comecon as such. Certain of the Comecon Member States take part in the GATT negotiations, but not Comecon itself. Examining these facts, and taking stock of the realities, we have to conclude that Comecon has no power to conclude agreements on trade policy. This is partly due to the economic system and partly because — as we were told quite plainly — certain things are simply part and parcel of the sovereign rights of the individual States, a point which has also been made here today.

I think it is extremely important for us to see things as they really are rather than merely formal powers which can, if necessary, be changed rapidly by the addition of a new paragraph. The realities however, cannot be changed so quickly after all, they took a long time to emerge in our part of the world as well. The reality is that in considerable areas of trade policy — some of which I have just mentioned — the European Community as such has taken over from the individual Member States. I believe that if both sides must see things as they really are we shall be able to establish and develop working relations with Comecon, which are in our mutual interest and which we regard as desirable, taking into account what I said on the question of normalization. At the same time, our offer to conclude trade agreements with the Member States of Comecon remains open.

On these two points, we stated our respective positions very clearly, and there is no longer any misunderstanding.

There were also a number of points on which we reached agreement. For instance, we both expressed the wish to intensify our efforts to establish relations between the two organizations.

We agreed that each side should respect the practices, objectives and institutional rules adopted by the other side. I regard this as a highly important principle — not only these rules, but also the practices and objectives.

We agreed that each side should conduct the negotiations in accordance with its own internal procedures. In other words, we shall be represented in the negotiations by the Commission, as is laid down in the

Haferkamp

Treaty. It is up to Comecon itself to decide on how its negotiating delegation should be made up and what terms of reference it should have. I think this answers Mr Jung's point as to Comecon's negotiating mandate. As I said before, this is a matter for Comecon itself, just as it is up to us to fix our mandate or terms of reference.

We agreed that the negotiations should be continued, and discussions at expert level will probably take place in July and will be continued at a higher level later, probably in October 1978. These meetings will be held in Brussels.

We also agreed on the importance of establishing an extensive two-way flow of information on economic forecasts, trends and statistics, environmental questions, questions of standardization and the like, and I would repudiate any suggestion that these are merely unimportant and superficial matters. We are all aware of the importance which attaches to demand, investment or energy consumption trends and so on. We are aware of the importance which the economic system operated by the Comecon member States in particular attaches to medium-term forecasts, planning targets and the like. In view of the increasing interdependence of national economies and economic matters in this world, it is very important for us to remain as well-informed as possible on these facts, estimates, forecasts, medium-term plans and programmes etc.

There is no need for me to add anything here on the importance of cooperation in matters affecting the environment.

I should also like to point out — as I did in Moscow as well — that what we want to see is not simply an exchange of documents. Cooperation of this kind will inevitably lead to human contact in the form of meetings of specialists and experts, so that more people from both sides of the fence can get to know each other better and learn more from each other. I should like to emphasize this point as being an important spin-off of increased cooperation in those fields in which we have reached agreement.

The meetings of experts will not be based on some proposal or other submitted by either side. We agreed that the experts would be able to discuss all questions which appeared to require further discussion, and that they would be able to put forward any proposals, the only condition being that these proposals should respect the three principles of the practice, objectives and institutional rules of the other side. So long as these conditions are fulfilled we are prepared to discuss any topic. When we eventually come to conduct the negotiations, today's debate will be a great help to us, as will the continuing discussion of these matters with you in plenary sitting and in the committees. I would reiterate that our offer to the member States of Comecon as regards a trade agreement is still open, and we shall continue to cooperate and conduct

negotiations with these member States. Mention has already been made of negotiations on sectoral agreements, some of which have been completed and others of which are still in progress; we shall continue our work in this sphere.

Allow me to make one final comment, Mr President. I believe that what has been set in motion here is an important development, whose political and economic significance was recognized in this debate. I should like to add, though, that our own conduct must match the importance of this operation. Criticism has been voiced here to the effect that we lack what Mr Jung called 'solidarity as regards trade policy'. It is high time our Member States stopped seeking to gain selfish advantages by means of what are euphemistically termed cooperation agreements, and which amount in fact to little more than a devil-take-the-hindmost race for exports by means of substantial carrots offered to the other side. Reference has already been made to this question in a different context.

As the report points out, and as the rapporteur stressed in his introductory remarks — and these were echoed later by other Members — we already have a settled information and consultation procedure, which was agreed upon by the Council in July 1974. This procedure has been highly useful in recent years, but I get the impression that even more use could be made of it and that consideration be given to ways of improving the procedure and giving it more of a Community basis than is at present the case. The procedure must be strengthened, and we are now examining possible ways of doing so. No doubt this will not be to the liking of a number of Member States who go in for practices of the kind you have just been speaking about. But I believe we must improve this situation for the benefit of the Community as a whole. And while we are talking about improving institutions, I think there is a place to be found for the Export Bank as an instrument, although even here the main thing is for the Member States to act in the spirit expected from members of a Community. We need this kind of backing which is an essential precondition for the successful continuation of the negotiations which have now been set in motion. I believe that the Members of this House can also do a very great deal in their national parliaments towards maintaining the kind of solidarity the Community urgently needs.

President. — I call Mr Schmidt.

Mr Schmidt, rapporteur. — (D) Mr President, I shall be very brief, because the rapporteurs's task is an easy one in this case. I should like to thank the other Members for their congratulations and I am pleased to see that there is a wide measure of agreement on the most important points. There are really only very few aspects on which conflicting opinions were expressed, and I should like to say just a few words on these.

Schmidt

Mr Spicer, for instance highlighted a number of differences. What you said, Mr Spicer, on the question of the Export Bank should present no difficulty. I share Mr Haferkamp's view. The Export Bank may certainly be of benefit, but at the present time, if we fail to harmonize conditions, there is a danger of the Export Bank emerging as yet another instrument which will lead to export credits being dealt with entirely differently. We agreed that there must be no competition in the granting of export credits, but this is precisely what might happen if we make no progress in the field of harmonization and at the same time create an additional instrument which may be subject to completely different conditions from those applying hitherto. What I mean to say is that the important thing is to harmonize conditions and not to create additional instruments. Both I personally and the committee feel that the Commission must persevere in its attempts to improve conditions. And I would not deny that there is something to be said for Mr Haferkamp's observation that we could also make a contribution in the national parliaments.

I should like to move on now — again, very briefly — to another point which Mr Spicer brought up. Of course it is true, Mr Spicer, that if we build and deliver ships on attractive terms, these ships will later be competing with our own for the available business, but the same is true in almost all areas of trade policy. If we deliver a textile factory to another country, it will later compete with us by using these very machines to supply us with cheap textiles. To that extent, trade with the Eastern bloc countries is no different from trade with any other countries. So the course we adopt here should be no different to that which we would adopt otherwise.

As far as what Mr van Aerssen and Mr Jahn said is concerned, I would reply as follows. I think that a few years ago what was said about the dramatic increase in the Eastern bloc's indebtedness to us was entirely justified. I have just got hold of the latest figures for 1977, which indicate that the Community has a deficit of as much as 1.8 thousand million units of account. In other words, the Comecon countries are cutting back on their purchases in an attempt to reduce their debts to such an extent that we shall soon even be complaining that the cut-back is too drastic. So we should avoid giving the impression that the trend is jeopardizing the whole pattern of trade. In fact, the reverse is true — what we are faced with is a decline. The forecasts presupposed the kind of steady growth which we had experienced over long periods, and have so far failed to reflect the decline which we are now experiencing and which in some sectors has been very marked. We must bring some balance into this trend. No-one wants to prevent the Comecon countries from incurring debts, to stop the granting of credits. The question is simply under what name they are given. Credits must be credits and not handouts, and likewise while it is quite proper to incur debts,

the size of the debts must be in line with the economic strength of the debtor country. I think the path we are following is a sensible one although we may be proceeding along it rather too quickly.

I should like to reply as follows to what Mr Haferkamp said. We very much welcome the fact that the Commission has adopted a more flexible attitude than was previously the case, that it intends not to concern itself with what is rightfully the concern of others and that it intends keep other people's noses well and truly out of our affairs. The approach which was agreed on in Moscow seems to me to be a sensible one and we wish you success, Mr Haferkamp, in pursuing your negotiations along these lines. In so doing, you may be sure of the support of this House.

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

The debate is closed.

8. Agenda

President. — I can now inform you of the enlarged Bureau's proposals regarding the order of business :

- the Herbert report on milk products (Doc. 167/78) to be added as the last item on today's agenda ;
- the Spicer report on grapes and wine from Cyprus (Doc. 170/78) and the Shaw report on the unfreezing of appropriations (Doc. 144/78) to be added to tomorrow's agenda.

I would remind you that we decided yesterday to add the L'Estrange report on pigmeat (Doc. 171/78) to tomorrow's agenda.

Are there any objections ?

That is agreed.

9. Multilateral negotiations in GATT

President. — The next item is the report drawn up by Mr Cousté on behalf of the Committee on External Economic Relations on multilateral negotiations in GATT (Doc. 86/78).

I call Mr Brugha, who is deputizing for the rapporteur.

Mr Brugha, deputy rapporteur. — Mr President, I have the honour to present this report on behalf of Mr Cousté, who is no longer here, and I would like first of all to express my appreciation of the work he has done and also to put on record my thanks to those in the Parliament, the officials and others who have been advising me in the last couple of days.

Speaking on behalf of the Committee on External Economic Relations, I would observe that this is a subject which is both complex and important to the Community. It was in June 1975 that you first had the report on the progress of the Tokyo Round, which opened in September 1973. It is against the back-

Brugha

ground of world-wide problems of inflation, unemployment, balance-of-payment deficits and shifts in the international division of labour that the threat presented to world trade by various protectionist measures in different countries has grown and the multilateral negotiations in GATT have made only slow progress. Thus, it was only in January of this year that the preparations for the negotiations that are now taking place were completed.

The complex nature of the problems to be solved is explained by the great changes in the world economy over the last few years. The Bretton Woods monetary system no longer exists, and freely fluctuating rates of exchange have a greater influence on the foreign trade of our various countries than changes in the customs tariffs. At the same time, the policy of the oil-producing countries and the increasing international cooperation among the other developing countries have created growing uncertainty as regards energy and raw material supplies. The present GATT negotiations are also characterized by the fact that about two-thirds of the 98 States now taking part are developing countries, and they are demanding increasingly more generous concessions from the industrialized nations, if possible on a non-reciprocal basis, as is already the case under the Lomé Convention.

The report before you deals with the problems I have mentioned in the form of six prescriptions and gives a summary of the current state of the negotiations. The rapporteur notes that owing to the wider recourse throughout the world to non-tariff barriers to trade and protectionist measures, priority must be given to safeguarding the existing GATT agreements before any further liberalization. Japan and the USA are used to illustrate this point. As your committee has already explained in detail in a separate report, Japan has repeatedly given cause for complaint by protecting its domestic market by a variety of non-tariff barriers to trade and at the same time placing certain industries in other countries in difficulty by its hard-sell policy.

The same applies to the USA, which, as was explained in the first report, has introduced a series of measures to promote exports in various ways which are at variance with the rules of GATT. These existing difficulties are now being aggravated by the increased use of the facilities provided by the US Trade Act. It is clear, therefore, that the maintenance of what has already been achieved in GATT and the application of the agreements in their original spirit are of pre-eminent importance. Bearing in mind the significance of foreign trade for national economies and for peoples' living standards, efforts must be made in accordance with the objectives of GATT not only to achieve further liberalization but also, and above all, to ensure that the universal principle of the equality of protection measures is respected. No less important is the fact that the reduced willingness of the other industrialized countries taking part in the GATT negotiations to make concessions is to the disadvantage of the

economies of our Community countries. The other industrialized nations have not gone as far as the Community in granting concessions: at the end of the Kennedy Round, the Community already had on average the lowest tariffs of all the major trading nations; furthermore, almost all Community products are bound in GATT—in other words, the duties on them may not be raised unless further negotiations take place and compensatory arrangements are made. In view of this trend, the Community must persuade the other industrialized nations to bring their concessions into line with those granted by the Community, and to open their markets to the same extent; otherwise the Community economy will be even more seriously handicapped, jobs will be lost and it will not be possible to implement the necessary structural changes in an orderly manner. This would be certain to lead to a change of direction in the Community's external trade policy. Because of the interdependence of the world economies, the Community's external trade policy towards the developing countries cannot be successful in the long term unless it improves the framework of trade by guaranteeing a modicum of security for our Community economy against major upheavals in the market, and also for Community supplies of energy and raw materials. During the current GATT negotiations, however, the Commission should also seek to improve the framework of trade with these countries. The selective application of the GATT safeguard clause will allow it to adapt its internal economic structure while making due allowance for social requirements and avoiding disturbance of the market.

In our external economic relations, we continually find that the industrialized nations of the Eastern bloc take insufficient account of the rules of international trade responsibilities. Countries as important as the USSR, the GDR and even China are absent from the GATT negotiations. Their trade with the Western industrialized nations and the developing countries is based on bilateral agreements. Now, however, that trade policy has become more the responsibility of the Community, a vacuum will arise when the bilateral agreements with these countries expire. As a result of their membership of GATT or of agreements with other industrialized countries, the most-favoured-nation clause applies to some of the East bloc countries, thus enabling them to enjoy the concessions that the Western States grant to each other. The achievement of a degree of reciprocity in this area was an important point in the Community's negotiating position as revised in 1975. So far as the Comecon countries are concerned, they attempt to secure as many advantages as possible from the commodities and finance markets and the service sectors of the West, but at the same time provoke disturbances on these markets by, for example, re-exporting goods on which subsidies have been paid in Western countries or by dumping their products and services at arbitrary export prices.

Brugha

Generally speaking, we also find that the increasingly unsatisfactory application of the GATT rules is leading to greater and greater disruption of international trade. These rules were applied with varying degrees of success by the small group of originally participating countries with similar market and trading systems, although even among these the more powerful trading partner in each case usually allowed itself greater freedom in interpreting the rule. The appearance of more and more new trading countries with different economic systems on the market is, and will be, accompanied by a proliferation of interpretations and modes of application of existing and future rules.

I now come to the progress of negotiations and the Community's position. I would refer to the detailed description contained in the report, and only say here that the negotiations are concentrating on the following areas: customs tariffs, non-tariff obstacles to trade, agriculture, safeguard-protection clause and sectoral negotiations. Early last month the Commissioner, Mr Haferkamp, presented a new interim report on the negotiations. From this it emerges that the latest developments have concentrated on the following areas: presentation of the Community's call for improvements in the USA's and Japan's offers in the tariff area; the Community's invitation to Australia to put forward a clear offer; the presentation of a list of possible withdrawals of the Community's offers to reduce duties, and positive developments as regards the formulation of the safeguard clause. If strenuous efforts are made, particularly in the agricultural sector, there is a chance on the basis of the work done so far that the pattern of the negotiations can be established as planned by the middle of July this year.

Now before I conclude, Mr President, I might be allowed to introduce a personal note. Having studied the situation over the years and the Community's involvement in the GATT efforts to liberalize world trade, I have formed the conclusion that the Commission, in its approach to the fulfilment of the obligations entered into, has been both conscientious and honourable. I think this is in somewhat striking contrast with other trading groups and countries. I suppose this is hardly surprising, since this Community is probably the only real response so far in human relations to the need for something better in terms of peaceful trading relations in the world than has been represented to date either by the unitary State, which can be very selfish in its own interests, or the massive state-controlled units, which can indeed be indifferent to the need for a better order. I believe that in its approach to these problems, which are major problems in this world, the Commission has respected not merely the good and the interests of the Community and its citizens, but also the greater responsibility to the peoples of the world. We have, I think, had too many experiences of the evasion of

responsibility in fulfilling the letter of agreements on the part of others, so in that sense and because of that I would alert the Commission to the need to ensure that fair play is henceforward the order of the day. I believe that Parliament should give generous support to the Commission's continuing efforts to combat the resurgence of protectionism and to establish international rules to encourage world trade in the interests of all, especially of the populations of the developing countries. I would urge that the safeguard clause in Article 19 of the GATT international agreement should be fully used or, if necessary, revised so that it may be applied immediately and on a selective basis. That is, it should be applied only to imports from the country or countries directly responsible for the disruption or threatened disruption of the market. To avoid its misuse, its application should be subject to international supervision. Moreover, it should be made possible to protect importing countries resorting to safeguard measures from liability to pay compensation or from retaliatory measures by the exporting countries affected. The trading system should thus include safeguard procedures, codes of conduct and machinery for settling differences which may arise from the application of these codes.

Finally, may I express the hope that the Commission can give us some additional information now on the state of the negotiations? I recommend that the House adopt the motion for a resolution before it.

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

Lord Brimelow. — Mr President, it cannot have been easy for Mr Brugha to replace Mr Cousté at short notice, and I should like to compliment him on having given a very clear account of the report drawn up by Mr Cousté for the Committee on External Economic Relations and of the substance of the motion for a resolution.

But I do wonder what the Commission makes of this report. It is typical of all parliamentarians that they would like to increase their influence on the conduct of external relations, and the Members of this Assembly are no exception. But in order to exercise influence effectively and sensibly, you need information, and your information has to be full, and it has to be prompt; and parliaments are not organized to receive information on the scale required or with the promptitude required. We are always lagging behind events, and this report is no exception. It was finally approved in April in Rome, where working conditions are perhaps rather more difficult than average, as one is not near the Commission to receive the latest information. At our last meeting, we had to cope with a number of amendments, which had to be dealt with there and then, though it would have been desirable to consult the people on the spot in Geneva.

Lord Brimelow

The report, because of the conditions in which it was finalized, had to be rather vague; its text is not, I think, very helpful to the Commission. It is open to various interpretations. For example, paragraph 2 of the motion for a resolution states that the European Parliament

is concerned about the threat to world trade from increasing protectionist measures in the various countries and is convinced that overt and latent forms of protectionism hamper the expansion of international trade.

That is perfectly true. But according to the latest GATT studies, the amount of world trade which is being hampered by protectionist measures does not exceed 5 per cent of the whole. Our difficulties do not stem primarily from protectionist measures.

Mr President, the report by Mr Cousté sets out certain theses which are of course consistent with the political philosophy of the party of which Mr Cousté is a leading member. But Parliament already discussed that philosophy when it reviewed Mr Inchauspé's motion for a resolution on the menace to Europe of uncontrolled competition. I therefore do not wish to go into that general philosophy. Rather, since my time is limited, I would prefer to mention a number of amendments which I have been asked to put by the Socialist Group, designed not so much to change the general sense of the motion for a resolution, as to make it more precise and more in harmony with what I am told is the current state of play in Geneva.

On paragraph 6 of the motion for a resolution, I have tabled Amendment No 5, calling for the deletion of the words:

are designed to promote the international division of labour and free market economy, particularly those on tariff and non-tariff measures.

I think the paragraph is adequate without those words. Moreover, we must be careful because what the Commission has done, with the full approval of this Parliament and of the member governments of the Community, has been to take protective measures in the fields of textiles, iron and steel and shipbuilding, and it cannot be argued that these measures have tended to promote the international division of labour. They have diminished it. They have not promoted the free market, they have diminished it. Moreover, if you add 'particularly those on tariff and non-tariff measures', you are covering the whole of the talks at Geneva. You cannot talk about doing something 'particularly', when your words are such as to involve everything that is going on. I therefore propose that deletion.

In Amendment No 7 to paragraph 9, I ask for the third indent to read:

There should be comprehensive coordination of the generalized preferences granted by the industrialized countries.

The present text of the third indent says:

the system of generalized preferences of other industrialized countries should be brought into line with the most

generous concessions already granted to developing countries under the EEC system of generalized preferences.

Now there is a danger there that we did not spot during the discussions in committee. It is that the EEC system of generalized preferences is not, in all respects, the most generous in the world, and if we make the proposal as mentioned in paragraph 9, third indent, of the motion for a resolution, it would be open to other industrialized States which have more generous preferences of their own to say: 'Well, all right, but in that case, you do as well as our best practice'. This would mean a number of concessions which we might find it hard to grant. I think that a comprehensive coordination of generalized preferences would involve concessions both by us and by them, and it would lead to a better and less difficult outcome. It is for that reason that I move Amendment No 7.

Amendment No 8 relates to paragraph 10 of the motion for a resolution. That paragraph calls for a stricter observance of the principle of reciprocity, but does not say with regard to whom. The omission is purely a fault of drafting. The text is based on an amendment, and we were working in something of a hurry. I propose an alternative text, which does not alter the substance at all, but which I believe makes the sense clearer. It says that in relations with state-trading countries the European Parliament:

calls for the ending of all dumping practices (i.e. with regard to both commodities and services) and for the stricter observance of the principle of reciprocity save with regard to those state-trading nations which are members of the 'Group of 77' or which benefit from the system of generalized preferences.

This is not a change of substance, it is in order that the paragraph should say precisely what it was intended to say. I would just make the additional remark that the Community is already in a position to protect itself as regards all the richer and more highly developed of the countries which receive generalized preferences.

Amendment No 9, in my name, relates to paragraph 13, fourth indent, which it suggests should be deleted. The indent calls for more precise legal provisions regarding the admissibility and limits of the safeguard clause. I suggest deletion because in the negotiations in Geneva, the Community is seeking greater flexibility in the application of the safeguard clause. If you seek 'more precise legal provisions', you may exclude the very flexibility which the Community is hoping to achieve. This was again a point to which we ought to have given rather more careful consideration in Rome after consultation with the people in Geneva, but our system is not organized for such hurried consultation. But I think the deletion would help the Commission to get what it wants, and that is why I make that proposal.

Lord Brimelow

I now turn to my Amendment No 10. This relates to the fifth indent in paragraph 13. Once again, I propose deletion. The indent, in its present form, is about laying down 'precise rules of conduct, without special rights, governing subsidies and resulting countervailing duties'. Now, we are at present in a difficult and delicate stage of negotiation with the United States Government. The Community, as I understand it, would like the United States Government not to apply countervailing duties except in accordance with GATT practice, which requires that harm must first be established. Now, the American Government is complaining about Community subsidies and, indeed, about the withdrawal of VAT on exports. These are difficult matters of negotiation, but here is a more important underlying question, and that is whether the regional policies of the Community involve subsidies. From the point of view of maintaining employment, the regional policies of the Community are important and I should not wish to see this particular indent giving rise to difficulties in the regional policies of the Community or of the Member States. I think it would be prudent to delete this indent.

Mr President, I am going on, but the rule is that one can only vote on amendments which have been moved, so I have to move my amendments. I will do so as briefly as possible.

I turn to my Amendment No 11. This relates to paragraph 14. I should like this paragraph to be replaced by a new paragraph. The reason for this is that the present text speaks of safeguarding jobs and staying competitive. But if we are to stay competitive, we may have to rationalize industries and reduce the amount of workers in them. That could create unemployment. There is then the need to find alternative employment, and I think the issue can best be stated by having a new paragraph 14 which deals solely with the need to stay competitive, and a separate paragraph, possibly paragraph 14a, which deals with the problem of job preservation. My proposal for paragraph 14 is that it should read as follows:

Emphasizes that in the absence of appropriate common industrial policies ...

— I put that word in the plural, because there has to be a separate policy for each sector —

... and structural adjustments, the Community may be unable to remain competitive and retain its present position in world trade;

This is putting down a marker. My Amendment No 4, which proposes a new paragraph to cope with the question of job preservation, reads as follows:

14a. Given the prospect of increasing competition on world markets, calls on the Commission to maintain under constant review the problem of how best to maintain a high level of employment within the Community.

I trust that that amendment will not cause difficulties to the Commission and will meet with the approval of the House.

I finally come to my Amendment No 6, which relates to the first indent of paragraph 9, where it proposes the replacement of the words: 'in collaboration with the appropriate UNCTAD bodies' by: 'in consultation with all the other governments and intergovernmental organizations concerned'. There is an alternative amendment down on this, but I think that my own language is preferable. The reason for this amendment is that it is not only UNCTAD bodies that are concerned with the Community's generalized system of preferences; that system of preferences is autonomous. The decisions are taken by the Community. If they were to be discussed solely in UNCTAD, this would be inappropriate, for many reasons which, I am sure, will occur to all of you. We have to discuss the generalized system of preferences with the governments of other Member States and with international organizations, which include UNCTAD but are more numerous than UNCTAD. The United Nations is concerned; the Lomé Convention is concerned; GATT is concerned. I think that the wording 'in consultation with all the other governments and intergovernmental organizations concerned' is more accurate and politically preferable.

That concludes my amendments, Mr President, but you will be aware that there is a series of amendments by Mr Kofoed, on behalf of the Committee on Agriculture. These arise from the opinion of the Committee on Agriculture, drafted by Mr Hughes. So far as the Socialist Group is concerned these amendments create no difficulties.

Mr President, I could say more, but I have exhausted my time. I thank you for your patience.

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

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

10. Question Time

President. — The next item on the agenda is the third part of Question Time (Doc. 157/78). We shall continue consideration of the questions addressed to the Commission.

President

I call Question No 8, by Mr Kavanagh :

Can the Commission comment on the accuracy of the figures given for the total work force, the objectivity of the information relating to housing policy — in view of the fact that the cost of house purchase has risen by some 20 % in the last year — and the situation under which the Irish Government, in its efforts to encourage the building industry, favours the provision of private housing at the expense of local authority housing, as contained in the Report on the Social Situation 1977 ?

Mr Jenkins, *President of the Commission.* — Mr President, the information presented in the report on the development of the social situation in the Communities in 1977 is based on the contributions of correspondents in the Member States. The draft report was seen by, and fully discussed with, government officials and trade-union representatives, so that their comments and criticisms could be taken into account in the final published version. The position in regard to the particular sections on Ireland is as follows : first, the figures for employment were based on those of the Irish Central Statistical Office for the first 6 months of 1977 ; second, the references to the new housing policies of the present Irish Government were purely descriptive. It would have been premature and not in keeping with the tenor of the whole report to have attempted any assessment of their impact or implications.

Mr Kavanagh. — In view of the fact that it is a Commission document that I have quoted, has the President himself not some opinion on the question that I asked regarding the change-over of emphasis from local-authority housing to private housing, which was part of the question ?

Mr Jenkins. — No, Sir, because that really was not the purpose of this document. It was an attempt, and I think a good and accurate attempt, to describe what was happening while not presenting judgments. I think the Commission in a descriptive document of this sort, is perfectly prepared to take controversial positions where these are matters of Commission policy, but where it is describing what has happened in a country, then I think it should aim at the greatest degree of objectivity and certainly not approach any question by saying the arguments are one way or the other way.

Mr Power. — Is the Commissioner aware that it is traditional in Ireland for people to aspire to owning their own homes and that consequently we have one of the highest percentages of house-ownership in Europe ? Arising out of the supplementary question, is the Commissioner aware that this wish is particularly being catered for by the present government with increased grant and loan opportunities, and would he

not agree that this is a very laudable programme and that it is better to have people referring to the place where they live as 'my home' rather than 'your house' ?

Mr Jenkins. — Well, the honourable Member, from a slightly differing point of view, tempts me onto equally uncertain ground. In my previous capacity or in my capacity as a private citizen of Europe, I should be very happy to make my own comments on these matters. What I think we can all agree with is that it is indeed natural and desirable that people should aspire to own their own houses, although there is also a certain need for a stock of public housing. It is a question of where that balance exactly is struck : it is not exactly my duty to strike that for each member country.

Mr Yeats. — Mr President, while accepting that the Commission clearly do not want to get involved in the niceties of any country's internal policies, at any rate I take it that the Commission will agree that the important thing is that houses should be built for the people and that where, as is the present position in Ireland housing production is at a record level, ideological situations such as those raised by Mr Kavanagh ought not to be allowed to get in the way.

Mr Jenkins. — I think the Commission is indeed in favour of building houses for the people.

Mr Ryan. — Is the Commission aware that, as a result of ill-advised financial policies affecting housing in Ireland as at present implemented, the rate of inflation in housing is 3 times the rate of inflation in the rest of the economy ? Is this a policy which commends itself to the Commission anywhere ?

Mr Jenkins. — The Commission is in favour of the reduction of inflation by prudent policies in Member States, though it is, of course, sometimes the case that house prices for a whole variety of reasons in different Member States can pursue a course slightly different from that of the general level of inflation.

Mr L'Estrange. — Is the President aware that 25 000 houses were built each year from 1973 to 1977 and that now, because the Irish Government has allowed builders to increase prices by up to 30 % and to favour the provision of private houses at the expense of local authority houses, fewer workers are being employed, and that it is also reckoned that fewer houses will be built in the years ahead, unless the government changes its present policy ? Has he any authority to prod the governments to get their priorities right in the interests of our people and, instead of making millionaires out of a few builder friends, to build more houses for the people ?

Mr Jenkins. — I have the impression that the matters we have here been discussing are a matter of some controversy within Ireland. I will pursue my thoughts on this matter with renewed eagerness as a result of the contributions which I have heard this afternoon. But until I have studied the matter a little further and perhaps even after that, I do not think I will make any further announcements.

President. — Since its author is absent, Question No 9, by Mr Johnston, will receive a written reply.¹

Question No 10, by Mr Patijn, has been withdrawn at the author's request.

I call Question No 11, by Mr Fitch :

Why has the Commission postponed bilateral trade talks with Australia ?

Mr Haferkamp, Vice-President of the Commission. — (D) The talks were scheduled to take place on 19 and 20 May. It was agreed with Mr Garland, the Australian Minister for Foreign Trade, to postpone the talks to a later date, as he wished to visit the Governments of the nine Member States beforehand.

Mr Fitch. — Mr President, that to me is a very unsatisfactory reply, not so much from the Commissioner as, obviously, from the Australian Government. I much regret the intemperate language of Mr Fraser, the Prime Minister of Australia, who in a speech about two months ago referred to the EEC — and I am quoting — as 'a narrow self-interested trade group trying to make the world dance to its tune'. This suggests that we are some kind of trading mafia. I would remind Mr Fraser that the formation of the European Community, bringing together the major countries of Western Europe for the first time for many centuries, this process of integration, is making a great contribution in my opinion to world peace, from which the Australians as well as the rest of the world have benefited. Now I would agree that trade wars are certainly not beneficial to our economic situation.

I am coming to the question now. Is the Commission's policy one of general negotiation through GATT — a multilateral arrangement — or are they firmly in favour of direct talks with the Australian Government? Secondly, what is the balance of trade at the moment between the EEC and the Australian Government ?

Mr Haferkamp. — (D) It would be tempting, of course, to have a proper debate on this subject. I assume the House will do so when the opportunity arises.

I should like to answer briefly the two questions which have been put. Firstly, in general terms, we attach major importance to establishing, strengthening

and developing constructive cooperation between the Community and Australia, in connection with both the bilateral issues at stake and our common obligations and cooperation in international contexts — GATT, for example — or in international negotiations on major agricultural products. We have meanwhile discussed this with Mr Garland and Prime Minister Fraser, and we are sure that, in this way, progress will be made to our mutual advantage.

Secondly, as far as the trade balance is concerned, there is a surplus in the Community's favour. The problem here is one of trade deficits and surpluses in general, as they cannot be balanced at all times with individual countries. The main thing is that they should tend to balance out in the long term.

Mrs Dunwoody. — Is the Commissioner not aware that if the Community continues to exercise its powers in regard to agriculture to distort world trade to, I may say, the disadvantage of both Australia and New Zealand, it is inevitable that they will be referred to by both Mr Garland and Mr Fraser in the terms that were used, and is it not his intention to do what he can to reach an amicable agreement with Australia and with New Zealand by ceasing to discriminate against the products of each of these countries ?

Mr Haferkamp. — (D) I do not know if applying the Common Agricultural Policy in the form in which it was approved, and for which the House is also responsible, represents discrimination. As for the special problems concerning Australia, we had received a number of requests which are currently being discussed with reference to the agricultural sector and which concern the major agricultural products. I am referring to the international negotiations on wheat, meat, milk and dairy products. During our latest talks with the Australians we told them that we were greatly interested in cooperating with them to ensure the success of these international negotiations. We feel that, with regard to the agricultural problems in question, this would improve market order and discipline internationally, quite apart from benefiting our bilateral relations. A solution to the international problems would also mean an improvement in the agricultural sectors. In the coming weeks and months we shall continue our efforts to achieve this, especially in the context of the GATT talks, which are also being debated here today.

Mr Scott-Hopkins. — Would it not be in the interests of the House if the Commissioner could publicize the discrimination referred to — he does not seem to know much about it — and indicate where this discrimination takes place, as far as Australian trade is concerned? And would he also, in the negotiations which he is conducting with Australia, make sure, before agreement is reached on any contracts, that the Australians are in a position to fulfil those contracts to the end of the time the contract is to run, and that

¹ See Annex.

Scott-Hopkins

there is a guarantee that they will not renege, as they have in the past?

Mr Haferkamp. — (D) I must confess that I did not understand the last part of the question. I am not sure which contract the honourable Member is referring to.

Mr Scott-Hopkins. — Mr President, I was talking about the various contracts for agricultural products which have been concluded with Australia in the past and which they have broken when there has been a market improvement elsewhere, and sold the products elsewhere — to America and to Japan, as far as beef and cereals are concerned.

Mr Haferkamp. — (D) No, we practice no discrimination whatsoever against Australia. This whole problem, which the honourable Member has just illustrated, could in fact be cleared up if an international solution could be found to these questions. This is precisely what we are seeking at present.

Mr van Aerssen. — (D) Mr Haferkamp, apart from the fact that good relations with Australia are important, do you share the view that the credibility of the Australian Government would be greater if, in recent years, it had not introduced massive quota restrictions, duties and other administrative obstacles to trade, which have more than cancelled out the 25 % tariff reduction introduced in 1974? The result of this is that the Italian ambassador is now putting advertisements in Australian newspapers and offering 'Alfa Romeos for beef'.

Mr Haferkamp. — (D) Barter agreements of this kind are a matter of taste, of course. Speaking seriously, however, I should like to say that it is not our intention to add up the mistakes on each side. I do not think that will get us anywhere. An escalation of the debate, with Australia criticizing us on agricultural products while we reply with counter-accusations about tariffs and import quotas on this or that industrial product, would certainly not bring us any nearer to our declared objective, which is to achieve long-term, beneficial and productive cooperation with Australia, with a nation and a continent with which, in the final analysis, we share complementary and concordant interests. This is our objective. If we can keep this in mind, I feel we shall be able to overcome the difficulties posed by individual problems in the agricultural or industrial sectors. This is what we are endeavouring to do.

President. — I call Question No 12, by Mr Osborn, for whom Mr Normanton is deputizing:

What proposals is the Commission considering for cooperation with the Lomé Convention States in meeting their energy needs?

Mr Jenkins, President of the Commission. — Mr President, the prospective energy situation certainly

requires cooperation on the production of fossil fuels — oil and coal — and of uranium as well as the use of renewable forms of energy which are particularly important in developing countries. In this light, the Commission will naturally pay special attention to the ACP countries. Some ten pilot projects using solar energy are already financed by the European Development Fund. Two studies have been made in Sudan and in Upper Volta on the production of ethanol as a by-product of sugar cane and molasses. Such cooperation should certainly be promoted. We are currently considering whether this should be the subject of discussion during the forthcoming negotiations for the renewal of the Lomé Convention. The Commission will naturally keep Parliament informed of any further development.

Mr Normanton. — The House will no doubt be extremely grateful to the President of the Commission for the highly constructive and detailed answer which he has given to this question. The recent EEC-ACP Conference in Grenada was informed that, by the year 2000, the energy needs of the developing countries will be equal to the grand total of the energy currently being consumed in the developed world as of today. In order to anticipate these needs, above and beyond those which the President has just listed, for the benefit of the House, will the Commission examine the possibilities for a further extension of the existing Community loan facilities for electricity-generating plant, so that the Community's partners in the Lomé Convention may achieve in good and adequate time the right balance and the right availability of indigenous energy production?

Mr Jenkins. — The Commission will gladly examine the possibilities of an extension of this. We already have a number of European Development Fund projects, some of them co-financed with other bodies. Arab funds were involved, for instance, in a number of developing countries, but I would certainly not take the view that everything which could be done has been done, and we will certainly examine this in a constructive and hopeful spirit for the future.

Mr's Dunwoody. — Would the Commissioner not be prepared to accept that if the EEC opened up its markets to correct commercial agreements in rum, in sugar and in bananas, they would be able to allow the ACP countries to earn enough money to supply their own energy needs, and would he not be prepared to do something at least to speed up those agreements to help the ACP countries in a very positive way?

Mr Jenkins. — I cannot agree for a moment with the honourable lady. If the honourable lady really thinks that the future of the world is going to be such that the rapidly accelerating growth in energy needs of the developing countries can, for instance, be met

Jenkins

by whatever policy we pursue on sugar, which is a static, if not a declining market in the developed world, she is seeing the world more out of focus this afternoon than she usually does.

(Laughter)

Mr Corrie. — Can the Commissioner say if any of these developing countries have asked for aid for developing nuclear power, and if so, which ones?

Mr Jenkins. — I am not aware of any — though I would not like to be absolutely certain about the position — but I will look into that, and write to the honourable Member, if I may, and give him any further information I can.

President. — I call Question No 13, by Lord Reay:

Has the Greek Government, in the course of negotiations with the Commission on the accession of Greece to the European Community, raised the question of the use and status of the Greek language in the Community after accession? What is the attitude of the Commission on this matter?

Mr Jenkins, President of the Commission. — The Community delegation has proposed to the Greek delegation that an amendment to the relevant regulation will be necessary to include the Greek language as an official language of the Community following Greek accession. The use of Greek as a working language of the Community will have to be approached on a practical basis. It is, in our view, a little too early yet to give a definitive answer without further study on this latter part of the question.

Lord Reay. — I think the President of the Commission in that reply has given us more information than we have had hitherto regarding the Commission attitude on this matter. When the Commission come to consider further the working use of the Greek language, will they bear in mind — and I wonder whether the Commissioner would now agree — that whatever is agreed with respect to the use of Greek is likely to set a precedent with regard to Portuguese and Spanish, and will they take the practical consequences of this fully into account in reaching conclusions on the working use of the Greek language? Secondly, when they consider further the practical questions of the use of these languages in the Community institutions, will they consult with the other institutions of the Community, in particular the working services of the Council and the working services of this Parliament, so that they can be quite sure that any proposals that are finally made are not impracticable?

Mr Jenkins. — I agree with the honourable Member that, clearly, the position in relation to Greece will, in this respect — and perhaps not only in this respect — set a precedent which is bound to follow through in the case of the other two applicant countries.

So far as the general question of languages is concerned, I think there are two propositions about

which there can be little dispute. One: I think in this Parliament Members must be able to speak in their own language. I do not think this Parliament could be a representative Parliament if some of its Members could only speak in a language not their own. Secondly, I believe it is essential that, where Community acts are promulgated which apply with the force of law in member countries, they too must be published in the language which is the natural language of the country concerned. Therefore, so far as official languages are concerned, I am sure that, although it creates certain complications, as we enlarge we must embrace more official languages.

So far as working languages are concerned, I think there is room for a good deal more flexibility, and we will certainly take into account what the honourable Member has said and see what can be done here.

I always feel a little inhibited on this matter, being a not very good linguist who has perhaps the fortune to speak a language which is somewhat more widely spoken than some other languages. I think therefore we must be a little cautious in how we proceed, but I hope that we shall not unduly inhibit ourselves in our effective working as a Community by having to have too many languages used for every possible purpose. We will certainly cooperate with the other institutions in the Community in trying to arrive at what is a sensible and practical solution.

Mr Dalyell. — During Monday's debate on working languages, the Socialist Group drew attention to the fact that, with the advent of our friends from Portugal, Spain and Greece, there would have to be 72 different concurrent translations. Does the President not also know that his Director-General for Budgets, Mr Strasser, came distraught to the Committee on Budgets to explain that it took from two weeks to five weeks to translate rather important budgetary documents? Is there not a problem there? Could I further suggest that, before I was winkled off — or sacked — from the Parliament's Greek committee by Monsieur Pierre Giraud and other hellenophiles for asking awkward questions, the Greeks did say, when pressed, that they would welcome coming into the Community and would understand perfectly if they had, for most purposes — not all — to use a language other than their own. They seemed very cooperative on this.

Mr Jenkins. — I think the honourable Member's point really is met by the remarks which I made about working languages. He will be careful to note, as will the House, that I promulgated only two principles which seemed to me a minimum that has to be accepted. First, that people should be able to speak in Parliament — that does not necessarily affect what languages everything is translated into — in their own language. Secondly, that Community legislation must be made and published in the countries concerned in

Jenkins

the languages of those countries. Those, I think, are important principles, but they are principles beyond which there is great room for discussion as to how we can effectively maintain and, I hope, build up our cohesion without being lost in a morass of an indefinite number of languages.

Mr Patijn. — (*NL*) Is Mr Jenkins not being rather premature in virtually announcing at this stage that a distinction will be made between official languages (and I agree with the two principles he mentioned) and working languages? After all, there were similar problems five years ago when English and Danish came along, and no such distinction was made then. Can the President of the Commission explain why the transition from four to six languages should be easier than from six to nine?

Has what he has just told us in fact no consequences for the use of English, German, French, Italian, Dutch and Danish as working languages? The impression he has given is that these six will remain as working languages and that we shall restrict the use of working languages where Spanish, Greek and Portuguese are concerned. And yet he also said that we must reduce the present six working languages to a smaller number.

Can he shed some light on this, or would he prefer to keep his own counsel for the time being?

Mr Jenkins. — Most exceptionally, Mr President, I did not find the honourable Member as clear as I nearly always find him in his contributions to this House. I do not think we are making a great distinction here. 'Working languages' is not a very precise concept, but we do try — we have to, in order to carry on business — to work in as limited a number of working languages as enables the business to be properly done. I am not now talking about the Parliament or the Council of Ministers, but about the Commission. We often proceed on the basis of documents which at first appear in one language and only subsequently go into two or more than two languages. We try, in our Commission proceedings, while we are somewhat multi-lingual, not to be unnecessarily multi-lingual. Therefore there is a twilight area of working languages here. I am not proposing a sharp distinction between the previous enlargement and the new enlargement. What I am saying is that, while I think the two principles I laid down earlier must be observed, we really must try in a commonsense way to make ourselves understood by each other to the greatest extent we possibly can, certainly in relatively informal exchanges of views, without becoming too much of a Tower of Babel.

Mrs Dahlerup. — (*DK*) I noted with interest that the President of the Commission used the phrase 'speak in their own language' and then expanded it to 'speak in Parliament . . . in their own language'.

Does this mean, Mr President of the Commission, that it may no longer be possible in future to listen to a channel on which one's own language is spoken or that

the idea of discontinuing the possibility of using one's own language in committee work is under consideration? Is this the point being made in Mrs van Hoof's document, which contains a number of diagrams showing how it would be possible in the future to make do with three languages in this Parliament? Finally, can the President of the Commission assure me that it will continue to be possible both to speak and to listen to the languages used today in Parliament?

Mr Jenkins, President of the Commission. — It seems to me that what happens in the Parliament and in the committees of the Parliament must be very much a matter for the Parliament itself, although the honourable Member will be aware that I have stated my own opinion quite firmly that every Member of Parliament must be able to speak in his or her own mother tongue. That seems to be a starting-point and one which it is very difficult and would, in my view, be wrong to go against. In the Commission, for instance, which obviously I have greater knowledge of and a greater degree of control over than other institutions, everybody could speak in his own mother tongue, but not everybody always does, though most people sometimes do. We have substantial translation facilities, but it often helps the speed of a discussion, mutual comprehension and the cohesion of the body, if people are able to do this, which many are — some are multilingual. That helps us in practice, but I am not laying down any firm rules at all beyond what I feel must be acceptable to the honourable Member, and I would hope that here in this Parliament people may be able to speak in their own mother tongue.

