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Report of Proceedings

of 5 to 9 July 1976

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NOTE TO READER

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

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IN THE CHAIR: MR SPENALE

President

(The sitting was opened at 7.05 p.m.)

President. — The sitting is open.

1. *Resumption of session*

President. — I declare resumed the session of the European Parliament adjourned on 18 June 1976.

2. *Apologies for absence*

President. — Apologies for absence have been received from Mr Pêtre, who regrets his inability to attend this part-session.

3. *Verification of credentials*

President. — At its meeting of 24 June 1976, the Bureau verified the credentials of Mr Haase, whose appointment had already been announced.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that this appointment complies with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

The appointment is ratified.

4. *Documents received*

President. — I have received the following documents:

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

— the proposals from the Commission to the Council for:

— a regulation laying down, in respect of hops, the amount of aid to producers for the 1975 harvest; and

— a regulation laying down special measures for stabilizing the market in hops (Doc. 182/76).

President

This document has been referred to the Committee on Agriculture, as the committee responsible and to the Committee on Budgets for its opinion.

- the communication from the Commission to the Council concerning the second instalment of 95 000 metric tons under the 1976 skimmed milk powder food aid programme (Doc. 183/76).

This document has been referred to the Committee on Development and Cooperation, as the committee responsible, and to the Committee on Budgets and the Committee on Agriculture for their opinions.

- the proposal from the Commission to the Council for a regulation amending Regulation No 2/71 implementing the decision of 21 April 1970 on the replacement of financial contributions from the Member States by the Communities' own resources (Doc. 184/76).

This document has been referred to the Committee on Budgets.

- the communication from the Commission to the Council concerning the signature and conclusion of a Framework Agreement for Commercial and Economic Cooperation between Canada and the European Communities (Doc. 213/76).

This document has been referred to the Committee on External Economic Relations, as the committee responsible, and to the Committee on Economic and Monetary Affairs, the Political Affairs Committee and the Committee on Energy and Research for their opinions.

- The proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1930/75 laying down special provisions applicable to trade in tomato concentrates between the Community as originally constituted and the new Member States (Doc. 214/76).

This document has been referred to the Committee on Agriculture as the committee responsible and the Committee on Budgets for its opinion.

(b) from the committees, the following reports :

- Report by Mr Scott-Hopkins, on behalf of the Committee on External Economic Relations, on the outcome of the mission by a delegation from the European Parliament to the countries of The Association of South-East Asian Nations (ASEAN) and on future relations between the European Community and ASEAN (Doc. 101/76);
- Report by Mr Yeats, on behalf of the Committee on the Rules of Procedure and Petitions, on the provisions of the Rules of Procedure relating to the consultation procedure (Rules 22, (27A), and 42) — (Doc. 196/76);
- Report by Mr Hamilton on behalf of the Committee on the Rules of Procedure and Petitions on the amendment of Chapter XI of the Rules of Procedure of the European Parliament (Doc. 197/76);

- Report by Mr Martens, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Chapters I to X, XIII and XIV of the Rules of Procedure of the European Parliament (Doc. 198/76);

- Report by Mr Willi Müller, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council (Doc. 59/76) for a directive on the limitation of noise emission from subsonic aircraft (Doc. 199/76);

- Interim Report by Mr Guldberg, on behalf of the Committee on Economic and Monetary Affairs on the communication and proposals from the Commission to the