Mr Lange. — (*D*) Mr Jenkins has just provided the answer to the question I wanted to ask — it is for Parliament itself to decide which languages and how many languages are to be used in Parliament. However, he then suggested — and this is my supplementary question — that all Council and Commission documents should also be produced in the languages which in Parliament's view should be spoken here and used in debate. Does Mr Jenkins share this view?

Mr Jenkins. — Well, I think that is one of the points we shall have to look at: if Parliament demands this, I think we shall have to accede to Parliament's demands. However, there is bound to be, as in so many of these questions, a certain balance of considerations, and that is why I do not want to commit myself today. I want us to look at these matters in a practical way. But if Parliament is going to say after enlargement that it will not receive any documents unless they are in — how many languages will there be then — eight or nine, this is almost inevitably going to mean that Parliament may receive documents rather more slowly. Parliament will have to decide about that, but Parliament is — perhaps I should not say sovereign, perhaps that is too strong a word — Parliament has great authority in this field, and we shall respect the authority of Parliament.

Mr Deschamps. — (*F*) It is my misfortune to come from a country where linguistic issues of this kind have raised a number of problems. I should therefore like to ask whether this discussion has not brought home to the Commission the urgent need for the European institutions to get together and thrash out a practical and realistic solution to these problems, along the lines suggested, before further discussions like this stir up passions and make it even more difficult to find solutions.

Mr Jenkins. — I very much share that view and I think the exchange today has been useful, because it has enabled us all to hear views of other Members around the House, but the impression I have after a quarter of an hour's exchange on this issue is that there are a great variety of views and that, if one moves in one direction, there will be a lot of people who will say: 'no, no, you must not do that', and if one moves in the other direction, one will be under equal attack and if one is purely immobile, one will be complained about for doing nothing. And therefore, I think it would be very useful if Parliament were confronted with this real issue — because, as I say, official languages are, in my view, not at issue, working languages are: if Parliament were to apply itself in its wisdom to considering the position as it sees it, we would be very eager to give you our view in a tentative way at this stage and to see if it is possible to form a consensus as to how we can best proceed.

Mr Holst. — (*DK*) Will the President of the Commission assure us that no proposals have been made for a simplification of the language system currently used, as long as this Parliament continues to exist in its present form — i.e. before the direct elections?

Secondly, will the President of the Commission assure us that it is Parliament alone which will decide what languages it will use for its proceedings and documents?

Mr Jenkins. — I think really both these questions are a matter for you, Mr President, rather than for me, but I am certainly unaware of any proposal — which would seem to me extremely unwise — to change our practice between now and direct elections in any respect at all. As for what happens beyond that, as I indicated in the previous answer, Parliament clearly has very considerable authority in these matters, which I am sure through you, Mr President, it will exercise.

President. — Since their authors are absent, Questions No 14, by Mr Brown, No 15, by Mr Müller, and No 16, by Mr Glinne, will receive written replies.¹

¹ See Annex.

Question Time is closed. I thank the representatives of the Council and the Commission for their statements.

11. Votes

President. — The next item is the vote on those motions for resolutions on which the debate is closed. We begin with the motion for a resolution contained in the

Ripamonti report (Doc. 156/78): Draft estimates of revenue and expenditure of the European Parliament for the financial year 1979.

I put it to the vote.

The resolution is adopted.²

I put to the vote the motion for a resolution tabled by Mr Lagorce, Mr Klepsch, Mr Pintat, Mr de la Malène, Mr Scott-Hopkins and Mr Pistillo (Doc. 136/78):

Political situation in Africa.

The resolution is adopted.²

I put to the vote the motion for a resolution contained in the Schmidt report (Doc. 80/78): Legal basis and procedures for certain legal acts relating to the Community's fisheries policy. The resolution is adopted.²

I put to the vote the motion for a resolution contained in the Corrie report (Doc. 39/78):

Inspection and surveillance in the maritime waters of Denmark and Ireland.

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

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6 I have two amendments:

— Amendment No 2/rev. tabled by Mr Vandewiele, Mr Klinker, Mr Müller-Hermann, Mr Hoffman, Mr Kofoed, Mr Hughes and Mr Cifarelli and adding the following words to the paragraph:

'6. ... and is of the opinion that, in order to achieve this, the Commission should, in collaboration with the Member States and the European Parliament, investigate the possibility of setting up a Community coast-guard service.'

— Amendment No 4 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange deleting the paragraph.

What is the rapporteur's view?

Mr Corrie, rapporteur. — Mr President, I think Mr Ryan withdrew his amendment last night during the debate and I accept the revised Amendment No 2.

President. — Mr Ryan, do you confirm that Amendment No 4 has been withdrawn?

Mr Ryan. — I confirm that.

President. — I put Amendment No 2/rev. to the vote.

² OJ L 163 of 10. 7. 1978.

President

It is adopted.

I put paragraph 6 thus modified to the vote.

Paragraph 6 is adopted.

On paragraph 7 I have Amendment No 5 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and proposing the deletion of this paragraph.

Mr Ryan, are you upholding your amendment?

Mr Ryan. — No, Mr President, I am withdrawing it.

President. — The amendment is withdrawn.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

On paragraph 8 I have Amendment No 6 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and proposing the deletion of this paragraph.

What is the rapporteur's view?

Mr Corrie, rapporteur. — Mr President, I would prefer to hold my text. Might I make it absolutely clear, there is no intention of encroaching upon sovereignty in any way. I am calling for cooperation and coordination between nations.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraph 9 I have Amendment No 7 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and proposing the deletion of this paragraph.

What is the rapporteur's view?

Mr Corrie, rapporteur. — I would again ask the House to reject this amendment. I feel that the same applies as in the previous amendment.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is rejected.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

On paragraph 9 I have Amendment No 1 tabled by Mr Hughes and inserting the following new paragraph:

'9a. Is of the opinion that its Committee on Agriculture should give particular consideration to:

- (a) inspection procedures, whether by means of:
 - (i) a generalized system of fishing licences in the short term;
 - (ii) the progressive establishment of a body to patrol the fishing zones on behalf of the Community;
- (b) the specialized facilities available within the Community which might be used for such inspection work.'

What is the rapporteur's view?

Mr Corrie, rapporteur. — I accept, Mr President.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On paragraph 10 and paragraph 10 (c) I have the following two amendments:

— Amendment No 8 tabled by Mr Ryan, Mr McDonald and Mr L'Estrange and substituting the following text:

'10. Considers that the Commission and the budgetary authority must ensure that Community expenditure will be employed in the most economic way possible and, to this end, requires that the Commission:

- (a) requests the Member States concerned to ensure that ships, aircraft and equipment selected shall be the most suitable available to fulfil the functions of fisheries surveillance and inspection;
- (b) encourages the standardization of purchases, insofar as specific operational requirements permit, so as to minimize total expenditure required; and
- (c) informs the budgetary authority of studies undertaken and decisions relating to expenditure.'

— Amendment No 3/rev. tabled by Mr Vandewiele, Mr Klinker, Mr Müller-Hermann, Mr Hoffmann, Mr Kofoed, Mr Hughes and Mr Cifarelli and adding the following to subparagraph (c):

'(c) ... refers in this connection to its resolution of 16 February 1978 on certain aspects of the final version of the common fisheries policy¹ and in particular paragraph 5 (d) of this resolution which recommends Member States to standardize the equipment used for patrolling the Community fishing zone in order to reduce procurement costs.'

What is the rapporteur's view?

Mr Corrie, rapporteur. — I accept the revised amendment. Mr President, I apologize to Mr Ryan for asking the House to reject his amendment.

President. — I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

I put subparagraphs (a) and (b) of paragraph 10 to the vote.

Subparagraphs (a) and (b) are adopted.

I put Amendment No 3/rev. to the vote.

Amendment No 3/rev. is adopted.

I put subparagraph (c) thus modified to the vote.

Subparagraph (c) thus modified is adopted.

I put subparagraph (d) to the vote.

Subparagraph (d) is adopted.

¹ OJ C 63 of 13. 3. 1978, p. 28.

President

On paragraph 10 I have Amendment No 9 tabled by Mr Spicer and adding the following paragraph :

'10a. Asks for the conciliation procedure to be opened with the Council, pursuant to Rule 22A of Parliament's Rules of Procedure, should the Council intend to depart from the opinion of the people's representatives.'

What is the rapporteur's view ?

Mr Corrie, rapporteur. — I accept, Mr President.

President. — I put Amendment No 9 to the vote. Amendment No 9 is adopted.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

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

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Cointat report (Doc. 150/78) :

The inter-institutional dialogue on certain budgetary questions.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Schmidt report (Doc. 89/78) : EEC-CMEA relations.

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 Amendment No 2 tabled by Lord Brimelow on behalf of the Socialist Group :

This paragraph to read as follows :

'3. Notes that, according to the figures available, the debts of the state-trading countries, which had been rising for many years, have in the last two years shown a declining growth rate.'

What is the view of the deputy rapporteur ?

Lord Brimelow, deputy rapporteur. — Mr President, I am speaking, at the request of my group, in place of Mr Schmidt, who has had to return home. My position is very difficult, because I have proposed this amendment. I think it would be best simply to state, for the information of the House, that my amendment is a return to the original text, which was discussed in the committee and replaced by a new text. Mr Schmidt's wish was to return to the original text and his reasons for that were explained by him on two occasions this morning. I will say no more.

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

I put paragraphs 4 and 5 and the first indent of paragraph 6 to the vote.

Paragraphs 4 and 5 and the first indent of paragraph 6 are adopted.

On paragraphs 6 after the first indent I have Amendment No 1 tabled by Mr Müller-Hermann, Mr Martignelli and Mr van Aerssen on behalf of the Christian-Democratic Group (EPP) and inserting the following new indent :

'— include in trade treaties a stipulation to the effect that the exchange of goods and services between the parties to such treaties shall take place on the basis of normal market prices and tariffs.'

What is the view of the deputy rapporteur ?

Lord Brimelow, deputy rapporteur. — Mr President, I believe it is not customary for the rapporteur to express an opinion on an amendment which has not been discussed in committee. This amendment has not been discussed in committee. I shall express no opinion on it ; I shall vote against it.

President. — I put Amendment No 1 to the vote.

Since the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 1 is adopted.

I put the last six indents of paragraph 6 and paragraphs 7 to 11 to the vote.

The last six indents of paragraph 6 and paragraphs 7 to 11 are adopted.

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

The resolution is adopted.¹

12. Multilateral negotiations in GATT

(resumption)

President. — The next item is the resumption of the debate on the Cousté report on multilateral negotiations in GATT (Doc. 86/78).

I call Mr van Aerssen.

Mr van Aerssen. — (D) Mr President, ladies and gentlemen, we all regret that our colleague, Mr Cousté, whom we have come to know as a committed European and who is the rapporteur for this subject, is no longer a Member of this House. We hope that in the direct elections next year the electors who gave him so much support in the national elections will also place their trust in him and enable him to return to the directly-elected Parliament.

(Applause)

¹ OJ L 163 of 10. 7. 1978.

van Aerssen

I believe that the debate on the subject of GATT and the multilateral negotiations which are being conducted in GATT could hardly have come at a more opportune moment than the present, since to the best of our knowledge this phase of negotiations has entered a decisive stage. One could even say that we are experiencing a historic moment in which the main question is how free trade and the international division of labour will develop. My friends and I will do everything possible to support those forces which see the present stage of negotiations simply as a consolidation of the status quo, although we also hope this stage of negotiations might produce a further liberalization and a breakthrough to international free trade.

The basis of all our deliberations is the fact that the worldwide economic boom in the last thirty years has depended to a decisive extent on the elimination of controlled economy and the introduction of free trade and that the upholding of the principle of the international division of labour has created this prosperity for us. I also believe that, if we are honest with ourselves, none of us will deny that the present renaissance of protectionism will detract from our prosperity in the long run. We would like to say at this point quite clearly once again that protectionism is often a sweetened pill taken by national governments from time to time to overcome certain structural weaknesses but which would ultimately destroy the world economy and would make us all poorer as a result.

Mr President, we know that in many spheres the European Community is at present burdened by considerable structural problems. One thing is however certain: these problems can only be solved if we support the principle of market competition because this the driving force behind and the instrument for maintaining, technical progress and indeed even compels us to further technical progress, and it must be our task to keep markets open and to open them even further. I believe that it is also a moral obligation which we have *vis-à-vis* the developing countries. If we wish to justify our prosperity in our advanced industrialized countries *vis-à-vis* the poorer nations of this world in moral terms then we have an obligation to open our markets to these countries even if this is likely to cause considerable structural problems.

The only realistic way of overcoming our present concerns and increasing the number of jobs is to learn how to bring superior products to the world market and for this we need a very high quality of technical research. A start has been made in cooperation with the Commission. We need a flexible economic structure without bureaucratic control for it has become clear that the organized systems — we were talking about Comecon only this morning — are often not in a position to keep up with us because their bureaucracy is too cumbersome and too centralized. We need a flexible economic structure and we need free world trade. This is

the real answer and not simply a ideologist's dream as we can see from the sober facts; GATT as it exists today embraces 16 % of world production and when it was founded some thirty years ago this figure was only 8 %.

We must also bear in mind the developments which are progressing at the moment and are not progressing very favourably; this is something which must be stated quite unequivocally. When the European Community, the first Six, the EFTA and the earlier GATT conferences held at the beginning of the seventies reviewed the situation, they discerned that the proportion of business carried out under agreements and which therefore could be calculated for in the economy and economic decisions accounted for around 55 % of total world trade. This sector which is referred to somewhat superficially — and that is not meant to be a criticism — as the free market sector shrank to around 50 % in 1977 although the volume of world trade increased in absolute terms to 1 100 million million dollars. So the sector which comes under the wing of GATT has also receded.

Mr Haferkamp is quite right when he states in one of the last editions of the Europa magazine quite clearly, for which I am only too grateful to him, that the ghost of protectionism is abroad. It is abroad! I do not share the opinion of Lord Brimelow who considers that this is not the main reason. The main reason is the setbacks in economic activity and the fact that national governments are again in danger, as at the beginning of the thirties, of returning to national protectionism. This is the main reason why world trade is jeopardized. This protectionism, this skeleton which has been brought out of the cupboard again, has many aspects. It is different nowadays. It has many respectable aspects because the methods employed in the most diverse places to undermine world trade with a system of protectionism have become so sophisticated today. Export refunds, so-called voluntary restraint agreements, the despicable subsidies abomination — to exaggerate somewhat — are examples of the fact that we are going in the wrong direction.

Now and again we have to introduce temporary protective measures to uphold and adapt our own industries and implement structural change. This can, however, only be tolerated if the measures are medium-term and are clearly designed to be eliminated once the structures have been adapted. The European Community must be the motor of free world trade, since we as the largest trading power today carry the main responsibility for world trade. We have 40 % of world trade in our hands and we have to take on this responsibility. I would like to say quite distinctly: for us in Europe there is no other alternative but international division of labour. We are condemned to exporting! We have to export whether this is a good thing or not; it is the reality of the situation and any country which does not import, ladies and gentlemen, will not in the future be able to export and if a country does not understand this fact it has very little understanding of the world economy.

van Aerssen

Mr President, these GATT negotiations are faced with a number of major challenges and I would like to begin by putting forward such a challenge. The fact is that many developing countries — they believe justifiably — are calling for radical changes to the concept which has made GATT successful. I believe that if the European Community does not learn, along with the United States, how to counter these ideas with a convincing free trade argument, and if the Community confines itself to defending its present status quo *vis-à-vis* the developing countries, we shall not have fulfilled our task. What is the good if, as the Bible says, the bugle blows an uncertain sound? Who will go into battle then? So we in the European Community have the task of doing everything we can to offer the developing countries a positive world economic order which will open up to them the opportunity of taking part without giving up the advantages of GATT, since it will otherwise be impossible to break out of the vicious circle and we shall ultimately all be the poorer for our experience.

So my colleagues and I call not only for special help for those developing countries which are particularly poor on a differentiated basis, in other words to give the poorest countries more help — if I may put it that way — no, Mr President, we also advocate a selective application of the safeguard clause of GATT to keep it flexible and to open up the opportunity of taking action against certain causes of protectionism.

That, Lord Brimelow, is our position as we have set it out in the document. It is not a matter of restricting the Commission's negotiating mandate but of giving the European Community and the various nations the opportunity, by revising Article XIX, of applying this safeguard clause not always on an overall basis, which causes much injustice, but specifically against the causes of market disruptions and dumping practices.

The second major challenge facing us — and I would like to make this too as clean as possible — is the call for a kind of organization of international trade, or organized liberality, or whatever one wishes to call it. I have a suspicion that this is prompted by the idea that the present system as set out in the GATT rules is supported by a virtually irrational belief in the liberalization of trade relations and that GATT enshrines in fact a concept of unrestrained free trade. But this is not the case. GATT is an extremely complex instrument which contains a multiplicity of regulating mechanisms which must be carefully weighed against each other in order to prevent adverse trends on international trading markets. In other words, those who are in favour of GATT, in favour of its conception and of its methods, cannot support organized liberality since GATT has created the instruments for countering disruptions on world markets. This is also a reason why we are in favour of selective application of the safeguard clause in Article XIX of GATT.

The third challenge which we are faced with is — I believe — the fact that we can no longer responsibly allow the mechanism of international trade relations to run on without surveillance and control, while meeting occasionally to analyse world trade. What we need is a permanent convincing management facility to observe long-term developments of trade and to help us steer around dangerous hazards in time. We need permanent consultation and cooperation. We need a convincing management facility for international trade relations and we need permanent consultative groups of senior government officials who can perceive the further course of developments in good time.

Mr President, I believe that this is a matter which should be given particular emphasis as the present round of GATT negotiations comes to an end. Mr Cousté rightly pointed out in his report that it was naturally not the task of the GATT to consider monetary policy. One thing is, however, certain; if we do not create a solid international currency system and if we do not succeed in rethinking the present system the GATT results will be in jeopardy. This is a point I need not go into further on the present occasion.

I would like to devote a few brief words to our position on some important sectors on which negotiations are in progress at the present time. We support the Commission in advocating the Swiss tariff reduction formula for section No 1 (duties) and we also believe that this formula should be applied without exception and that there should be no provisions for compensation.

Secondly, on the subject of customs value, we are also of the opinion that the customs valuation code put forward by the Community should be supported since by fixing the customs valuation (like the earlier Brussels customs standards), it prevents the introduction of new measures which could undermine world trade.

Thirdly there is the question of subsidies and countervailing duties and here we believe that there should be a code stating that no distinction is to be made between legitimate and illegitimate subsidies and above all that the imposition of countervailing duties should be subject to the submission of a claim. I believe that this should be stated unequivocally at this point for the benefit of our American friends.

A fourth sector is technical obstacles to trade. We do not need to elaborate here on the fact that we should support every effort to develop international standards and to encourage the individual national governments to adopt the standards worked out by international organizations in order to harmonize their positions.

Concerning government procurement, which is also a matter which has to be settled now, the basic principle must be that price and quality should be the key factors and that national and international suppliers

van Aerssen

must be treated equally to put an end once and for all to the discrimination which has emerged.

I should like to conclude by putting three points to the Commission. We must in future see that GATT is revised to provide a solid legal basis. Furthermore a leitmotiv of the discussions in this House and in its committees is that the state-trading countries should be integrated into GATT with the appropriate instruments. We know that the most-favoured-nation treatment given by state-trading countries to countries with free market economies is not really very beneficial and that it is much more important for these countries to observe the principle of non-discrimination. That was one point made in the criticism of the Comecon countries which we heard this morning. It should also be considered, Mr Haferkamp, whether the state-trading countries could not be encouraged, by way of compensation for the most-favoured-nation treatment which we accord to them, to take on a legally binding commitment to allot us certain additional quotas in external trade when they draw up their yearly plans, also subject to the principle of non-discrimination. At all events this complex of problems should be reconsidered.

A second matter: we must see that the position of GATT in the settlement of disputes is improved and strengthened. We probably even need a Court of Justice attached to GATT. At all events it is important to obtain quasi-legal decisions for the settlement of disputes in GATT.

Finally, Mr President, we are also concerned that direct investments in third countries should be given greater legal protection in GATT as we have to note that investments by European countries and third countries have shown a distinct drop since 1972, taking a five-year period for comparison.

I would therefore sum up by saying, that this round of GATT negotiations is a very great opportunity for free trade and the implementation of one international division of labour. Nobody knows precisely whether there will ever again be such an opportunity, given the great difficulties experienced by many national States. For this reason we call on the House to take advantage of this great opportunity by giving its full political support.

IN THE CHAIR : MR SCOTT-HOPKINS*Vice-President*

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

Mr Jung. — (D) Mr President, ladies and gentlemen, following the speech by my colleague Mr van Aerssen, with whom I must agree on many points, I feel myself compelled to spell out as a Liberal the position of the Liberal and Democratic Group in Parliament espe-

cially as in the report the concept of liberalism is not always clearly employed, as Mr van Aerssen pointed out.

The first move towards the creation of a world trade organization in the post-war period was a document published in 1945 by the technical staff of the State Department of the United States of America. This document was based on the idea that disruptions in the orderly course of world trade could lead to politically desperate actions and that order in world economy helps to ensure political order. This basic idea is one which we must permanently bear in mind when speaking about the seventh round of talks on the liberalization of world trade, since it is not entirely easy — and here I share the opinion of Mr van Aerssen — to believe that the present Tokyo Round which entered its final stage on 23 January this year will go down in history as a liberalization round. It would be more appropriate to describe it as a consolidation round.

Preparations for the Tokyo Round started during the Kennedy Round and the ceremonial opening took place in Tokyo in 1973; it corresponds to a period of deliberalization of world trade. At the beginning of the seventies some 55% of world trade was still accounted for by trade under agreements which could be included in calculations. Since then this proportion has shrunk to the half or even less of world trade. In the opinion of GATT experts a proper weighting of the deliberalization of the last few years would make the downward tendency even more clear. This deliberalization has been caused particularly by numerous so-called voluntary agreements between countries, exporters, importers, customers etc. and also by orderly market agreements.

It is certain that the Tokyo Round could potentially extend the liberalization of world trade but it also harbours elements which could work against any new liberalization and even against earlier liberalization. Critical observers have compared the plan to carry out tariff reductions and trade liberalization measures at the present time with the attempt to go up a downwards escalator. This is a true picture in as far as the dismantling of trade barriers seems at first sight to run counter to the prevailing trend. It is also true that it is clearly easier today to gain support for maintaining, and in individual cases even strengthening, trade restrictions rather than eliminating them. The comparison does however offer some consolation since one has seen schoolboys trying to go up a downwards escalator and actually succeeding. It does, however, require great effort.

It is still too early to say anything about the success or failure of the Tokyo Round. It has not yet been concluded. But we shall soon be called upon to evaluate the results of this Round and one thing we can say today is that this evaluation must be based on

Jung

criteria which will enable us to make an objective assessment of the total result. Tariff levels will not be enough for us to assess the total result. We shall have to look at whether duties which have been more or less dismantled do not in fact obscure a second, third or even fourth line of protectionist defence. Earlier tariff reduction rounds in GATT have shown that after the dismantling of duties protectionism has simply been moved, sometimes into obscure areas such as standards, quality controls, technical specifications, health specifications, environmental provisions etc. A GATT investigation brought to light no less than 800 non-tariff measures of this kind. Thus, Mr President, if there is no success in removing these non-tariff measures, every effort should nevertheless be made to counter the further extension of non-tariff obstacles to trade. Not only we Europeans but every trading country in the world must be interested in the success of the Tokyo Round. The consequence of failure in these talks would be the dislocation of numerous markets throughout the world, persistent unemployment and consequently political crises.

Many speeches were held at the opening of this last stage of the GATT talks in Geneva. They all reaffirmed the political will to bring these negotiations as quickly as possible to a successful conclusion. They were unanimous in declaring that this was the start of a substantial final stage, that there was not much more time, and that now every effort must be made, and flexibility shown, to come to agreement. We, the Liberal and Democratic Group fully support this view.

In these negotiations the Community wants to see parallel progress on all fronts. This means agreement on countervailing duties, the recognition of the principle of selectivity for the application of the safeguard clause, the agricultural problem and the harmonization of duties. The Liberal and Democratic Group welcomes and supports these aims of the Commission, but is especially gratified by its efforts to overcome non-tariff obstacles to trade through increased international cooperation.

The Liberal Group can support the present motion for a resolution. We would have been happier if certain concepts had not been contained in it. I have already made a reference to this point. We must make it clear that the unhappy term 'organized liberality' is not meant to camouflage protectionism. In the long term, protectionist measures whether they are called stabilization policy, organization of the markets, or organized liberality, cannot resolve the underlying structural problems. They are far more likely to postpone unreasonably or even to prevent the necessary structural adaptations in the industrialized countries to the changed conditions of the world economy.

In the final analysis protectionism would mean the surrender of the considerable growth of world trade in the last 30 years on which the present prosperity of

the western world is based. It is therefore essential to maintain the level of liberalization of our external economy and to improve it and thereby contribute to the constant expansion of world trade which is necessary for economic growth.

In our opinion the reference in paragraph 5 of the motion to 'massive, cheap imports' is too nebulous. Consumers who can purchase something cheaply are not too unhappy. On the contrary they are very glad. If, however, this refers to dumping then it should say so. And such practices — here we do not need to search very far — are clearly defined in the text of the GATT agreement. To put it in simple terms, dumping can only be said to exist when an article is imported at a price which is lower than the domestic price in the exporting country and when this disrupts or seriously threatens the market structure in the importing country. The defence offered by GATT against dumping practices is the right of a country to impose anti-dumping duties on such low-priced imports, although this may not, however, exceed the dumping margin. This definition is so clear and unambiguous that we should also use it if only to prevent the suspicion which might arise from the use of unclear and nebulous new concepts that we wish to hide something.

I believe, Mr President, ladies and gentlemen, that this clearly defines the position of the Liberal Group. To put it briefly, once again the Liberals will support every effort to ensure that the rules and procedures contained in GATT are translated by all the parties into national law and upheld. These rules must not be undermined, they must be improved and strengthened. GATT itself as an institution must gain in stature from this Tokyo Round.

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

Mr Normanton. — Mr President, on behalf of the European Conservative Group, I wish to take part in this debate and I shall do so briefly, largely because I personally am not a member of the Committee on External Economic Relations, but I want to try to align my contribution to the debate with the needs of manufacturing industry, upon whose productive and competitive capability the very existence — not just the prosperity — of Europe's 250 million citizens depends.

The European Conservative Group wishes to join with others who have already spoken in this House in congratulating Mr Cousté on the excellence of his report, saddened as it must inevitably be by his departure from our midst. He was a member of committees on which I personally served and we knew him as a respected colleague, a delightful friend, and an invaluable contributor to all our many deliberations. He will be sorely missed and my group wishes to have this recorded.

Normanton

May I congratulate Mr Brugha on his presentation of Mr Cousté's report. Both the report and the presentation command our general support, certainly as far as they go. The trouble is, Mr President, that in our judgment they literally do not go far enough. The GATT was created, as others have rightly reminded us in the course of the debate, as an instrument suitable to conditions 30 years ago. Differences in world structures, trade and finance in those 30 years have made the situation today almost unrecognizable when compared with that 30 years ago. At that time, international trade was, relatively speaking, negligible. At that time trade was conducted between entrepreneurs in States whose only barriers were tariff barriers. The climate generally was that of an open market, with political barriers in the form of tariffs making life unnecessarily difficult. In developing the GATT as an institution for the promotion of trading relationships and trade expansion, tariffs obviously were the first obstacle which had to be reduced and eventually eliminated. And trade has undoubtedly expanded on the basis of willing buyer and willing seller.

But — and here is the most important point — in those 30 years the world has changed. It has seen the growth of State intervention in what are still recognizable as basically open-market economies, and the growth of full State economic management by more and more States in the world at large. Secondly, most of those who are moving in this direction are still, nevertheless, either recent or even original signatories of the GATT. Thirdly, major historical economies are still in existence which are entering more and more into world trade and they have not been, and are still not, signatories of the GATT as such. It is appropriate, I think also — and I hope it will not be misunderstood by Japanese friends — that Japan has expanded in the field of international trade and, indeed, in technology and the like, and one has to ask whether it would be possible for that expansion to continue if we are to leave it subject exclusively to GATT rules and guidelines. The fourth point — a point which we in this House ought to take and share considerable satisfaction in — is that in those 30 years the European Economic Community has been conceived, born and has grown up. And the last point *à propos* of the change, one we must never overlook, is the growth of relationships negotiated between the Community and ever-wider areas of the world, particularly under the Lomé Convention, a unique environment for trade expansion and industrial scientific, economic, and indeed social growth of which we, in the Community, can rightly be proud and to which we must continue to make our contributions. As tariffs have fallen, non-tariff barriers have risen, and indeed, it is said and recorded that today there are more than 800 identifiable devices operating in and around world trade which impede the freeing of trade between the signatory States of the GATT and those major States which are still not yet signatories. That applies with as much effect, we have to recognize, in the Socialist State economies as it does in many of the non-Socialist

State economies. Indeed, I cannot help but think of the Greek legend of the dragon's teeth. The more they were sown, the more numerous and more threatening were they to those in whose land they grew up. A typical example, and one which I feel a bounden duty to quote only as an example, but by no means an isolated example, is that of the industries facing barriers throughout the free world, one of which is the Scotch whisky industry. I hasten to add that I am not a particularly enthusiastic imbibor of the alcohol, nor am I inviting contributions from the industry for personal consumption. But the GATT is the forum where agreement on removing these barriers should be reached, but GATT has not proved effective. At the latest count, the Scotch whisky industry was facing a horrific list of — to their knowledge — at least 350 examples of non-tariff barriers. Many of these barriers are also confronting other producers of Community spirits. It is not just a question of Scotch whisky, it is not just a question of one Member State, it has detrimental effects on export earnings and job opportunities in all Member States to varying degrees. Another example is the notorious method of tax assessment employed, for example, by the American authorities, which discriminate against Scotch whisky and other Community spirits. If this type of barrier cannot be removed in the current round, this will be further proof of what I propose to say in a moment, that the GATT is, to all intents and purposes, becoming increasingly ineffective.

I could list many more examples if time and the patience of the House were to permit, to illustrate the point, from within the Community and without. To amend the GATT even extensively, is not enough. A new institution must be designed and developed to replace the GATT as soon as humanly, administratively and politically possible. This is the main point which I would like to make on behalf of the European Conservative Group in this debate. The second point is to demand that membership of the GATT and of its successors must be Community membership, not that of nine individual Member States. The only way I can see that we can really set our own internal house in order is to subject ourselves to this kind of discipline and obligation.

With these two main points therefore, Mr President, — almost subject to these two preconditions — the European Conservative Group will support the Cousté proposals. As far as the amendments tabled are concerned, I shall listen, as my colleagues will, to the comments made later, and summing up this debate, but I shall certainly recommend my group to vote as follows: Amendment No 1 — against; Amendment No 2 — against; Amendments Nos 3 and 4 — for; Amendment No 5 — against; Amendments Nos 6, 7 and 8 — for; Amendments Nos 9 and 10 — against; and Amendment No 11 — for. On those terms and with that basis of our support, we look forward to making our contribution in voting when that opportunity comes.

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

Mr Sandri. — (1) The Committee on External Economic Relations has devoted much time and effort to this subject, and we are sincerely grateful to Mr Cousté for the arduous labours which have led to this report. We are deeply appreciative both of the contents of the report and of the spirit of dedication to which it bears witness. He has fully taken into account the points made and the amendments proposed by the various members of the committee. In this connection I should only like to express regret, as Mr Jung has already done, that paragraph 5 of the motion for a resolution features a rather unfortunate turn of phrase when it condemns massive cheap imports, because we, as consumers, can hardly be expected to regret the importation of cheap products. This point was made in committee, and it was decided to change the wording to refer, for example, to dumping, but instead I find the old wording in the document before us today.

I should like to ask the colleague who is deputizing for Mr Cousté if he would consider the possibility of tabling tomorrow an amendment to restore the precise meaning that the Committee on External Economic Relations intended to give to this expression, which in the Italian translation, and it would seem also in the English translation, is a rather unfortunate one that does not reflect the committee's thinking on the matter.

To come now to the contents of the document before us, it must be pointed out that the GATT negotiations, which loom so large on the world stage at the present time, are a measure of the uncertainty and disorder that are such a characteristic feature of the present state of world economic relations. You have only to recall the optimistic tone of the statement with which the Tokyo Round was opened in the Japanese capital in September 1973 and the expressed determination to expand free trade beyond its present horizons and to guarantee — this is perhaps the key point — additional advantages to the developing countries. If we compare the promises and undertakings of that time with the reality of the present, we find that the five years that have intervened have been years of standstill in the negotiations, notwithstanding the efforts made by various summit meetings from Rambouillet to San Juan in Puerto Rico, the meeting last January between the President of our Commission, Mr Jenkins, and the President of the United States and the visits of Vice-President Haferkamp to the United States and Japan. Notwithstanding these efforts to get things off the ground — and we must remember that the negotiations should be completed by July — we find that the entire matter is still overshadowed by uncertainties of all kinds, to such an extent that the European Community is being forced once again to review or even threaten to withdraw entirely its own 'platform', while the threat of protec-

tionism looms ever larger over the entire scene, as all the previous speakers have pointed out.

In this connection I should like to address one remark to Lord Brimelow. This morning he said that when you come down to it, protectionism today threatens only 5% of all trade. This may be true, Lord Brimelow, but we must also consider what are the sectors threatened, and then the matter becomes more alarming.

On the other hand some colleagues have pointed to the existence of another form of protectionism, which disguises itself as non-tariff barriers, but which in reality amounts to no more and no less than protectionist measures. There is nothing else you can call the 'American selling price' except a protectionist measure, however well camouflaged it may be. I feel therefore that if we take a closer look at the whole matter, we must feel concern at this threat. The other side of the coin, of course, is the threat of a ruthless liberalization which none of us really wants to see, that same ruthless liberalization that has turned entire countries, particularly in the Third World, into export enclaves. I refer to exports under dumping conditions, exports based on low wages, by which the international market has been and continues to be seriously disturbed.

We realize that these phenomena are caused by extremely complex economic factors. One of these factors, as Mr van Aerssen has already pointed out, is the fact that there has been no attempt to reform the international monetary system. This means that a sword of Damocles is hanging over the conclusions of the GATT negotiations, because, if exchange rates continue to fluctuate, what kind of results can be achieved by, for example, a reduction of tariff barriers?

Let us not however dwell over-long on this question, nor on the rise of the developing countries that are knocking on the doors of the market, the penetration of the multinational concerns into these countries or the difficulty of effecting reconversion in our own industry.

Confining ourselves to the matter of the GATT negotiations and bearing in mind that they are shortly to be concluded, I should like to ask the Vice-President of the Commission whether the Swiss formula in the tariff negotiations has been finally accepted.

Secondly, as far as non-tariff barriers are concerned, we should like to know if we are getting any nearer to an agreement on the assessment of goods for duty — I am returning, you see, to the American selling price — or to agreement on a code of conduct on standards and technical regulations. This latter is something on which the United States and ourselves are in dispute but on which we must reach agreement, as otherwise we would have further camouflaged barriers, which would only create obstacles and put the European Community in an inferior position.

Sandri

Finally, I should like to say a word to the Commissioner on the matter of purchases from public funds. Yesterday Commissioner Davignon referred to an undertaking given by the USA to review the Buy American Act, as far as any possible arms purchases are concerned. Now the question is: will this review promised by the United States refer only to arms purchases, or will it be extended to all purchases financed from the public purse?

As far as the negotiations are concerned, we feel that the Community's representatives must stand firm in defence of the additional advantages that we must secure for the developing countries. We are in favour therefore of a full opening up of trade and we hope that the negotiations will lead to real progress. Above all we are firmly convinced that the European Community must make concessions, which will be reciprocated by concessions on the part of our major industrialized partners, Japan and the United States. This is the only way in which we can gain further benefits for the developing countries. We would not like the achievements of the Tokyo Round to be at the expense of the weaker parties, as happened in the case of the Kennedy Round, which the developing countries in the Group of 77 called the 'rich man's club'. We feel that these negotiations, the answer to a major challenge of our time, can lead to positive results, if they succeed in bringing a measure of fairness and equality into international economic relations. In this spirit the Italian Communists pledge their modest but wholehearted support to those who are negotiating on behalf of Europe in the Tokyo Round and will vote in favour of the resolution, while inviting the rapporteur to amend the ill-chosen turn of phrase in paragraph 5.

With regard to the eight amendments tabled by Lord Brimelow, the Italian Communists are in favour of six of them, but they do not approve of the two requests that the fourth and fifth indents of paragraph 13 be deleted. It seems to us that, whereas all the other amendments are in line with the spirit of the resolution and are even more precise than the amendments we ourselves have tabled, these two proposed deletions would change the entire balance of the resolution.

In addition to Lord Brimelow's six amendments, we also welcome the amendment tabled by Mr Kaspereit, as it seems to us that it should be clearly laid down that concessions will be granted only when others do likewise. Finally, we approve of the amendments tabled by the Committee on Agriculture, even if there are perhaps a few too many of them, because they raise a number of problems with a determination that we ourselves share, and, above all, the problem of making the United States market more open to receive European agricultural produce.

While it may be true that our common agricultural policy can be accused by the developing countries of being protectionist in character, we certainly cannot

stand for this accusation when it comes from the United States. Since the Committee on Agriculture is demanding liberalization in this matter on the part of the United States, we accept the amendments tabled by it.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, this year is crucial for GATT and it has to protect itself on both sides. On the one side, there is protectionism, which nullifies the effects of the liberalization of international trade; on the other, there is the tendency to seek unilateral solutions to the problems of competition.

In fact, the aim should be to enable the Member States to resolve their common problems together and not just to provide some States with the means to curtail their losses as far as possible.

At the moment it seems unlikely that all the questions still outstanding will be resolved before the Bonn summit in mid-July. We should like to see the short time that remains used as effectively as possible so that there is no need for a 'marathon' as so often happens in the Community. Certainly we must deal with all the problems, but we must deal with them properly.

In this final stage, it seems that Europe is in a weak position in relation to the United States and Japan. The present situation is extremely favourable to them. The weakness of American currency has now made reductions in customs tariffs or other frontier barriers more or less pointless. The United States thus has considerable scope for manoeuvre. It can pass on to its partners the benefits it has amassed while its currency has been falling. As for Japan, we know that the considerable surplus in its balance of payments, particularly in relation to Europe, puts it in an advantageous position.

In these circumstances, our Assembly must support the Commission's efforts to date to oppose the revival of protectionist tendencies and establish international rules which will help promote world trade in the interests of all nations and in particular the developing countries.

As regards the application of the safeguard clause provided for in Article XIX, it must be revised in such a way that it can be applied immediately, on a selective basis, in other words the safeguard clause would only cover imports from the country or countries directly responsible for the disruption or threat of disruption of the market, its use being of course subject to international control in order to prevent any abuses. Furthermore, it should be possible to exempt any importing country which introduces a safeguard measure from having to grant compensation or being exposed to retaliatory measures by the exporting coun-

Liogier

tries concerned. The organization of trade should therefore include safeguard procedures, codes of good conduct and machinery for resolving any disputes that may arise from the application of these codes. We therefore urge the Commission to persevere in its efforts and not to compromise on the points which we consider essential.

As far as agriculture is concerned, the established principles must be upheld: the specific nature of the agricultural sector, reciprocity, compliance with the common agricultural policy. We must remember that the instruments of the agricultural policy are immutable. Negotiations must not be allowed to jeopardize the EEC. Duties must not be consolidated automatically and in certain cases, beef and veal for example, it might be wise to consider reducing them in order to set up an effective common organization of the market.

Generally speaking, the renewal of GATT should enable the Community to increase its exports, particularly in the sectors in which, although competitive, it has various non-tariff barriers to contend with. Also the health and plant health regulations which constitute an unwarranted obstacle to our imports (particularly in the case of meat, certain milk products and flowers) should be reviewed. The only solution is a world-wide system which would ensure that other countries share the costs at present borne by the EEC alone.

Nor is it admissible to continue to encourage exports from third countries to the Community at the Community's expense. For example, demand from the USA for tobacco would lead to a substantial increase in EAGGF expenditure and have an extremely detrimental effect on the developing countries.

It seems essential to introduce special machinery to help the poorest developing countries. In fact, the general reduction of tariffs for the benefit of all the trading partners is a problem for the developing countries since the preference that they are supposed to be granted is eroded as a result.

On the other hand, in the case of the Eastern Bloc countries, which do not have customs duties, our attitude will undoubtedly be different. Any concession granted will have to be counterbalanced by a concession from the other side. In short, we must ensure that any tariff reductions granted by the western countries are adequately compensated. The state-trading countries of Eastern Europe benefit from the concessions that the western countries allow each other, because of the 'favoured nation' clause incorporated into the bilateral agreements. In view of their particular economic and social structure, it is difficult to decide what concessions they should be asked to make in return. But we should be able to obtain proper reciprocal arrangements for our exports.

Finally, and this is a *sine qua non*, the Community should not introduce any concessions on its side until

the procedures for parliamentary approval, in the industrialized countries where this is needed, have been completed. We must remember that the United States Congress has the power to amend, and even to revoke, certain decisions resulting from the GATT negotiations.

But it is essential to provide for the simultaneous implementation of the results of the GATT trade negotiations and arrangements for the restoration of an equitable long-term monetary order. Unless an effort is made to ensure that changes are not so frequent or the range in the parity of currencies so wide that they have detrimental effects on the economic and social balance of the signatory countries, the results of these negotiations could be disastrous for our Community.

Mr Kaspereit has tabled two amendments to Mr Cousté's report on behalf of the Group of European Progressive Democrats. The first, Amendment No 2, proposes that the first indent of paragraph 9 should read as follows:

'the EEC's system of generalized preferences should be reviewed in liaison with the appropriate UNCTAD bodies' instead of 'in collaboration with'.

In fact, as you know, the generalized preferences system is an autonomous and not a contractual system. It is true that the developing countries would like to see the industrialized countries bound by a conventional legal system. But, as you know, we have always opposed this.

Our second amendment, No 3, proposes that a paragraph 13a, worded as follows, should be added after paragraph 13:

'Requests the Community not to apply its own concessions until its industrialized partners do so'.

The aim, of course, is to ensure that it is not always the Community that makes the concessions, as is the case with the generalized preferences system.

President. — I call Mr Hughes to present the opinion of the Committee on Agriculture.

Mr Hughes, draftsman of an opinion. — Mr President, I think the most important element in this document, 86/78, is the very first page. By letter of 23 February 1977, the Committee on External Economic Relations requested authorization to draw up a report on the progress made in the GATT multilateral negotiations. By letter of 5 April 1977, they appointed a rapporteur. Now, in no sense is my censure directed against Mr Brugha personally. He has had to take over at very short notice a very difficult brief. Nor is it directed against our recent colleague, Mr Cousté, but if this Parliament chose 17 months ago to take on board the problems of the GATT negotiations and has sat on it, pigeon-holed it, delayed it — and this includes the Committee on Agriculture with me as the draftsman of its opinion — I take some of the

Hughes

blame — if we want to be taken seriously, we do not ask for an own-initiative report on a problem of such major importance as these GATT negotiations and then take a year and a half to produce it! As I say, this is in no way a personal comment either upon Mr Cousté or Mr Brugha, but if this Parliament's views are to be taken seriously in any forum, we cannot allow our own internal arrangements to so delay discussions, both in committee and in plenary sitting, that by the time it actually comes to the plenary, the Geneva negotiations are nearing completion. What makes this plea for greater care necessary is that it was on 28 April that the Committee on Agriculture in Rome found itself capable of voting on an opinion, and yet I am informed that it was not until this morning that Mr Brugha was advised of that opinion and the consequential amendments to this resolution.

Again, I in no way blame Mr Brugha for this, but if the Committee on Agriculture votes an opinion which includes a set of amendments to a motion for a resolution and does that in April, I find it hard to believe that the secretariat of the Committee on External Economic Relations should only be able to inform the rapporteur in the middle of June; that does not seem to be a way in which this Parliament should so arrange its business as to give itself authority or to obtain authority. I fear we are now dealing with some fairly shop-soiled goods; many of the problems that we ought to have been giving advice and opinions upon 12 months ago we are now asked *ex post facto* to advise upon. Having said that, I now turn to the agricultural sector. One of the surprising elements in the original report of the Committee on External Economic Relations was the somewhat cavalier way in which they treated the whole of the agricultural sector. It did not get a lot of mention, and yet it is clear that in both the GATT negotiations and all the associated problems agricultural products, and the related tariff questions are crucial. If I confine myself to two specific areas, I hope that will suffice.

Let us turn to the problem of the developing, Third World countries. What cannot be denied is that with products such as sugar, whatever we may do with our left hand on behalf of sugar-producing countries, whether in Lomé or outside, if with our right hand we are providing export refunds for beet sugar to be loaded onto the world market, this will create a distortion of trade. However you may wish to dress that up, if you produce sugar from beet inside the Community at £ 300 a tonne and then give an export refund of £ 150, or whatever it may be, to sell it on a world market, you are distorting trade. That is a level of distortion, which, if it were practised in the industrial field, would be castigated as dumping of the worst sort. As a trading partner in the world's agricultural commodities, the Community has a fairly appalling record: it uses export refunds as a means of supporting internal prices and it does that at the expense of potential trading partners in the world economy. However hard we try to dress that up, that

system necessarily produces that effect. We want therefore, as a change in the common agricultural policy, to diminish the use of export refunds and all that is involved therein as a means of supporting our own farmers. If we have got surpluses, let us sell them on our internal market; let us not use export refunds as a means of transferring the burden to those who can least afford to support it. The same is true of our import policy in some agricultural products: we seek quite knowingly to restrict the imports of certain Mediterranean tropical-type products in order to protect our own Mediterranean tropical producers. We knowingly do this and then we try and turn a clean face to the other part of the world and say: We are free traders in everything but agriculture. Give us everything you have got except your agricultural products' when we know they have nothing but agricultural products to send us. There is a dishonesty in that which I find nearly disgusting. In the face of this, our relations with the Third World in regard to agricultural products are highly sensitive, because clearly, although we have a special relationship with the ACP Lomé countries, its dilution *vis-à-vis* the non-associated countries lessens the benefit that the ACP countries believe they receive. If we equally give a benefit to some of the ACP countries in products which could be produced and are produced within the Community, then Community Member States and associated and applicant countries will feel aggrieved. It is already known that Greece and Italy were unhappy over the tobacco arrangements. If we allow tobacco in from somewhere else — Greece, Italy and other tobacco-producing countries that have another arrangement with the Community will feel themselves aggrieved. Neither this House nor this Community has come to terms with the problem whether we are here to protect our own farmers, even if it means that those in other parts of the world are reduced to poverty, degradation and death, or to liberate trade. Nothing that we have so far heard gives me any confidence that we are prepared to pursue meaningful and realistic liberalization *vis-à-vis* third-world products. When I listen to the Commission's comments about what has been done, I find them wholly unsatisfactory. There is a long list of the offer of 1 January 1977, and the more you look at it in detail, the less it means in reality.

Let us turn from that to the other area, which is notably the United States, but not exclusively. It is quite clear that the USA in agricultural products has and still continues to pursue a policy of protectionism, not merely in dairy products, but in a whole lot of other things, which makes the risk of a trade war, a cheese war or whatever else sort of war it happens to be in commercial affairs between the EEC and the USA, highly likely. The USA, using as an effective argument our use of export refunds, is saying — so is Canada for that matter, so are other countries — why should we let into our countries commodities, notably dairy products, which you in Europe are *de facto* subsidizing to a major extent.

Hughes

There were moments, and I hope Commissioner Haferkamp, when he replies to this debate, will comment on this, when the new Carter administration appeared to be becoming more alive and more sensitive to this difficulty. I have certain doubts as to whether that has been maintained in the current negotiations. No one in the Committee on Agriculture — some would say regrettably — is prepared to so fundamentally change this common agricultural policy as to allow a totally liberal approach. That is the difficulty. They cannot envisage a CAP that does not allow of export refunds. In moving these additions on behalf of the Committee on Agriculture to this report, I just stress that the success of these current GATT negotiations depends upon finding a solution to the agricultural problems — a solution at two levels; firstly, *vis-à-vis* the Third World, where the activities of the Commission in not demanding reciprocity, for instance, could be described, I think with some difficulty, as being generous; secondly, in effective and hard negotiations with the USA and other countries on specific commodity groups. The Committee on Agriculture ask that to the existing motion for a resolution a number of additional paragraphs be added. I would not bore this House with reading them out. I would refer them to page 46 of the document 86/78 and/or to Mr Kofoed's Amendment No 1 in the name of the committee. With these remarks and the request that the House accept these amendments, I urge the House to recognize that agriculture is of crucial importance in the Community's stance if these negotiations are to have any real chance of success.

President. — Without in any way intervening in the substance of the debate, with reference to the earlier remark that the honourable Member made concerning the services of the Parliament, I would point out to him that the report was in point of fact published on 8 May of this year. That included the opinion of the Committee on Agriculture together with the various amendments, as I am sure he knows — they are on page 46 of the English version — so I hope he will not pursue the particular line that he was adopting in the earlier part of his remarks. There is no blame on the secretariat.

I call Mr Power.

Mr Power. — I would like first of all to compliment Mr Brugha on the clear and excellent manner in which he presented this report at such very short notice, and also to compliment the original rapporteur, Mr Cousté, who is now recalled to his national Parliament. He was a very valued member of our group and of this House, and his contributions, particularly in matters such as we are now discussing, were highly appreciated here. I will make the prediction — if I may — that his association with this Parliament has only been interrupted and not severed. I would say that those in the Lyons region would agree with me there.

Mr Hughes, the previous speaker, was critical of the delay in producing this document. I am glad to see that you Mr President, have dealt with that. It is a pity that he was not more specific and did not tell us exactly how cumbersome this particular Parliament is and where the real delay lies. He exonerated Mr Brugha and Mr Cousté from that blame, but I would like to know why it took so long to produce this document.

It is a cause of great concern to me that Mr Hughes is again the spokesman for the Committee on Agriculture here. I have heard him speak as rapporteur on agricultural prices, and I can say to him that no one could have been more anti-farmer or anti-producer than he was on that occasion and more pro-consumer. It is a cause of alarm to me to see him in the very same role here today. He mentioned in his contribution on agricultural prices that the Agricultural Committee was never intended to be the mouth-piece of farmers. I agree with him there, but it is unthinkable that it should become the organ or political platform for consumer interests. I would say to Mr Hughes that he misrepresents the Agricultural Committee totally. In the Treaty of Rome, if he bothers to read it sometime, he will find that the fundamental principle laid down there is of Community preference, and we must remember that when we are discussing the common agricultural policy and considering matters such as ate before us now.

This will be a critical year for GATT and the decisions we take will be very far-reaching. As previous speakers have said we have a choice to make between protectionism and competition. Protectionism would nullify our aim of trying to liberalize international trade, but because of our present unemployment difficulties and the recent recession, protectionism is often seen as a cure for the problems caused by competition and so Member States are inclined to seek bilateral solutions. We, however, think it should be made possible for all member countries to solve their problems jointly. We realize that the result is important, but the manner in which that result is obtained is important too. We look at Europe's position at the moment and when the comparison is made, as it has been made already, between Europe's position on the one hand and the United States and Japan on the other, we may feel that we are in a weak position. The decline in the US dollar gives that country a stronger hand in finalizing agreements, and Japan's big balance of payments, especially with Europe, gives her a strong position too. With that situation in mind, I believe Parliament should give general support to the Commission's continuing efforts to combat protectionism and establish international rules to encourage world trade in the interests of all. When I say all, I have particularly in mind the people in the developing countries.

Power

I am glad to see that Mr Brugha felt as I do. He mentioned that the safeguard clause contained in Article 19 should be revised so that it is applicable immediately and on a selective basis and that it should only be applied to the country or countries directly responsible for the disruption or threatened disruption of the market. In this way the real cause would be reached immediately. Moreover, it should be applied as early as possible so that the least amount of harm is done. You say that that action might be dangerous: I agree with that, and to avoid mis-use it should be possible to have international supervision.

The trading system should also include safeguard procedures and codes of conduct, and machinery for settling differences that may arise in the application of these codes. We in the Group of European Progressive Democrats call on the Commission to continue its efforts to maintain a firm stance on certain vital points.

As regards agriculture, we must uphold the established principles and the specific nature of the agricultural sector. I refer to the common agricultural policy. Certain Members here would appear to forget that the common agricultural policy was a fact when they joined, and they must accept this is a fact. While it may be right for them to use their position in the Nine to endeavour to change this, they should not refer to those that accept the common agricultural policy as people that reneged on certain principles. An examination of the situation in the agricultural sector leads me to believe that the Commission has sold us down the river, or is in the process of doing so. One can only be unhappy and apprehensive that the offers being made or likely to be made by the Community cut across the provisions of the original mandate of the non-negotiability of the principles of the common agricultural policy.

I wish to speak of cheese. The Community has already moved a long way from the position it maintained with regard to this, and it appears that a bigger step is now being contemplated with regard to beef in response to pressure from Australia and other third-country suppliers. We have always favoured marginal adjustments in the mechanism of the common agricultural policy but the proposals for cheese look to me as if we were dismantling rather than adjusting this mechanism. Why is it that the Commission is so likely to give ground particularly in these two areas, to grant concessions in beef and dairy products? Where does Community preference come in? Is that not to be maintained with these two products? I am aware that some Members here will say that we in Ireland are not considering the special position of New Zealand and Australia. We are well aware of their position but it would be very foolish of us not to consider our own special position and to do so as a member country with its rights as well as its obligations: we

look to other member countries to show as much respect for our rights as they do for the obligations of others.

We see our very precarious position with regard to cheese. We have devoted a lot of attention in our country to diversifying our milk products and directing them into cheese and away from skimmed-milk powder and butter production where we have a surplus. I can say that Ireland has availed itself very little of intervention with regard to these particular products. Our total cheese production in 1977 amounted to 53 500 tonnes and cheddar cheese amounted to 90 % of that total. Our home consumption, for we do not seem to have a great palate for cheese, is quite small. So we must look to exports particularly to the United Kingdom, where we have a market for our cheddar cheese. But we find a difficulty there because of imports from New Zealand under Protocol 18, also from France and the Netherlands. Our belief is that a concession to New Zealand as far as cheese is concerned was to cease after 1 January 1978. If this is so — and we have no reason to believe that it is not so — why should the Commission consider any proposal that is designed to facilitate imports of cheddar into the Community market without any prior discussions with the Ministers of Agriculture? All discussions must have regard to the present state of the Community market for cheddar and to the forecasts of this market.

There is talk in the Community of granting access for cheddar in an effort to gain access to the United States' market for speciality cheeses. This will do harm to our cheddar industry and will be no help at all to us.

We maintain that there should be no question of allowing any cheddar cheese into the Community from a third country at less than the threshold price, and even if this is allowed management must be very clearly defined and adequately monitored.

Mention has been made of the third countries here, and I think it should be pointed out that, despite the difficulties of the last few years, this Community here has fulfilled its commitments under the Lomé Convention towards the developing countries.

I would like to make reference to trading relations with the Eastern Bloc. Our attitude should be temperate in this regard, because they have no system of customs duties and for every concession that we make we must obtain the *quid pro quo*. Tariff reductions by the Western countries should be matched. It is our experience that trade agreements are used as political weapons, or as a means of political manoeuvre by these Eastern countries.

In conclusion, Mr President, I would like to say that any trade negotiations can only be of benefit and can only succeed if they are matched with a fair and

Power

sound monetary system. Both matters are mutually complementary and they seem to depend on each other, and if the present fluctuations in currency values continue our negotiations cannot be fruitful.

We support the matters that have been raised in this report and feel sure that an effort to solve our problems together is the correct one.

President. — I call Mr Martinelli

Mr Martinelli. — *(I)* I regret that Mr Cousté is no longer a member of this Parliament. All his work, and in particular his report on the multilateral negotiations in GATT, even if it is by now somewhat stale, as some speakers have perhaps rather unkindly pointed out, shows a profound understanding of the economic and financial problems and bears witness to the high degree of energy and commitment he brought to his membership of this Parliament.

On the whole the motion for a resolution tabled by the Committee on External Economic Relations is deserving of our approval. Mr van Aerssen has spoken about it on behalf of the Christian-Democratic Group, and I cannot but agree with the points he made so clearly and intelligently. I should like, however, to add a few brief remarks, principally on the special difficulties with which these negotiations have to contend. As many speakers have already pointed out, GATT is seriously weakened by the absence of a sound international monetary system. When it was first established, mainly through the efforts of the industrialized countries that wanted to expand and liberalize world trade, it was built on the foundation of a relatively stable international monetary system with fixed exchange rates. By now this is no more than a memory. We may think back on it with some regrets, but we also have to get down to the drawing-board to work out a system that will curb the instability of monetary parities. If this system is to produce results, it will call for a great deal of solidarity on the part of the stronger countries and for many sacrifices from the weaker countries.

Notwithstanding all of this, it has to be acknowledged that GATT, even though it operates in a difficult economic situation and is not without its inadequacies and uncertainties, is still an extremely useful mechanism. In fact, it is difficult to see how it could be replaced by any other mechanism that would afford greater advantages.

We must therefore operate within the framework of GATT, changing it for the better, retaining all that is effective in it and endowing it with the new instruments called for by changed conditions. The original 22 countries have now become 72. However, a further 26 countries that are not contracting parties are taking part in the multilateral negotiations. The negotiations

therefore are being conducted between almost 100 countries. GATT is no longer the rich man's club only, even if it must be admitted that the rich enjoy an influence that the other poorer countries struggle in vain to achieve. Many of the countries taking part in the negotiations as contracting parties or associates are ranked amongst the so-called developing countries. This means that the GATT of today is very different from that of 31 years ago and that the agreement we call the Tokyo Round is very different from the Kennedy Round or from the Dillon Round which preceded it.

I should also add that fortunately the industrialized countries have committed themselves to a policy of international solidarity, which has given rise to numerous agreements affording concessions and preferences without reciprocity clauses. This is also apparent in the very structures of GATT, since it is realized that its own rules need to be better adapted to this situation in order the better to achieve its objectives.

Alongside tariff barriers, which are just as serious a problem as ever, we now have the no less important phenomenon of non-tariff barriers, which in the past 30 years have become a positive jungle. Mr Normanton has referred to the proliferation of non-tariff barriers in the whisky trade, which have given rise — I am quoting a much more important example — to those sophisticated rules that make it impossible for many foreign finished products to penetrate the Japanese domestic market and other markets as well. It is essential therefore to codify procedures for customs assessment. In the United States, for example, there are nine possible ways in which value for the purpose of customs duties may be assessed. In this matter GATT contents itself with merely setting out the general principles. These refer to the real value of the goods, which must not include internal levies or taxes of the country of origin. Without going into the matter in detail, because of the limited time at my disposal, it seems to me that the Commission proposals on this matter are a considerable improvement, even if inevitably they are still unnecessarily complicated. They would reduce the different ways of assessing the value of goods, for example, to five.

Tariffs, as I said earlier, are still as important as ever. The Community has been generous in its initial offers to reduce tariffs, but this generosity has not been matched by the offers from the American side, which list numerous exceptions for products of broader interest, while the offers from Japan and Canada have been utterly unsatisfactory. This has forced the Community to cut back on the tariff concessions previously offered, as Mr Sandri pointed out a few moments ago, but I would hope that the Commission will use this merely as a means of persuasion or of

Martinelli

applying pressure in the final phase. I agree with the implementation of tariff reductions in accordance with the so-called Swiss formula, which calls for a reduction and harmonization of customs duties and stipulates that there should be a weighted average reduction of about 35 %, which would take into account the exceptions requested.

The view generally held is that the safeguard machinery based on Article XIX of GATT has not operated efficiently so far and that it is still inadequate to achieve its objectives. It has often been difficult to respect the obligations in the matter of giving notice and of prior consultations. Furthermore, the present machinery requires that these safeguard measures be taken *erga omnes*, and we must remember also that there is no clear-cut definition of the criteria to be observed, such as, for example, the threat of serious injury and critical circumstances.

I am in favour of the position taken up by the Community on this matter. The application of safeguards should in general remain non-discriminatory, but it should be possible to adopt selective measures to cope with imports from countries causing serious injury. Every safeguard measure should indicate a time limit, as provisional measures to which no time limits are set are a form of economic arrogance and harshness. I agree in particular with the proposal that I seem to remember having heard in one of the speeches, namely, that a committee be set up to monitor more effectively at international level the application of these safeguard measures.

I should like now to say a brief word on the negotiations on agricultural products, which have always formed a bone of contention in GATT agreements. The United States, it seems to me, has dragged its feet on three of the most important sectors, namely, cereals, meat and dairy products, while it continues to insist that the Community give it further tariff concessions in respect of typical Mediterranean products, such as tobacco, citrus fruits, fruit juices, etc., which are of more direct interest to American exporters.

It should be remembered that in the GATT agreements that followed the enlargement to nine Member States, the Community made major concessions in respect of Mediterranean products. In the three sectors mentioned above, cereals, meat and dairy products, the agreement to be concluded must meet the legitimate expectations of the Community. I think that Mr Liogier was arguing along the same lines.

A further point to be borne in mind — and I think that this was well explained by Mr van Aerssen — is the need to give GATT a managerial governing body with greater powers than those at present enjoyed by the Director-General. The contracting parties to GATT are much more numerous than they were at the beginning, the products being bought and sold in

the world are much more numerous, the negotiations that have to be carried out are much more complex and operators and governments are more ingenious and experienced in devising stratagems for evading the duties imposed by GATT without losing the rights conferred. As a result it is impossible today for a Director-General and his assistants to cope with all that has to be done, however capable and industrious they may be. This is also a problem that calls for very careful thought.

In the difficulties by which the past five years of negotiations have been and to some extent still are beset, some have seen the signs of a progressive paralysis of GATT; indeed, some ideas of this kind have even been voiced in this House. However, this need not be so, if the contracting parties can find it in themselves to face up to reality and to profit by experiences, which must not be allowed to go to loss.

Unless the rules of GATT are applied more effectively, international trade will continue to be increasingly disturbed. This basically is the message of the resolution on which we are about to vote. If GATT is enabled to act promptly and openly, it can give a boost to the international economy and thus make a valuable contribution to peace and mutual understanding. Mr President, there are a number of other points I should like to make, but I feel that I must respect my speaking time and I shall therefore conclude.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, may I first congratulate Mr Brugha on his success in taking over what is a very complicated and difficult report at such short notice. I agree with my colleague, Mr Normanton, that it is not merely enough to renegotiate the GATT tariff provisions, because, as many speakers have said, there has been a marked lack of fair play in the past, between the signatories of GATT, as is so clearly pointed out in the report on page 37. Tariff barriers are all too often replaced by other barriers more difficult to surmount.

I thoroughly agree with Mr Brugha's comment that all too often we do not play fair, and others do not, so I strongly support — and I am glad my group is doing so also — Mr Kaspereit's Amendment No 3, which urges the Community not to apply its own concessions until our industrialized partners apply theirs. Now this, I would suggest, applies particularly to the United States, who really must accept the full provisions of GATT on countervailing duties. It also applies very strongly to Japan, whose market, as Mr Martinelli has just pointed out, is totally impenetrable to our goods, and yet they take advantage of everything we have to offer. Such lamentably one-sided trade practices cannot be tolerated, and must be outlawed in the new agreement.

Kellett-Bowman

But I wish to refer particularly to paragraphs 5 and 14 of Mr Cousté's report. Paragraph 5 states categorically that the threat to the Community's economy from massive cheap imports must be taken into account in the final phase of the current GATT negotiations; paragraph 14 states that structural adjustments are needed immediately in order to safeguard our jobs and stay competitive. But many sectors of our economy vitally need a breathing-space whilst those adjustments can be achieved. This applies, for example, to the multifibre agreement, negotiated under GATT, together with the bilateral agreements — not the sort of bilaterals referred to by Mr Power between one nation and another, but agreements between the Community and other nations.

Now in the past few years, there has been massive investment in the textile industry in all the countries of the EEC, making it second only to the chemical industry in capital intensity. But even so, there is still scope for more investment and innovation to meet changing demands and penetrate into those higher grades and specialist sectors of the market where low-cost mass-produced goods from under-developed countries are not so competitive. This is the main reason why we really do need the breathing-space referred to in those two absolutely vital two paragraphs of the report. This point was brought up very clearly in the annual report of one of our biggest companies. Marks & Spencers, whose Chairman, the Honourable Sir Marcus Sieff, pointed out on 24 May that 90 % of the goods they sold were made locally. They and their suppliers had been compelled to buy a substantial quantity of high-quality woven fabrics from high-wage, technically advanced producers, for example, North America, Japan, Switzerland, Austria and Israel and not from the low-cost producers of developing countries, because they could not get the range and quality of fabrics they require. I am happy to say, Mr President, that, owing to improved cooperation, between this particular company and our textile concerns — and I am sure this is taking place between the retailers and the textile manufacturers on the continent of Europe — this situation is rapidly changing, and saving jobs which would otherwise be lost. Now four out of ten shirts sold in the United Kingdom are sold by Marks & Spencers, and up to five years ago 90 % of the fabrics for these shirts came from abroad, from the countries I have just outlined. Since Marks & Spencers select and buy their own fabrics, and have them made up, it is absolutely vital that this close collaboration on specification should be maintained throughout the ranges. They lay down a very very tight specification, and because local textile manufacturers have now managed to meet these specifications, the proportion of goods which have to be imported from those other countries has been exactly reversed, and now 90 % of these shirtings are home-produced. So, it can be done. But it can be done only if there is a breathing-space.

The same is true of suits. In the early 70's much of our suiting came from Sweden. Now a former shirt-supplier has turned over to making suitings, and 70 % of our suits are now home-produced. In fashion fabrics, such as corduroy, so popular now for men, women, and children, it is only recently that our own mills really got cracking on this fabric, but they are now producing and selling large quantities. Similarly with high-quality towelling. Up to 5 years ago, the bulk of what was sold in the United Kingdom came from America. Now our mills are supplying increasing quantities, and the same must be made to be true over all the range and in every country of the Community. But even so, despite this progress, orders worth £40 million per annum are still going to the United States and other high-wage countries. It is not the developing nations that are in fact benefiting at all in this instance, and it is essential that our home industries should continue to have the protection afforded by the multifibre agreement negotiated under GATT, if they are to be able to adapt their production and investment, and to train their workers in the new techniques, to meet the changing patterns in demand.

Half-a-million jobs, as this Parliament knows only too well, have already been lost in textiles, and we cannot afford to allow a further run-down. Paragraphs 5 and 14 of the resolution, taken together, can give our textile industry the breathing-space we need to move upmarket out of the cheaper fabrics that South Korea and Hong Kong, Singapore and Taiwan can make at a lower price, and into the more sophisticated goods, if we are to survive in a rapidly-changing world. In this connection, I prefer the original form of paragraph 14 to Lord Brimelow's amendment, because if we stay competitive, as the original paragraph suggests, we may be able to improve our position in world trade and not merely retain it, as he suggests. However, I do agree with his Amendment No 4, which he wants to add at the end of paragraph 14, because such a rapidly changing situation requires constant vigilance.

But I am worried about one amendment, and I would be most grateful if the Commissioner in replying would clear up this matter. I am worried about Lord Brimelow's Amendment No 10. He said in his speech this morning that inclusion of the fifth indent would greatly hamper our regional policy. Now I want to know if this is or is not correct. I am certainly not prepared to vote for the inclusion of that indent if it would damage regional policy, but I would like the Commissioner's word on this before voting.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I have listened to this debate and studied the Cousté report with great care, and I must say that throughout there is one thing which has worried me very considerably and

Dunwoody

that is that, frankly, in a report which deals with probably one of the most important trade negotiations that have been carried out, both inside and outside the Community, over the last five years, there seems to me to be an astonishing lack of serious debate about the real problems that we are facing. Let's face it, as a Community it is really quite hypocritical of us to suggest that, in dealing with other trading nations, particularly of course America, we can actually offer open markets of such an extent that we can demand reciprocal terms. And the worry that I have about this report is that it talks about agriculture, apparently in some depth, but never actually goes into the political implication of the very policies that this Community is carrying out.

Let me explain exactly what I mean. Very recently the ACP countries got together with Parliament to talk about the beginnings of the Lomé Convention. It became very clear, in listening to the speeches that were made by those ACP countries, that unless there are very considerable changes inside the EEC, particularly in relation to commodity agreements — and I think especially of things like sugar, rum and bananas — we are going to find it very difficult as a Community to negotiate Lomé II. It is very clear that something like one-third of the EDF support is going into supporting and changing agricultural superstructure in the developing countries themselves, but when it comes to the marketing of those agricultural goods, be they something as specific as sugar or be they the off-products like rum, we do everything we can to restrict the markets that are offered to the developing countries inside the Community.

It is not logical to behave in this manner and we cannot consistently do it. I leave aside the whole question of whether we are actually serving our own consumers adequately — I do not believe we are, and I believe that is a case that can be made out time and time again. But I do think that we should remember that we are in fact a trading Community. We export industrialized goods, and unless we are prepared to discuss, openly and honestly, the effects of our trading policies, particularly in relation to agriculture, we are going to run into very real and very difficult problems. Let me give you just another example. We have heard a great deal about the need today for America to open its markets to us. But what no one has said is that the Community is not above bringing in countervailing duties, attacking industries — new industries particularly, like isoglucose, which after all are based on American maize — and taking very specific trade sanctions against American industries.

If you leave America out of the argument, you come to associated countries. We have heard a great deal this afternoon about the fact that the Community is so kind — it enters into agreements with the associated countries, it gives them open markets. Let me draw the attention of this Parliament to one particular

country. The orange season is now completely finished, and yet this Community has not even been prepared to discuss with Israel — a country which has an associate status, and I may say, has a balance which is in favour of the Community — the whole question of the taxes that are put on citrus fruits by this Community.

Now, whatever you think of that, we cannot continue to operate on that basis if we want to have the same kind of access to other people's markets. You cannot say, on the one hand, you must open your markets to our dairy produce and, on the other, when it suits you, when you have got some vast surplus that you cannot deal with because of the bizarre conditions of the common agricultural policy, unload onto the world market vast amounts of dairy produce. That is what we do not want, but we actually give money from the Community coffers to encourage people in that way. And we do it in a Community which artificially keeps those very goods high, even at a cost to its own consumers. Now, what madness is this, and how long do you seriously think that we can continue to do it? In all honesty, I can assure you that when we are talking about aid to developing countries, we had better think about our attitude. What do we say? We say: 'Ah, well, we are very happy to trade with you, but if you do anything which damages our internal industries, then of course we will bring the safeguard clause into operation — this famous Article 19'. What does Article 19 say? It says, in effect, that we can take one-sided action. It even suggests that we can do so without proper negotiation with the industries concerned.

If we are going to renegotiate that clause we had better think about the people that we are selling to, because they are going to have something to say if we operate in that manner. And they are going to say it in no uncertain terms. My real objection to this particular report however, is actually a fundamental one. The Community behaves in many fields — and trade is the classic example — as a protectionist organism. It builds barriers round itself, and as a sop to developing nations, it gives out certain amounts of aid. In return, it expects very considerable concessions. In its turn, it refuses to discuss in straightforward terms the sort of commodity agreements it is going to develop in the future; and in return again if there is any danger of any kind of import substitution, we then bring the safeguard clause into operation.

Now, I say to this Parliament that we would be doing the EEC and the developing countries a much greater amount of good if we were honestly to admit that agriculture is the basis of negotiations, particularly from the point of view of this Community. We are not going to be able to discuss the need to protect our industries if we ignore the effect that our own trading policies are having on the world trade forum. Because what we are doing at the moment is using our agricul-

Dunwoody

tural policies, in many instances, to distort world trade and particularly the trade of those developing countries who most need it.

And more than that, there is very clear indication that those countries that are outside the ACP are going to demand even greater inroads into the special preferences, and we have still not worked out what our attitude is going to be, or what assistance we are going to give to those countries when they apply for our aid.

So, I would say this: when we produce a report which says, as the Cousté reports does in paragraph 7 of the motion for a resolution: 'any concessions which the Community might grant should be brought more closely into line with those granted by other industrialized nations, in view of the predominantly open nature of the Community market', then we should think about what it is that we are saying. Because, frankly that is not the way the Community is viewed by the rest of the world. We have seen from the remarks of the Australian Prime Minister, we have seen from the growing fear of the New Zealanders of the attitude of the Community towards the importation of New Zealand produce what their view of the Community is as a trading partner, and we have seen from the attitudes of the associate countries how they are considerably worried about the things that we are doing in the guise of world trading.

Until we are prepared to talk openly and honestly about the way our trade policy is going to develop in the future, we shall only gain ourselves a reputation for a completely two-faced approach to world trade. If that policy is to succeed, it must succeed on the basis of open negotiation. There is nothing in this report, and certainly, if I may say so, nothing in the amendments submitted by the Committee on Agriculture, that will in any way contribute to that kind of openness, and I am deeply distressed and deeply worried by the total lack of reality that we have found, time and time again, in the debate that we have heard today.

President. — I call Mr Sandri on a point of order.

Mr Sandri. — (I) Mr President, the people in charge of the Report of Proceedings have asked me if I spoke on behalf of the Committee on Development and Cooperation, as I was the draftsman of its opinion. I should like therefore to explain — and I ask your pardon if perhaps I did not make this clear before — that I spoke on behalf of the Communist and Allies Group. I had included the text of the committee's opinion in the document before us in the form of an Annex.

President. — Mr Sandri, in point of fact I called you to speak on behalf of the Communist and Allies Group, so I hope there is no confusion about the capacity in which you spoke. I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, it would be tempting to speak at length but in view of the late hour I shall not do that. I also believe that this will not be the last debate here on questions of commercial policy. Some very important and very interesting comments have been made. When all is said and done, we are concerned here with the credibility of this Community, with its behaviour in world trade, and with its position regarding its responsibility as the largest participant in world trade and how it is coming to terms with the worldwide structural change in trade and with the new division of labour. Some months ago we spoke about this in this House on the occasion of a debate concerning dumping and negotiations with Japan. At the time I was quite unequivocal about my own opinion in this question and I would like to repeat what I said then, namely that we cannot stand on the sidelines, we cannot throw off this responsibility and that we must accept the change and that there is no sense for us in trying to hide. There is no sense in trying to produce arguments which are not logical. This is not something we would tolerate in others.

I would like now to make a few observations on the GATT negotiations which are the subject of this report. I am most grateful to Mr Cousté for his report and would like on this occasion to stress our gratitude to him for his frequent contributions to our debates on trade policy: I am sure that although he is no longer a Member of this House we shall remain in contact with him.

I am also grateful to the deputy rapporteur, Mr Brugha, who has taken over the job of introducing this report, for his comments. We can see from the debate and from the report that we have the support of this House in our negotiations with GATT which are difficult and which have now entered a decisive stage.

The importance of these negotiations has been stressed here. I would only like to repeat that the importance transcends simple tariff and non-tariff questions. The main thing is to make a contribution in a certain sector to the improvement of the world economic situation, the stabilization of world trade and to attempt, in this international organization which has responsibility for regulating world trade to prepare the ground for the 1980s, since this is the time we are negotiating about. What we are negotiating is to come into force from the beginning of January 1980 after all the ratification documents have been deposited, and will then form the basis of world trade in the 1980s. We are also trying to show that despite difficulties in world trade we are in a position to work together in this international institution to do our duty and to make decisions on what has to be decided. I believe that it is increasingly our task, in view of the growing interdependence of economic

Haferkamp

developments in the world, to do everything we can to ensure that the responsible international institutions can continue working, to strengthen them, and to consolidate their rules and their resources, and to formulate and respect fully these rules and procedures ourselves.

If we do not practise such discipline in international institutions we shall never come to terms with the difficulties of world economic changes.

Over and above its own commitments in world trade and in view of its own economic importance and the exacting nature of the standards you impose on us and others, this Community has the obligation to play an exemplary role in the strengthening of international institutions. For me, this is part of the importance of these negotiations and in this connection I am grateful for every comment and suggestion made here, as, for example, those made by Mr van Aerssen: these are important and extend beyond the present round of negotiations which we call the Tokyo Round, since the work of GATT will not be over then. But firstly we must concentrate on the immediate problem, on the customs tariff reductions and non-tariff obstacles.

We shall continue as we started with the view that the negotiations are global negotiations and we shall see the result as an overall result. The overall result should in our opinion be such as to make world trade freer and more secure. As far as tariffs are concerned we have accepted what has already been called 'the Swiss formula' in this debate and were prepared to accept it in its entirety. Today we still consider that exceptions should be avoided as far as possible. We have called on our partners to improve their offers when they have seemed to us to be out of balance and we shall continue to do this before we consider whether we can make exceptions to our offer in order to achieve balance. We are in the middle of this process of negotiation.

As far as non-tariff questions are concerned I would not like to go into details here about the selective application of the safeguard clause, the customs valuation convention and similar matters. What has been said in this House has our full support. But I would like to make one single point. We are asking all the participants in these GATT negotiations to ratify the results of these negotiations and apply these results in their own countries. We will expect that at the end of this procedure and when we go through to the next phase with the results of these negotiations the same rules should apply to all and that there should no longer be exceptions as there are today. This particularly applies to a number of items concerning our American friends. Here the GATT rules must be carried over into domestic legislation and applied in the country in whatever way our friends choose to do this. But we are in favour of the same rules for all. Of course we must consequently respect these same rules fully ourselves and without hesitation and without cheating.

As far as the developing countries are concerned I can only underline what has been said here, namely that we too are considering the importance of these negotiations for the developing countries. If the negotiations succeed, this in itself will benefit the developing countries since a success of this kind will make world trade more certain and open up markets. Special difficulties have already been pointed out here and I fully appreciate these and believe that this is something we still have to talk about. However, I consider that we must expect more from the developing countries than simply general demands; we expect them to take part in the negotiations in GATT to a greater extent than hitherto. This applies particularly to the developing countries which have already reached an advanced stage of development and are already engaged to a large extent in industrialization or have even already recorded important industrial successes. I hope that we shall be able to achieve an overall result together with the developing countries which will make the most important GATT rules more attractive to them in future than has been the case in the past.

Agriculture is an exceedingly difficult sector. We are trying to make progress on the international commodities agreement. We are interested in greater international discipline in the sphere of agriculture and in the stabilization of international agricultural trade. I would also like to stress the point made in the report, to which reference has been made during this debate, namely that this must also have, and certainly will have, an effect within the Community. This is a question which has to be discussed elsewhere and is not in itself the subject of GATT negotiations. It is a sphere in which the Community itself must accept the internal consequences of its position in world trade and world economy.

I was asked by Mrs Kellett-Bowman for my opinion on the last indent of paragraph 13 of the motion for a resolution. The text in English is 'supports the Community's efforts to lay down precise rules of conduct, without special rights, governing subsidies and resulting countervailing duties'. In our negotiations we are attempting to formulate clear rules of conduct without special rights. The question of subsidies and countervailing duties is a major, sensitive subject. Here it will be very important to see whether we attain the balance of which I spoke just now. I can only tell you that in our own negotiating policy so far we have tried to attain what is set out here. The debate has shown that we are in agreement. Whether one can accept the wording as it is is another question. It would at all events be a confirmation for us of the fact that we must attain these targets in our negotiations.

I would like to thank you for your support in this difficult task; we shall need that support in the next weeks which will be decisive for these negotiations.

(Applause)

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote tomorrow at the end of the sitting, together with the amendments that have been tabled.

The debate is closed.

13. Code of conduct for multinationals

President. — The next item is the oral question (Doc. 69/78) with debate, by Mr Bertrand, Mr Müller-Hermann, Mr Schyns, Mr Wawrzik, Mr Notenboom, Mr Martinelli, Mr Deschamps, Mr Ripamonti and Mr Noè, on behalf of the Christian-Democratic Group (EPP), to the Commission : Subject : Binding code of conduct for multinational undertakings :

On 19 April 1977, the European Parliament adopted a resolution calling for the establishment of binding legal norms to ensure better control of the conduct of multinational firms in certain branches of activity.

The Christian-Democratic Group, which fully supported this resolution, notes that the multinationals play an important role in a world of growing interdependence in the Community in helping to solve the growing problems of technological development and unemployment, since the activities of international undertakings have beneficial effects on productivity, technology and management methods.

The Christian-Democratic Group also feels that binding norms must be drawn up in stages to bring the multinationals under democratic control.

The Christian-Democratic Group would therefore like to be supplied with oral and written information from the Commission so that it can pursue its parliamentary work in this area more effectively.

1. What rules already exist in the Member States for controlling the multinationals and to what extent have they been harmonized ?
2. What Community directives and regulations have been put into effect and what results have they given ?
3. What proposals for directives and regulations have not yet been decided by the Council ?
4. What results have the Member States obtained to date with the application of the OECD's voluntary code of conduct and what results have been obtained worldwide ?
5. To what extent have steps already been taken to start the negotiations requested in the European Parliament's resolution in order to arrive at one or more legally binding international agreements ?
6. Has the Commission raised the problem of the multinationals with the governments of the other industrial States with a view to establishing international rules going further than the OECD's voluntary code ?

7. If the Commission is unable to answer these questions orally, is it prepared to submit to Parliament, within two months, a document setting out the present position on these issues ?

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, I wish briefly to move the oral question on behalf of my group. I have no intention of repeating everything that was said during Parliament's debates in April 1977 on the basis of the report by Mr Lange and, before that, in December 1974 on the basis of the Leenhardt report. Our group voted in favour of both resolutions and our views have not changed since. We should like international undertakings to be given a legally binding framework within which to operate, in the same way as national undertakings are governed in their operations by national laws which they are bound to respect.

It is our view that, although international undertakings play an important role in a number of areas, we have reached the stage where these undertakings and the countries with which they deal must be brought under democratic legal control.

We feel that binding norms must gradually be elaborated and, until such time as a worldwide legislation is introduced in this field, these undertakings will have to be controlled on the basis of agreements to be concluded between the countries concerned and the European Community.

The trouble is that there are so many different areas involved. It is easy to say that we need a binding code of conduct, but what in fact is required is information on competition, investment policy, taxation, capital policy, monetary and social policy, workers' rights, relations between the trade unions and the multinationals, mergers etc. All these different areas must be made subject to binding norms.

Following the resolution adopted by Parliament in April 1977, our group insists that a comprehensive analysis be made of the situation as it is at present before Parliament takes any further action. This is essential in our view because this whole issue involves so many different areas that it is difficult to obtain a proper overall impression. This is why we hope that the Commission's answer will be a comprehensive one. I imagine it will probably prefer to give us a written answer, since the matter is so complex. We should appreciate it if this answer could be given promptly.

Last month, when we asked for the question to be postponed, in agreement with the other groups, I asked Mr Davignon to ensure that this would not mean a month's delay, and whether a document might not already be available for us.

Our questions concern the policy of the Member States and the policy of the Community as such. We make particular reference also to the OECD's voluntary code of conduct, which was introduced over two

Notenboom

years ago and which it was agreed should be given a trial period of three years. Two of these three years have now already passed and I imagine that a number of undertakings might wish to respect the voluntary code but are possibly being prevented from doing so by other undertakings with fewer scruples. This again is something which could be avoided by the introduction of binding norms.

Although the OECD code of conduct is not an EEC code, we should like to hear from the Commission how this code operates and what aspects have proved unsatisfactory. We should like to know what results have been obtained and also whether the Commission has taken steps to arrange for negotiations at international level.

We need to know what the main problems are in order to be able to pursue our work effectively in the Committee on Economic and Monetary Affairs. Of course it is not possible to cover all the different areas at once. We must establish priorities, particularly in the light of the serious employment situation in the Community and the rest of the world.

We urge the Council and Commission to comply with the request made last year by Parliament and give us details of both the positive and negative results obtained to date and of any aspects of the many different areas involved here which present particular problems. We should like this information to be official and public, and accessible to all. This will enable our committee to take proper account of the comments of the public and of workers' and employers' organizations. That in short is the purpose behind the questions of the Committee on Economic and Monetary Affairs.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the questioners have expressed the opinion that multinational undertakings play an important role. The Commission shares this opinion. The multinational undertakings will certainly also play an important role in overcoming the radical changes in production and marketing structures, the structural changes of which we were speaking of just now in another connection. Time does not allow me to answer fully and in great detail the questions which have been put by the Christian-Democratic Group. We have been in contact on this subject and following a proposal made to us the Commission has forwarded to the secretariat of Parliament a document in which the various points are treated in very great detail and more thoroughly than would be possible in today's debate. Your secretariat should be able to make the document available to you in the near future. I would like to make a number of comments which relate generally to the questions asked and in parti-

cular to some remarks made by Mr Notenboom. The Commission has always recognized the need to create a proper framework of legal, fiscal, economic and monetary rules for the activities of multinational undertakings. We have proposed a series of measures to cover the activities of multinational undertakings within the Community and these deal with various aspects of the problem. All these various proposals have a common aim which is to solve problems or to help to solve problems raised by the transfrontier activities of undertakings and at the same time to avoid any discrimination in relation to multinational undertakings.

As you know, the Commission forwarded to the Council a document entitled 'The Multinational undertakings and the Community' in 1973. Since that time a number of measures have been adopted. The Council adopted the directive on collective redundancies, the directive on the retention of rights and advantages by employees in the case of mergers, takeovers and amalgamations, and the directive concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation. We have entered the final stage of negotiations with the Council on the proposal for a fourth company directive on the annual statements of company accounts. We believe that this directive will soon be adopted by the Council. It will represent a further important step forwards. This directive is, as you know, the basis of a comprehensive Community system relating to the disclosure of accounts by companies and will be supplemented by the seventh company directive on the consolidated balance sheet.

This then is a whole series of individual measures for internal Community activity. This work is not yet completed. It is still progressing. We shall give special priority to the elaboration of a framework for the disclosure of figures by multinational undertakings. Only with a satisfactory degree of transparency will it be possible to define and overcome the real problems which can arise.

This transparency is in the interest of all parties including the multinational undertakings themselves — and it is also a matter of creating and maintaining, by the provision of information, the confidence which is essential for their activity.

These matters are being discussed at international level. You mentioned the code, Mr Notenboom, which came into being, with our cooperation, in June 1976. You asked what our experience has been so far. When this code was adopted it was agreed that there would be a discussion in 1979 of the results which its application had achieved. It would be somewhat premature to discuss this now as the code only came into force in June 1976 and things have not been in operation very long in practice. I can only give you my general impression, which is favourable.

Haferkamp

As you know within the United Nations special attention is being given to the elaboration of a code of conduct for multinational undertakings. It will of course take considerable time to make progress and to create a generally acceptable code. The extent and complexity of the subject and the number of organizational problems involved are a factor in this, but we are taking part in the work and are able to say that the work is progressing.

A main concern is to ensure that, through an international agreement, a reasonable balance is created between the obligations imposed on multinational undertakings on the one hand and their treatment by their host countries on the other. In our opinion this balance is an essential precondition for a favourable climate for international investments and in view of the international structural changes which have been mentioned several times already, such a climate would be in the interests of all concerned, of the undertakings, of their home countries and of the host countries. Here there is an international interest in achieving the same aim.

Of course — and this is one of the special tasks we have at the Commission — we must see that the solutions reached at international level are in tune with what we have done or are going to do at Community level. It would hardly be desirable for there to be excessive discrepancies in the disclosure regulations or in the regulations concerning employees.

These Mr President are the observations which I have to make on behalf of the Commission as a general answer to the question put by the Christian-Democratic Group. For the rest I refer to the document which I have just mentioned.

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

Mr Lange. — (*D*) Mr President, ladies and gentlemen, Commissioner Haferkamp, I do not believe it would be either necessary or useful to repeat here the debate of 19 April last year, and basically we would be repeating ourselves if we were to explain our position on the individual matters involved. For the moment I shall confine myself to taking note of what you have said; we shall discuss the paper which you mentioned in committee and give it careful consideration. There is just one point that I must add. You observed in talking about your experiences with the OECD code that these experiences had been on the whole positive and I hope this does not mean that the Commission will forget the position it took up last year, and will continue to share Parliament's opinion that we need internationally binding rules right now in the various sectors and that there is no doubt that there can be no discrimination between undertakings and that there is no doubt that the balance which you mentioned must be created between all parties.

But now to the question itself. It is rather remarkable that the Christian-Democratic Group should table this

question after we in the Committee on Economic and Monetary Affairs had, in difficult conditions come to an agreement on the further consideration of these questions. On 19 April 1977 we had incorporated into the motion a paragraph 5 stating 'Instructs its Committee on Economic and Monetary Affairs to follow the development of these matters with a view to drawing up, where appropriate, a further report'. At the time we declared in committee and here in the House that we should give further thought to the individual areas which we considered to be in need of international regulations. We had also agreed, Mr Notenboom, that we should hear the Commission in committee on these questions. A repeat of the debate of 19 April 1977 is — to make the point once again — a fairly superfluous procedure unless someone in this House has obtained new facts or developed new opinions. The Christian-Democratic Group or Group of the European People's Party is in fact only reaffirming what was decided here on 19 April last year. So I can only conclude, Mr Notenboom — as I am aware of the difficulties attached to the negotiations in the Committee on Economic and Monetary Affairs — that a part of your Group was not at all pleased by the reconsideration of such questions in the Committee and that possibly certain of these people who do not wish to see negotiations in committee have developed something like a bad conscience and now wish to accommodate their bad conscience by tabling this oral question. Also — and this is a strong expression for part of the Christian-Democratic Group — the question states 'the Christian-Democratic Group also feels that binding norms must be drawn up in stages' — and now we come to the expression to which I am referring — 'to bring the multinationals under democratic control'. This is a good thing and there are no differences of opinion on this point, but the question is whether this is just lip service by the Group. This cannot be true for the spokesman of the Group, a man whom I know too well for that kind of thing, but I also know other colleagues from the Christian-Democratic Group well enough to realize that this is possibly only camouflage and that these people want to disguise true facts. We shall see then how things develop in the deliberations of the Committee on Economic and Monetary Affairs in connection with the paper presented by the Commission when we get round to defining for this Parliament, in accordance with the resolution of 19 April, the specific areas which call for international regulations.

I hope, Mr Notenboom, you will be able to belie my presumptions about the conduct of parts of your Group. You will not be able to do so at present but only in the course of further negotiations. I will be pleased if all our colleagues in your Group could back up your ideas since that would make negotiations relatively easy within the Committee on Economic and Monetary Affairs and then we would not require three or four meetings, as we have done, to settle questions of procedure. This should also be avoided in the future.

Lange

Mr President, I felt I had to make these observations which may not have sounded very friendly: otherwise I would hope for active cooperation from the Commission in the solution of these questions not only in our Committee but also above and beyond that, in line with our decision of last year, in an international framework.

(Applause)

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

Mr Notenboom. — *(NL)* Mr President, I should first like to thank the Commissioner for his answer and the Commission for making available a document which will be of great help to the Committee on Economic and Monetary Affairs and our group in the continuation of our work.

I do not wish to comment now on the Commissioner's answer, but we shall be studying it carefully and I am sure that we shall find it most useful.

However, I would point out to Mr Lange that it was important for us to receive an answer. Our group felt that it was necessary to hear the Commission's views. We shall study carefully the document which has been made available to us and which, we hope, will enable us to progress further together with him in the Committee on Economic and Monetary Affairs. This was the group's reason for putting all these questions. The entire group, Mr Lange, voted last year in favour of your report which, incidentally, it still supports, otherwise I could not have spoken as I have done and our questions would not have been the same. Our group is convinced that, because the whole issue is so complex and vast, we can only set up a system of internationally binding regulations stage by stage. I personally feel that by putting these questions and with the aid of the Commission's document we shall be able to avoid in future the procedural problems which have hampered us in the past, and for which no doubt both sides were responsible, and that both the committee and Parliament will be able to make some progress in their work.

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

Mr Ansquer. — *(F)* Mr President, the development of multinational undertakings has given rise to a number of debates and the expression of various points of view, not only in the Community but also in other international organizations. The UN's Economic and Social Committee has set up a special committee and working party on this subject; similarly, on 21 June 1976 the OECD Council of Ministers approved

a series of texts establishing general principles for a voluntary, i.e. non-binding, policy.

This important question was discussed exhaustively on 19 April 1977, on the basis of Mr Lange's excellent report. But the question by our Christian-Democrat colleagues, asking the Commission about its measures, does not surprise us. The introduction in the Community of binding regulations, hoped for by some and feared by others, does in fact present certain foreseeable problems. These undertakings have made an important contribution to the spread of economic and technical know-how; they have also helped to create jobs in many parts of the world. This is undoubtedly their most positive aspect.

Unfortunately, there are also negative aspects. They have been guilty of certain malpractices, precisely because of their size. From this point of view, we must protest at the abuse of subcontracting practices by the multinationals, which have led to unemployment in France.

These companies have benefited from the exceptional economic growth in Europe, and rightly so, particularly since the Europeans themselves have also benefited. The European institutions are to be criticized for not having established proper control over the new phenomenon of multinational undertakings. The whole of Europe is undoubtedly to blame. The liberal nature of its administrative, legal and economic structures has facilitated the establishment and expansion of these undertakings. They have found in Europe a natural area for development, and this is not peculiar to the capitalist system, since the socialist countries also accept them, try to attract them and encourage their establishment.

To remedy this situation, we consider it desirable that when an undertaking is established in a certain country, it should be subject to certain social requirements. The State should no longer intervene after the event, since this is too expensive. It should reach a prior agreement with the multinational company by means of a frank dialogue — which is not always the case — and this would depend on the extent to which the region or State was anxious to attract foreign investors. These are fundamental questions and the multinational companies and public authorities must assume their responsibilities. In other words restructuring of production on a European scale must not be carried out simply because of variations in social structure.

Social balance is the ultimate objective. For this reason we have always been in favour of a strategy for national independence and at the same time European independence, since this is the only way to ensure both economic growth and social progress.

Ansquer

But it is not a question of finding a counterbalance to multinational undertakings in the manner described by Montesquieu in his theory of powers. The aim should rather be to promote greater stability in the multinationals in two main areas: economic and monetary, and employment. This will necessitate the introduction of sound legal provisions, neither too binding nor too liberal. The Community can and must play a part in this, by devising realistic and appropriate instruments which will ensure that the development of the multinationals is geared to the economic interests of the Member States and the social interests of the workers. In our debate last year, Mr Lange made it clear that the proposals for a binding code, as outlined by the two parliamentary delegations (American and European) were only a working document.

If in the future the Community authorities took the decision to draw up more or less binding regulations for the Nine, there would be a number of hazards to be avoided and certain factors to be taken into consideration. First, the undertakings must not be hampered by unnecessary and restrictive administrative constraints, which would prevent them from developing. Secondly, any restrictions that we impose must not damage our people's interests by driving the undertakings away from Europe. In that case the regulations would hamper the development of the undertakings, and hence the economic and social progress of our countries. The fact that an undertaking becomes multinational is often a sign of industrial prosperity. It is therefore in the Community's interests to have multinational undertakings which are also multi-European. Thus, to encourage the development of multinationals while at the same keeping it under control, we should first coordinate the Community regulations with the proposals adopted by the UN and the OECD's general principles. The existence of codes laid down by several different organizations could be a source of confusion.

Finally, any code or regulations that we draw up should be based on the principle that there should be no discrimination between international companies.

Rules of conduct applying exclusively to multinational undertakings should be confined to the aspects which distinguish them from purely national undertakings, in order to avoid any unjustifiable discrimination. In their way the multinationals wield economic and political power, but they must not be allowed to usurp the real political power based on institutions and universal suffrage. With their substantial resources, they provide an opportunity for Europe and the developing countries. They should be closely involved in employment and monetary stabilization policies. It is our duty therefore to take determined and coordinated action to ensure that we uphold freedom and democracy in our society in the future.

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

Sir Brandon Rhys Williams. — Mr President, my group welcomes the initiative of the Christian Democrats in bringing forward again during this part-session the question of the multinational companies, and broadly we sympathize with the terms of their oral question.

If we tend possibly to differ from them, it is because we somewhat suspect the value of codes of conduct, because we think that company law is an area where you need to be specific and the regulations need to be capable of enforcement. I am glad that the climate of this debate this evening has not been unduly hostile to the multinational companies. Sometimes we do have to suffer a dribble of acid and ill-informed criticism of the multinational companies with an obvious political motivation.

We recall that one of Marx's famous maxims was that the working man has no fatherland, because his life's struggle is against the forces of international capitalism, which knows no frontiers; but, of course, that is no reason why we should take a jaundiced view of the activities of some of our greatest enterprises in the Western world which have contributed so much, particularly since the war and particularly within the European Community, to the expansion of trade and the spread of knowledge and higher living standards.

I am not one of the people who are blind to the faults of multinational companies. I am loyal to the great chemical enterprise in which I myself worked for 14 years. But I am well aware of the special problems of operating a commercial or industrial enterprise across national frontiers, when it is necessary to observe particular rules. Just as company law at national level is helpful and indeed absolutely necessary for the conduct of business, so we need it at international level too. I resist the initiative that Mr Lange has pursued for obtaining trans-Atlantic acceptance of a code of conduct, not because I disagree with anything which he has written in his paper, but because I do not believe that it is likely to bear fruit.

The trouble with codes of conduct is that the best companies are either already complying with the code or will do so because of their readiness to heed the pressure of public opinion. But the rogue companies and the companies which are already in breach of the normal standards of commercial good practice will continue to exploit their advantages with even greater vigour because their competitors hesitate to follow in their footsteps. So there is a risk that incantational proceedings by Members of Parliament or by the Commission will actually damage the best businesses without protecting workers or consumers from abuses. That, I think, is a danger which Mr Lange has not sufficiently appreciated.

Rhys Williams

I believe that this Parliament and the Commission can do useful work and, indeed, have a duty to do so, and my group has studied this question with particular interest. We feel that there *are* areas where the Community should act and, indeed, is the right organ to proceed. We have seen, of course, what has been done by OECD and the various attempts that have been made to produce a Western world standard of multinational conduct; but we believe that the Community has it within its power and also has the duty to produce specific items of legislation which will be acceptable, realistic and enforceable.

Mr Haferkamp mentioned in his reply the question of disclosure of information. That certainly is an area which deserves study, because good and bad alike can then be brought under the scrutiny of shareholders, investors and governments, the press and the rest. I have often drawn attention to the necessity for a strict set of rules, enforceable rules, on transfer pricing. I believe if we follow that line of approach we shall come to places where the real abuses are actually arising, because where you have artificial or contrived transfer prices you do find situations where multinational companies are totally able to circumvent or defeat the normal rules of fair competition.

So those are the two particular recommendations that I make. I would not like to say that there is not possibly an area of useful study in the employment practices of multinational companies: that is something which Mr Haferkamp may particularly be inclined to pursue because of his own great experience in that field.

In conclusion, Mr President, I would say that the Commission can only proceed usefully if it prepares directives which are absolutely specific and capable of being enforced.

President. — The debate is closed.

14. *Abuse of dominant positions*

President. — The next item is the oral question (Doc. 141/78), with debate, by Mr Haase, Mr Patijn, Mr Lange, Mr Dondelinger, Mrs Dahlerup, Lord Bruce of Donington and Mr Dankert, to the Commission:

Subject: Abuse of power by firms with a dominant market position

What new implications — for example, discrimination by means of price fixing or refusal to deliver, etc. — does the judgment of the European Court of Justice in the case *United Brands Company v the Commission* ('Chiquita judgment') have for the content of the Commission's proposal for a regulation on the control of concentrations between undertakings submitted to the Council on 20 July 1973?

Mr Lange does not wish to elaborate on his question, so I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, for my part I shall also try to be

brief, although it will unfortunately not be possible to be very brief. Here we cannot take the risk of creating misunderstanding. For that reason I first have to go into the necessary difference between the control of mergers and the control of abuse of power. In the case of *Chiquita Bananas* there was an abuse of power. We have here the judgment of the Court of Justice to which the authors of the question refer. This judgment concerns the control of the conduct of an undertaking with a dominant market position. The judgment contains important indications as to how to apply Article 86 of the Treaty which, as you know, prohibits the abuse of a dominant marketing position.

On the other hand, the aim of the Commission's 1973 proposal for the control of mergers in the Community is to prevent the emergence of dominant positions by mergers of hitherto independent undertakings. In other words, the main concern here is to preserve competitive market structures. Competitive structures of this kind are the best protection against abusive exploitation of dominant market positions.

Now to the judgment which was given in the *Chiquita Banana* case. As I have already said it is very important to understand that the Commission has here, for the first time, instituted proceedings against an undertaking on the basis of Article 86 for imposing varying and unreasonable prices for a product. With reference to the varying and therefore discriminatory prices the Court of Justice affirmed the Commission's decision agreeing that there were no objective grounds for *United Brands* to charge different prices for different customers according to the country to which the bananas were being sent. As for the accusation of unreasonably high prices the Court of Justice decided that in this case the Commission had not presented adequate proof of the fact that the prices asked bore no reasonable relationship to the economic value of production and had not satisfactorily proved that *United Brands* had used its dominant market position to obtain advantages which it could not have obtained under normal competition conditions.

In this connection the Court of Justice declared that in its opinion the Commission should have attempted an analysis of cost structure, while admitting that it is extremely difficult for an outsider to find out what price would cover the costs concerned. The Court of Justice acknowledged that there are various methods for fixing the unreasonableness of prices, meaning that there are other methods than cost analysis. The Court of Justice acknowledged that one of these methods might be a comparison between conditions in the market concerned with those in a market in which competition is more effective.

On the whole the judgment reaffirms our resolution to apply Article 86 in cases other than those of abuse of power.

Haferkamp

On the importance of the Chiquita judgment for the control of concentrations, as referred to in the question, and with reference to the proposal which has now been before the Council for five years I would like to say the following: We consider the adoption of this Commission proposal to be a priority. We believe that prior control of concentrations is the only way of preventing the emergence of market power damaging to competition. *A posteriori* control of the conduct of undertakings with a dominant market position is not enough in our opinion to ensure the survival of competitive market structures. As we have today been talking about competition on world markets and of the need to take action against protectionism I would like to add that we believe that one most important way of preventing protectionism is to preserve sound competitive structures within the Community.

Of course we shall not stop taking action against abuse of market power once we have control over concentrations. We shall treat both as being equally important.

With the Court of Justice's confirmation of the Commission's opinion that market domination can be said to exist with a market share of 40 % in a large part of the Common Market, the Court of Justice has clearly shown the way for a vigorous competition policy corresponding to the objectives of the Treaty. This attitude of the Court of Justice is, we hope, likely to stimulate deliberations on the 1973 proposal and to encourage the Council to adopt at an early date the regulation on the control of concentrations in Europe.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, colleagues, Mr Haferkamp, I was pleased to give you the time to explain more clearly the background to this situation. We have also been fully aware of the fact that there was a distinction between discrimination in the form of refusal to supply and corresponding price structures, etc. — the subject of the proceedings before the Court of Justice — and what we intended to achieve in respect of the control of concentrations by the Regulation of 20 July 1973. This regulation on the control of concentrations was elaborated with optimum cooperation between Parliament and the Commission. It took us about three years, from 1970 to 1973, to finalize this document. The point here was solely whether, with regard to the application of Articles 86, 87 and those following, you would be content with this judgment to confine yourself to this sector or whether with a view to the upholding of reasonable competitive structures new criteria would not have to be formulated for concentrations which could possibly work against competition from the outset, in order to present a stronger argument against concentrations.

That was not so clear from your observation. As far as I understood it, Mr Haferkamp, you believe on behalf of the Commission that you hardly need to make any

additions to your proposed regulation. This would also mean that there will be no further delays, which is for me an extremely important point. If extra proposals were to be made now with a view to creating supplementary criteria on the basis of this judgment it would mean that opponents of this concentration directive would have a good excuse for delaying matters further. You, by which I mean the Commission, should now urgently request that the proposal for a regulation of 20 April 1973 should be adopted by the Council. If necessary the Parliament could also be active in this direction, but if possible we want to avoid harping on the same problem like Tibetans with their prayer wheels. But pressure must be exerted on the Council! On the other hand we hope, Mr Vice-President, for a more vigorous — or I could even say rigorous — application of Articles 86, 87 and the following of the Treaty of Rome.

This question would then have achieved the intended effect. I hope that the two institutions the Commission and the Council, will continue to cooperate on these questions as was the case when we succeeded, by our common endeavours, in formulating this directive on mergers.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (*D*) Mr President, a brief answer to the question by Mr Lange. In order not to hold up deliberations, the Commission also considers it unnecessary to include new criteria in the proposed regulation. Of course the criteria set by the judgment of the Court of Justice will be applied by us, but for this we do not need to change the regulation. Unfortunately one Member State still has one general reservation. I hope however that this matter, pursued with the necessary vigour, can be brought to a successful conclusion in the course of the next six months.

President. — The debate is closed.

15. Directive on group accounts

President. — The next item is the report (Doc. 103/78) by Mr Schwörer on behalf of the Legal Affairs Committee on the

proposal from the Commission to the Council for a seventh directive pursuant to Article 54 (3g) of the EEC Treaty concerning group accounts.

I call Mr Schwörer.

Mr Schwörer, rapporteur. — (*D*) Mr President, looking at this difficult and very technical material we could ask ourselves whether as a committee of this Parliament we are not being too ambitious in trying to judge such matters and therefore I should like to start by thanking the Commission most cordially for providing us with special help in our deliberations and giving us assistance with drafting where we were of the opinion that the wording should be changed. If

Schwörer

you look at the report you will see that some more changes have been made mainly with a view to simplifying matters and making things easier for smaller and medium undertakings.

But now to the content. The Commission's proposal to the Council for a seventh directive concerning group accounts is related to the fourth directive on the annual accounts of individual limited liability companies. The Council is at present concluding its deliberations on this latter directive and we hope that it will soon be promulgated. In the course of my speech you will notice that we have made every effort to take account of the forthcoming provisions of the fourth directive even though we do not yet know every detail in it.

The present proposal for a seventh directive is in my opinion justified by the fact that more and more limited companies no longer operate on their own but increasingly as economic dependants of other undertakings. They are often associated with other companies and form larger and more complex units culminating in the various types of groups of companies. The Commission rightly notes that when companies form a group together with other companies they cannot present annual accounts without showing in these accounts the connections existing with the group and that is what these provisions are meant to cover.

If we look at the scope of this seventh directive we shall see that the Commission has distinguished between three kinds of influence which companies may have over each other thereby incurring an obligation to present group accounts. These three different levels are as follows: first, a significant influence, when the different companies are said to be associated; secondly, a dominant influence when there is a dependency relationship between various companies and thirdly unified management when one company decides in practice what one or more other companies do. The latter constitute a subgroup.

In Article 4 of the seventh directive the Commission extends this concept to cases in which there is no dependency relationship in the sense I mentioned but each company has equal importance in the group. In such cases the central and unified management is operated not by a single company but by all the companies concerned.

Article 5 closes a loophole in the amended proposal for a fourth directive by defining the concept of 'affiliated undertakings'.

The Committee on Legal Affairs agreed with all the concepts proposed by the Commission to make it possible to embrace all the different kinds of groups. We also support the proposal that these should be rebuttable presumptions so that the business, or company, which is covered by this obligation to present group accounts has the possibility of demonstrating that these criteria do not exist and that it

should therefore not be obliged to present such group accounts.

Concerning the question of which companies should be obliged to draw up consolidated accounts, the directive lays down that such an obligation exists as soon as one of the companies in the group, be it dominating or dominated, takes on one of the 22 legal forms listed in Article 6 and here the Commission rightly asks in its proposal that the obligation to draw up such accounts should apply to all groups in the Community irrespective of where their registered offices are situated: this therefore covers companies which are situated outside the Community as soon as at least one component is situated in the Community. However, it is impossible to agree that the general obligation to present this somewhat complicated set of accounts should be imposed on companies when it involves disproportionately high costs, when the companies concerned are small or medium-sized undertakings — as I mentioned earlier — and when the group accounts would moreover not be of much interest to the public. We propose changes along these lines and for these cases.

One special question was the regulations that should apply in cases where banks and insurance companies have shares in business undertakings. Here a minority in the committee believed that banks and insurance companies should be left out of the directive altogether. We did not adopt this view; we said that it should be left to the Member States to judge to what extent the directive to be adopted should be applied to banks and insurance companies. Really it is not really appropriate for the group accounts system to be applied in this sector. I believe that if it is to be done and if the obligation is to be extended to this sector it would be reasonable to make exceptions in cases where the subordinate companies are only temporarily within the province of a bank or insurance company.

Let me make some very brief remarks on the structure and content of the group accounts themselves. The accounts must give a true picture of the groups position regarding assets, financial position and profits and here the Commission repeats in its proposal what is already laid down by the fourth directive on limited companies. However at the time in our 1972 report on this fourth directive we criticized the fact that the present formula for group accounts which is also based on the proposal of that time, does not appear to give a really true picture of the financial position of the company.

Despite this adverse opinion by the European Parliament, the Commission has retained the view that these regulations should make it possible to give the necessary information and the necessary understanding of the accounts. We shall see what the practical effect is. We must however reserve a right to put forward later amendments, in particular concerning transparency, in case these provisions prove inadequate.

Schwörer

The group accounts must be made up of the consolidated balance sheet, the group consolidated profit and loss accounts and the notes to the group accounts which shall constitute a composite whole. Concerning the layout of the group accounts, Article 7 of the seventh directive refers to Article 3 to 27 of the fourth directive. Here too you can see the link with the basic directive for this subject. We have accepted this link since it is a reasonable one.

The Committee on Legal Affairs gave considerable thought to the general principles for the drawing-up of group accounts and the general valuation principles to be applied for group accounts. In the case of the former, the general principles, the only remark is that the audit of interim accounts mentioned in the second sentence of sub-paragraph (e) would impose an additional burden on the undertaking. We therefore ascertained that in our opinion it would be enough to check during the audit of the overall group accounts whether the interim accounts had been drawn up properly and that it would be quite adequate to do this and there would therefore be no need for interim accounts to be audited according to the same rather complicated procedure as is used for the audit of overall accounts. This is something we have proposed mainly in order to simplify matters.

Regarding the valuation principles we are again not fully in agreement with the Commission's proposals, especially concerning deferred taxes. We believe that the text should have been somewhat clearer and we hope that a better solution can be found in text finally agreed in the Council for the provisions of the fourth directive.

I would like to point out a further connection between the fourth directive and Article 16 of the present directive. This Article 16 expressly refers to Articles 29 to 39 of the fourth directive. These are concerned with the consolidation differences and the writing-off of such differences. We believe that the period of five years which has been laid down for this should be extended if the assets concerned have a longer economic life, a longer useful life, and this longer period is indicated and explained. We would welcome a change to this effect in the Council's deliberations on the fourth directive, to extend the writing-off period, and believe that this provision should also be included in the present seventh directive.

I would like to emphasize that the directive includes a number of exemptions. Article 6 (2) (a), for example, expressly exempts from the obligation to consolidate accounts any dependent group undertaking which has not been established as one of the types of company referred to in Article 6 (1) (a). This exemption however only applies on condition that the dominant group undertaking publishes group accounts in conformity with the present directive. Here too we have attempted to simplify matters. The same applies to

the other exemption, i.e. in cases where the group is managed from outside the Community and one or more dependent group companies or subgroups are located within the Community and are at the same level as the dominant group undertaking. Since in this case there will be no group accounts, an overall account of activities of the group in the Community is necessary. This is however only required if one of the companies belonging to the subgroup is a limited liability company.

Under Article 10 (1) of the directive a group undertaking may be omitted from a consolidation if it is of only minor importance for the purposes of Article 9 (2) of the directive. Here it should be emphasized that this provision introduces the concept of importance with regard to the consolidation. This concept is already embodied in the fourth directive. The Committee on Legal Affairs has inserted a sentence here to the effect that the audit of group accounts within the meaning of Article 23 shall also include verification that the requirements for exemption from consolidation are still being met.

I know that these are all very technical matters but they should make it clear to you that we in the Legal Affairs Committee have tried to simplify things.

To conclude, this proposed directive is designed to provide a Community regulation on the presentation of group accounts supplementary to the fourth directive on the annual accounts of limited liability companies. Its aim is to ensure that group accounts within the Community are comparable and that the information emerging from these accounts is to some extent of the same standard in each case so that the interests of shareholders, employees and third parties can be protected.

A further aim is to make it easier for companies to exercise their freedom of establishment and to create the conditions for the future operation of a European capital market.

I believe that for these reasons we should agree to the idea of this directive. The Legal Affairs Committee has done this by approving the report unanimously. As rapporteur I would like to recommend the House to do the same, and I can tell you that the Christian-Democratic Group gives its full approval to the motion for a resolution.

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

Lord Bruce of Donington. — Mr President, in conformity with the practice, adopted in the United Kingdom Parliament, of a disclosure of interest, it is, I think, entirely proper to say that I personally, as a partner in a firm of chartered accountants, have a possible potential interest in the outcome of the debate on this particular report. It does involve, on the assumption that Council enacts the seventh directive,

Lord Bruce

certain changes in United Kingdom law, and would undoubtedly necessitate my own firm of chartered accountants being consulted in regard to the changes effected. It is a remote financial interest, but it is proper, I think, that I should disclose it.

Having said that, I wish to discuss the political merits of the proposal as I see them on behalf of my group. Discussion on any accounting matters or any matters affecting balance-sheets, or profit-and-loss accounts, or income-and-expenditure accounts, is not really one that is likely to attract the enthusiastic interest either of Members of this House, or of the outside public. Accounts are reckoned to be very boring matters necessitating specialized knowledge, and nobody really likes going into any detail about them. Indeed, legislation about them tends to be rather complex. Perhaps, therefore, I might say at the outset on behalf of my group that we regard these matters of being of the utmost importance. There are in Europe at the present time, more particularly in the Federal Republic of Germany, but also in other countries, moves to make the work-people employed inside companies more fully aware of the financial fortunes, the financial objectives and the financial operations of the companies in which they work. In Germany I believe that it is called *Mitbestimmung*, if my pronunciation is right, and in the United Kingdom it is now being discussed in terms of worker participation. Undoubtedly in modern democracies it is now generally recognized that those who work in a firm have just as much a fundamental interest in its fortunes as indeed the shareholders and other bodies have. Therefore any move within the Community that makes for the wider dissemination of knowledge of what occurs inside companies is to that extent a further buttress to the maintenance of democracy as we would hope it will continue to develop, not only in Member States, but throughout the Community as a whole.

But there are further implications, Mr President. You are well aware that Articles 85, 86, 87, 88, 89 and 90 of the Treaty of Rome lay upon the Commission responsibilities in connection with the enforcement of competition rules, in connection with trade practices, in connection with dealing with dominant positions, and unless the accounts of companies — and in particular the larger companies in the Community — are drawn up in a more standardized and more informative way, it is not possible for the Commission to discharge their obligations under the Treaty. Therefore one does welcome any endeavour to standardize and to make more fully informative the accounts of the various undertakings within the Community. I would not wish to go over the ground that has already been covered by Mr Schwörer, whom I congratulate on his work on the preparation of this report. But I must draw the attention of the House to this. On examining the Commission proposals — and I refer to Document 116/76, which is the proposal for a seventh directive — on no less than 11 occasions in

the text of the proposals themselves, namely in the preamble, in Articles 5, 11, 15, 16, 20, 21, 23 and 24, there is reference to another proposal, i.e., the proposal by the Commission to the Council for a fourth directive. And the fourth directive is annexed, as Supplement No 6/74, to the *Bulletin of the European Communities* so what we are really being invited to pronounce upon today, aside from the matters that have been very admirably dealt with by Mr Schwörer, are certain clauses, not in a directive, but in a proposal for a directive. Members, if they turn, for example, to page 1 of the Commission's proposals, will find the words: 'Whereas No [blank] of the [blank] for the coordination of national legislation, etc.' and there is a little '1' against it, and they find underneath that the '1' means the amended proposal for a fourth Council directive regarding the annual accounts of limited liability companies. And this formula of blanks, which refer to a proposal, not to a directive, is repeated in all the clauses that I have ventured to enumerate to the House.

Mr President, I do not consider that this is a correct way in which proposals for a directive should be brought before Parliament. The proposed directive should not contain blanks, with a reference to a previous proposal for a directive which has not yet been adopted by the Council. It is one of those proposals for directives that, as far as I can see, have been lying on the desk of the Council for the last four years. Surely, before the Commission came to us again for a second bite of this cherry in the form of a proposal for the seventh directive, it should have made quite certain that the Council had already enacted the proposal that it had previously recommended to it. As it is, Parliament is being invited to consider a draft proposal which rests on the fundamental assumption that the fourth directive, which deals with group accounts in general, is in fact going to be adopted.

Mr President, for the purpose of informing the House better, I have, of course, examined the amended proposal for the fourth directive. I sincerely trust the Commissioner, when he comes to reply, will be able to tell me two things: first of all, why, in his opinion, has the Council failed to take the proposal for a fourth directive out of its pending tray, and proceeded to convert it into a proper directive? And secondly, what steps has the Commission taken to make representations to the Council in order that this might be enacted and converted into a proper directive?

On further investigation, I find the position is even more unsatisfactory. Because the council has not only not seen fit yet to proceed with the enactment of the proposal for a fourth directive, but has not bothered to consult Parliament on the amended proposal for a fourth directive, on the basis that the amendments to the original fourth directive are so unimportant that it need not consult Parliament about them. Mr President, this is a position which neither myself nor my

Lord Bruce

group are prepared to accept. Surely the best thing for the Commission to have done — and these are matters of some very considerable importance — would be to have brought once again into public discussion, after the lapse of four years, the amended proposals for a fourth directive, and consolidated them with the seventh directive. Then Parliament would have had an opportunity of examining the whole in its totality. They would have had an opportunity of examining the various clauses which are comprised in the Articles to the seventh directive. They would have had an opportunity then of associating them with those vital clauses giving the format of accounts, the way in which they are laid out, which were incorporated in the original fourth directive. It, I understand, was objected to, although I am subject to correction, by the State of Luxembourg, which was not altogether happy about the provisions in the original fourth directive in regard to holding companies, of which, Mr President, you are well aware, Luxembourg has quite a large number — and which go there, presumably, for tax reasons.

So these are matters that do require re-examination. It is not sufficient for the Commission to come to Parliament with a proposal for a seventh directive, until it has taken steps to ensure that it is building with solid bricks on an agreed amendment to the fourth directive. Otherwise we are in a position of going and referring back. And I have no doubt that, if it goes on in the way that it is now going on, we shall have proposals for an eleventh directive relating to group accounts which refers to a proposal for a seventh directive, which in itself will refer to a proposal for a fourth directive. This is making a mockery of the democratic processes of Parliament and is one that ought to be regularized.

I am well aware that the Commissioner answering this evening has not come prepared for the kind of observations that I was going to make. He has his brief, and of course he may think that by keeping strictly to his brief, he has discharged his obligation to the House. In saying that, I make no personal reflection on the Commissioner whatsoever. He will do his best, as he sees. But I do implore him to realize that, on questions, of this kind, where Parliament is invited to give blank cheques all over the place, Parliament is not going to in the future. Parliament is going to pay very much more detailed attention to these matters, and Parliament does not like delegated legislation referring to previous proposals, and leaving the filling-in of the blanks to people who may think they can fill them in exactly as they wish.

IN THE CHAIR : MR SCOTT-HOPKINS

Vice-President

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

Mr Shaw. — Mr President, I wish to intervene very briefly in this matter, but firstly I would like to give, on behalf of my group, our heartfelt thanks to Mr Schwörer for the work that he has done in bringing his recommendations before us. It has been a difficult task and he has consulted a wide range of people. The directive has been, I think, closely studied in every one of our countries and observations, have been made from the European Accountants' Study Group, and I think that a particular congratulation should go to our colleague for the fact that he has tried to take into account, in very wide measure, the recommendations that have been made to him from all these quarters. Under these circumstances, as one would expect, it is quite impossible for him to have satisfied everyone, but none the less I do believe he has gone a long way to satisfy many people who had criticisms at the outset. I know, and he will know perhaps, that, sometimes with regret, I have had cause to be critical from my own point of view, and of course, as a former practising accountant — so I have nothing to declare — I have a certain outlook on these matters, as indeed has everyone trained in the rules of their national parliaments. But of course the whole purpose of our Community is to examine matters that affect all of us, particularly with regard to our commercial and industrial life, and what more appropriate sphere could there be for examination than that of group accounts? Clearly, those who trade and conduct business throughout the Community should have as nearly as possible the same conditions in which to conduct their business. They should not be persuaded to put their business in one country or another, depending entirely on how much they have had to disclose in one country as against how much they have to disclose in another, and I believe that in view of the criticism that we sometimes hear, of harmonization for harmonization's sake, here clearly is a field where it is necessary and desirable for us to draw closer together and to make the rules more equal. In doing that, we should seek also to improve, and here we have the task of trying to draw up some rules and a standard for group accounts that will provide adequate and proper transparency for us all to see exactly what is going on in the accounts of these companies.

At the same time, we have had to guard — and I believe that our colleague has been very much aware of this in his work — against people's seeking to build into the directive the demand for unnecessary information, and therefore unnecessary work in the preparation of it. This I believe he has had very much in mind in some of the amendments that he has accepted in committee — indeed, some of the amendments that I have made. For good reason, he has not accepted all my amendments: I accept this: but on balance, I believe we have a very much improved document as a result of his labours, and I, on behalf of my group, am prepared to accept the final result, the

Shaw

result of many many meetings in the Legal Affairs Committee that we have had together.

The main difference in approach between ourselves as a Community and my own experience in the United Kingdom has concerned the question of the need for group accounts, whether it is on control by holding shares, or on control by the unification of the management. Well, I hope that we have drawn a little nearer together; we have not gone as far as I would have wished, but we have moved in the right direction, and I hope that, in the years to come, such differences as remain will gradually iron themselves out. But I am certain of this, that we have, as a result of the work that has been done, a document that is of value throughout Europe. We have got rid of the need for problems connected with business, their accounts before takeover and after takeover, we have got rid of the need for auditing where the year-end slightly differs in one subsidiary from the rest of the group, and so on; many other practical details we have examined, and I believe the report is the better for it.

One final difference that I think remains relates to the question of the value of equity where we have got associated companies. I am sorry to say I still believe that where you have not got control, it is of doubtful value whether you bring in the equity of your holding instead of treating it on a market or purchase value, but this again is one of the problems that I regard as important, but minor compared with the general agreement that has been achieved.

And so, on behalf of my group, I thank the rapporteur and welcome the report.

(Applause)

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I, too, should like to begin by thanking the members of the parliamentary committees who considered and improved this important and highly technical proposal. In particular, I would like to extend my thanks to the rapporteur, Lord Ardwick, and Mr Schwörer, who have made such a substantial contribution. They have ensured that the underlying issues of economic and legal principle have emerged clearly despite the highly technical character of the instrument. In doing so, they have laid the necessary basis for a useful debate and the adoption of a constructive resolution here today.

Speakers have underlined the importance of this seventh directive. The large modern enterprise is typically organized as a group of legal entities and not as a single company. In addition, the various entities constituting the group are often formed under the laws of different States: in fact, in discussing groups of companies, we are again discussing a topic currently much discussed in political institutions and, in fact, already discussed earlier today. I refer, of

course, to the multinational enterprise. Moreover, legal structures adopted by groups of companies are becoming increasingly complex. The traditional majority holding of the equity capital of subsidiary companies has been complemented, sometimes replaced, by other forms of association — the joint undertaking and the minority holding in equity capital, the licensing agreement, the management contract.

One of the conditions which States have traditionally attached to the right to incorporate a business and secure the advantage of limited liability is that companies should publish certain information about their affairs. Originally, the requirement that information be made available to those with legitimate interests in companies was limited to the affairs of the individual company concerned, but as industrial and commercial affairs became more sophisticated and complex, recognition grew that it might be misleading to look at a company's affairs in isolation from the affairs of other companies and business entities with which it was associated. Accordingly, in certain Member States, but not in all, requirements began to be imposed for information to be published concerning, not merely individual companies, but groups as a whole. Now, this proposal for a Seventh Company Law Directive seeks to establish a Community framework for the laws of Member States on this important question. It will require all Member States to introduce group-accounting requirements into their laws. As I have said, not all Member States enforce such legal requirements at the present time. It will also ensure that the systems in force in the different Member States are coordinated so that the resulting accounts will be sufficiently understandable and compilable in whatever Member State the enterprise drawing up the accounts is situated. In brief, the seventh directive is the essential complement of the fourth directive on the accounts of individual liability companies which Parliament has already considered and which was the subject of an intervention by Lord Bruce, to which I shall return.

I am pleased, in this connection, to be able to tell you that there is an excellent chance that the fourth directive will be adopted by the Council this month during the present Danish presidency. This probability underlines the significance of our debate here on the seventh directive today.

Now turning briefly to the report of Mr Schwörer and to the amendments suggested therein, I am pleased to be able to say that the Commission can accept the amendments suggested almost in their entirety. Certainly, the amendments of principle are not only acceptable but welcome. They constitute a clear improvement of the original proposal. I do not propose to go into detail at this stage, perhaps, we could come back to them later if required.

Burke

First, may I say, the Commission welcomes the fact that the report accepts the text of the first five articles contained in the original proposal. These define the scope of application of the obligations contained in subsequent chapters, and they constitute the real heart of the directive. The definitions proposed by the Commission seek to take account of the reality to which I have already referred. The modern enterprise, organized as a group, has developed and continues to develop in increasingly varied and complex ways. The majority holding in equity capital is only one technique used to constitute a group relationship — there are many others.

Now, I doubt whether there is a single person participating in this debate here today who believes that it is always necessary to control more than half of the equity capital, voting rights or board of directors of another enterprise in order to be able to control its operations effectively. Where shares are distributed, a minority position will normally suffice, and indeed, where appropriate contractual arrangements have been reached, no equity capital, voting rights or board membership may be necessary at all. This is not an academic matter, nor is it confined to particular Member States, as has sometimes been suggested.

It is important that the definitions of a group and of an associated enterprise are sufficiently broad to include the various means which parent companies can, in fact, use to influence group enterprises and associates. The Commission considers that the concepts of dominant influence, significant influence and central and unified management are sufficiently broad for the task in hand. May I point out that the more narrow approach to the definition of a group clearly has its advantages too. For this reason I welcome the amendment of principle to Article 9, by the addition of a new paragraph 4.

The requirement that information equivalent to a consolidation should be provided where there are the formal controlling interests specified in Article 2 (2) seems sensible in itself. It also affects a degree of synthesis between the two main schools of thought on the topic — the legal-power-of-control school and the central-and-unified-management school. Such a synthesis is a valuable contribution to the process of developing a broadly acceptable Community framework, and can only win our support.

Now, as to sub-group accounting, dealt with in Article 6, it would indeed appear that the original proposal went too far. Given the present juridical complexity of group structures, subconsolidation at all levels would produce a large quantity of data, much of which might well be of limited significance. The benefits to be derived from such an exercise are probably not justified by the expense involved. Accordingly, the Commission welcomes the amendments proposed to Article 6, subject only to the qualification that it is

probably necessary to ensure that, so far as possible, groups should give equivalent information, whether they are dominated from inside or outside the Community. For this reason, and subject to further reflection, the Commission would probably wish to see groups dominated from within the Community give the same information as to their aggregate activities inside the Community, as would be required of groups dominated from outside the Community by a new version of Article 6 (2) (b).

Now, may I say that the proposed version of Article 8 on banks and insurance companies seems to be a clear improvement on the old text. It is far more certain in its effect, without sacrificing the basic principle that banks and insurance enterprises should also publish consolidated accounts, although in a form appropriate to the peculiar characteristics of their business. The Commission is therefore glad to be able to accept it.

The other points in the report are less central, and I shall only say that the Commission finds them, in substance, acceptable. The only qualification I wish to introduce to this remark is the general one that it will be necessary to ensure that, where appropriate, the fourth and seventh directives use the same language. Depending therefore on the definitive version of the fourth directive certain adaptations, largely of wording, may well prove unavoidable.

I would like to thank, once again, the rapporteurs for their work on this most important and difficult subject. I am confident that, on the basis of their work, we can have a useful debate leading to the adoption of a very constructive resolution. Such a resolution will enable the Commission to present an amended proposal to the Council which deals with the real problems in a practical way and provides the necessary complement to the fourth directive which we hope will be adopted in the very near future, as I have said, by the Council.

I would just like to make one or two other points arising in from the debate. We were asked by Lord Bruce why the Council failed to take the proposal out of its 'pending' tray and get on with it. I have indicated that this highly technical proposal has, in fact, reached the point at which we are hopeful that it will be passed during the Danish presidency, which ends at the end of June. I would point out that the entry of the United Kingdom, with very different traditions in this area, has had the effect of delaying matters. What steps have the Commission taken to ensure enactment? I can assure honourable Members that we have pursued negotiations aggressively. Now, at last, we are at the stage of entering upon the enactment, I hope, of this directive.

May I also say that the point made about Parliament's not having been consulted on the amended proposals leads me to the following statement, which I make, as

Burke

Lord Bruce made his statement, subject to correction, but I think this is the position: in the case of original proposals amended on the basis of Parliament's opinion, as in this case, it is not normal for the Commission to ask Parliament for an opinion on the amended proposal, because we take account, in most cases, of Parliament's opinion and, in fact, we have done so in this. I would suggest, again subject to correction on this point, that we should not in fact, and are not, required to come back.

I would just like to make one further small point on Article 14 (f). There seems to be no substantial objection to the amendment which appears at this point and at this time, but it seems unnecessary, since it goes without saying that where undertakings are acquired or disposed of during a financial year, account is taken of profits only for the period in which it was in fact owned. On this point, I would ask Parliament to allow me to reserve my position. Speaking fairly frankly, I think there is no objection, but I must just make that reservation.

I would thank the Members who have spoken so far and I hope I have clarified the position in response to the questions posed.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote at the end of tomorrow's sitting.

The debate is closed.

16. *Regulation on the normalization of accounts of railway undertakings*

President. — The next item is the report (Doc. 142/72) by Mr Nyborg, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the

proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1192/69 on common rules for the normalization of the accounts of railway undertakings.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, the Commission proposal before us does not present the European Parliament with any particular difficulties.

If, however, the explanatory statement is rather longer than is normal with such proposals, there are two reasons for that. First of all, the proposal is particularly complicated from a technical point of view and secondly, with all due respect for the Commission departments concerned, the explanations given by the Commission are very unclear.

I therefore tried in the first part of the report to explain the background to the Commission's proposal and then in subsequent chapters to deal with the Commission's four proposed amendments in detail. The term 'normalization of accounts' is in my view an

unfortunate choice as well as being misleading; it has nothing to do with methods of bookkeeping as the uninitiated might believe. Instead it has to do with the burdens imposed and benefits extended by the authorities to railway undertakings alone.

As mentioned in paragraph 3, this term has a dual significance: in the first place it means determining by accounting methods the losses borne or benefits enjoyed by railway undertakings by reason of any provision laid down by law, regulation or administrative action that applies solely to rail transport; secondly it means payment of financial compensation in respect of losses thus incurred or benefits thus enjoyed.

Consequently, the primary aim of the Commission proposal to amend the 1969 regulation is, if not to eliminate, at least to reduce the distortions of competition between road, inland waterway and rail transport pursuant to a decision to implement the Council's basic decision of 13 May 1965 on the harmonization of certain provision affecting competition between the various modes of transport.

The first proposed amendment deals with the scope of application of Regulation No 1192/69. So far, the regulation has been applied solely to the nine national railway companies. But as some railway undertakings are in a similar situation as regards structure, organization, burdens and benefits and transport effected, it follows logically that they should be covered by the same common rules as the national railway companies.

In the interests of fair competition, the committee endorses the Commission's proposed amendment.

The other three proposed amendments deal with the various categories of railway undertakings' burdens and benefits. As I have listed the categories of burdens and benefits in paragraphs 9 to 14 of the explanatory statement and made a number of comments on the present situation and amendments proposed by the Commission, I think it would be superfluous to go into this difficult subject in detail again today.

The aim of the proposed amendments is to make the accounts of railway undertakings more transparent and make it easier to compare them. This is obviously in preparation for future action.

Although the proposal before us today has nothing to do with the finances of railway undertakings or cooperation between national railway companies, I nevertheless felt it would be proper to insert a paragraph 3 in the motion for a resolution requesting that common measures be introduced for the rationalization of railway undertakings' finances, which, as we all know, are rather limited, to put it mildly in all the Member States, and to bring about closer cooperation between national railway companies in the Community.

On the basis of the objectives that the Commission has set itself in this proposal, I think that Parliament can endorse the Commission's proposal as it stands.

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

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

Mr Jung. — (*D*) Mr President, in view of the present debate in the Federal Republic on the future of the Deutsche Bundesbahn, I hardly need to give special emphasis to the necessity of adopting rapidly and unanimously this report by our colleague, Mr Nyborg. Not only the Deutsche Bundesbahn, but also other European railway companies have been suffering for some time now from an almost unbearable financial situation. I can therefore be brief.

The Liberal and Democratic Group approves the report presented by Mr Nyborg on the proposal from the Commission to the Council for a regulation amending the regulation on common rules for the normalization of the accounts of railway undertakings. My group considers the extension of the field of application of Regulation No 1192/69, which is the purpose of the amending regulation, to be a positive step towards overcoming, or at least remedying, existing distortions of competition.

My group also fully shares the satisfaction expressed in the conclusions to the explanatory statement at the fact that amendments will contribute to greater transparency in the finances of railway undertakings and that they show an awareness of the economic and social realities. In conclusion, the Liberal and Democratic Group would now like to see the Commission submitting early proposals on the improvement of the financial situation of railway undertakings and closer cooperation between the national railway companies.

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

Mr Porcu. — (*F*) Mr President, the Commission proposal that we are discussing today is based on a Council decision of 13 May 1965 concerning the harmonization of conditions of competition in the transport sector. Apart from the technical aspects of this proposal, it raises a fundamental question about the Community's transport policy, and in particular its rail transport policy. Cut-throat competition between the different means of transport, the failure to use the railways effectively, and the closing down of lines represent an enormous waste of resources, which has to be paid for by Community taxpayers. The European railway unions pointed out in a recent joint declaration that uncontrolled free competition as the sole means of regulating transport systems inevitably leads to the under-utilization of existing infrastructures and economic waste resulting from duplication, these being the consequences of a lack of proper investment planning. As regard energy problems, and the actual social cost, pollution, accidents etc., there

have been declarations of intent, but no practical steps have been taken.

The Community has a number of problems to deal with: energy savings, pollution, congestion on the roads and expenditure — substantial and unnecessary expenditure which could be avoided —, the safety of users and the public in the regions and towns concerned, the maintenance of employment and the survival of our regions.

One form of transport seems to fulfil all the necessary requirements particularly well, namely railways. Of course I am not suggesting that we should stop using all other forms of transport; these do fulfil certain specific requirements, for example the requirement of place and time. But the railways must be able to operate, and provide a public service, in conditions of competition which do not place them at a disadvantage in relation to other modes of transport. The railways have always been a particularly effective means of maintaining and developing the industrial structure of our regions, and we must therefore take account of all these factors and the economic and social importance of this mode of transport and take the decisions expected of us by the railway workers. These workers held a demonstration in Brussels on 11 May — for the first time in the history of the Community. It would be a mistake to disregard them, because it is not only their own interests that they are defending, it is also a question of ensuring that the development of the railways is in keeping with the interests of the public and the Community as a whole.

Are the European institutions so far removed from the workers that ten thousand European railway workers have to demonstrate in the streets of Brussels? Do you think that if they had had a say in European transport policy right from the beginning, they would have had to resort to demonstrations? This shows how essential it is to make the Community more democratic and give the workers a say in Community affairs; without this Europe will never be properly integrated.

I should therefore like to say in this debate, on behalf of the French Communist representatives that we must listen to the railway worker's claims and satisfy them if we are to achieve economic and social progress. The Community's policy must be geared to this objective; it is Europe's interest that are at stake.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I would like to ask two questions, and then make a comment. Paragraph 4 of the explanatory statement in Mr Nyborg's report (Doc. 129/78) says:

The introduction of common rules and customs procedures is also designed to protect fraudulent practices detrimental to the Community's economy and budget and affecting both its revenue (collection of customs duties) and its expenditure (granting of export refunds).

Dalyell

I had better also refer to paragraph 6.

The rapporteur here wishes to draw attention to the urgent need to end sales of duty-free goods to passengers. With regard to the present proposals, such a measure could naturally lead to attempts to find a way round the provisions on products for consumption on means of transport.

I would like just to lay down a marker. Some of us on the Control Sub-committee are becoming increasingly concerned at the whole issue of fraudulent practice. Now, frankly, this is not the occasion at this time of night, nor do I think a plenary sitting actually is the occasion for the Commission to give the answer or background to all this, but I would like to invite them to make any submissions that they think are relevant on this subject to the Control Sub-committee. All I am asking Mr Burke for tonight is an undertaking that he will consider the request and lay any relevant information before the Control Sub-committee when we meet in September under the chairmanship of Mr Aigner.

My second question concerns Doc. 142/78. Paragraph 3 of the motion for a resolution states:

Wishes to take this opportunity of requesting the Commission to draw up further proposals aimed at placing the finances of railway undertakings on a sounder footing, and of bringing about closer cooperation between national railway companies.

Now, Mr President, you will be relieved to hear that I do not think this is the occasion to bring up the whole issue of the Channel tunnel, but I think that if we are going to talk about closer cooperation between railway companies, this in fact, shall we say, is a topical item where there could be the greatest step forward in cooperation. I just want to say two things about it. First, would the Commission undertake to study the letter in *The Times* last week from Prof. Sir Alexander Cairncross, now the master of an Oxford college, who reported four years ago against the Channel tunnel, but now wrote a leading letter to *The Times* to say that in different circumstances, given a different energy situation, he and possibly other members of his committee have changed their views. I think quite a number of people are changing their views on this whole subject. The second question I would like to ask is: Is it the considered opinion of the Commission at all that there is any scope for financing a Channel tunnel out of the Ortoli loan? That is the question, and I leave it at that.

I also want to make a comment on a subject of considerable general concern. Here we have a proposal from the Commission to the Council for a regulation amending the regulation on common rules for the normalization of the accounts of railway undertakings. Now I understand that two British law lords are coming to Brussels next month to challenge the Market's chief legal adviser, who many of us remember with considerable affection when he used to come to the Committee on Budgets in another

capacity, on the EEC's right to make a growing range of laws binding on Britain. These law lords, Lord Diplock and Lord Fraser, quoting the Treaty of Rome and a Government White Paper issued before Britain joined the EEC, maintained that the Treaty applies EEC law to the economic deal and should intrude into other spheres only where economic policy is involved. Instead, apparently, the Commission in Brussels considers that it has the right to interpret Common Market powers in a flexible and evolving way. Strong opposition to this view was expressed last week by the House of Lords Select Committee on Common Market Affairs. It endorsed apparently a highly critical report by its Legal Sub-committee on the way EEC legislation is developing. The issue is being taken up by the law lords with the Director-General of the European Commission's Legal Service. Now one of them is quoted as saying that the critical peers were interpreting the Treaty of Rome in a most narrow way. It was not a normal treaty and had to be interpreted more dynamically. He said that some continental lawyers had shared some of the Lords' views in the early 60s, but that they had got used to new concepts. It is a slow process. Apparently the Lords' Sub-committee is particularly alarmed by the way the EEC authorities are using their powers to harmonize national law. I raise this, because it is a classic example of the harmonization of national law.

In the past three or four years proposals have begun to appear for environmental consumer protection in commercial law. The Lords also note a speech by the Director-General in which he spoke of criminal law being suitable for harmonization, though he said that there was no urgency in this.

Now the peers' warning about the growth of unconstitutional powers in Brussels goes further. The British Government, they say, is acquiescing in it, and three years ago Lord Diplock told the Government that an EEC proposal to create uniform standards for the purity of water off Europe's beaches was wholly outside the scope of the Treaty. He was told that nothing would be gained by questioning the legality of the proposal. I am asking: is this in any way outside the scope of the Treaty? I am not silly enough to want an answer on a complicated subject tonight. I am putting down a marker in the hope that either there will be a statement from the Commission at the next plenary sitting, or some other way of communicating a considered view on these difficult matters from the Commission. Because another proposed directive which the critical peers considered to have no legal basis seeks to protect people who pay for home-study courses. This, they say, extends the Treaty of Rome's scope into the field of general education. A directive, once agreed, cannot be repealed without the agreement of all Member States. Legislation by EEC directive, say the peers, may become an easier way to govern than by following the normal parliamentary course. They add a further warning.

President. — Mr Dalyell, I have had an indication of a point of order. I do not want to forecast the point of order, but I think it is likely to comment on whether you are really in order in going so wide. I do not want to interrupt, but I am going to call on the point of order, because I have to.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, I feel that the honourable Member has strayed far from the subject under discussion. We are discussing a report on the transparency of the accounts of railway undertakings and Mr Dalyell has introduced a whole series of different topics and asked questions that he wants the Commission to answer. I do not think this is in keeping with normal practice.

President. — I am sure, Mr Dalyell, that you understood that point. I hope that you will now bring your point to a conclusion.

Mr Dalyell. — The last thing I want to do is to give offence to Mr Nyborg. But you see this is an interesting question — and I leave it at that — whether in fact there is a legal basis for the kind of directive and the kind of proposal that we are discussing tonight. I hope that the Commission will seriously consider the points that have been made and give a response. Mr President, I do not want to prolong proceedings and certainly I do not want to get across Mr Nyborg or any other colleague on this matter, but I think it is a substantial issue.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I should like to confine myself to the report which is before us tonight and thank particularly Mr Nyborg for the marvellous work which he has put into it and those who have worked with him. It is of course, an amendment of Regulation No 1192/69, on common rules for the normalization of the accounts of railway undertakings, and is, like the previous item before you this evening, very largely of a technical nature, i.e., it is to fulfil legal obligations imposed on the Commission by existing Community legislation. It is, however, a small step in the logical evolution of Community railway policy, which to date has developed along two major and clear lines: the greater transparency of railway accounts and finances and the improvement of the situation of railway undertakings themselves. Now, your rapporteur, in document PE 53.119, points out:

The amendments under consideration are not only of marginal importance as regards the central problem of placing the finances of national railway companies on a sound footing.

We in the Commission can concur with this viewpoint, but would remind you of the great importance which we attached to an improved cooperation

among the railway undertakings of the Community and the possibility of eventual integration of certain of their activities. This is something which should be actively promoted at Community level, not only with a view to improving the position of the railways on the international market, but also to their adaptation into a Community system of transport. Now again, with a view to improving the situation of the railway undertaking, I would stress the hopes which we place in the multiannual business plans and financial and investment programmes that the railways in Member States, must establish in close collaboration on the basis of a Council decision of 20 May 1975 and communicate to the Commission. To date only two Member States of the Community — the Member State of the rapporteur and my own — have submitted such programmes, and I think I could appeal here to those who come from the seven other Member States of the Community to endeavour to see to it that these multiannual programmes are submitted to us.

I should like, briefly, to refer to a few points already made. May I take, first of all, the point made by Mr Nyborg when he put it to us that there was no clear justification given by the Commission services for this proposal. I would take that point to some extent, but, in rebuttal, could I point out that this is largely a matter for what we term in English 'insiders' and that the normalization of accounts has been a traditional matter since 1965, when the Commission made a clear statement and used the words 'a harmonization decision'. Well now, I hope he will take that as an indication that, although he has a certain amount of right on his side, we cannot go any further than we have done just at this stage.

May I say to Mr Porcu that I have had, in fact, the discussions with the *cheminots* that he referred to: it gave me an opportunity to speak quite frankly to them and to point out that they themselves had a very large part to play in the creation of public opinion, that in fact the difficulties of the railways were not due to lack of initiatives on the Commission's part but to the lack of implementation by a number of other bodies of initiatives arising from that. We have had a very frank exchange of views with the railwaymen, and I think they went away satisfied that at least we had given them an undertaking to study the point of view that they had put to us in the document which they had submitted.

May I also say to the rapporteur and others that we have in fact assessed the possibility of enlarging the field of application beyond that referred to in this basic document, to the non-national or private railways. In fact, the Commission submitted proposals in 1972, but unfortunately these were not adopted by the Council. It is therefore a matter of judgment whether we should keep on putting forward proposals which

Burke

we know do not, at this time, receive the consensus of the Council, and I would therefore ask you to accept that we try to be realistic in these matters.

Regarding the points made by Mr Dalyell, I would say that, in regard to the request made about fraudulent practice, I certainly have taken a note of that and will raise it in the appropriate quarters to see if some report may not be put before the Committee on Budgets in regard to that matter. I would say in relation to the Channel tunnel that I have noted the various references made to these possibilities. I have also noted statements made in the various papers about the possibility of an initiative by railway companies, but I would like to point out that the UIC, the International Organization of Railway Companies, has not, as yet, made any approach to us. Could I say, though, that we have before the Council at the moment a very important infrastructure proposal, which I hope the Council will very shortly pass. If that piece of legislation were passed, as the honourable Member will realize, we might be put in a position to finance certain Community-wide links; I will not specify any particular one, because we have also, in the same proposal, the first part of which has already been passed by the Council, a system for consultation, and under that system of consultation, which will take place in the very near future, it is open to a Member State to put forward any particular proposition they wish for the attention of the consultation committee; so I would not like to go further in a personal capacity than to say that the question of this tunnel, to which the honourable Member refers, could be brought by the Member State in question before that consultation committee. May I also say that the parliamentarians themselves, in this regard, have put forward an amount of money which we in the Commission are glad to tell the House that a substantial amount of that money will be devoted to a study of the particular link — fixed link — to which the honourable Member refers. He also asked me if it will be possible to use the Ortolí facility for this purpose. I would ask him to understand that, when I say I wish to reserve my position on this, the matter is still the subject of discussion. On the one hand, there are those who say that, if the Commission has made a proposition in regard to infrastructure proposals, we should wait until the Council has deliberated and legislated either one way or the other. The Ortolí facility, on the other hand, may come up for discussion at an earlier point. I am keeping an open mind on this and will communicate with Members of the House if anything substantial develops in this regard.

On the points he made about the legal opinion of the House of Lords, I would limit myself to saying that the particular proposition before you tonight is evidently a matter of financial and economic importance, and I would suggest to him that it is in fact a subject to be dealt with under the articles he mentioned.

Now, may I finally say, Mr President, that in the Council meeting of Transport Ministers last Monday we made a small but, I think, fairly significant step forward with regard to improving the situation of the railways, and that although we have not, as yet, been able to get the various Ministers and Member State governments to take the steps that are necessary to put the railways on a sound footing, nevertheless we are proceeding with what we regard as important steps. I would ask Members of the House to give the railway situation in the Community their urgent and continued attention, so that public opinion can be made to realize that we have in our railway systems an important infrastructure which, in fact, we should continue to improve in the various ways that are open to us. I would therefore thank the House for its appreciation and support of this proposal and to all the Members, I would say that in regard to the fundamental position of railways, we are dealing here with a matter which is important from the point of view of competition. Railways and railway trade unions would need to remember always that the Commission's policies are based on fairly free and open competition between the various modes. Railways could get support for various infrastructure and other proposals. What we must always try to avoid is any restriction which would make it impossible for the rules of fairly free competition to operate in this area. I thank the House for the reception of this report.

President. — I note that no one else wishes to speak.

The vote on the motion for a resolution, as such, will be taken tomorrow at the end of the sitting.

The debate is closed.

17. *Directive on VAT*

President. — The next item is the report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission to the Council for a ninth directive on the harmonization of the laws of the Member States relating to turnover taxes (derogation from Article 1 of the Sixth Council VAT Directive of 17 May 1977) (Doc. 168/78).

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, I wish briefly to introduce the motion for resolution which the Committee on Budgets adopted on Monday and is now submitting to Parliament.

The issue is an important one, since it concerns the introduction of the full Community own-resources system. It is a question of financial autonomy, and Parliament has certain rights in this respect. This is why it constitutes such an important question of principle for us. The Member States were to have had a

Notenboom

harmonized system of VAT as far back as 1975, following a decision ratified by the parliaments of all the Member States. That deadline was of course not met. The Council then unanimously adopted in May 1977 a harmonized VAT system which was to have entered into force in all the Member States by 1 January 1978 at the latest. All the ministers involved at the time had agreed to this.

Time was short but all the ministers nevertheless gave their agreement. Once again, however, these intentions came to nothing. Seven of the nine Member States proved unable to introduce the VAT system. The two which did so were Great Britain and Belgium. This created a confused legal situation in the tax systems of the countries involved and at the same time postponed once again the introduction of the full Community own-resources system. I refer to paragraph 3 of the motion for a resolution.

Paragraph 4 states that this derogation, which we supported at the time, should not be renewed. This must be the last time, and we are pleased that the rights acquired in connection with the application of the direct system will not be affected by the ninth directive.

In paragraph 5, Parliament urges the Commission to initiate the procedure laid down in Article 169 against any Member State failing to comply by 1 January 1979 with the sixth directive and the ninth directive, which will no doubt have been adopted by then.

I was informed of a report in yesterday's newspaper to the effect that the German Government had decided not to adjust its turnover tax rate before 1 January 1980. Is the Commissioner aware of this report? This is indefensible. The German Government was among those which agreed on 17 May 1977 to the sixth directive according to which the turnover tax rate in the Federal Republic should also have been adjusted by 1 January 1978. Paragraph 6 requests the Commission to draw up before the July part-session a detailed statement of the situation in the seven countries which have not yet adapted their legislation on turnover tax, in the hope that this will encourage a little more activity in this direction on the part of the relevant governments and parliaments during the remainder of this year.

In paragraph 7, Parliament reserves the right to request the opening of the conciliation procedure, and paragraph 8 is the traditional paragraph with which we conclude our resolutions.

In view of the late hour and the fact that there is still a further item on the agenda, I shall leave it at that, Mr President, although the Committee on Budgets considers that this ninth directive, which it is obliged to accept, is of great importance for the Community's financial autonomy and consequently also for the powers of the directly elected European Parliament.

We would recommend Parliament to adopt this motion tomorrow.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — Mr President, I would like to thank Mr Notenboom for the work which he has put into this. Might I be allowed to say that this is a difficult matter and it would have been better had it not had to come before the Parliament at all. We all regret the circumstances that have led to this situation.

What is involved here, of course, in this Ninth VAT Directive is a modification to Article 1 of the Sixth VAT Directive. As the rapporteur pointed out, seven countries failed to pass the legislation in time to meet the deadline which they *themselves* agreed to when passing the sixth directive on 17 May 1977. The measure on which Parliament has been asked to give its opinion refers to the proposition that the date of implementation be postponed from 1 January 1978 to 1 January 1979. I have taken note of the views of Parliament and in particular the fact that the motion for a resolution stresses the importance attached by Parliament to two points also considered crucial by the Commission — namely: (1) compliance with the new date 1 January 1979 by the seven Member States concerned; and (2) respect of any rights acquired by persons subject to VAT between 1 January 1978 and the date of notification of the ninth directive ruling out the possibility of any retroactive application of the ninth directive.

The Commission willingly accepts Parliament's idea that the Commission should prepare a detailed progress report on national measures to implement the sixth directive. It will report to Parliament at the July part-session, and also if necessary after the summer recess, should any of the Member States will be having difficulty in applying the sixth directive.

I would say to Mr Notenboom that I have not, because of my being confined here since Tuesday, had the opportunity of reading any paper. I have not seen the reference to the position of the Federal German Republic, but will bear that in mind in preparation for the discussions which, one hopes, will take place at the next part-session. I will invite the rapporteur to consider under what type of rubric this matter might then be discussed: perhaps we could get together and have a word about this after the discussion here this evening.

President. — I call Mr Dalyell.

Mr Dalyell. — I would like to ask the Commissioner whether he, instead of coming to the part-session in July — he probably wants to do that anyway — would come to the Committee on Budgets, where he could give us some indication of why the delay has taken place in different countries for rather different reasons. I do not presume to talk on behalf of Mr Lange, but there are some of his colleagues who feel

Dalyell

that this is very important and would like some explanation in July as to what precisely the cause of the delay has been.

President. — I call Mr Burke.

Mr Burke, Member of the Commission. — I am always available to committees of Parliament in respect of those responsibilities which I hold in the Commission. In principle I am ready to discuss this matter: we will discuss the *modalités*, as is said, with the chairman of that committee or with any interested member, and then we can have a further discussion of the details which Mr Dalyell referred to.

President. — I note that no one else wishes to speak. The vote on the motion for a resolution, as it stands, will be taken tomorrow at the end of the sitting.

The debate is closed.

18. Regulation on milk and milk products

President. — The next item is the report (Doc. 167/78) by Mr Herbert, on behalf of the Committee on Agriculture, on amended proposals from the Commission to the Council (Doc. 133/78) for a regulation amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products.

Before I open this debate, may I remind the House that we sat until 9.30 p.m. last night, and it is now nearly 9 p.m. We have to think not only of ourselves but of the interpreters and other staff. I therefore consult the House on the desirability of taking this debate as the first item on tomorrow's agenda.

Mr Scott-Hopkins. — Mr President, I would propose that we proceed with the debate now. I myself shall only be speaking for about two minutes, and the whole debate would not take too long.

President. — That is therefore agreed. I call Mr Herbert.

Mr Herbert, rapporteur. — Mr President, I can be very brief in introducing my report, since the Parliament has already discussed the substance of the proposals, and I would like to confine myself to two fundamental aspects of my new report. In the Committee on Agriculture, several members expressed very serious reservations about the acceptance of these proposals, claiming that they allow the creation of a national organization of the milk market in one Member State and that is in direct contravention of the common organization of the Community milk market. Other members now feel that national organizations for any agricultural product can now be created in any Member State. In actual fact there is a request to do this in paragraph 6 of my report, which, I may add, was not in my original text and did not have my approval.

The other point I would like to refer to concerns the special powers and special rights of the MMBs and the inherent danger in hindering free trade in dairy products in the UK. The concern expressed by several members of the committee was very genuine. The MMBs in the past have been able to cross-subsidize milk being used in the processing of various dairy products. For example, I do know that last July the MMBs increased the price of milk by 8 pence a gallon for the processing of most products, but exempted milk going into the manufacture of cheese. This has resulted in a serious and clear distortion of the UK cheddar market, and imports cannot compete. This rather blatant abuse of the special rights of MMBs must be prevented. This is the reason I was so sympathetic in the committee on Monday night, when Mr Früh moved his amendment expressing anxiety that the provisions of the revised proposals are not clear enough or strong enough to prevent the recurrence of abuses like this.

Therefore, Mr President, any proposals being approved by the Council to continue the MMBs must ensure that there will not be a distortion of trade. These are a few of the main points which we must keep in mind when discussing the Commission's revised proposals.

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

Mr Früh. — (D) Mr President, I deeply regret that we have to deal with such an important point so quickly at such a late hour. This is the second time that we have discussed this matter here in this House. The first proposal was withdrawn because an amended proposal was already being discussed in the Council of Ministers and we therefore no longer needed to concern ourselves with it.

This proposal of 26 May sounds — at least so it seems to me — almost derisory since it includes the statement that this regulation shall be binding in all Member States. This is the usual clause for regulations. But if we look at the regulations more closely we note that Article 25 of the basic regulation has been changed to the effect that in a certain area there may be a purchasing monopoly and equalization of producer prices without reference to the use to which the milk is put. This authorization is tailored exclusively to British conditions, stating as it does that whole milk or other fresh products must account for 150 % of the corresponding proportion for the Community as a whole and that there must be a greater *pro capita* consumption for milk products than for the Community as a whole. So we have a regulation which is exactly tailored to British conditions. This of course has given rise to great unease in the other countries since this is no more than an exception for the United Kingdom. I would like to put just one question, Mr Herbert, which concerns us all: is this to be the beginning of the end of a common agricultural policy?

Früh

The rapporteur made this point. It was most significant that he came to share our misgivings more and more in committee and although we shall no longer be presenting our amendments since they were rejected in committee, I am surprised and at the same time grateful to see that the rapporteur himself has adopted one of our most important amendments.

Allow me to make just one comment on this situation. We passed an amendment in committee on paragraph 6, which we unfortunately had to do under the present arrangements, to the effect that similar provisions could also be applied in other countries, naturally not in line with British conditions but in line with the conditions of the markets in other countries. We cannot allow a situation in which special provisions apply for one country but not for the others. I must, however, confess that we did this not from personal conviction but partly with considerable misgivings because if similar organizations were permitted in other countries this would start off a development which would not help the common agricultural policy.

For these reasons — and unfortunately I cannot explain our misgivings in greater detail because of the late hour — we as a group shall not be able to vote for this report.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — I am sorry to hear that Mr Früh, from the Christian-Democratic Group cannot give his support for these proposals. As he knows, the ministers have already decided this, and it is really a *post-hoc* performance that we are going through here. The ministers have decided, and what we are doing now is to ratify what they already have decided. I do not think that whatever we do here will affect their decision one way or the other. I hope that this House will accept the decision which has been made. May I say to Mr Früh that no way do I see this as the end of the CAP, far from it. I think that the extension of the idea of the marketing boards, if this happens, would be to the advantage of the CAP throughout the Community. Indeed, as I understand it, what is really behind Mr Früh's objections is the fact that his country, the Federal Republic, had to abolish their form of milk marketing board — though it was not exactly comparable with ours — in 68 or 69, and he feels very hard done by. Now we in the United Kingdom are being allowed to keep our milk marketing board, I would like to say to him that in the resolution which we are debating, in paragraph 6, if the Federal Republic wishes to reintroduce a form of milk marketing board, then this House is recommending that it should be helped so to do. I hope indeed that, if this is what is wanted in the Federal Republic, they will do so.

I think the example of the milk marketing board in the United Kingdom should be a lesson to very many people throughout the whole of the Community. Nowhere else does so much liquid milk get consumed as in the United Kingdom. There are other factors, I agree, but nevertheless it is because of the structure of the milk marketing board through the dairies, through the pint on your doorstep, that more liquid milk — and figures do not lie, Mr Früh — is consumed in the United Kingdom, and this is the best return for the milk producer that he can get. It is the highest of all in the United Kingdom.

I do not wish to go through all the details of the motion which is in front of us, merely to say that I believe it is going to ratify what our ministers have already decided and agreed. There are one or two exceptions; the fears expressed here about free competition and so on are legitimate, I agree; but I believe that the strength of the milk marketing boards in the United Kingdom can stand up against that, and they are prepared to do so. Therefore I hope that this House will accept this resolution and will pass it without difficulty and with an overwhelming majority, because I believe that, at the end of the day, it is in the interests of the Community. Milk is in surplus; we have 2 million too many cows, and therefore the maximum amount of milk that can be consumed, be it in liquid form, the best way, or as a manufactured product, is in the interests of the Community as a whole. This organization indeed goes a very long way to helping to do just that. I therefore hope that the motion for a resolution will be adopted with an overwhelming majority when we vote on it tomorrow.

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

Mr Liogier. — (*F*) Mr President, in the debate we had on this subject in May, I expressed surprise at the submission of these proposals which were designed to provide a Community legal basis for the Milk Marketing Boards. It is astonishing that the Commission has waited until the end of the five-year transitional period before proposing to the Council the texts needed to bring the Milk Marketing Boards into line with Community regulations in the initial stage.

And now it simply goes on to endorse the British national system, in flagrant disregard of the treaties. The milk buying monopoly allowed to the Milk Marketing Boards and the equalization of prices allowed to the producers in fact enable British processors to equalize the price of liquid milk and those of other milk products on a national basis, which is an infringement of Article 24 of Rule 804/68.

The Milk Marketing Boards distort competition with the milk producers of the rest of the Community, in the case of both processed products (cheese, butter, concentrated milk, etc.) and liquid milk. The British

Liogier

regulations isolate the British milk market, by hampering the free movement of milk in the Community, using numerous pretexts: health regulations, fat content, packaging capacity, etc.

In the circumstances, it is extremely regrettable that the proposals for regulations submitted by the Commission do not eliminate these distortions of competition; on the contrary, they authorize the maintenance of the milk monopoly and the equalization of prices. The Commission's argument that the market for liquid milk needs to be maintained seems all the more I might almost say fallacious — in that an exception is provided for in the case of Northern Ireland although liquid milk does not account for the bulk of milk collection there.

We are therefore opposed to the Commission's proposal in its present form. We suggest that it should, as soon as possible seek a specific solution to the problem of MMBs which is compatible with the Treaty and the regulations of the common agricultural policy and should carry out research into the consumption of liquid milk in relation to the market structures in the various Member States.

Although I congratulate Mr Herbert on his report and the work he has put into it, I cannot vote in favour of it because I think that there are too many nuances and in particular because it has been deprived of any operational value by the Committee on Agriculture. As regards the proposed text, it establishes a very dangerous precedent which will undoubtedly have repercussions in the future. I am therefore opposed, in the interests of the common agricultural policy, which must at all costs be upheld, to the maintenance of the Milk Marketing Boards.

President. — I call Mr Howell.

Mr Howell. — Mr President, I will be brief. The action taken by the Council of Ministers and ratified in this motion is the most important step forward which has been taken for a very long time in the Community. I would say to Mr Früh that, whereas he asks whether this is the beginning of the end of the CAP, I believe that this is the beginning of a real and a better CAP. We have no real CAP at the present time. I have considerable sympathy with him when he points out that changes had to be made in his country some considerable time ago, but if he should be worrying that those changes had to be made and aggrieved that Germany lost something as a result, then surely this is now a change in the right direction and the amendments which are put into these proposals will help in that direction.

I would also like to move formally my additional amendment in favour of new paragraph 6a:

Believes that similar marketing structures may contribute substantially to improve the situation of other commodities, particularly Mediterranean products such as olive oil and wine.

I believe that the Commission's thinking now is moving in this direction. I hope so. At our last committee meeting, Mr Klinker was talking of an overall organization to improve the market in pigmeat. I believe that this is the way in which we have to move throughout the Community, if we are to get any sort of balance between supply and demand. I believe that a big step forward has been taken. I look forward to the day when Mr Früh and Mr Liogier also recognize that this is a matter of great importance which will be of benefit to the agricultural community and to consumers in the future.

President. — I call Lord Kennet.

Lord Kennet. — If I may just have one minute now, to make the point that it is with regret that one hears that two important political groups are opposed to what is before us. I am not quite clear from the speeches of Mr Früh and Mr Liogier whether their groups have fully appreciated the point made by Mr Scott-Hopkins that if they vote against this tomorrow, they will not be voting against a proposal, but will in effect be calling for an *ex-post facto* vote of censure on a decision already taken, as I understand it, by the Council of Ministers on the Commission proposal. I hope I have got it right, and if I have got it right, I hope that they will do what they can to explain to their colleagues that that is the situation before the House.

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, I wish to reply to my colleagues that we are fully aware that the Council of Ministers has already taken a decision on this matter and it now only needs — if I may put it this way — the blessing of Parliament. This too is a method which we also condemn, namely that we have been given no choice, and that in the course of price negotiations a point has been pushed through which would otherwise have blocked the whole negotiations. We however believe that this is not the proper method; we have had four years to combine the best of both systems — and this would have been our objective — and then to make a proposal, rather than to force one point through and to create discrimination in respect of another point which we succeeded in getting accepted many years ago.

President. — I call Mr Burke.

Mr Burke. *Member of the Commission.* — Mr President, as has been pointed out, in December 1977 the Commission submitted to the Council proposals for regulations to regularize the milk marketing boards in the United Kingdom. The compatibility of the relevant United Kingdom provisions with Community rules appeared doubtful particularly as regards the

Burke

exclusive purchasing rights of these organizations and their authority to effect price equalization or pooling. In proposing those texts, the Commission bore in mind that the milk marketing board operations have helped to channel the majority of the milk produced in the United Kingdom towards human consumption as drinking milk. When the Commission proposals were discussed within the Council, numerous reservations were expressed concerning the basic aims of the proposals, their applicability in Member States other than the United Kingdom and non-interference with the free movement of goods. Following these discussions, the Commission amended its original proposals at the Council meeting of 12-16 May 1978, so that the Council is now ready to give formal approval to the amended texts once the opinion of the European Parliament is known.

The following are the main changes to the original proposals. The new Article 25 of the basic milk regulation 804/68, for which alone Parliament's opinion is required, now provides that the board system should be restricted to those Member States which apply for permission to have such a system and in which the quantity of milk marketed as fresh milk or fresh milk products (a) is, in relation to the milk produced in the Member State in question, at least 50 % above the Community average, i.e. 150 % of the corresponding Community average, and (b) represents a *per capita* consumption which is higher than the *per capita* consumption for the Community as a whole.

Thus, the criterion for approval under the Community rules relates to the entire territory of a Member State, and, in the case of the United Kingdom, make it superfluous to adopt a special regulation for Northern Ireland, as was originally planned, and on which Parliament would also have been consulted. In the original proposals, the criterion related to each board area only, and in that case the Northern Ireland Milk Marketing Board would have been unable to fulfil the foreseen conditions, since this is the only region in the United Kingdom where, for geographical and demographic reasons, a predominant quantity of the milk produced cannot be channelled into direct human consumption. It was, however, felt that an exception should be made in this regard for Northern Ireland in order to prevent disturbances on the market and not to hamper the development of this region, given its special economic and political situation. I am pleased to say that the Commission, at its meeting here in Strasbourg this week, decided to authorize a national subsidy of 1.4 pence per litre of milk delivered to creameries by milk producers in Northern Ireland.

It will be unnecessary to consult Parliament on the amended general rules, rules derived from the new Article 25 concerning the milk marketing boards. These rules have also been transmitted to Parliament,

and have caused certain basic objections raised by the Council against the original proposals to be set aside. They contain, in particular,

(a) rather detailed provisions concerning the voting procedure, whereby at least 80 % of the producers involved must declare themselves clearly in favour of the board system. The basic regulation with its new Article 25 now provides that the 'yes' votes must also account for at least 50 % of production capacity in the area concerned;

(b) certain specific conditions, whereby the United Kingdom will have to abolish some of the board's privileges in order to obtain Community approval: this is the purport of Article 10 of the general rules. In the first instance, the United Kingdom Government was informed of these conditions by a letter from the Commission.

(c) last but not least, in Article 9 of the amended general rules, new and detailed, provisions to prevent the pooling system used by the boards from adversely affecting competition on the United Kingdom market between domestic products and milk products imported from other Member States.

Article 9 of the general rules provides that the pooling system may not have the effect of causing distortion of competition on the UK market. To obviate this risk, no selling price applied by the MMB's for milk may fall below the lowest price applied on the UK market for the milk product concerned. Detailed modalities to these provisions, to be laid down in Commission regulations, will enable the Commission to control the respect of these principles. I would like to spell this out a little in order to put at ease some of those who feel that competition will, in fact, be interfered with. May I point out that the United Kingdom shall take the necessary steps to obtain advance information on the selling prices applied by MMB's and on the various users for which the milk is intended, and also communicate such prices to the Commission prior to their application. The Commission shall communicate the prices concerned to the other Member States and shall embody them in an examination to be undertaken by the Management Committee for Milk and Milk Products in accordance with Article 31 of Regulation (EEC) No 804/68.

On 12 June 1978, the Parliamentary Committee on Agriculture approved the amended draft Herbert report by 12 votes to 6, with one abstention subject to the addition of one amendment. Now the sole amendment approved, as we have heard already, was that proposed by Mr Früh, who requested the insertion of a new penultimate paragraph which calls for the possibility of setting up organizations comparable to the UK milk marketing boards and likewise conferring special rights in all Member States, taking into account the structure of the market and the State concerned. Now Mr Früh, Mr Klinker and others

Burke

think that it would be the best solution if the marketing boards in the United Kingdom were adapted to the existing Community legislation within a transitional period without the basic regulation's being amended. We also heard this evening that this procedure was followed in 1968 in the case of Germany, whose catchment and sales areas for dairies were incompatible with Community rules. Since, however, this kind of arrangement did not seem politically possible in the case of the marketing boards and since the proposal for an amendment along these lines by Mr Früh had been rejected by the committee, Mr Früh, Mr Klinker and other thought it necessary that the criteria should be drafted in more general terms so that their applicability was not restricted to the United Kingdom. Now, the Commission has drafted the criteria in the next texts along restrictive lines, because the majority of the Council of Ministers were concerned that, if the criteria were drafted in more general terms, organizations like the boards could be set up on their territory. Most delegations would oppose this development taking place in their country for the time being. This being the case, the Commission finds itself obliged to remind Parliament of the purely political nature of the compromise reached within the Council. Parliament now has the opportunity of expressing its own opinion on this political matter. Should other Member States express the wish to review later the criteria currently being put forward and to amend them where appropriate, the Commission would be most willing to comply with such requests.

I just want to make one brief and final comment on the statement made that there was an infringement of the Treaty involved in what is being done. May I point out that the special rights conferred on the MMB's until now by national legislation are not incompatible with the Rome Treaty, but with the basic Regulation 804/68 for the milk sector. This regulation forbids the pooling system based on national legislation. This incompatibility is regularized by the proposed amendment of Regulation 804/68. At the same time, the exclusive rights to purchase was in contradiction with the spirit of Regulation 804/68. On the basis of Article 43 of the Treaty, the Council can introduce this right, as we have already seen in other sectors like fish and in our proposals for the fruit and vegetable sectors in the Mediterranean policy. I would, therefore, thank very much the rapporteur for his report and leave it to the House to decide.

President. — I note that no one else wishes to speak. The vote will be held tomorrow at the end of the sitting, and at that time we shall also vote on the amendments which been tabled so far.

Mr Scott-Hopkins. — On a point of order.

President. — Yes?

Mr Scott-Hopkins. — I gather that you have said that the debate is closed...

President. — Well, yes?...

Mr Scott-Hopkins. — On this particular issue... I suppose it escaped your notice that the amendment under the name of Power has not been moved during the debate. I therefore gather that it cannot be moved. It therefore falls and cannot be moved tomorrow. Would you please confirm that?

President. — ... Ah, Power, ... I beg your pardon I could not understand. I thought you said Howell.

Mr Scott-Hopkins. — No: Mr Power, Amendment No 2,

President. — You are quite right and let us get this clear: it is my misunderstanding. I did not have my headphones on. Mr Howell's has been moved and we shall vote on it. Mr Power's has not been moved and therefore we should not vote on it, unless it is.

I call Mr Herbert.

Mr Herbert. — Mr President, as Mr Power is a member of my group and he, owing probably to an oversight, was not present here tonight, could I then formally move the amendment on his behalf?

Mr Scott-Hopkins. — On a point of order: the debate is closed. Mr Herbert is the rapporteur, and, if you have noticed, this amendment is not moved in the name of his group. It is moved individually, alone, by Mr Power. I would suggest that it would be out of order for the Chair to accept Mr Herbert, as rapporteur, moving an amendment which is nothing whatever to do with him and is tabled only in the name of Mr Power at this moment, when the debate has been closed. That is the point: the debate is closed, Mr President, you closed it. And it is out of order to do anything now.

President. — No, I am sorry. There was a slight misunderstanding about the names — an understandable one—of Howell and Power. But it is in order for me to accept that this amendment has been moved and therefore it will be before us tomorrow morning.

(Cries of 'Point of order!')

Mr Scott-Hopkins. — Does that really mean that after you have closed the debate at your whim and fancy you can accept somebody else moving an amendment? Not in their own name, after you have closed the debate? Do you really mean that?

President. — Mr Scott-Hopkins, I would like you to conduct yourself in a little more restrained way than that.

President

We all know the problem that we have just faced on a misunderstanding about the name of the mover. I have said that since a Member — it does not matter what group he is — a Member has moved, asked leave to move, this amendment, it is in order and can be voted on tomorrow. It only needed to be moved formally.

Mr Scott-Hopkins. — Mr President, I am not — with the greatest of respect I am sorry, I will give way to you in a minute — but my point of order is that you did close the debate and once the debate is closed then an amendment cannot be moved. I was purely seeking clarification. You then for some reason best known to yourself re-opened the debate. If I had kept my mouth shut, which I could perfectly well have done, then tomorrow morning this could not have been done. But I want a clarification this evening — after you have closed the debate. You are bending the Rules to your own convenience, Mr President.

President. — There is no question of me bending them for my own convenience and you should know better than that, because you have also presided over this Assembly.

I call Mr Dalyell.

Mr Dalyell. — Mr President, I am sure that there is no question of bending the Rules to your convenience, because I do not quite know what your convenience could be, and I am absolutely positive that you are quite impartial in these matters. But I would point out that some of us, bearing in mind that you had asked for as early a finish as possible, because of the staff and the interpreters have not spoken when we otherwise would have done, and we feel it is a bit thick if someone who has for any good reason or through an oversight not been here is allowed to push amendments when some of the others, in different conditions, might have wanted to speak.

President. — I do not follow that reasoning at all. This is a procedural matter in which different points of view are possible on the new rules regarding amendments: it has nothing to do with whether we are in a hurry or not. I have ruled according to the advice I received that this amendment is in order, and I very much resent, Mr Scott-Hopkins, that you say it is for my convenience. I have no convenience on this: I am trying to do what you would do if you were in this Chair, which is to conduct the thing as best we can.

Mr Scott-Hopkins. — Mr President, to avoid misunderstanding on what I have been saying, I am not impugning your honesty or anything to do with that at all, of course not. It has nothing whatever to do with it. All I am saying is that the Rules of Order lay down that when you have closed the debate that is the end of the matter. You closed the debate. I got up on

a point of order and asked for clarification. Then for some reason, you re-opened the debate and allowed somebody to move an amendment, after having closed it. This is what I find extraordinary, and if I had been in your position, I would not have done it so. That is all.

President. — I have ruled on this haven't I? Just in clearing up the one particular point about somebody's amendment being formally moved by another Member: of course, as you know, an amendment duly tabled can be moved by anybody...

Mr Scott-Hopkins. — That is not the point...

President. — ... It doesn't matter, Mr Dalyell, whether it's the author or anyone else at all...

Mr Scott-Hopkins. — That is not the point...

President. — No, your point is well taken. Your point is the point that the debate was closed.

Mr Scott-Hopkins. — Yes, and you closed it.

President. — Well I have ruled that tomorrow morning we can vote on this as we do on the other amendments, and the debate is closed.

Mr Dalyell. — On a point of order: I normally would not do this, but for all my shortcomings I do believe in a certain respect for the Chair. I would like to make a formal complaint that a Vice-President of the Parliament should stamp out with the remark: 'How very stupid!' I think this is the height of discourtesy, and not how a parliament should conduct itself. It may be that, because you were placed in a very difficult position and being a generous man, you turned a deaf ear to it, but I would like to register a formal complaint that a Vice-President of the Parliament should have turned round to the occupant of the Chair, in what we must recognize as a difficult position, and made a quite uncalled-for, unpleasant remark. Thank you.

President. — Now, Mr Dalyell, I did not hear Mr Scott-Hopkins say anything of the sort, and I am very grateful to him for relieving me for half-an-hour during the last four hours that we have been here, and so I am glad I did not hear it. If he did say it, I am very glad I did not hear him say it.

The debate is closed.

19. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday, 16 June with the following agenda:

9 am.:

- L'Estrange report on the market in pigmeat;
- Brown report on adult education;
- Kellett-Bowman report on adult education;

President

- Tolman report on tariff quotas for cattle ;
- Spicer report on grapes and wines from Cyprus ;
- Nyborg report on the stores of vessels, aircraft and trains ;
- Oral question, without debate, to the Commission on telex rates ;
- Oral question, without debate to the Commission, on alleged bribery by ITT in Europe ;

- Shaw report on the release of appropriations.

End of sitting : Vote on motions for resolutions on which the debate has closed.

The sitting is closed.

(The sitting was closed at 9.40 p.m.)

ANNEX

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

Question No 9 by Mr Johnston

Subject: Benefits made available to blind people

Would the Commission list the benefits made available to blind people in each of the Nine countries of the Community?

Answer

In the work it has done so far, the Commission has not drawn any distinction between the problems of the blind and those of other seriously handicapped people. For this reason, the Commission is unable to provide the list requested on the basis of available documentation. If the honourable Member so desires, it will request the Coordination Committee for Organizations for the Blind in the EEC to provide this information and will forward it to the honourable Member.

Question No 14 by Mr Brown

Subject: Channel Tunnel

What proposals have been received from the Railway Committee of Nine concerning the Channel Tunnel and what action is proposed arising from their recommendation?

Answer

1. The honourable Member no doubt refers to press reports according to which the British and French railways have undertaken a study of a project for a rail tunnel under the Channel, which will be on a smaller scale than the project abandoned in 1974.
2. The Group of Nine railway undertakings of the International Union of Railways has not as yet submitted to the Commission any proposal or recommendation relating to such a project.
3. However, the honourable Member may rest assured that any project communicated to the Commission will be examined with the greatest attention. The Commission has always attached great importance to the improvement of transport facilities between the UK and the Continent.
4. I might also mention that the Parliament itself has made possible the examination of the value to the Community of a fixed link across the Channel by allocating funds to the Commission to undertake preparatory research on major transport infrastructure projects. The Commission has proposed that a part of this sum be devoted to a study of a fixed link crossing of the Channel and hopes that the Parliament will agree.

Question No 15 by Mr E. Muller

Subject: Future of multilateral trade relations

What is the Commission's assessment of the recent statements by the head of the US delegation to the multilateral negotiation within GATT in Geneva, to the effect that the present round of negotiations would be the last in which the USA would participate, and can it state whether any studies are in progress within the Community to evolve new methods of managing international trade relations in order to banish the spectre of protectionism?

Answer

1. In stating that the current GATT negotiations in Geneva would be the last in which the USA would participate, the head of delegation was doing no more than draw the logical conclusions from a *de facto* situation.

2. The point of the remark will be understood if it is remembered, as the Council of Ministers noted in its conclusions of 17 January 1978, that the implementation of the measures agreed in the tariff negotiations will probably be spread over the next 10 years.¹

Although it is of course extremely difficult to foresee what the international economic situation will be 10 years from now, the level of customs tariffs will by then be so low that it seems unlikely that the various developed countries will see any need to hold fresh tariff negotiations.²

3. The important task will be to consider in 1988 the level of tariffs of the developing countries, in particular those which are the most advanced at present. It will then be possible to judge how far such tariffs contribute to the development of international trade.
4. The above observations apply mainly to tariffs. In the non-tariff sphere, however, there is no reason why, on the basis of the texts agreed in the 'Tokyo Round', fresh negotiations should not be held to maximize harmonization and international cooperation.
5. The Community's participation in the current multilateral trade negotiations and its effective contribution to these negotiations are clear evidence of its determination to banish the spectre of protectionism. With its partners in the multilateral trade negotiations it is in process of creating the means for the management of international trade relations in the coming decade. These endeavours should result in a strengthening of GATT constraints and contribute to the effective development of international economic relations.

Question No 16 by Mr Glinne

Subject: EEC-Comecon relations and Human Rights

During the meetings in Moscow between the Vice-President of the Commission, Mr Haferkamp and the Secretary-General of Comecon, Mr Fadeyev, did the Community delegation raise the subject of the free movement of ideas and men between Eastern and Western Europe, if only with reference to the economic and trade aspect?

Answer

The talks held in Moscow on 29 and 30 May 1978 between the representatives of Comecon and the Commission delegation led by myself were confined to questions relating to the present and future work of the two organizations. The question of human rights was not discussed directly.

However, both sides referred to the Final Act of Helsinki, the Commission delegation emphasizing the importance which it attaches to the full implementation of the principles and provisions of that Final Act.

Question No 17 by Mrs Dahlerup

Subject: More jobs for women

In its resolution of 17 November 1977³ on the economic situation in the Community and the economic policy guidelines for 1978, the European Parliament called on the Commission to investigate the effectiveness of job-creation measures for women.

Would the Commission say what steps have been taken to initiate such an investigation?

¹ The first tranche, of 5 annual stages, and a second (conditional) tranche, of 3 annual stages.

² The Community customs tariff should by that time be of the order of 5-6 %, if the rate of reduction agreed on for the current negotiations is applied fully.

³ OJ C 299 of 12.12.1977, p. 37.

Answer

The Commission has carried out a study of job-creation schemes in the Netherlands, Denmark, Germany and the United Kingdom.

One of the aspects which the investigators looked at was the extent to which women were involved in the schemes. It was found that fewer women had participated than had been expected considering the level of unemployment among women and in particular younger women. The Commission has therefore included in its conclusions a recommendation on the need to ensure that both men and women are involved in the job-creation schemes. This working document is to be considered in a meeting of government experts arranged by the Commission on 21 June 1978.

In the wider field of women's employment, and in particular that of skilled employment, 1 January 1978 marked a turning-point. Since that date Article 4 of the European Social Fund has applied to training schemes in favour of unemployed women or women re-entering working life after a long break. The Commission is at present considering the requests for intervention submitted by the Member States. Under the provisions of Regulation No 2893/77 of 20 December 1977 women can benefit from assistance designed to improve conditions of employment by ensuring that workers who have been newly engaged are fully remunerated while they are receiving further training.

Question No 18 by Mr Mitchell

Subject : Permanent representations of the Commission

With reference to the Commission's answer of 1 March 1978 to Written Question No 681/77 by Mr Radoux,¹ does not the Commission consider that in the short and medium term it is also desirable to open an office in New Delhi ?

Answer

Owing to insufficient staff and facilities, the Commission is unfortunately unable to meet each and every requirement regarding the external representation of the Community. It can only progressively adapt the network of external offices to meet essential needs.

The Commission will propose, within the framework of the 1979 budgets, that an office be opened in Bangkok, to cover not only the ASEAN countries but also southern Asia. The opening of an office in New Delhi comes under the medium-term policy concerning external offices.

Question No 19 by Mr Yeats

Subject : Aids granted by States

In adopting measures relating to Articles 92/94 of the EEC Treaty how does the Commission ensure that the need for regional development is not adversely affected ?

Answer

In administering the State Aid rules of the EEC Treaty, the Commission takes into full consideration all the basic objectives of the Treaty of Rome, and has special regard to regional development.

First, the Commission has developed coordination principles for regional aids designed to prevent an overbidding for investment.

Second, on sectoral aids, the Commission in principle allows the addition of such aids to regional aids.

¹ OJ C 299 of 12.12.1977, p. 37.

Third, in very special circumstances, where a particular industry is in a state of acute crisis throughout the Community, and this crisis is accompanied by substantial over-capacity, the Commission considers that in principle no aids of any kind, including regional aids, should be given to investment projects, leading to the creation of any additional capacity.

The Commission considers that aids to investment in industries with over-capacity would have negative sectoral effects, which would not be balanced by a positive contribution to regional development. It is not in the interests of regional development to encourage the creation of additional capacity in industries which are in a state of crisis and the future potential of which is limited.

Question No 20 by Mr Herbert

Subject : New Zealand cheese

What is the position of the Commission in relation to the efforts by New Zealand in the current GATT negotiations to obtain access to the Community market for its cheese ?

Answer

In the current multilateral negotiations in GATT, especially within the working party on dairy products, the Community has, on the question of cheese, proposed that negotiations be held to seek a concerted approach covering the import and export policy of all the parties concerned.

In the multilateral negotiations, New Zealand has sought improved conditions of access to the Community market. The Community has informed the New Zealand delegation, and the other parties which had submitted requests, that it is prepared to discuss the opening of negotiations leading to a concerted approach. These negotiations are under way. The outcome will also depend on the general outcome of the multilateral negotiations. In this connection, it should be pointed out that the Community has also submitted proposals in this sector concerning, for example, access to the cheese market.

Question No 21 by Mrs Dunwoody

Subject : European airspace

What representations have the Commission received on the future role of Eurocontrol and their communication to the Council on the creation of a European airspace, managed at Community level ?

Answer

The Commission presented an action programme for the European aeronautical sector in October 1975. In this programme the Commission also asked the Council to accept some general objectives for a long-term air transport policy, i.e. the creation of a Community airspace and the conclusion of agreements between the Community and third countries. The Council has not pronounced itself on these issues.

The Commission developed its ideas further for an air transport policy and the Commission approved in July 1976 an action programme for air transport. This was discussed in a meeting of Directors-General in October 1976, where useful observations were obtained.

As a consequence, the Council created in June last year a mandate for the Transport Group to look into which subjects in civil aviation would benefit from early attention within the Community framework. The work of this group has now resulted in a first priority programme for civil aviation in the Community to be further examined and developed in the near future. Air traffic control is not included in this programme at present.

The Commission has naturally sought to keep itself informed of the general evolution of Eurocontrol. That includes proposals for its future including its intended role as a body for coordination, planning and experimentation. In this context we have seen the UK-study on long-term air traffic schemes in Europe. The Commission obtained this information through contacts with national administrations, main airlines and their associations.

May I at last refer the honourable Member to my comprehensive statement in connection with the discussion on the Report from the Transport Committee concerning the promotion of efficient air traffic control, which took place in May 1978.

Question No 22 by Mr Howell

Subject : Dairy surplus

Following the answer to my question No 12 (H-56/78) in the May part-session, noting that milk surpluses are forecasted to increase by 2 to 3 % per year, will the Commission give an estimate of what quantities of cereals and other proteins will be consumed in 1978 by that part of the Community dairy herd producing milk which is surplus to market requirements, and state how much of these quantities are expected to be imported from third countries and the estimated cost of these imports ?

Answer

The question correctly suggests that there is misspending in the dairy sector due, as the Commission has long asserted, to market disequilibria and reflecting the common policy pursued in the dairy sector. Herds producing milk exceeding market requirements are fed on feedingstuffs produced both inside and outside the Community. It is not possible to establish the quantitative share of feedingstuffs imported from third countries. Furthermore, the volume of imports depends on the weather, price levels, general economic factors etc.

Question No 23 by Mr Dalzell

Subject : Jojoba plant

What study is the Commission making of the properties of the jojoba plant, in relation to producing oil, which can be used as a substitute by the leather and kindred industries for sperm whale oil ; and will it encourage the development of jojoba plantations in developing countries, in order to supply an industrial need, create conditions in which poor countries can earn foreign exchange, and help in the campaign to save the whale from extinction ?

Answer

At this stage assessment of the plant is being carried out by the research services of interested countries. Furthermore, it is too early to say whether or not the plant has characteristics other than its seed oil which make it a crop capable of commercial exploitation.

Question No 24 by Mr Guertsen

Subject : Report on Community competition policy

Now that Commissioner Vouel has seen fit to present the Commission's report on competition policy to the press in Brussels during a part-session of Parliament in Strasbourg, could he perhaps say how he intends to ensure that the crisis is over ?

Answer

1. The Commission officially sent the Seventh Report on Competition to Parliament on 28 April 1978. Mr Vouel presented the Report to your Economic and Monetary Affairs Committee on 16 May and to the media only on 18 May.

2. As for crisis cartels, the Commission has just approved a proposal for a Council Regulation under Article 87 of the Treaty making it possible to authorize 'structural crisis cartels'. Article 87 requires that Parliament be consulted, so the House will shortly have the opportunity to debate the Commission's proposal.

I am in a position to tell the honourable Member that by the terms of the proposal authorization would be for a maximum of three years, exceptionally renewable once and once only. In the case of any crisis cartel so legalized, the Commission would take care to see that on the automatic lapsing of the authorization competition in the sector concerned was no longer impeded by the enterprises in question.

Question No 25 by Mrs Kellett-Bowman

Subject : Postal rates

Can the Commission explain how postal rates between France and the United Kingdom are 40 % higher than those to Germany, Italy and the Benelux countries, and state what steps they are taking to remedy this anomaly ?

Answer

The postal administrations of the original Member States have concluded bilateral conventions on a reciprocal basis to apply their internal postal tariffs for letters up to 20 grams in their postal traffic between each other.

Since the adhesion of the three new Member States the Commission has tried to realize the extension of these conventions to all Member States, up till now without success.

Question No 26 by Mr Ryan

Subject Public sector contribution towards economic growth

Will the Commission name those Member States which, in its view, have the capacity to make a significant public sector contribution towards economic growth and those which have limited or no capacity to do this because they have already reached the limits of manoeuvrability in this respect and will the Commission also state whether it has proposals to increase the manoeuvrability of Member States which wish to stimulate growth by use of public sector resources ?

Answer

Work is continuing in preparation of the common strategy for the Bremen European Council. This work is not yet completed. The Commission will inform the Parliament on the conclusions of this work, and of the Commission's policy position, immediately this becomes possible.

Question No 27 by Mr van Aerssen

Subject : Trade relations with Australia

What light can the Commission shed on reports that the Australian Minister for Special Trade Representations, Mr Victor Garland, recently complained about the EEC's allegedly protectionist trade policy and threatened the Community with retaliatory measures ?

Answer

It is true that representatives of the Australian Government have recently been expressing criticism of the EEC's trade policy.

On the other hand, protectionist tendencies on Australia's part in a number of sectors (cars, footwear, cognac, etc.) are causing the Commission some concern. Nevertheless, the Commission believes that these problems should be solved not by public statements and threats of retaliatory measures, but by consultation and negotiation. Accordingly, after careful preparation and consultation with the Council, talks were held last week in Brussels between the Commission and an Australian delegation led by Mr Garland himself, at which all trade policy problems were discussed.

Question No 28 by Mr Ibrügger

Subject: Non-marketing premiums for milk

Does the Commission propose to continue the non-marketing premiums for milk, and if so, is a higher premium to be expected?

Answer

Yes, in Regulation (EEC) No 1041/78 of 22 May 1978 the Council extended the premium system until 31 March 1979. The honourable Member will find details in OJ No L 134 of 22 May 1978, pages 9 and 10.

Question No 29 by Mr Seefeld

Subject: Road haulage tax in Austria

How does the Commission view the new situation which will result from the introduction of a road haulage tax in Austria from 1 July 1978, particularly with regard to the consequences for Community transport undertakings, and what practical measures will it take to ensure that these transport undertakings are not placed at a disadvantage?

Answer

1. The Commission's interventions with the Austrian Government which I have mentioned to Parliament in the debate on 13 February 1978 have meanwhile led to reduction in the rate of tax originally proposed as well as to the elimination of discriminatory treatment within Austria as between Community and Austrian transporters.
2. The Commission intends to continue discussions with the Austrian authorities aiming at further improvements. The repeated declaration by those authorities that Austria would be ready to move towards European-wide solutions to the problem of charging for the use of infrastructure, provided that these take account of the Austrian situation, is regarded as significant.
3. The importance which the Community attaches to the Austrian tax problem is underlined by the declaration adopted by the Council in its last session of 12 June, which is a balanced statement emphasizing the regrets of the Community that Austria has taken the step while recognizing the underlying problems. The Commission will actively contribute towards an overall approach of such problems not just with Austria but also with other third countries.

Question No 30 by Mr Brosnan

Subject: ECSC loans for housing

Will the Commission state the date on which the size of ECSC house purchase loans was fixed at £ 2 500 for Ireland, and also the basis on which this figure was decided on and will the Commission also state whether it considers this size of loan to be adequate in 1978 in view of the fact that the cost of building materials and wages, as calculated by the Irish Department of Environment, has risen by 60 % between January 1975 and May 1978, and whether it proposes to increase the size of the loans and the overall allocation to be made for them in the near future?

Answer

The Commission first fixed the maximum house ECSC purchase loan at £ 2 500 in 1974. At that time, this amount represented rather more than 25 % of the average cost of constructing a house in the coal and steel areas. Housing costs have risen substantially in Ireland since that time and the Commission in order to maintain its contribution at about 25 % has, in response to representations from the regional committees concerned, provided in a recent decision for the maximum to be increased to £ 3 000 under the current programme.

As to the size of the overall allocation, it has not been possible to justify any increase, in view of (a) the failure to take up approximately 25 % of the loan available under the first part of the eighth programme, and (b) the fact, that in contrast to Ireland, other Member States have to accept that a large proportion of their requirements cannot be assisted from within the allocations available to them. The Commission is prepared to review the Irish allocation under future programmes, but the results of any such review must depend on an assessment of all the requirements of Member States and on the ability of Irish ECSC employees to make use of existing allocations within an acceptable time-scale.

Question No 31 by Mr McDonald

Subject: Regional imbalances and Community policies

Will the Commission endeavour to ensure that regional imbalances in the Community are not aggravated by Community policies and will the Commission ensure that the special problems of the peripheral regions of the Community are fully taken into account in the development and execution of Community policies?

Answer

1. The Commission endeavours to ensure that regional imbalances are not aggravated by Community policies, and sees to it that the special problems of the peripheral regions of the Community are fully taken into account in the development and implementation of Community policies.
2. In its communication to the Council of 3 June 1977 on guidelines for Community regional policy, the Commission affirmed that, when formulating and implementing the main Community policies, it would examine and take account of their geographical dimension.
3. Two recent examples illustrate this approach:
 - Proposals concerning Mediterranean agriculture.
On 8 December 1977 the Commission forwarded to the Council a communication containing guidelines for speeding up the development of the Mediterranean regions of the Community and a series of practical proposals concerning Mediterranean agriculture.
These measures adopted by the Council show clearly that account has been taken of the particular problems of the Mediterranean regions of the Community in formulating and implementing the agricultural policy.
 - General considerations on the problems of enlargement.
On 19 April the Commission forwarded to the Council a communication setting out general considerations on the problems of enlargement and, on 20 and 25 April, analyses backing up these views. These analyses stress the regional problems connected with enlargement. The Commission states that it is necessary to intensify current efforts to step up redistribution for the benefit of the weaker regions of the Community, in order that they may successfully cope with the consequence of enlargement.
4. In addition to the above, whenever significant new measures are contemplated under a Community policy, the Commission endeavours to assess the regional implications. This was the case for the review of the agricultural structures policy, the fisheries proposals, reform of the Social Fund and sectoral industrial problems.

Question No 32 by Mr L'Estrange: postponed Question No 33 by Mr Schyns

Subject: Business cooperation

Can the Commission state whether the Community's Business Cooperation Centre, at present active in the nine Member States, has extended its operations to Greece, Portugal and Spain?

Answer

In July 1977 the Commission decided that on certain conditions the Business Cooperation Centre could extend its activities to cooperation between undertakings in the Community and undertakings in non-member countries.

Up to the present time Canada, Israel, Austria, Finland and the five ASEAN countries have officially asked to be allowed to use this facility.

Greece, Portugal and Spain have already shown an interest but none of them has so far submitted an official request.

Question No 34 by Mr Caillavet: cf debate on the Notenboom report (Doc. 168/78)

Question No 35 by Mr Fellermaier

Subject: Dumping prices in shipping

How does the Commission view the statement by the Soviet Minister for Shipping that the Soviet Union will take counter-measures if the EEC adopts measures to protect its mercantile shipping?

Answer

1. The Commission is happy to note that its efforts, supported by the Parliament, in favour of action at Community level in relation to the aggressive non-commercial behaviour of certain state-trading countries' shipowners in world liner shipping are being noticed in the Soviet Union.
2. I should like to make it clear that in making its recent proposal to the Council on this subject, the Commission had no intention of provoking a confrontation with the Soviet Union or any other state-trading country. What we are seeking for is a *modus vivendi* which will allow efficient commercial shipowners of our Member States to continue to serve world liner trade in satisfactory conditions. There is no question of our wishing to shut the state-trading countries out of these trades. The Soviet Minister has said he desires equal and mutually advantageous collaboration in world shipping. But the problem is precisely that our shipowners do not at the present time find themselves in a position of equality and mutual advantage *vis-à-vis* Soviet lines. The Commission's proposals are designed to permit a more fair and equal situation to be created, and I do not believe that this can possibly justify counter-measures on the part of the state-trading countries concerned.

Question No 36 by Mr Schmidt: postponed

Question No 37 by Mr Jakobsen

Subject: Greenland

Following the recent visit to Greenland by the President of the Commission of the European Communities, will the Commission report on the views which the Greenlanders made known to him concerning Greenland's future relationship with the European Community?

Answer

I was impressed by the understanding of the political leaders of Greenland of what the Community means to their country. The demonstrations which took place on my arrival and my departure although prominently reported in the press, did not alter my impression of a potentially favourable attitude to the Community, within the framework of home rule in Greenland.

Indeed, it seems to me that the move towards home rule over the next year is likely in many ways to be a development of even more importance than the question of the European Community.

Furthermore, once home rule is brought into effect, it may be easier to establish a satisfactory relationship between Greenland and the Community.

Question No 38 by Mr Brugha

Subject: EEC-Greece Financial Protocol

Further to the Commission's reply to an Oral Question on 13 February 1978 regarding the Second EEC-Greece Financial Protocol, what progress has been made by the Commission in examining the possibility of bringing this Protocol, and other Protocols, into force by autonomous means thus enabling payments to be made pending ratification by all member countries and what are the difficulties in the way of making interim payments?

Answer

Since Mr Burke's statement in February, the situation regarding the ratification of Financial Protocols has improved significantly. In particular, the ratification procedure for the EEC-Greece Financial Protocol is likely to be completed before the summer recess. For this reason, the Commission sees no need to arrange for advance implementation.

Both the Commission and the European Investment Bank are continuing to examine projects to ensure that the funds provided for under the Financial Protocol are released as soon as possible.

Question No 39 by Mr Delmotte

Subject: Transport policy

What is the Commission's attitude towards the demands made by trade unions during their large-scale demonstration in Brussels in May in favour of a different transport policy, and what stage has been reached in the discussion in the Council of Ministers on this subject?

Answer

The Commission shares concern on many of the problems raised by the railway trade unionists in their declaration presented to the Commission on the occasion of their demonstration in Brussels last month. Indeed many of them are among the objectives of the common transport policy.

Some divergence of views, regarding the role of competition and how this competition should be controlled, exists. The Commission maintains that a Community transport policy aiming at competition between the modes of transport is the best instrument to ensure the optimum usage of scarce resources and will also continue to work towards the elimination of distortions of competition, particularly in the social and infrastructure fields, so that each mode may compete fairly in the transport markets.

SITTING OF FRIDAY, 16 JUNE 1978

Contents

1. Approval of the minutes	274	<i>Mr Schreiber on behalf of the Socialist Group; Mr Früh on behalf of the Christian-Democratic Group (EPP); Mr Mascagni on behalf of the Communist and Allies Group; Mr Power on behalf of the Group of European Progressive Democrats; Mr Albers; Mrs Dunwoody; Mr Ellis; Mr Brunner; Mrs Kellett-Bowman</i>	283
2. Documents received	274		
3. Texts of treaties forwarded by the Council	274		
4. Membership of committees	274		
5. Release of appropriations	275		
6. Statement by the President:			
<i>Mr Lange</i>	275	10. Regulation on Community tariff quotas for heifers, cows and bulls — Report by Mr Tolman on behalf of the Committee on External Economic Relations (Doc. 62/78):	
		<i>Mr Tolman, rapporteur</i>	291
7. Regulation on pigmeat — Report by Mr L'Estrange on behalf of the Committee on Agriculture (Doc. 171/78):		<i>Mr Brunner, Member of the Commission</i>	291
<i>Mr Hughes, deputy rapporteur</i>	275	11. Regulations on agricultural products from Cyprus — Reports by Mr Spicer on behalf of the Committee on External Economic Relations (Docs 146/78 and 170/78):	
<i>Mr Lange, chairman of the Committee on Budgets; Mr Früh on behalf of the Christian-Democratic Group (EPP); Mr Soury on behalf of the Communist and Allies Group; Mr Liogier on behalf of the Group of European Progressive Democrats; Mr Howell on behalf of the European Conservative Group; Mr Brunner, Member of the Commission; Mr McDonald; Mr Hughes; Mr Brunner; Mr Früh; Mr Brunner</i>	276	<i>Mr Spicer, rapporteur</i>	291
		<i>Lord Brimelow on behalf of the Socialist Group; Mr Edwards; Mr Brunner, Member of the Commission</i>	292
8. Directive on prepackaged liquids — Report by Mr Brown on behalf of the Committee on the environment, Public Health and Consumer Protection (Doc. 92/78):		12. Regulation on the stores of vessels, aircraft and international trains — Report by Mr Nyborg on behalf of the Committee on Economic and Monetary Affairs (Doc. 129/78):	
<i>Mr Lamberts, deputy rapporteur</i>	280	<i>Mr Nyborg, rapporteur</i>	294
<i>Mr Noè on behalf of the Christian-Democratic Group (EPP); Mr Dalyell; Mr Brunner, Member of the Commission</i>	280	<i>Mr Brunner, Member of the Commission</i>	294
9. Residential adult education — Report by Mrs Kellett-Bowman on behalf of the Committee on Social Affairs, Employment and Education (Doc. 158/78):		13. Oral Question without debate: International telex rates (Doc. 137/78):	
<i>Mrs Kellett-Bowman, rapporteur</i>	282	<i>Mr Seefeld, author of the question</i>	295
		<i>Mr Brunner, Member of the Commission</i>	295

14. Oral Question without debate: ITT bribery in Europe (Doc. 138/78): Lord Bruce of Donington, author of the question	295	Amendment to paragraphs 4 and 5: Mr Herbert	300
Mr Brunner, Member of the Commission; Lord Bruce; Mr Brunner	296	Amendment after paragraph 6: Mr Herbert	300
15. Release of appropriations — Report by Mr Shaw on behalf of the Committee on Budgets (Doc. 144/78): Mr Shaw, rapporteur	297	Adoption of the resolution	300
Mr Brunner, Member of the Commission	297	L'Estrange report (Doc. 171/78): Regulation on pigmeat: Amendment to paragraph 3: Mr Hughes	300
16. Votes:		Amendment after paragraph 3	301
Cousté report (Doc. 86/78): Multilateral negotiations in GATT: Amendment to paragraph 6: Mr Brugha, deputy rapporteur	297	Amendments to paragraph 4	301
Amendments to paragraph 9: Mr Brugha	298	Explanation of vote: Mr Dewulf	301
Amendment to paragraph 10: Mr Brugha	298	Adoption of the resolution	301
Amendment after paragraph 12: Mr Brugha	298	Brown report (Doc. 92/78): Directive on certain prepackaged liquids: Adoption of the resolution	301
Amendments to paragraph 13: Mr Brugha; Mr Brunner; Mr Brugha	299	Kellett-Bowman report (Doc. 158/78): Adult education: Adoption of the resolution	301
Procedural motion: Mrs Dunwoody; Mr Brugha; Mr Lücker; Lord Brimelow	299	Tolman report (Doc. 62/78): Regulations on tariff quotas for heifers, cows and bulls: Adoption of the resolution	301
Amendment after paragraph 13: Mr Brugha	299	Spicer report (Doc. 146/78): Regulations on agricultural products from Cyprus: Adoption of the resolution	301
Amendment to paragraph 14: Mr Brugha	299	Spicer report (Doc. 170/78): Regulations on quotas for wines and table grapes originating in Cyprus: Adoption of the resolution	301
Amendment after paragraph 14	300	Nyborg report (Doc. 129/78): Regulation on the stores of vessels, aircraft and international trains: Adoption of the resolution	301
Adoption of the resolution	300	Shaw report (Doc. 144/78): Unfreezing of appropriations: Adoption of the resolution	301
Schwörer report (Doc. 103/78): Directive on group accounts: Adoption of the resolution	300	17. Dates of the next part-session	301
Nyborg report (Doc. 142/78): Regulation on the accounts of railway undertakings: Adoption of the resolution	300	18. Approval of the minutes	301
Notenboom report (Doc. 168/78): Directive on VAT: Adoption of the resolution	300	19. Adjournment of the session	301
Herbert report (Doc. 167/78): Regulation on milk and milk products:			

IN THE CHAIR : MR MEINTZ

*Vice-President**(The sitting was opened at 9.05 a.m.)***President.** — The sitting is open.1. *Approval of the minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

Mr Dalyell. — I refer to page 41 of the minutes before us. It says at the end: 'The following spoke on a question of procedure: Mr Scott-Hopkins, Mr Herbert, Mr Scott-Hopkins, Mr Dalyell, Mr Scott-Hopkins and Mr Dalyell'. I do not normally raise points of order of this kind. All right, we were all tired last night, but some very offensive remarks were directed at the chair by Mr Scott-Hopkins, and I am wondering if you had any apology this morning. I quite understand that in the heat of the moment, all of us make remarks we may regret, but I think that, considering that what was said, it might be nice to have had an apology.**President.** — I call Mr Shaw.**Mr Shaw.** — It would be nice also, Mr President, to receive the reassurance from the honourable gentleman that he had sought to get in touch with Mr Scott-Hopkins before he made his interjection.**Mr Dalyell.** — He's not in the building this morning.**President.** — Mr Dalyell, I was able to see the report of yesterday evening's proceedings. The President himself did not find the remarks offensive. Besides, this is purely a matter for the two people concerned. The incident is closed.

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received***President.** — I have received from the Council a request for an opinion on the following proposal from the Commission:

a regulation establishing Community fishing plans for directed herring fishing in certain zones (Doc. 172/78).

3. *Texts of treaties forwarded by the Council***President.** — I have received from the Council certified true copies of the following documents:

- act of notification of the approval by the Community of the additional protocol to the agreement establishing an association between the European Economic Community and Greece consequent on the accession of new Member States to the Community;
- memorandum of understanding on the implementation of a European project on electronic traffic aids on major roads.

These documents have been deposited in the archives of the European Parliament.

4. *Membership of committees***President.** — I have received from the Socialist Group, the Communist and Allies Group and the Group of European Progressive Democrats requests for the following appointments to committees:

- Political Affairs Committee
Mr Cot
- Legal Affairs Committee
Mr Forni, to replace Mr Bouquerel
- Committee on Economic and Monetary Affairs
Mr Ansquer
Mr Porcu, to replace Mr Bordu
- Committee on Budgets
Mr Inchauspé
Mr Joxe
- Committee on Social Affairs, Employment and Education
Mr Laurain
Mr Cot, to replace Mr Delmotte
- Committee on Agriculture
Mr Ansquer
Mr Soury
- Committee on Regional Policy, Regional Planning and Transport
Mr Forni, to replace Mr Joxe
- Committee on the Environment, Public Health and Consumer Protection
Mr Eberhard, to replace Mr Inchauspé
Mr Bouquerel, to replace Mr Rivierez
- Committee on Energy and Research
Mr Laurain
- Committee on External Economic Relations
Mr Inchauspé
Mr Soury, to replace Mr Eberhard
- Committee on Development and Cooperation
Mr Delmotte
Mr Bordu, to replace Mr Eberhard
- Delegation to the Joint Parliamentary Committee of the EEC-Greece Association
Mr Brugha

President

- Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association
Mr Bouquerel
Mr Porcu.

Are there any objections?

The appointments are ratified.

5. Release of appropriations

President. — At its meeting of 24 and 25 May 1978 the Committee on Budgets delivered a favourable opinion on the release of 2 m u.a. for the information programme in preparation for direct elections to the European Parliament, under Section III 'Commission' of the general budget of the European Communities for the financial year 1978.

Are there any objections?

The release of these appropriations is approved.

6. Statement by the President

President. — At its meeting of 24 May 1978 the enlarged Bureau adopted the following rules relating to the work of the parliamentary committees :

With regard to the use of simplified procedures and for the purpose of reserving the procedure with report and debate as far as possible for matters of a political character :

- the President of Parliament will state in his letter to the committee responsible what procedure he recommends be followed ;
- the chairman of the committee responsible will be required, when a topic is referred to his committee, to propose the procedure to be followed (normal, without debate or without report) and to mention it on the draft agenda ;
- the political groups will, where appropriate, appoint rapporteurs after the committee has decided on the procedure with report ;
- reports without debate will not be taken into account when calculating each political group's share of rapporteurs.

Opinions of committees :

As a general rule, a committee must deliver its opinion within one month. Both chairmen concerned may, however, jointly decide to extend this time limit. If such an extension is impossible, all the committee asked for its opinion can do is follow the procedure laid down in Rule 44 (4), i.e. deliver its opinion orally at the plenary sitting during the debate on the report in question.

Special problems arise in the case of the opinions of the Committee on Budgets :

- (a) the opinion of the Committee on Budgets is to be regarded as 'mandatory' i.e. it must be taken into account in the resolution or, where appropriate, in an annex to the report. It is not to be regarded as 'binding', i.e. the committee responsible is not bound by it and does not automatically have to adopt it ;
- (b) the time limit within which the Committee on Budgets must deliver its opinion on financial state-

ments is one month, as for the other committees. If this deadline cannot be met, the chairmen concerned must jointly agree to extend it within the next fifteen days, failing which the President of the European Parliament will take a decision. In cases where the Committee on Budgets deems the financial statement attached to a proposal to be unsatisfactory, joint agreement as above is mandatory.

If the committee responsible disagrees on fundamentals with the opinion delivered by the Committee on Budgets, the chairmen of both committees are invited to confer together. The possibility of consulting the Committee on Budgets a second time (shuttle system) is precluded ;

- (c) a separate proposal will be made for a standard safeguard clause in order to avoid set figures in the enacting terms of proposals for regulations, particularly for multiannual Community programmes that would be binding on Parliament during the budgetary procedure.

I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets.

— (D) Mr President, I should like to ask a question following what you have said about the committee responsible and the Committee on Budgets, which is possibly to be asked for its opinion. If no agreement is reached between the two committees on their respective positions, the committee responsible is then required by the Rules of Procedure to give its reasons and a decision then has to be taken in the House. I believe that this provision of the Rules of Procedure remains unaffected by what you have said.

Mr President. — That rule remains in force.

7. Regulation on pigmeat

Mr President. — The next item is the report (Doc. 171/78) drawn up by Mr L'Estrange on behalf of the Committee on Agriculture on

the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 2759/75 on the common organization of the market in pigmeat.

I call Mr Hughes.

Mr Hughes, deputy rapporteur. — The history is clear. During the Council meeting to settle the agriculture prices, the Ministers came to a decision that in calculating the monetary compensatory amounts payable on the export of pigmeat from one Community country to another, the buying-in price should be calculated at 78 % rather than 85 % of the target price. They found that they could not formally do this until this House had been consulted, but they have agreed — and the minutes of the Council in the published record shows what they have said — that, when they have received the opinion of this House, they will reduce it to 78 %.

Hughes

So we are in the curious position that it does not matter what this opinion is. If this House says that its opinion is that there should be no MCAs in pigmeat at all, it still brings it down to 78 %. As it happens, as long as any opinion is delivered — we could recite *Little Bo Peep* as an opinion — it would still satisfy the legal requirement. In presenting this report, that is the first thing I would object to — that this House is being used after the Council of Ministers has agreed on something, when we have no real power of consultation; it is an artificial consultation with no reality.

Having said that, I would recall that the Committee on Agriculture and, as you know, Mr President, the Bureau of this Parliament, were first asked earlier this week to consider this item as a matter of great urgency, since it is the intention that the procedure should come into force on 1 July. Pig farmers throughout the Community have been informed that it *will* come into effect on 1 July. This Parliament was therefore under pressure of time to include it during this part-session. The President of the Parliament referred it to the Committee on Agriculture on 13 June, the Committee on Agriculture appointed Mr L'Estrange rapporteur at a special meeting on that same day. With a great deal of hard work, Mr L'Estrange brought his proposals and his report to the committee at a special meeting the next day, so that the Committee on Agriculture had to meet on Monday, Tuesday and Wednesday during the sitting of this Parliament — again, a procedure which I find unacceptable. At the meeting on Wednesday, by 11 votes to 4 abstentions, no votes against, the L'Estrange report, expressing its dissatisfaction with the slowness of the Commission's progress on proposals to reform the existing MCA systems in order to contribute to the unification of the market, the tardiness with which this Parliament was asked to express its opinion on the present proposals and this consequential need to use the emergency procedure, however approves the Commission's proposals as a limited and initial step on condition that the Commission reconsiders the whole pigmeat sector support regulations as a matter of urgency.

You cannot continue to have the present arrangements for supporting pigmeat throughout the Community. Therefore, while we accept this small and modified proposal in the Committee on Agriculture, I ask this House, on behalf of that committee, to support it — but only as a limited and initial step towards a full and thorough re-examination of pigmeat support policies.

President. — I call Mr Lange.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, we have already discussed the procedure twice this week. The House felt that we

should agree to the Council's proposal and discuss the matter. But now I must again refer to something to which I drew attention yesterday. In the explanatory memorandum submitted by the Commission to the Council in connection with this proposal on the common organization of the market in pigmeat, the Commission says that the final implications of the proposal form part of the overall implications of the price package and connected measures, which amount to 211 m EUA for the Guarantee Section of the EAGGF in the 1978 financial year and to 766 m EUA for a period of 12 months.

So the total figure is given here, and what we basically need to be able to assess things is information on the changes that have been made. There is no financial statement attached to this proposal. It is easy to claim something in the explanatory memorandum without proving it. But in our capacity as budgetary authority we must set store on obtaining verifiable information on the financial implications and on the financial changes. To this extent I consider this procedure impossible for the two bodies that form the budgetary authority, the Council and Parliament. I do not therefore consider this proposal ready for discussion. If we allow this to become a habit, we will find the Commission saying on future occasions when we refer to the need for such information that we have debated without this information before. I therefore warn Parliament as a whole against debating proposals in this way, because it may undermine a decisive aspect of this Parliament's budgetary powers.

Mr President, I am thus formally protesting against the manner in which the Commission and Council are acting towards this Parliament. I repeat, I do not consider this proposal ready for discussion, and it should in fact be referred back to the Committees.

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

Mr Früh. — (D) Mr President, ladies and gentlemen, following the remarks of the rapporteur and of the chairman of the Committee on Budgets, I can keep my comments very brief. We, too, have our doubts about this, since we fear that the Council of Ministers has already decided what procedure is to be adopted and all that is needed is Parliament's subsequent approval, which is necessary but no more than a formality. We also object because the committee was not consulted by the Council until Tuesday, and we then found that the necessary documents were not available. On behalf of my group I likewise protest against this procedure, because I feel that this House should not be degraded to simply endorsing decisions that have long since been taken.

However, I should like to say something about the problems connected with this proposal. We are very

Früh

sceptical for the following reason. We are not certain whether this reduction in monetary compensation, for which various methods have already been proposed, although these have repeatedly been rejected, will not be accompanied by some attempt to change the organizations in the various markets. Nor has it been possible to establish whether this reduction in monetary compensation from 85 % to 78 % does not also mean a reduction in intervention.

We suspect that this is the case, and I should like to ask the Commission to make a clear statement on this. We are, of course, aware that lowering the intervention price as well would have a drastic effect on producers' incomes throughout the Community. Hence my question to the Commission: since the agricultural policy is also an incomes policy, how does it intend to offset this shortfall? What methods has it in mind?

Secondly, I must express my thanks to the Commission. At the time of our discussions we did not have the general picture we needed of production, because the statistics, which have now been forwarded to us, were not then available to us. They make it quite clear — and I would ask you to remember this — that the country always said to have a higher price level than the other Community countries, the Federal Republic of Germany, had in 1978 by far the lowest price level, well below the average for the other Community countries. I would ask the Commission if it has an explanation for this.

And then I have an important request. We are all aware that pig production is very extensive, but we find that, as is so often the case, the play of market forces is not working properly. While producer prices have been very low for weeks, there is little or no sign of prices to the final consumer following the trend in producer prices. Can the Commission not in some way attempt to induce consumers to buy more and can it not exert some influence on distribution and processing patterns so that the fall in prices is passed on to the consumer and consumption increases accordingly. We are thus very sceptical about this arrangement, which Parliament is being called upon to approve so quickly. We appeal to the Commission to give some real thought to whether the organization of the market in pigmeat cannot be fundamentally overhauled. We cannot therefore approve the resolution before us as it stands.

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

Mr Soury. — (*F*) Mr President, ladies and gentlemen, this debate concerns a difficult aspect of the Community's agricultural policy, namely pigmeat, and as we all know French farmers, particularly in this sector are suffering as a result of what might be called the disturbances in the Community market. I shall act as a spokesman for them since I am convinced that it is

essential to the integration of the agricultural sector in Europe that French pigmeat production should continue. I must make it clear that this is very serious: if we do not take comprehensive measures as a matter of urgency, this production sector will soon cease to exist in our country.

What is the situation? The principles of the common market are in serious jeopardy. Firstly, the pigmeat sector, like other sectors, is hampered by the absurd and pernicious system of compensatory amounts. It requires considerable mental contortions to describe as 'common' rules which, in the same market, tax the pigmeat produced by certain countries and subsidize the meat produced by the other countries.

The second aspect of this problem is the fact that production costs vary considerably from one Member State to another. It is wrong that some countries with strong currencies should violate the rules of Community preference with impunity because it is in their interests to do so. In fact, these countries take the liberty of buying animal feedingstuffs from third countries at prices that the countries with weak currencies could not obtain. They thus have a considerable advantage over their partners: in the first place they can produce more cheaply, and secondly they are subsidized on the market by the common funds, whereas the other countries are penalized. Is it surprising if the system breaks down in these circumstances? And a similar — and equally serious — situation is likely to arise in the sheepmeat sector. What has happened to the principles of the common agricultural market?

And what is the Commission proposing? The measures it suggests are inadequate. Despite the reduction in compensatory amounts, it does not go far enough, and is simply finishing off pigmeat production in France a little more slowly, whereas in the interests of the Community this sector should be saved. In order to save it, drastic action is needed, whereas the Commission contents itself with partial remedies. These measures will, it is true, reduce the inequalities of production between partners, but they will not eliminate them, since the compensatory amounts create a difference in price of between 13 and 14 % between the different groups of countries, even apart from what I said earlier about animal feedingstuffs. The Commission's measures cannot, therefore, be any more than a starting point; further action must be taken to deal with the problem of feedingstuffs. All that is needed is to ensure strict compliance by the countries concerned with the Community preference rules, a problem which, in our view, could be fairly easily resolved. This is the method that we would propose for putting an end to a practice that is completely unfair and at variance with the Community rules.

Soury

As regards compensatory amounts, they have very few supporters in this Parliament. Let us be quite clear about this; the inequality that they create between the various Member States is intolerable for some countries, and in particular France. We have therefore tabled three amendments with a view to supplementing and clarifying the motion for a resolution. We urge the Commission to dismantle the compensatory amounts as soon as possible, and we call for the application of Community preference in respect of the purchase of animal feedingstuffs in order to ensure that the countries with weak currencies are not faced with unfair competition. In this way our Parliament will take an important step towards restoring the balance in the pigmeat sector.

To sum up, Mr President, we must first safeguard the whole production sector; apart from the interests of the producers concerned the whole future of the European Community is at stake. The sector we are discussing is in jeopardy. As a result of the infringements of Community agricultural regulations the Community is already in a difficult position, and it must be careful not to become even more embroiled. If we decide to adopt the Commission's half-hearted measures, we shall be undertaking a grave responsibility. It is time we got back on the right track. This is the aim of the amendments we have tabled, which we feel are in the interests of pigmeat producers and of the Community as a whole.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, in the debate on agricultural prices, which has been going on for nearly six months in this Parliament, we have criticized the present method of calculating monetary compensatory amounts, particularly in the pigmeat sector. The use of the common rule, i.e. calculation on the basis of the intervention price and 85 % of the basic price, is completely inappropriate. We feel that since the price of pork is dependent on cereal prices, compensatory amounts should compensate exactly for the price difference recorded for the cereals used. In this way it should be possible to compensate simply but in full for the effects of the system of monetary compensatory amounts on pigmeat production costs. Since actual rations vary considerably from one Member State to another, and even within the same country, the calculation should be based on the cereal ration adopted for the calculation of levies. If this factor is not taken into account, pigmeat producers in the countries with devalued currencies are placed at a considerable disadvantage, as has been demonstrated by experience. The Council has realized this, and this is the reason for this debate in Parliament. It is proposed that the compensatory amount should continue to be calcu-

lated on the basic price, but on the basis of a reduced percentage of this price. This is a logical method of calculation and will reduce the compensatory amount. We hope that it will help to restore transparency in this market, which at the moment is somewhat lacking.

However, the latest prices recorded in the French pigmeat market are still extremely low, despite the measures adopted by the recent meeting of the Council of Ministers in Brussels with a view to improving the situation. This trend is the result of pressure from meat from the Netherlands and third countries. Although forecasts indicated that the Community market would remain at an acceptable level in the spring, prices have fallen all over the Community, and particularly in France. This is due to the massive imports from third countries, as I have just explained, encouraged by the high level of monetary compensatory amounts in the countries with weak currencies. In this connection we would ask the Commission to establish private storage facilities for carcasses, and the main cuts such as shoulder, ham and loin, as soon as possible. This would mean offering aid to pigmeat producers and processors to persuade them to keep part of their stocks in the freezer, in order to reduce the supply on the market.

To conclude, the Group of European Progressive Democrats are in favour of this proposal.

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

Mr Howell. — Mr President, I too, would like to add my protest to those which have been made about the way Parliament has been used to rubber stamp measures already taken. I think it was obvious in the Committee on Agriculture that few people believed that this change would be adequate to stabilize the pig market. It seems generally agreed that other measures must be taken. There was considerable disagreement, and Mr Klinker who, I am sorry to say, is not here, and who is perhaps, the greatest authority in this House on the pigmeat market, disagreed violently with the views of the Commission. I believe it is becoming more and more obvious to the entire House that radical change is necessary. The MCAs are distorting the market — we are now adjusting an adjustment. The MCAs themselves are compensatory adjustments, and now we are adjusting the compensatory adjustments. We are getting into a state of complete confusion. The time has come when we should examine the pig market, and see if an overall method could be found for stabilizing it.

I would therefore, like to move and commend to the House Amendment No 1 in my name which calls for an overall pigmeat marketing authority. Perhaps it is a little bit premature, but at least somebody has got to make a start on this, and I hope that it will gain some

Howell

support. I believe that this is the only way in which we can get any sort of sanity in this area. In fact, as the House well knows, I believe that in all major agricultural commodities, this is the way ahead.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, this has been a very informative morning for me: everyone who has spoken understands more about pigmeat than I do. I should just like to draw your attention to one thing. I feel that we should make a clear distinction between the present economic situation in the pig market and the problems arising from the monetary situation. The latter is evident from what we have proposed, namely a change in the basis for the calculation of the countervailing frontier charge in the case of pigmeat. We are proposing that a wider margin for fixing the purchase price of pigmeat should be created, 75 % to 92 %. What is our objective? What we are trying to do is to compensate for certain distortions that occur in internal Community trade in pigmeat as a result of fluctuations in exchange rates. That is one aspect.

A further aspect is the economic situation in the pig market. Here we have submitted a number of proposals, and some of them are now coming into force. Among them is the proposal for increased aid for private storage. Another concerns the introduction of additional levies on imports from third countries, and this will be entering into force on Monday. These are measures aimed at the situation in the market. Their purpose is different, and I believe the two aspects should not be confused, otherwise erroneous conclusions will be drawn regarding these proposals from the Commission.

During this debate Mr Früh has put forward a number of objections. I believe I can reassure him on the two main points he has raised. Firstly, since 1972 there has been practically no intervention in the case of pigmeat. The only intervention we have undertaken was in the form of aids to private storage. Thus these proposals will not have any effect on the intervention price or the extent of intervention measures.

The second point raised by Mr Früh concerned the price of pigmeat in Germany. This price, expressed in green currency, is indeed lower than in other Community countries because of the monetary trend. On the other hand, this does not mean that the price in green currency is identical with the price obtained by the German pigmeat producer in the market. Again, this aspect is not so serious that it could be said the German pigmeat producer was suffering a disproportionate disadvantage because the green currency produces a lower rate for German pigmeat. I believe that Mr Früh can be reassured on these two points. You have also expressed what I personally feel to be

partly justified criticism of the procedure adopted in this case. This was largely due to the considerable difficulty encountered in tying up the price package this year. But I can understand your criticism — again this is my personal view. I should like to assure you in this respect that I have taken a careful note of your criticism and will be reporting to the Commission.

President. — I call Mr McDonald.

Mr McDonald. — Mr President, I should like to ask the Commissioner with reference to paragraph 2 of the motion for a resolution, am I to take it that it is the Commission's intention to completely dismantle the entire system of MCAs or is this document referring solely to the pigmeat sector? I would agree that the MCAs have certainly outlived their usefulness, partly because I think that governments are not operating them in the spirit that was intended. I would like just briefly to compliment Mr L'Estrange for acting and bringing in this report at very short notice. I feel that the people in this particular industry who are producing pigs have suffered over the years from this very acute cyclical production pattern. Of all those in agriculture production I think that those in the pig and bacon industry have not had the same percentage returns from capital invested as other farmers, and so I would hope that the Commission would at the very earliest date take a deeper and more comprehensive look at the entire pig industry.

President. — I call Mr Hughes.

Mr Hughes, deputy rapporteur. — A very brief and technical question to Mr Brunner. He did say that the Commission was thinking of a band of 75-92 %. I think it is a slip of the tongue: it is 78-92 %. There will be some terrified pig farmers if it is actually 75 ! Would he therefore please confirm that it is 78-92 % ?

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Yes, Mr President, it should of course be 78 %. To go back to the previous speech we are in the process of bringing the whole monetary compensation system up to date. We are aiming at the gradual elimination of this system. This is not easy, and we have set aside a period of seven years for this. But we believe it is essential. If we do not eliminate this system and do not strike a new balance, there will be an endless chain of interventions. We will be forced to make sudden changes in rates in an increasing number of sectors, and we must therefore try gradually to absorb these measures that are provoked by monetary fluctuations. Of course, this must not be done in such a way as to make a few or even a large number of farmers in the Community suddenly lose out, placing the whole burden of monetary fluctuations on their shoulders.

President. — I call Mr Früh.

Mr Früh. — (D) I should like to ask Mr Brunner another question. Would you confirm, Mr Brunner, that the elimination of monetary compensatory amounts you have just forecast can only proceed pragmatically in conjunction with the price decisions, with account taken of the cost trends in the various countries and, I hope, as progress is made towards a monetary union. I can accept your arguments only if they are meant as just part of this overall package.

Mr Brunner, Member of the Commission. — (D) This process is part of the progress required if a monetary union is to be achieved. But I would not relate it so closely to the monetary union as to say, if we do not make obvious progress towards the monetary union on a wide front, in other words in all the other sectors as well, we must keep to monetary compensation for agricultural products as it stands, we must not change anything. Nor do I believe that Mr Früh meant this with his question. He undoubtedly does not want to leave things as they are. Of course, the amount of progress that can be achieved is linked to the amount of progress in other areas towards a monetary union. That is correct.

President. — I note that there are no more requests to speak. The motion for a resolution — together with the amendments which have been tabled — will be put to the vote at the end of the sitting.

The debate is closed.

8. Directive on prepackaged liquids

President. — The next item is the report (Doc. 92/78) drawn up by Mr Brown on behalf of the Committee on the Environment, Public Health and Consumer Protection on

the proposal from the Commission of the European Communities to the Council for a directive amending Directive 75/106/EEC on the approximation of the laws of the Member States relating to the making-up by volume of certain prepackaged liquids.

I call Mr Lamberts.

Mr Lamberts, deputy rapporteur. — (NL) Mr President, Mr Brown cannot be present today so he has asked me to submit his report on behalf of the Committee on the Environment, Public Health and Consumer Protection. In doing so, for the first time in my life I shall be reading what someone else has written as I give my speech.

The motion for a resolution clearly demonstrates that our committee was not particularly enthusiastic about this proposal for a directive amending Directive 75/106/EEC on the approximation of the laws of the Member States relating to the making-up by volume of certain prepackaged liquids.

In May 1972 when the basic directive was debated in the European Parliament, little attention was paid to consumer protection. At the time, that aspect was only discussed in the Legal Affairs Committee (see Doc. 34/72). But the date, Mr President shows that even so many years ago the hope was being expressed that harmonization in this sphere would be geared more towards the complete replacement of national provisions by Community rules. In other words, harmonization will only be effective if efforts are made to achieve total harmonization after a suitable transitional period. Optional harmonization is of little use. And at present the important task is to make the market in these products more transparent for the consumer and implement the decisions already taken by the Council, namely to reduce the number of nominal volumes by means of a new directive to be introduced before 1980. In this respect the Commission deserves our congratulations. It realized of its own accord that it would have to act more rapidly than anticipated to avoid any confusion arising for manufacturer or consumer.

Nevertheless, there are a number of drawbacks: there is the fact I just mentioned that the system remains optional; then, probably because of the interests of the industry involved, the date on which the directive will come into effect is still a long way off; furthermore, as regards standardization of volumes, the transparency of the market we want is still not yet in sight.

So, speaking for Mr Brown on behalf of the Committee on the Environment, Public Health and Consumer Protection, I would say that for measures of this kind complete harmonization is essential. A motion for a resolution has been submitted for adoption with this in mind. And I should like to add a personal remark here that consumers' interests have been neglected for far too long in this Community. I hope that this Community institution will indeed give more attention to consumer protection, public health and the environment in the future.

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

Mr Noè. — (I) Mr President, Mr Commissioner Brunner, honourable members, I shall be brief because I completely agree with what Mr Lamberts said and would merely like to add the support of the Christian-Democratic Group to the motion for a resolution tabled by Mr Brown and underline once again — and I would ask Mr Brunner to bring this to the Commission's attention — the need to institute this change from the optional to the compulsory, the point made so clearly by Mr Lamberts.

Consumer protection is essentially contingent on two factors: quantity and quality. On the question of quantity, it is essential that we abandon what might be called fantasy measures, which are based neither on

Noè

the litre as unit of volume nor on one of its fractions (half litre or quarter litre), but are nearly always just below these units of volume. Compulsory rules must therefore be introduced in this sector so that the consumer gets exactly the volume he asks for. The other problem is quality which, while not referred to in the directive, I should nevertheless like to mention: a few years ago, in the old Parliament building which used to stand alongside this one, I used to protest in vain that the bottles of mineral water — assuming that we are talking of bottles — gave no exact indication of the quality of the water. I did not succeed in getting anything changed and there are still bottles in use today with fantasy labels bearing slogans of the type '*l'eau qui chante et qui danse*' but absolutely no indication of the precise quantities of residues, potassium, lithium and the various other minerals they contain which may be of interest to the consumer. I make this point because it should be quite apparent that, without going to demagogic lengths, consumer protection should be concerned with both quantity and quality.

The application of compulsory measures in this sector should be delayed somewhat only in the case of certain specific types of bottle, such as the very small ones containing fruit juices or rather special beverages. Indeed, at present such drinks are contained in bottles of particularly odd dimensions and the immediate introduction of a new regulation could pose certain problems.

I would therefore propose the immediate application of compulsory rules for normal beverages and a short transition period for those that I have just mentioned, so as to allow the industry to adapt to the new standards.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, it is customary to declare an interest, and in raising the submission of the Scotch whisky industry, I think I had better say that I am a non-drinker, because it does not agree with me, but that I do represent some hundreds of people who earn their bread and butter in the whisky industry. Now the submission from this interest group is as follows:

Page 5, paragraph 2, page 6, paragraphs 5 and 6: It is noted that it is considered that a series of directives on unit pricing would be sufficient. This Association cannot support this concept and believes the standardization of sizes to be the most appropriate course to pursue. It is believed that a standardized range of sizes offers better choice to the consumer than obtained by unit pricing. Furthermore, the preamble to the proposed Council directive on consumer protection in the marking and display of the prices of foodstuffs (submitted by the Commission to the Council on 26 June 1977 — OJ C 167 of 14. 7. 1977 refers) includes the provision:

'Whereas an exception should be made for those categories of foodstuffs which are usually sold separately and prepackaged in accordance with the range of quantities decided at Community or national level in order to take account of consumer habits in the Member States, and, whenever it is possible, to replace the obligation to mark and display the unit price by standardizing the range of prepackaging'.

It should also be borne in mind that among the disadvantages of unit pricing are:

- (a) continuing and significant costs for the retailer (for which the consumer pays);
- (b) the fact that this burden falls harder on the small shopkeeper, possibly leading to a further threat to the survival of small shops; and
- (c) the difficulty of forming legislation which achieves the desired effect but which does not, at the same time, expose retailers unreasonably to risk of prosecution.

Furthermore, the present provisions of the unit-pricing directive referred to above have come in for considerable opposition from many of the Member States, and there is no likelihood of early adoption.

I would be interested to know if people other than the Scotch whisky industry have complained, and if so, who? I understand there have been complaints from France.

On the other hand, the directive amending 75/106 appears to be progressing satisfactorily and seems set for early adoption.

Finally, in view of the ever-increasing consumer deception caused by the lack of standardization of sizes, it is considered essential that support should be given to the concept of standardization rather than of unit-pricing.

Now, they also draw attention to page 5, paragraph 3, and page 6, paragraph 4, and say:

This Association wholeheartedly endorses the comment that total, as opposed to optional, harmonization will be more appropriate for this proposal.

Apart from the above two points, the Association fully approves and supports the Commission's proposal. However, whilst the range of proposed sizes is acceptable to the Scotch whisky industry, it is considered that the transitional periods should be treated as a maximum and no support should be given to any question of prolonging the present transitional periods.

Mr President, I suggest that it is unreal to ask the Commissioner, versatile though he is, to make a detailed comment on a submission of his kind, but I do think, if I may say so, that either there should be a written comment on the submission that I have put forward, or they should ask Mr Tim Jackson, the secretary of the Association, to come and see the appropriate officials in Brussels.

Mr President, I think it is legitimate in any parliament, provided one declares an interest, to put forward the view of an interest group on a relevant directive, and this I have done.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Let me first say that this is the first time that Scotch has been poured into the summary records!

(Laughter)

I cannot answer each and every one of these questions, Mr President. But I feel that on the whole the remarks made are in fact in favour of the directive. The aim of the directive after all is to create greater market transparency. In its present form the directive is a simplified version compared with the original directive. We have reduced the number of standards initially planned. We originally intended to include far more products and far more individual rulings. The Council rightly objected to this. We are now trying to make things even simpler. I believe that this is in the consumer's interests. The primary objective in this case is to prevent a Member State from rejecting products meeting the standards laid down in the directive on the grounds that they do not comply with the legislation on packaging.

With these provisions, therefore, we are creating a more uniform market, and this is also in the consumer's interests. Article 4 of the directive must therefore be interpreted correctly. There are traditional forms of packaging, and they cannot all be swept aside at one go with a directive of this kind. Nor would that be a good idea. The consumer has got used to the appearance of certain products. But what we want to achieve is a situation in which packaging regulations cannot be taken as a reason for erecting obstacles to trade. I therefore feel that the arrangement provided for in Article 4, which is based on an optional system, is the right one. But it does not mean that this directive does not constitute binding legislation. It will be binding as far as its objectives and the measures it describes in detail are concerned. The directive thus gives all producers who comply with it a guarantee that they will have access to any market within the Community, and it is therefore of inestimable value for the consumer and the free movement of goods.

President. — I note that there are no more requests to speak. The motion for a resolution as it stands will be put to the vote at the end of the sitting.

The debate is closed.

9. Residential adult education

President. — The next item is the report (Doc. 158/78) drawn up by Mrs Kellett-Bowman, on behalf of the Committee on Social Affairs, Employment and Education, on residential adult education as an element of the European Community's education policy.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman, rapporteur. — Mr President, I have the pleasure to present on behalf of the Committee on Social Affairs this report on adult education.

In February 1977, Mr Waltmans and Mr Früh tabled a motion for a resolution proposing that residential adult education should be the nucleus of the European Community's education policy. The Committee on Social Affairs, Employment and Education considered this motion, but felt that, while residential adult education is important, it is only one element in the Community's education policy. The committee felt, moreover, that the question of adult residential education demanded more detailed examination than was possible in full committee, and so an Education Subcommittee was set up for the purpose of examining this matter.

Meanwhile, Mr Waltman and Mr Früh had withdrawn their original motion and replaced it by one which emphasized the importance of adult residential education as only one element, rather than as the nucleus, of the Community's education policy. It is this second motion for a resolution which the Education Subcommittee and subsequently the Committee on Social Affairs considered and on which I have the honour to present the report today.

The Committee on Social Affairs felt that, with the advent of direct elections, it is essential for the citizens of the different Member States, not merely to be supplied with information about the Community, but to have a much fuller understanding of what the Community stands for and is trying to achieve. They should also, perhaps above all, have an opportunity of meeting and discussing these aims and problems with citizens of other Member States.

The authors of the motion base their ideas very much on the Danish folk high schools, which have flourished in Denmark for over a century and which attach great importance to active participation by all the students. Accordingly, whilst preparing this report, I visited the Danish Minister of Education and the folk high school at Skælskør. But alongside the more traditional folk high schools, high schools have developed which deal with European problems, in particular the Europe High School at Møn, established in 1975, which I also visited and found quite fascinating. Folk high schools on the Danish model have been established also in Holland and Germany. Meanwhile, in various parts of the Community, 30 Europe Houses have been established which seek to contribute to the solution, or at least to the better understanding, of topical problems which face the Community and its citizens.

The committee felt, however, that residential adult education can form only one element of the EEC education policy, and attaches great importance to the

Kellett-Bowman

discussion of European problems in geography, history and other subjects at primary- and secondary-school levels and to the increasing inclusion of the European dimension in courses for teachers and to the establishment, with the aid of EEC funds, of resource centres at teachers' training colleges. For example, we are fortunate enough to have one of these at St Martin's College in Lancaster, which is in my constituency.

The committee appreciated that the Danish folk high schools were not at any time forced upon the population but grew spontaneously to meet local needs. Similarly, they felt very strongly that the creation of residential adult-education centres should not be forced, but must also stem from a spontaneous desire and interest on the part of the peoples of Europe and that it is therefore advisable, as a first step, to help existing establishments and to give assistance to pilot projects to ascertain the real demand in those areas of the Community where Europe Houses or adult-education establishments do not yet exist.

Now, quite clearly, if a broad sector of the population were to be reached, a large number of adult residential establishments would have to be set up, and this is simply not practicable in the foreseeable future. But precisely because only a small proportion of the population can be reached, it is essential that the participants attending should be drawn from all sections of society, and accordingly it is hoped that Member States and employers and trade-union organizations will cooperate in publicizing the courses when they become available.

The proposers of the motion for a resolution ask for 350 000 u.a. to be made available in the 1979 budget for implementing such a programme. The committee is very well aware that this is a very small sum; but it is hoped that it can be effective as a pump-priming exercise to help finance projects, for example, the engaging of a teacher from another Member State, which might not be afforded without it. At the same time, the committee feels that this sum should be amended in the light of experience of each succeeding year's working.

I come now to the letter from the Committee on Budgets. We agree that the sum of 350 000 u.a. could not be spent in the 1978 financial year, and our paragraph 9 has been amended accordingly to meet the point raised by the Committee on Budgets. That committee was also concerned about the wording of paragraph 11 of the original resolution. The point of that paragraph, Mr President, was in no way to diminish Parliament's financial control, which must, of course, be maintained, but simply to ensure pedagogic freedom in these establishments. Paragraph 7 has been carefully worded to pay a well-deserved tribute to the work of the Europe Houses and to make

sure that they, too, are eligible for a share of any funds that the Parliament may see fit to allocate. I am glad, however, that the Committee on Budgets welcomes the resolution in principle, and I hope that the Parliament will pass this resolution this morning.

(Applause)

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

Mr Schreiber. — *(D)* Mr President, I should first like to thank Mr Albers, Mr Früh and Mr Waltmans for their initiative in this field. They have raised a question that is also very close to my own heart. I should also like to thank Mrs Kellett-Bowman for her report. She has done a very great deal of work on this report in the subcommittee of the Committee on Social Affairs, Employment and Education and elsewhere.

Anyone who talks to the citizens of Europe or anyone who, like myself, has been active in adult education before he became a Member of Parliament will know how important it is for sound information to be available on the problems one is talking about. Europe needs sound information, greater knowledge of the problems it faces, of the difficulties connected with cooperation, of the progress we have made over the years. That is why this motion for a resolution should be supported and adopted.

In the last few weeks we have seen various initiatives taken in this House. A document is before us. The teaching of foreign languages in the Community is to be encouraged, and a few weeks ago it was decided that the European Community should be included as a subject in school curricula. But learning does not stop with school. Even those who have a school certificate or have completed a course of vocational training must continue to educate themselves. In my view, Europe as a subject should not be excluded here.

Mrs Kellett-Bowman has described in detail the position adopted by the Committee on Social Affairs, Employment and Education. I do not think I need add anything to this. This is, of course, only the beginning, and it can only be the beginning. If the various models we have in our countries are fully tested and developed, progress can be made in this field.

To conclude, I should like to say a few words as a member of the Committee on Budgets. Mr Albers, a member of my group, will also be giving his views on this subject as a member of the Committee on Budgets. We must give very careful thought to how the money that is to be made available is spent. We would ask the Commission to draw up a directive which ensures that any money requested is properly spent and that a check can also be kept. We will then come back to this initiative during the 1979 budgetary procedure and take a careful look at how we can use the funds.

Schreiber

Mr President, to exist, to work better, to have a greater impact on its citizens, Europe does not need propaganda. What it needs is more comprehensive information on the tasks, on the cooperation and on the problems that we must face. The better the information on and knowledge of Europe, the better Europe will grow and operate.

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

Mr Früh. — (*D*) Mr President, ladies and gentlemen, being a party to this initiative, I am, of course, very grateful that it has now reached the stage of becoming the subject of a report. My thanks go in particular to you, Mrs Kellett-Bowman. I know how difficult everything has been. The reason probably was that we perhaps raised some doubt in committee with this somewhat unclear expression 'nucleus of adult education', and I should like to thank the Committee on Social Affairs, Employment and Education for accepting the amendment in which we say that we see adult education as one element of the Communities' education policy.

I should again like to express my thanks for all the efforts you have made, and I include in this your work in the subcommittee and the information you have collected in Denmark and elsewhere.

I agree with the previous speaker that everyone must be convinced that adult education in so rapidly changing a world is an urgent requirement, and we must not allow things to come to the stage where the adult, confined to his specific occupation and the scope of his experiences, no longer recognizes the constant and decisive changes occurring alongside him in this world. That is why such importance must be attached to adult education. As they say, you can only talk of real education if you go on learning all your life, know what changes are taking place in the world and obtain a true picture of it.

In practically all of our countries, I believe, we are in the happy situation of having either residential folk high schools or Europe Houses to perform this task. We are well aware how necessary it is to remove the adult from his everyday life and teach him about new developments in residential folk high schools, shielded from his everyday duties. Thus, it is hard to imagine my country without the work being done by these residential folk high schools, be they the more rural ones, which again are broken down into various categories, or the other residential folk high schools, and the same applies to the work done by the Europe Houses. It may be said that 350 000 u.a. — your example, Mrs Kellett-Bowman, made things abundantly clear — is too little to achieve anything. I do not share this view because I feel it is just the right amount to get things going, to gain experience, since

these institutions already exist and are already working. All we want to do with our contribution is to make it even clearer what an important role they are playing in European education. Nor, I feel, will Mr Schreiber's concern that we should carry out a careful check present any difficulties. All the Europe Houses are subject to financial control. They must provide evidence of their expenditure, and the important thing is that they work yet more actively towards European objectives and to this end receive something like residual financing for some of their arrangements from this European budget. I therefore welcome this move and I am happy that our initiative has produced this action. I am sure that Europe can provide an underlying theme in all the various longer courses in these institutions and that weekend courses can also be organized. But I am also sure — and this is a very important role these Europe Houses have to play — that they can go out into the region, the villages, the towns, and give talks on the development of Europe, its objectives and so on, which would mean this initiative would have a considerable snowball effect. I am sure that when the success of these efforts becomes apparent, this House and the Committee on Budgets will increase the funds appropriately, since they will then be convinced of the value of the work done by these institutions. I therefore welcome this report and on behalf of my group recommend the adoption of the motion for a resolution.

Let us hope that in view of the forthcoming European direct elections we are making a good, solid contribution to helping people in all sections of society who go out to work and are thus frequently prevented from keeping in touch with political developments, to understand these developments fully and and that we can thus convince them of the European cause.

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

Mr Mascagni. — (*I*) Mr President, a great deal of attention deserves to be given to the initiative taken by Mr Waltmans, Mr Früh and Mr Albers on the subject of adult education with special reference to a Community policy in this sector.

Our group expresses its appreciation to these members, as well as to Mrs Kellett-Bowman for the contribution she has made in dealing with the matter and for her well-balanced report. We approved and approve this motion because it deals — even if only in general terms — with a matter whose sweeping importance is recognized by all those who are today involved in the great but complex political struggle to create a democratic and independent Europe based on the participation of the people, on an understanding of the problems and on an awareness of the historic process now unfolding.

Mascagni

But if it is true that the building of a democratic Europe as a social, economic and cultural unit depends on the educational level of its citizens, then we clearly face a fundamental problem: how to provide an education which is not merely general, static and run-of-the-mill, but rather provides the foundations for the direct assumption of responsibility by the people.

It is on this fundamental and decisive aspect that we should like to make a few brief points which are not mentioned in the report — though we would restate our agreement with the contents of Mrs Kellett-Bowman's document.

The entire existing system of education for children and adults loses its point and purpose if seen in isolation from the modern productive process. What I mean is that the educational system has, historically, emerged and developed as a function of production and, more generally, as a function of the social and political system whose very nature is determined by production. It is not mere chance that the industrial revolution and compulsory State education came into being at practically the same time; this is so both in the case of revolutionary France, for example, where schools legislation and industrial legislation (which replaced the old artisanal and corporate system) date practically from the same year, and of England, where legislation on compulsory schooling formed part of factories' legislation. This is not to say that the great thinkers and pedagogues did not play a key part in this process, nor that the Philanthropists and the Enlightenment did not leave their own profound mark. What it is to say, rather, is that this is another example of something becoming possible and practical only when historical conditions so permit. Substantially, the school system and modern mass education date back to the emergence of the factories and to the industrial revolution. In other words: the factory, the capitalist means of production, represents an attack on the old peasant and artisan classes: yes, it frees them from the chains of feudal and corporate servitude, but at the same time it deprives them of possession of their own workshops and means of production, of their raw materials, of products and the entire productive cycle, and it deprives them of the relevant technology; parallel to this, it binds them, conditions them and subordinates them to a mode of production based on high technology, knowledge of which they, however, simply do not possess.

The State school system, compulsory education, training the citizen, all of which appeared in the wake of the industrial revolution, was an attempt to fill the knowledge gap created by the factory system, by the transformation of peasants and artisans into the wage labourers of the modern proletariat; it was an attempt to find a new way of transmitting knowledge to replace the artisan apprenticeship system; it was a method of passing out little pieces of the new and

wider knowledge to those who had been inevitably deprived of their own small fund of knowledge, of their traditional but intact culture.

It is thus not surprising that these old artisan and peasant classes, transformed into the working classes of today, should try, in a variety of ways, to win back for themselves an educational system, a new culture which will leave them less conditioned by the system, no longer at its mercy.

The bourgeois school was and is liberation, but liberation imposed from above; it was and is instruction, but at the same time indoctrination; it was and is the access to modern culture, but is at the same time subjection to a specific culture: bourgeois education is therefore an advanced historical model, but contains within itself, on the other hand, significant and growing contradictions.

There is thus an urgent need to establish a new balance in the economic, political and cultural spheres so that the heirs to the old peasant and artisan classes, who have been deprived of their traditional, out-of-date but independent culture, can actively participate, *as subjects*, in the enjoyment of the benefits which have emerged or are appearing from the development of the industrial society: benefits such as the factory, a re-humanized working environment and the knowledge that goes with it, and the political values of liberty and democracy.

Against the background of these problems consideration should be given not only to schooling for children but also for adults. And if these problems exist — and I believe we all recognize that they do — then, at the same time as we raise the question of adult education as part of the process of integrating Europe, we must also tackle the problem of the contents and new perspectives that such education must offer. We should be increasingly clear about the fact that adult education must gradually and deliberately change from being specifically related to a certain type of society into a voluntary educational effort which will help adults to develop a critical approach towards all forms of established practice and contribute to shaping active human beings with the ability to think and act in the pursuit of still higher forms of liberty.

To conclude, therefore, it is right that we should devote our efforts to the problem of adult education, studying what already exists and giving the necessary financial backing to new ideas. But this great task should not be reduced to the provision of a paternalistic and neatly-packed version of absolute truth. That would be empty talk and bad politics. Our task as democrats is above all to open peoples' minds and to make them aware of the problems which arise from the contradictions within our society and to help the citizens of the new Europe to feel involved in this great and historic process of economic, social and cultural renewal.

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

Mr Power. — I would like to compliment Mrs Kellett-Bowman on her excellent report and, as a fellow member of the Committee on Social Affairs, I have seen at first-hand the hard work that she has put into the preparation of it. The final product which we are discussing here this morning proves that all the effort was very well worth while. The seed sown by the suggestion that gave rise to this report shows that an idea has become a Parliamentary reality here this morning.

I believe that residential adult education has much to offer Europe as an important element in ongoing education, and I agree with the report when it looks to this suggestion as a positive contribution to bringing the concept of the European Communities closer to the people. Community cooperation in the field of education is very vital and, just as the education of the young helps to mould the Europe of the future, hopefully adult education will play its part in shaping the Europe in which we live. I think it will yield quick results and good results. I agree particularly with the rapporteur's statement in paragraph 4 of the motion for a resolution, pointing out that residential centres are not to be imposed on any section of the Community, but should arise as a result of local demand. In fact, local spontaneity is a very refreshing and important feature of such projects.

A certain amount of cold water was thrown on the suggestion here this morning by the previous speaker on behalf of the Communist and Allies Group. He gave what I would call an anti-capitalist contribution, and he referred to education as a production system. I do not know exactly what he meant by 'production system', but he seemed to feel that education, as we know it, does no more than give people a skill to earn them a living. That would be a very sterile approach: it would result in a production line of brain-washed units educated to do a particular job, submerging their own personalities. I know of only two regimes that tend to favour this type of activity. The word 'indoctrination' was used by the previous speaker here this morning, and if he examines that particular word he will know what I mean.

I think we should avoid the exclusively bread and butter approach to education. It would be very foolish if we only educated in the subjects that earn us our bread and butter and neglected those that would enable us to enrich our lives and use our leisure time properly—leisure time that would be left to the discretion of the individual, and would not be State-controlled, but would give the individual real freedom. This approach is the correct one I think; 'paternalistic approach' was the term the used to describe Mrs Kellett-Bowman's motion for a resolution here this morning. I feel I would opt for the 'paternalistic

approach' before I would ever accept the 'Big Brother' approach.

There are approximately 30 centres of European education in Europe, but none in Ireland unfortunately. This is indeed a pity, as we have a very pressing need for residential education in the form of a European House and we have a lot of centres on the mainland, but none at all in Ireland. I have received a certain amount of correspondence and inquiries which leave me without any doubt that there is a demand for such a House in Ireland, and I hope that it may come as a result of our discussions here this morning. I would love to see a residential education establishment in the form of an 'Ireland House' in Ireland.

As I said, we have a special need, because Ireland's geographical position at the edge of Europe makes it probably the area of the Community with the least direct contact with the others. As an island, it has been isolated in the past, particularly in the educational sphere, and this is very evident I think in our foreign language limitation. Educationally and culturally, Europe has a lot to offer Ireland, and indeed, may I presume to say, Ireland has plenty to offer Europe too. An Irish school or house would greatly help the dissemination of information and establish contact that would bring a greater awareness of Europe to Ireland. Now, as already mentioned by previous speakers, in the year before direct elections is the ideal time to get moving on this. Travelling teachers could bring information about Europe and its ideals, its philosophy, its interests to our people and help to foster better relationships, in particular between Ireland and the United Kingdom—and indeed, between the Republic of Ireland and Northern Ireland. This would be in the true spirit of cross-border cooperation.

I mentioned the position of Ireland as an island as the reason for its not having enough contact with the mainland of Europe. It is extraordinary that in our 'Golden Age' which is now sadly more than 10 centuries away, our missionaries were not so timid. They set sail for Europe, to Iona off Scotland, to France and over the Alps into Italy and further afield and founded schools. But the advent of the Scandinavian — or Danish — Vikings brought that to an end. Seeing that the Community high school had its origins in Denmark in the nineteenth century and has spread throughout Europe, would it not be very appropriate if, a thousand years later, the Danish idea were to come again to Ireland and help to educate the Irish about Europe? That would indeed be history in reverse, let us say.

We welcome this report, and the suggestions can only lead to greater dialogue and communication between the peoples of the Member States, and so to greater understanding. Adults and youth can get a greater awareness of European politics as a result. In a Euro-

Power

pean House, a programme of lectures and concerts, exhibitions and meetings, as well as more formal instruction, can only lead to 'European education without tears'. This will help us to shape the opinions and ideals of today's Europe, and at a time when we are very worried about the society and its complexities in which we live, will hopefully play a very big part in moulding the Europe of tomorrow.

President. — I call Mr Albers.

Mr Albers. — *(NL)* Mr President, broadly speaking I can associate myself with Mr Früh's remarks. I am also delighted that we agree in principle on the need to consider adult education and to give it a boost via the European Community. The money we make available for this purpose will act as a catalyst because we will be dealing with existing institutions with long years of experience in adult education. I would also join Mr Früh in acknowledging the work put in by Mrs Kellett-Bowman. Initially it was quite difficult to see clearly just what this problem involved, but the report does contain a number of interesting facts which demonstrate amongst other things that considerable differences still exist between the Member States.

I therefore believe, and I should like to draw the particular attention of the Commissioner and his staff to this point, that if only a very small amount of money can be made available, then this money should be used primarily to 'establish facilities for adult education in those countries which lag behind such countries as Denmark, Germany and the Netherlands. Courses for groups of participants from various Member States should definitely have priority, but I think that in that sphere we can safely leave the initiative to the Europe Houses and the folk high schools.

Over the years, radical changes have been made in education. We hear that the over-40s had insufficient instruction in social science but that this situation has greatly improved now in further education. We agree that young people who are transferred very quickly to the workbench after their vocational training lack knowledge in this area and that if they become unemployed they should have the opportunity of attending courses of this nature.

I think that my Italian colleague has overlooked the fact that Europe is slowly entering the post-industrial age and that when we consider the division of labour we should pay more attention to the creation of jobs in the tertiary sector. And it precisely for this reason that adult education and training is becoming so important, because otherwise certain groups would be excluded from these tertiary jobs. The Education Committee which was set up as part of the action programme on education should really devote itself afresh to this problem and consider the ways in which aid to adult education can be stepped up in the next

few years. In fact, that point is rather neglected in the action programme.

And now just a few comments on what the Committee on Budgets said. Of course aid should be given not only to existing institutions; before long, of course, new initiatives should be supported in other Member States which have no comparable institutions as yet. As regards sound auditing, every penny which the European Community spends should of course be properly accounted for and it should be possible to check all such expenditure. But the very modest sum made available to support an enterprise which has been in existence for many years should not be seen as a kind of lever with which to exert influence on these institutes. That is unacceptable because of the democratic quality of the Europe Houses and the folk high schools.

President. — I call Mr Dunwoody.

Mrs Dunwoody. — Well, Mr President, I am sorry to enter a slightly less enchanted note in this atmosphere of complete agreement. I, of course, welcome Mrs Kellett-Bowman's report because of the hard work that has gone into it, but I am not sure that this is not just one of those phases that we occasionally indulge in in this house of — I would not like to say unreality, because that might be rather hard — but I am not quite sure what it is that this report is meant to do.

Let me put it to you like this. If we are actually seeking to set up extra units of adult education, then it is painfully obvious the amount of money that we are talking about will not even begin to touch the size of the problem. If we are seeking to extend the information that is given to the people of Europe, then I would have thought the previous method of supporting specific causes in existing educational establishments was by far the best way of doing it. The Open University in Britain — which, for those of you who have not encountered it, is a university of the air which uses both television and radio programmes and correspondence courses to teach people in their own homes who cannot follow a formal course of education in any other way — had a very detailed course some years ago on the European Community in which it gave factual information about the institutions, about some of the work that had been done, how the Community had grown up and the effect that it had on people lives. Now, if you are going to support that sort of cause I can see the logic of the argument. Indeed, I would have thought that the work done by the Open University was a classic example of how to get through to people you would not reach in any other way, because these are people who genuinely want to learn, but who, for one reason or another, do not have the time or the opportunity to join formal educational courses.

Dunwoody

So what is it that we are actually discussing today? I can see that in those countries which have a system of Europe House, it would be a very good idea to extend the work that they are doing. But I must say that I believe that adult education is best supported as an educational system. We already have, in Britain, a series of residential colleges of various kinds which offer very broadly-based educational courses. I think that is an excellent system, but what I do not want to see is the repetition in Britain of particularly specialized units, in a sense divorced from the educational system. I believe that would be what you were doing if you were not very careful indeed. After all, there are still members of the European Community who are convinced of the rights and wrongs, and the advantages and disadvantages of the development of Europe by what actually takes place in the political arena. In other words, what we do here must be part of the information process that persuades or dissuades people of the importance of the development of Europe. I am afraid that people in my own country reading this might believe — of course, quite erroneously — that this was simply part of an information programme leading up to direct elections, geared to a very specific and a very narrowly based objective. What you have to do it seems to me, both in education establishments of the normal kind and in adult education establishments, is to make it clear that it is in everybody's interests — inside and outside the European Community, I would have thought, because of the size of our trading involvements — to know what is going on and how Europe works. But what it would be very wrong to do would be to even suggest that you were seeking, through the creation of specialized units, to hive off one particular kind of adult education with a view only to its European involvement. I understand why the historical situation was created in other countries, but I do not think that is the way we ought to go.

What I would say to the Commissioner who is going to answer this debate is that many of us would welcome a much greater input — frankly, the amount talked about in this report is so minimal it is really not worth discussing — for training programmes for young people not only for leisure, but for retraining, on a much more massive scale. That the Community could do, and it would have such a practical effect that the fears of my Italian colleague that we might, from time to time, be accused of conditioning, would be utterly dispelled. Because then it would be clear to people that what the European Community is concerned with is the future of its workers, is the future of its children and the dissemination of education in the widest sense.

Culture and education, if they are working efficiently, must be opening doors in the mind. Those who leave school at 16, and who, in many instances do repetitive work and do not have the opportunity of easily going back into educational establishments, frequently

miss the joy and the warmth that comes to people who have a wider educational background and a wider basis on which to enjoy the cultures of their own societies. If Europe is to do anything efficient about informing the peoples of Europe about one another and about our common problems, then I think it would be best involved in working through the existing educational establishments. And if it is to do that, it must do so on a much wider scale, with a much wider input of money than we are talking about today.

I am afraid that the document, excellent though it is, hard as Mrs Kellett-Bowman has worked on it, is a very limited, a very narrow, and in some ways, a rather worrying suggestion. Because what it is seeking to do is to say: here we have a problem of dissemination of information, let us deal with it in this particular manner. And it is a move, frankly, that I think could be misunderstood. I put it no higher, but I am concerned. If Europe wants to progress, it must progress on the basis of real education, and it will not do it on a programme of the size of that put forward in this document.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I was very happy to hear what Mr Mascagni had to say and I agree very substantially with most of it, but I do wish he had adopted a slightly less hectoring and less polemical tone; he might possibly have struck a more responsive chord had he done so. Therefore I, if I may, would like to add a few words supplementing as it were what he said and possibly doing it in a slightly different tone. Also I might in the process clear up a confusion which has arisen in my mind as a result of what Mrs Dunwoody has had to say.

My friend Mr Schreiber started off by saying that education does not cease when we leave school. Of course, I go even further and I say that in some respects education can only start after we have left school, and I think that we are in serious danger — and I suspected this in what Mrs Dunwoody had to say — of failing to distinguish between two quite different types of education. Our modern educational system, the education that overwhelmingly the State provides, is of course, as Mr Mascagni said, an education for the production of functionaries. It is very much a functional educational system the system Mrs Dunwoody spoke so approvingly of, and of course it is very necessary and very important that we have that particular type of education. It seems to me, in a society in which there is at least an embryonic mass democracy, an incipient mass democracy, with all the terribly difficult problems facing mass democracy, that particular sort of education does not seem to me to go far enough.

Ellis

I might possibly just briefly explain how I see the other type of education that is required by referring to Mr G.N. Tyrell's concept of two types of thinking — convergent and divergent: for example, when we teach people to become lawyers or engineers or doctors or advertising copywriters or fitters or whatever, the type of problem facing that functionary is a convergent problem and if he is clever enough he can always find the solution. But there are other types of problems involving divergent thinking which I might class loosely as metaphysical problems, the problem for example of the relationship between freedom and licence, between duties and rights, the whole problem of the ethics of compromise, this kind of problem which is an extremely important problem, it seems to me, in a mass democracy, this needs an entirely different type of education, and I go so far as to say that one can only begin to appreciate the problem after one has reached a certain age. I remember a few years ago seeing the four Roman plays of Shakespeare, and I wondered, looking at Julius Caesar, where lay the balance of right; was it in the dictator, however benevolent he was, or was it in the man who saw the dangers of having one man's face on every coin in the realm. That is a very difficult problem to attempt to answer, and therefore the education needed seems to be very different indeed from the pedagogic, Open University type of education that the State so overwhelmingly now provides.

Therefore, it seems we are obliged to start dealing, with adult education; it has to be non-pedagogic, it has to take place by a dialogue between participating adults — an entirely different concept from the conventional type of education that Mrs Dunwoody was quite rightly extolling. All I am saying is not that that conventional system is wrong, but that it now needs an additional system to run along in parallel with it, and this of course is the whole basis of adult education. The great pity of it, of course, as Mrs Dunwoody said, is that in practical terms we do nothing. In my country the proportion of the educational budget that goes to adult education is 1%, and of that 1% the overwhelmingly larger part goes to kinds of education which are not the sort of liberal, democratic, adult education that is needed for a democracy, and therefore I agree entirely with her when she says that the whole thing is a bit of a damp squib and that we need to do much more in practical terms. One final point, just a technicality: I do disagree very strongly with one thing in the report in the motion for a resolution, where it says in paragraph 4 that the existence of the residential centre must be the result of a spontaneous desire on the part of people. Well the overwhelming experience in the adult education world in my country is that, when one employs in a particular area only one man as a full-time professional organizer, the numbers of people attending classes do not merely double, treble or quadruple, but go up 10-fold, and therefore there is no

doubt in my mind that it needs a positive input from the State — or whatever organization is trying to get the adult education established — to awaken the desire and to develop the desire. Simply to leave it to people to respond to something that is not there, is, I think, a big mistake and I would on these grounds disagree with that particular paragraph.

Having said that, I would like to add my congratulations to Mrs Kellett-Bowman. It is a step, a small step, but it is a step in the right direction, and I hope that we can in due course over the coming years persuade our politicians who are in government of the real practical important need for this type of education which is entirely different from the conventional one that we have all experienced in schools and colleges.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I do not think that we can hold a debate of this kind without briefly mentioning what has been achieved in the Community in the educational sector in the last few years. This sector has always been very neglected. Considerable effort has been required to overcome the jealousy of the Member States in this field. We had the first meeting of the Council of Education Ministers in 1973. We submitted the first action programme in December 1975. Since then an education committee has been set up on which the Member States and the Commission are represented. The first modest budgetary steps have been taken. And we have somewhat further reaching prospects with vocational training and measures in favour of the children of migrant workers through the support provided for in the Treaty for the freedom of movement of workers.

Anything that happens in this sector, and that includes Mrs Kellett-Bowman's report, is therefore useful. It extends the base from which we work. It adds new elements. It puts us in a position to do even more in the second half of 1978 at the next meeting of the Education Ministers, not only to promote the European idea in Europe but also to strengthen the public spirit of people by making them increasingly aware of their own dignity and their own value. This is a long drawn out and difficult process, but the European Community must go through it.

Why must the European Community devote its attention to this subject? It could after all adopt the view that we are principally concerned with economic and social aspects. Anything outside this, the development of man as an individual, the encouragement of better human relations by means of education, falls outside our terms of reference. I believe that this would be a false interpretation of what the European Community already is. What ever details the Treaties of Rome may contain, the European Community has gone beyond these Treaties today and has its own personality, political weight and thus responsibility.

Brunner

The European Community, as I understand it, is today one factor in the division of powers in our continent. As Mr Ellis has said, the European Community forms part of this democratic society and has an obligation to provide for greater freedom and also an obligation to do something for the development of the people who live in this European Community. I believe that if we overlook this, if we concentrate only on technical and economic problems, if we only talk about pigmeat and not about education, we will no longer be taking account of what the European Community is.

You see, a central problem in present-day society — and this has been implied here — is the creation of room for the individual to manoeuvre. To this end he must be aware of his role in society and be able to realize what state his society is in. For this he needs education. He needs continuous education because his environment is changing ever more rapidly.

We will not be able to fill the people in Europe with enthusiasm for the European idea, and we need enthusiasm, if we ignore this important field. We must concern ourselves with it. But this places considerable responsibility on us. It makes us responsible for choosing the correct procedures, and a number of procedures have already been mentioned here. We must ensure that the education policy is integrated into the overall European policy. We must ensure that people have access to institutions of education, and we must ensure that the European idea forms part of the curricula.

We are in the process of doing this. We have submitted to the Council a proposal concerning the inclusion of the subject of Europe in school curricula. Of course, this concerns the treatment of this subject for people under 18 years of age. But it is tremendously important to begin at an early age. It is tremendously important to ensure that people have a basic knowledge of the subject at an early stage simply because of the growing alienation that people experience later in their working lives, because of the greater distance from the educational possibilities open to them.

I have great hopes for this proposal. I believe we will be opening up a wide field with it and perhaps achieving more in terms of human understanding in Europe across the frontiers of this Community than with many other measures that cost a great deal more money and in some cases cancel each other out. That is why we want to take this course.

But of course a venture of this kind places considerable responsibility on us. By starting something of this kind, we are also determining the content of education, and I feel that the basis for our efforts is simply Mao's 'Let a thousand flowers blossom.' In other words, we must respect diversity in Europe. We must not presume to feel that there is one explanation for the development of our society and the role played by

the individual in that society. There is no such explanation. The explanations change with the time. Man is always coming up with new ideas and man's awareness and existence are not only determined by the production situation or by technology. There is more to it than this. In the past we have all too frequently made the mistake in all the political doctrines of seeking a single explanation, and we must not make the same mistake now when spreading the European idea.

One basic problem facing present-day mankind is new. It is man's relationship to technology. There is a danger that technology, which man long thought would give him freedom, and in fact did, and which has made a decisive contribution to improving living standards, will get out of man's control. This is completely changing man's basic attitude towards society and the State. It is also changing his basic attitude towards political parties. The individual is beginning to become conscious of a risk which is no longer being completely taken off his hands by other social or political bodies. Aspects such as the division of powers, the organization of production in the world, the tension between the individual and social groups, must be reviewed. We are still at the initial stages. In a few decades' time things may be determined by completely different findings. They will make our arguments about capitalism and socialism look banal. We must bear this in mind when we propagate the European idea in schools and institutions of adult education. We must be careful when deciding the contents, steer well clear of any indoctrination, but be aware that the European idea is an element in Europe today that determines and safeguards freedom.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman, rapporteur. — May I have one word? I would just like to thank colleagues for their contributions and to refer to two in particular. I do so very much agree with Mr Power, when he says that this idea can foster better relations between Northern and Southern Ireland and that it is an ideal instance of cross-border cooperation. I would, however, also like to refer to the contribution of Mrs Dunwoody and I am sorry that, having asked questions, she is not here to see them answered. She has totally misunderstood the purpose of this resolution. She referred to the Open University as an admirable institution and she pointed out that it had a detailed course on Europe years ago, but the whole point of this resolution is that people should be able to exchange ideas. You do not exchange ideas, I would respectfully say, with a television set, and it is this exchange of ideas between the people of the Community which is so important. Moreover, if I may say so, the end of her contribution totally contradicted the beginning, because she went on to say that our resolution was concerned with the problem of the dissemina-

Kellett-Bowman

tion of information; that is exactly what it is not concerned with. It is concerned with the exchange of ideas between the citizens of Europe and it is in that spirit that most of the Members of this House have accepted it and that I commend it, in fact, to the House.

President. — I note that there are no more requests to speak the motion for a resolution as it stands will be put to the vote and the end of the sitting.

The debate is closed.

10. Regulation on Community tariff quotas

President. — The next item is the report (Doc. 62/78) drawn up by Mr Tolman, on behalf of the Committee on External Economic Relations, on

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

- I. a regulation on the opening, allocating and administration of the Community tariff quota of 38 000 head of heifers and cows, not intended for slaughter, of certain mountain breeds falling within subheading ex 01.01 A II (b) of the Common Customs Tariff
- II. a regulation on the opening, allocating and administration of the Community tariff quota of 5 000 head of bulls, cows and heifers, not intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A II (b) of the Common Customs Tariff.

I call Mr Tolman.

Mr Tolman, rapporteur. — (NL) Mr President, my task today as rapporteur is very straightforward and my explanatory statement will be brief. There have been no disagreements. The report proposes more or less that the previous policy should be continued. However, a decision has to be taken each year, and over the years the quotas have increased a little.

The Committee on External Economic Relations also discussed two aspects which I will mention now so as to give you a complete picture.

Firstly, the committee was concerned that if cattle were imported this might affect the volume of milk production in the Community. But our discussions showed that these fears were groundless seeing that highly productive animals were not involved.

Secondly, and I should like to draw particular attention to this point, it turned out that a number of cattle were being imported which were particularly suited to certain Community regions and which contributed to the protection of the countryside, in itself one of the very important aspects of this whole question. The discussions showed that the committee had no serious objections to the proposals. It adopted the report with the largest possible majority. I therefore hope that Parliament will also approve the report as it stands.

May I also save time by adding that the opinion I have just expressed is also that of my group.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, the continuation of these quotas, as the rapporteur has said, can be approved. The situation on this market is stable. There is no reason for trepidation here. Most of the quotas have not been disturbed as a result.

President. — I note that there are no more requests to speak. The motion for a resolution, as it stands, will be put to the vote at the end of the sitting.

11. Regulations on agricultural products from Cyprus

President. — The next item is the report (Doc. 146/78) drawn up by Mr Spicer, on behalf of the Committee on External Economic Relations on

the draft regulation of the Council of the European Communities on the conclusion of the supplementary protocol to the agreement establishing an Association between the European Economic Community and the Republic of Cyprus and the protocol laying down certain provisions relating to trade in agricultural products between the European Economic Community and the Republic of Cyprus.

I call Mr Spicer.

Mr Spicer, rapporteur. — Mr President, I wonder if at the outset I might ask whether we could take these two items together — 122 and 129. They both cover agricultural ground; I shall be very brief in speaking on both of them.

President. — Mr Spicer proposes that his two reports should be dealt with jointly. Are there any objections?

That is agreed.

In this case the next item includes the report (Doc. 170/78) drawn up by Mr Spicer, on behalf of the Committee on External Economic Relations, on

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

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for wines of fresh grapes falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Cyprus
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for liqueur wines falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Cyprus
- III. a regulation opening, allocating and providing for the administration of a Community tariff quota for table grapes falling within subheading ex 08.04 A I of the Common Customs Tariff, originating in Cyprus.

I call Mr Spicer.

Mr Spicer, rapporteur. — We are dealing with supplementary protocols to the Association Agreement which was signed with Cyprus on 1 June 1973, and these supplementary protocols and, indeed, the whole area of agricultural exports from Cyprus are of vital importance to Cyprus. 87 % of exports from Cyprus are agricultural and a large part of those exports do go to the United Kingdom — a traditional trade pattern that has been established over many years. Another factor, too, is that at the moment Cyprus has a trade deficit of some 70 million u.a. So all in all I think one can see that the consequences of any change in this trading pattern for Cyprus would not only have very serious economic consequences, but also, given the other problems that Cyprus faces at the moment, could also have very serious political consequences as well and therefore I commend them to the House. In the explanatory statement on the first, report on the Supplementary Protocol there is one mistake which I think might be misleading and indeed might bring some fear to people in Cyprus. Near the top of page 7, in paragraph 3, it reads as follows: 'This Protocol provides for temporary, degressive — i.e. to be phased out gradually — preferential measures'. That is not precisely correct and I think one should not read into it a phasing-out because this is not the intention: the hope and the aim and the purpose is that this should be part of a longer agreement going beyond the actual closing-date of this Supplementary Protocol. So, I hope the Members, without any further explanation, will take it that this is not meant to be phased out.

The other point, which was very aptly made in our committee, when we discussed this, by Lord Brimelow, is the very unhappy situation that we face in relation to these agreements as far as the timing is concerned. I think you will see on page 10 that we do make it quite clear that we consider it quite wrong that farmers in Cyprus can be kept waiting to hear the result of negotiations which are retrospective, after they have planted their major crop, which is potatoes. That point was very strongly made and taken on board by our committee when Lord Brimelow made it.

There is one other point that I would wish to make. In our report, we made it quite clear that we wished every effort to be made to see that all these concessions applied to all the people of Cyprus and that was done quite deliberately. I can speak, perhaps, in a few sentences of the broader context of the problems of Cyprus and how they are to be solved. Those of us who know Cyprus and the Cypriot people, over the years, I think, increasingly despair of the present situation. We see lines drawn and drawn for four years and, unless, we, within the Community, through trade agreements, through exploring every possible avenue, can help to bring the two communities together in Cyprus, then these lines will become more and more

solid. The area of contact between the Turkish community and the Greek community, the areas where they can meet, become fewer. Old friendships that were built up over many years when Greek and Turk lived side by side, worked together at the bar in the civil service, those are slowly pulling apart and a generation is growing up which has never met anyone on the other side. I do not know what the answer is; I do not personally believe that it is a problem for Turkey or a problem for Greece. It is a problem for the Cypriot people themselves and it is my belief that we can play a major part in bringing these two peoples together as a Cypriot nation with an identity of their own. Of course, with the mistrust and the harm that is being caused over many years, with mistakes on both sides, we do face major problems in this area. But certainly, in their small way, these two reports and the agreements that we have made will be a help. But my firm hope is that we as a Community will continue to use every possible challenge to bring the two communities together, and so I would hope that we do not stand too much on protocol on this, that we explore every possible unofficial channel, that we try and bring joint projects into being: there are many things that could be done in Cyprus today that would be to the benefit of both communities. So let us play a major role, because I ultimately hope — and I think this hope would be shared by both the Turkish and Greek-Cypriot communities — I hope that this Association Agreement which started before the Turkish intervention in 1974 may ultimately lead to Cyprus becoming a part, a full member, of the European Community.

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

Lord Brimelow. — Mr President, may I say that we are in agreement with everything that Mr Spicer has just said.

I only wished to make two specific points, and they have already been referred to by Mr Spicer. The first is the need for timeliness. When this was discussed in our committee, I did say that the responsibility for the delay could not be attributed entirely to any organ of this Community. The negotiations were difficult, and the Cypriot negotiators made their own contribution to that difficulty, but if we know that negotiations are likely to be difficult and prolonged, this means that they should in future be begun in good time. I hope that the Commission will take account of that.

The other point relates to non-discrimination in the benefits conferred by the Association Agreement and the Supplementary Protocols on Cypriot export to the Community. I believe that our statistical system does not enable us to judge whether there is or is not discrimination. I hope that attention will be paid to that point too.

President. — I call Mr Edwards.

Mr Edwards. — Mr President, I must apologize for being the third British speaker to participate in this debate, but it is only natural, since we have had a very long association with Cyprus. It was a member of the British Empire and when it became independent, it voluntarily became a member of the Commonwealth, and is still a member of the Commonwealth today. The late Archbishop Makarios, though we put him in prison during the colonial days and deported him to a remote island in the Atlantic, became one of the wise men of our Commonwealth, and was a guest of our Queen in Buckingham Palace.

You will forgive me saying so, but I invited Archbishop Makarios to speak in our House of Commons after he returned from the Seychelles. I presided over an all-party meeting, and I remember to this day what he said about what he thought the future of this island should be. He said he wanted it independent, sovereign and free, with no hatred against the British, no social hatred against the Turks. He wanted the people to work together to cultivate this island like a garden — and it is a garden, one of the most beautiful islands in the world, a real pearl of the Mediterranean.

It is a great tragedy of our times that this beautiful island is divided. Anything we can do as a Community to bring Cypriots closer to our Europe and help them to eliminate these dreadful problems will be very important for the history of that Mediterranean basin.

I speak today because I recently returned from Cyprus as a member of the Socialist Group's study group on Cyprus. It was a great delight to go to Cyprus after our visit to the Lebanon, because for the first time in many weeks we could breathe freely instead of being surrounded by armed guards, as we were in both Syria and the Lebanon. I mention this because that is the atmosphere in Cyprus today. There is a great yearning among both the Greeks and the Turks to solve their problems, but they have very many problems indeed. 200 000 Greek Cypriots have lost their homes, and are living under dreadful conditions in temporary accommodation or in refugee camps, but making the best of it. We visited a refugee camp with 8 000, but it was not like a Palestinian refugee camp that I have visited several times. They had built their church, they had their schools, people were healthy, the children lovely and smiling. They were not making a political issue of the refugee question, which is to their everlasting credit, but are building new lovely estates and dispersing the refugees. They could make great political capital out of this but they are not.

We visited the Turkish side and the Greek side, we equalled the time between them. There are 80 000

Turks who also lost their property, their homes, and their jobs, so it cuts both ways. There are 2 000 missing persons still, where there has been no identification. We were successful in getting the Turks to have another look at this problem and trying to identify those missing people who were alive after hostilities had ceased. But nobody knows where they are — a nightmare for their children, their wives, their brothers, all their families.

These matters must be resolved. We can help Cyprus, particularly with irrigation schemes, because the north is frequently short of water, although there is plenty of lovely spring water in Cyprus. Irrigation schemes will not cost a lot of money, and if we could do something like that, it would go a long way to uniting this nation once again so Turks and Greeks, can live together and build up the island as the garden it should be — one of the loveliest places in the world, where the people are energetic and industrious in spite of the enormous problems that the junta seizure and later the invasion of the Turkish army caused. I have great pleasure in supporting these recommendations that bring this island closer to our Community, in the hope that they will go some way to solving these problems.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, little need be added to what has already been said. We are endeavouring to make rapid progress in this sector, and the two implementing regulations serve this purpose. They are intended to permit the two protocols to benefit the people in Cyprus, and by this I mean all people in Cyprus, as soon as possible. We have noted Lord Brimelow's remark that we should prepare ourselves for difficult negotiations in good time. Past negotiations have in fact been particularly difficult because, of course, the Commonwealth preference expired. But thanks to the realistic attitude adopted by the Cypriot negotiators we managed to find a solution. We will begin the Munich negotiations in good time. I believe the two protocols form a balanced basis. The first gives Cyprus the same opportunities as have been granted to other Mediterranean countries. The second provides Cyprus in its particularly difficult situation with a number of additional opportunities. It is thus a balanced whole that you have before you, and we thank you for your approval.

President. — I note that there are no more requests to speak. The motions for resolutions as they stand will be put to the vote at the end of the sitting.

The debate is closed.

12. *Regulation on the stores of vessels, aircraft and international trains*

President. — The next item is the report (Doc. 129/78) drawn up by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, on

the proposal from the Commission of the European Communities to the Council for a regulation laying down the customs procedure applicable to the stores of vessels, aircraft and international trains.

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (D) Mr President, it is a pleasure for me to be able to present this report to the Friday stalwarts. Although the Commission's proposal is highly technical and although the Committee on Economic and Monetary Affairs approved it unanimously, I should like briefly to explain the committee's views.

The Commission's proposal is in line with the principles relating to customs and tax procedures applicable to goods purchased or consumed on board vessels, aircraft and trains engaged in international transport set out by the European Parliament in its resolutions of February 1972 and May 1973 and in its recent report on the development of the customs union and the internal market. Parliament's view is that goods consumed on international means of transport should be exempt from customs duties and tax. On the other hand, goods purchased by passengers within the Community for subsequent consumption are governed by the normal national or Community customs and tax rules. The Commission's proposal concerns only duties on goods which are actually consumed on international means of transport. The object is to replace the national rules applicable hitherto by Community rules. This will prevent distortion of competition as between the various means of transport and make it easier to prevent attempts to use the provisions relating to goods supplied on trains, aircraft, etc. to circumvent customs and tax rules.

The Committee on Economic and Monetary Affairs fully supports the view that common rules are required on the administration of the customs union. It is significant, however, that the discussion in committee centred on the duty-free shops on ferries, at airports, etc. which are not, in fact, dealt with in the Commission's proposal. I have therefore been asked to take this opportunity on behalf of the Committee on Economic and Monetary Affairs to urge the Commission once again to submit a new proposal to abolish duty-free shops. I fear, Mr President, that the Commission has not heard this request, but we are used to that.

The reason why we want to see an end to the sale of duty-free goods to people travelling within the Community is partly that it conflicts with the principles of the customs union and partly that we believe that this facility, whereby people can buy duty-free goods for subsequent consumption, is one of the reasons why the Member States are unwilling to abolish or modify in any way existing restrictions on the rights of passengers to bring goods in with them when entering another Member State. I therefore ask the Commission as soon as possible to submit a proposal on this matter and I ask the European Parliament to adopt the present motion for a resolution, which has been unanimously approved by the Committee on Economic and Monetary Affairs.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) This arrangement represents an attempt to do something at Community level that we should have done long ago. What we are trying to do is to get this modest Community arrangement applied to non-private means of transport, the object being to prevent the distortion of competition, as Mr Nyborg has said. In addition, we want to put a stop to minor cases of fraud that have constantly occurred. We feel that this necessary step is being taken somewhat late in the day. We therefore welcome the fact that Parliament approves it.

President. — I note that no one wishes to speak. The motion for a resolution, as it stands, will be put to the vote at the end of this sitting.

The debate is closed.

13. *International telex rates*

President. — The next item is the Oral Question without debate (Doc. 137/78) by Mr Seefeld to the Commission :

Subject: Differing rates for international telex lines

According to a recent announcement¹ the Commission has agreed a common fee for the Euronet data processing network with the postal administrations of the nine Member States.

Further to its reference on 16 September 1977 to the next meeting of the directors-general of postal and telecommunications administrations what progress has it made with the relevant government departments in the matter of the differing rates for international telex lines?

I call Mr Seefeld.

¹ Information Note p. 8, February 1978.

Mr Seefeld. — (D) Mr President, as you know, this Parliament debated his whole problem last year. In the meantime the Commission has informed us that it has agreed with the post offices of the nine Member States on a common tariff for the Euronet data processing system.

This is a data processing system which, I believe, is genuinely European in character. It is based on French technology and has been developed in cooperation with the appropriate directorate-general of the Commission. Euronet thus makes it possible by means of a transfrontier data transfer system to overcome the disadvantages arising out of the distances between the various institutions and what is generally known in this Parliament as the travelling circus. Efforts are also being made to apply this system to another project, this being Eurowot. This will involve a forecasting system for the first direct elections to the European Parliament. A number of difficulties remain but they can be overcome.

Euronet would thus in any case be operated on the basis of a uniform tariff in the Community countries, unlike the telex system. I refer to this problem once again because the telex tariff has been fixed quite arbitrarily and varies considerably even where the distance is the same.

Several Members of this House therefore felt that the Commission should do something practical. It is not just a question of businessmen in the Community deriving some advantage from the telex system. We ourselves very often find ourselves dependent on the telex in our political work. The Commission might therefore perhaps be so kind to tell us today what has happened in the meantime, because it stated on 16 December 1977 that the directors-general of the postal and telecommunications administrations would be taking a serious look at this subject at their next meeting, and they could count on the Commission's support. That, Mr President, was why the question was tabled today, and I hope that the Commission can give us a satisfactory answer.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) The Council's meeting of 15 December 1977, on which the Commission reported on 16 December 1977, was followed by a meeting with the heads of the telecommunications authorities on 26 January 1978. However, the discussion at this meeting concentrated primarily on development projects. The question of the disparity of tariffs has not yet been discussed in any depth. We therefore intend to take a closer look at this matter in the next few weeks and will then report to Parliament.

President. — The debate is closed.

14. *ITT bribery in Europe*

President. — The next item is the Oral Question without debate (Doc. 138/78) by Mr Hamilton to the Commission :

Subject : Alleged bribery in Europe by the American International Telephone and Telegraph Corporation

Has the Commission's attention been drawn to the report in *The Times* dated 3 April 1978, in which the ITT is alleged to have admitted that its European subsidiaries have paid bribes of \$4.6 million over an unspecified period to unknown persons or organizations; and will the Commission institute a thorough inquiry?

I call Lord Bruce to speak on behalf of Mr Hamilton.

Lord Bruce of Donington. — Mr President, I have to ask the question in Document 138/78 of the Commission on behalf of my colleague Mr Hamilton, who, for political reasons, is unable to be here today. This question originates from the proceedings that have taken place in the United States at the instance of the Securities and Exchange Commission in an action brought by them asking for the production of documents by the ITT—International Telephone and Telegraph Corporation. I myself am not making any observation personally on the activities of this company. I have no authority to do so, but it so happens that the company in the course of replying to the allegations that have been made against it by the Securities and Exchange Commission has seen fit to indict itself and therefore what I say hereafter are the items that are pleaded by the ITT itself. They admit that they paid some 8.7 million dollars in what are described as questionable foreign payments by the company. They are at present claiming that the production of the documents before the Securities and Exchange Commission would prejudice their position for the following reasons. First of all they say that the production of these documents would endanger the relationships of some of the European subsidiaries. They say that if these documents were revealed it would endanger the physical safety of some of the employees of the ITT system. They say that the production of the documents would endanger the physical safety of the employees of foreign governments. They say that the subsidiaries themselves may face prosecution in the countries where they are based. They say that irreparable damage would be done to the company in that it would gravely undermine its relationship with foreign governments; and that because of the importance of telecommunications to industry and national defence the disclosure of bribery details could lead to possible national takeover of some of ITT's European subsidiaries. These are not my allegations. These are the allegations that ITT have made about itself in the course of appearing before the courts and the federal courts in order to

Lord Bruce

answer charges by the Securities and Exchange Commission in the United States. In my submission on the company's own claims IIT hereby admits, indeed claims, that it has been engaged in activities in Europe which it does not wish to be revealed.

Now this raises fundamental questions for the Community itself. I do not at this stage desire to emphasize or to make more than a passing allusion to the involvement of this particular company in the affairs that have taken place in Chile. It is a matter of public record and it is publicly admitted and even boasted that the IIT itself played some considerable part in securing the overthrow of a legally and democratically elected government of Chile. This may be a matter of some concern, but it is no immediate concern for the purposes of this question. What I have to ask and what is asked by my colleague, Mr Hamilton, is just what action the Community and in this case, the Commission propose to take? They can of course say that this is none of their affair. They may say that this matter is *sub judice*. But if they have read the article in *The Times* of 3 April and the later articles in *The Times* of 27 May and a further article in the *Guardian* of 23 March 1977 they must be aware that this gigantic and slimey octopus is operating in a manner in Europe which is inimical to the operations of the free market as we understand it, and is gravely inimical to the provisions of Article 85 and 86 of the Treaty. The Commission may take a number of points of views upon it. It may say that after all this is not its affair. In this connection, I am bound to say that one of the arguments that was adduced in favour of the EEC in the referendum in my country in 1975 was the assertion supported by prominent politicians of all parties, that only the EEC would be able to deal with the activities of the multinational companies in Europe and that individual governments on their own were quite unable to deal with them. So that disposes of that argument. So should the Community authorities institute or are they prepared to institute an inquiry? I have not heard the distinguished Commissioner Mr Brunner, on the subject yet and I look forward to his answers very avidly. The question itself asks whether the Commission is prepared to undertake an inquiry. The answer may be that it has no powers. But, for the purposes of this question I am going further than that to say this. There is a direct obligation on the Commission under Article 89 of the Treaty of Rome which says this: 'On application by a Member State or on its own initiative and in cooperation with the competent authorities in the Member States who shall give it their assistance, the Commission shall investigate cases of suspected infringement of these principles. If it finds there has been an infringement, it shall propose appropriate measures to bring it to an end'. It is this initiative for which one is asking. Unless of course the Commission contends that large-scale bribery, which is in fact admitted by IIT, is

consistent with the principles of Article 85 of the Treaty. If the Commission says, well, of course, bribery has nothing to do with competition, there is an end to the matter. But in my submission, bribery on a massive scale is a direct infringement of the rules of competition aside from whatever moral values may be involved. So we ask the Commission in this question what it proposes to do. It is difficult, of course, to know which particular Directorate is responsible for these matters. Is it Directorate III or is it Directorate IV? If it is Directorate III, it is within the competence of Mr Davignon. If it is Directorate IV it is within the competence of Mr Vouel. But Mr Vouel so far has interpreted Article 89 to the effect that he cannot act unless somebody complains. This is not Article 89 of the Treaty. The Commission has it within its power to dispel a number of illusions by forthright action in this case. We have observed in the past that it is mighty on mayonnaise. that it is omnipotent on olive oil; we have observed that, but the question is whether it is faint in the face of fraud or whether it is bemused in the face of bribes? It is these things, as I am quite sure Commissioner Brunner realizes, that the Commission will have to answer.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, a similar debate last took place on 11 May 1976, when my colleague Mr Borschette answered questions. It was the last time he was able to appear in this Parliament. I feel what we should avoid major speeches on so practical a question. The point is first and foremost what Article 89 says with reference to Articles 85 and 86. Article 89 presupposes that distortion of competition exists. To take any action, therefore, we would have to have accurate information proving that there has been distortion of competition. The Commission does not have such information at present. If such information was made available to us, we could intervene. We could look into the matter, and we could then initiate a procedure if Article 89 makes provision for it. Without such information, however, the only source being newspaper articles that say bribes have been paid or admissions by the company that such payments have been made, the Commission cannot take any action. Does this mean that nothing is being done? No, such matters are the subject of proceedings under the national criminal law of all the Member States of the Community. It is therefore up to the authorities responsible for criminal prosecution in the Community countries to take up look into and bring proceedings in such cases of bribery where they in fact exist. That is the Commission's answer. If you have additional information that proves beyond doubt that distortions of competition have occurred, give it to us. You will find that the Commission is prepared to take action.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I have only one thing to say in reply to that most remarkable and, with all due respect to the Commissioner, supine statement. The position is quite clear under the Treaty. I am not required and Parliament is not required to prove anything of the kind. There is no obligation under the Treaty either for myself or anybody else to produce evidence. The words of the Treaty are clear; it says: 'shall investigate cases of suspected infringement'. If the reported admissions of the company itself are not sufficient to justify an inquiry, I do not know what can shift this paper tiger of a Commission out of its complacency.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) I believe that the honourable Member has not read the Treaty properly. Article 89 presupposes that distortion of competition exists. Distortion of competition must therefore be proved. Only then can Article 89 be applied, and it refers to Articles 85 and 86. However passionately you may claim that bribery produces *eo ipso* distortion of competition and that consequently the Commission has an obligation to take action, this claim is no substitute for evidence of distortion of competition at the time when there is reason to believe that distortion of competition exists. but it cannot be said that there is reason to believe this simply because it is said bribes have been paid. We need a little more than that. Only then can this paper tiger of a Commission act with all the instruments at its disposal. It may not do so beforehand.

President. — The debate is closed.

15. Release of appropriations

President. — The next item is the report (Doc. 144/78) drawn up by Mr Shaw on behalf of the Committee on Budgets on the unfreezing of appropriations entered under Chapter 21 of the budget of the European Communities for the 1978 financial year.

I call Mr Shaw.

Mr Shaw, rapporteur. — Mr President, it is the practice, from time to time, to freeze certain items on the line in the budget when it is felt that there is not sufficient information to prove the need for that expenditure. This procedure was adopted in respect of an item on the line of 244 450 EUA, which related to expenditure on rent: we felt we had not sufficient information at the time and so it was frozen. We have since had information given to us by the Commission that has led the Committee on Budgets unanimously to believe that the expenditure is justified and that there is a need for a cost increase and for the two external

offices. This having been demonstrated, we now ask this Parliament to agree to the unfreezing of this item so that the expenditure can take place.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) We should like to thank Parliament for taking this step. You all know how important it is for us to be able to open these two offices now that enlargement negotiations are going on.

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 this sitting.

The debate is closed.

16. Votes

President. — The next item is the vote on those motions for resolutions on which the debate is closed.

We begin with the motion for a resolution contained in the Cousté report (Doc. 86/78):

Multilateral negotiations in GATT.

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

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6 I have Amendment No 5 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to delete the following words:

'and are designed to promote the international division of labour and free market economy, particularly those on tariff and non-tariff measures.'

What is the view of the deputy rapporteur?

Mr Brugha, deputy rapporteur. — I would prefer to adhere to the original text: the words which it is proposed to delete were in fact added by the Committee on External Economic Relations.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

I put paragraphs 7 and 8 and the first subparagraph of paragraph 9 to the vote.

Paragraphs 7 and 8 and the first subparagraph of paragraph 9 are adopted.

On paragraph 9, first indent, I have two amendments which are mutually exclusive:

— Amendment No 2 tabled by Mr Kaspereit on behalf of the Group of European Progressive Democrats and seeking to replace

'in collaboration with the appropriate UNCTAD bodies'

by

'in liaison with the appropriate UNCTAD bodies'

President

— Amendment No 6 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to replace the same phrase by

‘in consultation with all the other governments and inter-governmental organizations concerned.’

What is the view of the deputy rapporteur?

Mr Brugha, deputy rapporteur. — Amendment No 6 is more comprehensive and it is the amendment that I would propose to support.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

Amendment No 2 therefore falls.

I put the first indent, as modified by Amendment No 6 to the vote.

The first indent, thus modified, is adopted.

I put the second indent to the vote.

The second indent is adopted.

On the third indent, I have Amendment No 7 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to replace this indent by the following text:

‘— there should be comprehensive coordination of the generalized preferences granted by the industrialized countries.’

What is the view of the deputy rapporteur?

Mr Brugha, deputy rapporteur. — Mr President, I prefer the original version, since I feel it is more concise.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is adopted.

On paragraph 10 I have Amendment No 8 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to substitute the following text:

‘10. In relations with State-trading countries, calls for the ending of all dumping practices (i.e. with regard to both commodities and services) and for the stricter observance of the principle of reciprocity save with regard to those State-trading nations which are members of the ‘Group of 77’ or which benefit from the system of generalized preferences;’

What is the view of the deputy rapporteur?

Mr Brugha, deputy rapporteur. — I support this one. Lord Brimelow’s text is clearer.

President. — I put Amendment No 8 to the vote.

Amendment No 8 is adopted.

I put paragraphs 11 and 12 to the vote.

Paragraphs 11 and 12 are adopted.

After paragraph 12 I have Amendment No 1 tabled by Mr Kofoed on behalf of the Committee on Agriculture

and adding the following new heading and paragraphs:

‘Agricultural negotiations

12a. Stresses the importance of negotiations in the agricultural sector to the reaching of a final agreement in the current round of multilateral trade negotiations and the political importance of trade between the USA and the Community;

12b. Points out the efforts made by the Community to take into account the demand by developing countries to participate more equitably in world trade in the framework of the GATT and UNCTAD negotiations;

Notes that the Community has not requested reciprocity from the least-developed countries and urges that the other industrialized countries must also contribute to recognizing the special needs of the least-developed countries;

Considers that it is essential to conclude a series of international commodity agreements covering the major products;

12c. Points out the increasing trade imbalance in favour of the United States in the agricultural sector;

Recognizes, however, the serious deterioration in the American trade balance following increases in oil prices; nevertheless insists that there should be greater reciprocity in agricultural trade between the major industrialized countries and in particular that the United States should import greater quantities of processed products from the Community;

12d. Believes it essential that there be concluded multilateral and bilateral agreements on the major agricultural products, for example, bilateral agreements on dairy products and agreements with the United States to liberalize the regime for cheese imports from the Community;

12e. Notes the problems of deconsolidating the Community’s tariff rate on soya and considers that this can only be achieved eventually in the framework of a far-reaching review of EEC-US agricultural trade relations;

12f. Notes that the Commission believes that an initial agreement in the agricultural sector can be achieved by July 1978;

12g. Considers that much greater attention must be paid in the multilateral trade negotiations in the agricultural sector to trade with the Eastern Bloc countries;

What is the view of the deputy rapporteur?

Mr Brugha, deputy rapporteur. — Mr President, there are a number of amendments proposed by the Committee on Agriculture which help to improve the report I would like to support them.

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

I put the first three indents of paragraph 13 to the vote.

The first three indents of paragraph 13 are adopted.

On the fourth indent I have Amendment No 9 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to delete this indent.

What is the view of the rapporteur?

Mr Brugha, deputy rapporteur. — Mr President, I would prefer to refer this — it is rather technical — to the Commission.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) The Commission is willing to accept such an amendment.

President. — I put Amendment No 9 to the vote. Amendment No 9 is adopted.

On the fifth indent I have Amendment No 10 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to delete this indent.

What is the view of the rapporteur?

Mr Brugha, deputy rapporteur. — I am sorry if I cause more confusion Mr President, but could I submit this one also to the Commissioner?

President. — I call Mrs Dunwoody on a point of order.

Mrs Dunwoody. — Mr President with the greatest respect, I think that in the middle of the vote on a document like this we are getting ourselves into the most bizarre situation. Could we not have a vote — yes or no? If the amendment is accepted there is no problem; it can then be referred, if need be to the Commission. But we must have a vote: we cannot have this suggestion in the middle of a discussion on whether we can or cannot have the opinion of the Commission.

Mr Brugha, deputy rapporteur. — Mr President, could I say in reply to the honourable lady that we can or cannot have a vote, of course; but, it depends to some extent, if we are to complete this document effectively, on whether or not there is a view on a technical situation. It is not that big a problem.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I share the view expressed by the honourable Member from the

Socialist Group. It has never been the practice in this House to resume the debate during the vote in order to ask the Commission what it thinks. It is not for the Commission but for the Parliament to decide on this. The situation is very clear and we should proceed to the vote.

President. — Mr Lücker, since I was not present during the debate I do not know if the Commission gave its opinion on this matter.

I call Lord Brimelow.

Lord Brimelow. — Mr President, may I help you since you say you were not here yesterday? The representative of the Commission said that he could accept the original text. I am speaking here against my own amendment, not because I wish to withdraw my amendment — I wish to maintain my amendment — but simply to help you.

President. — I thank you for that clarification.

I put Amendment No 10 to the vote.

Amendment No 10 is adopted.

After paragraph 13 I have Amendment No 3 tabled by Mr Kaspereit on behalf of the Group of European Progressive Democrats seeking to insert the following new paragraph:

'13a. Requests the Community not to apply its own concessions until its industrialized partners do so.'

What is the view of the rapporteur?

Mr Brugha, deputy rapporteur. — This amendment is acceptable.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

On paragraph 14 I have Amendment No 11 tabled by Lord Brimelow on behalf of the Socialist Group and seeking to substitute the following text:

'Emphasizes that in the absence of appropriate common industrial policies and structural adjustments, the Community may be unable to remain competitive and retain its present position in world trade.'

What is the view of the rapporteur?

Mr Brugha, deputy rapporteur. — Well, if I may make clear our position, we would prefer the original text and therefore would not be willing to support either amendment No 11 or No 4, which go together. But in the event of Amendment No 11 being carried, there would not be any opposition to Amendment No 4, because it completes the sense of the original text.

President. — I put Amendment No 11 to the vote.
Amendment No 11 is adopted.

After paragraph 14 I have Amendment No 5 tabled by Lord Brimelow on behalf of the Socialist Group adding the following new paragraph :

'14a. Given the prospect of increasing competition on world markets, calls on the Commission to maintain under constant review the problem of how best to maintain a high level of employment within the Community.'

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

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

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Schwörer report (Doc. 103/78):

Directive on group accounts.

The resolution is adopted.²

I put to the vote the motion for a resolution contained in the Nyborg report (Doc. 142/78):

Regulation on the accounts of railway undertakings.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Notenboom report (Doc. 168/78):

Directive on VAT.

The resolution is adopted.¹

We proceed to the motion for a resolution contained in the Herbert report (Doc. 167/78):

Regulation on milk and milk products.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraphs 4 and 5 I have Amendment No 2 tabled by Mr Power seeking to replace these paragraphs by the following single paragraph :

'Stresses that free competition between the Member States on the milk market must on no account be restricted; finds that the Commission's proposal offers no absolute guarantee of this kind.'

What is the view of the rapporteur?

Mr Herbert, rapporteur. — Mr President, I am in sympathy with this amendment. A similar amendment was narrowly defeated in the Committee on Agriculture, but I am taking a neutral stand on the amendment.

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

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

After paragraph 6 I have Amendment No 1 tabled by Mr Howell seeking to add the following new paragraph :

'6a. Believes that similar marketing structures may contribute substantially to improving the situation of other commodities, particularly Mediterranean products such as olive oil and wine.'

What is the view of the rapporteur?

Mr Herbert, rapporteur. — In the Committee on Agriculture, Mr President, I was against paragraph 6; it was not the original text. I think that Mr Howell's addition is not very relevant, so I am not prepared to recommend its acceptance to the House.

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

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

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

The resolution is adopted.¹

President. — We proceed to the motion for a resolution contained in the L'Éstrange report (Doc. 171/78):

Regulation on pigmeat.

I put to the vote the preamble, paragraphs 1 and 2 and subparagraphs (a), (b) and (c) of paragraph 3.

'The preamble, paragraphs 1 and 2 and subparagraphs (a), (b) and (c) of paragraph 3 are adopted.

Still on paragraph 3 I have Amendment No 2 tabled by Mr Soury adding a new subparagraph (d):

'Considers, in view of the gravity of the situation, that it is absolutely essential to dismantle compensatory amounts for the market in pigmeat as soon as possible.'

What is the view of the deputy rapporteur?

Mr Hughes, deputy rapporteur. — As acting rapporteur, on all amendments — I will therefore not repeat it — I must ask the House to maintain the existing text as passed by the Committee on Agriculture and therefore my advice is against all the amendments — with some regret.

¹ OJ C 163 of 10. 7. 1978.

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

After Paragraph 3 I have Amendment No 1 tabled by Mr Howell seeking to add the following new paragraph :

'3a. Believes that the manifest difficulties caused to pig producers by the production cycle in all Member States may only be adequately resolved in a permanent manner by the introduction on a Community-wide basis of a pigmeat marketing organization.'

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

On paragraph 4 I have two amendments which are connected and must be considered together :

— Amendment No 3 tabled by Mr Soury seeking to replace paragraph 4 by a new text :

'4. Considers it essential for the Community preference system to be rigidly complied with by all the Member States, especially those with strong currencies, in all areas including the purchasing of feeding-stuffs.'

— Amendment No 4 tabled by Mr Soury seeking to add a new paragraph :

'4a. Nevertheless approves the Commission's proposal, but emphasizes that it is extremely inadequate in view of the gravity of the situation, and insists on the application of the measures defined in paragraphs 3 and 4 above.'

I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

Amendment No 4 therefore falls.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

I call Mr Dewulf for an explanation of vote.

Mr Dewulf. — (NL) Mr President, for reasons of principle and expediency, a number of Members are unable to approve this motion for a resolution.

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

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Brown report (Doc. 92/78) :

Directive on certain prepackaged liquids.

The resolution is adopted¹.

I put to the vote the motion for a resolution contained in the Kellett-Bowman report (Doc. 158/78) :

Adult education.

The resolution is adopted.¹

I put to the vote the resolution contained in the Tolman report (Doc. 62/78) :

Regulations on tariff quotas for heifers, cows and bulls.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Spicer report (Doc. 146/78) :

Regulations on agricultural products from Cyprus.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Spicer report (Doc. 170/78) :

Regulations on quotas for wines of fresh grapes, liqueur wines and table grapes originating in Cyprus.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Nyborg report (Doc. 129/78) :

Regulation on stores of vessels, aircraft and international trains.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the Shaw report (Doc. 144/78) :

Unfreezing of appropriations.

The resolution is adopted.¹

17. *Dates of the next part-session*

President. — There are no more items on the agenda. I thank the representatives of both the Council and the Commission for their contributions to our debates.

The enlarged Bureau proposes that our next sittings be held in Luxembourg during the week from 3 to 7 July 1978.

Are there any objections ?

That is agreed.

18. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings for this sitting, which were written during the debates.

Are there any comments ?

The minutes of proceedings are approved.

19. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 12.40 p.m.)

¹ OJ C 163 of 10. 7. 1978.

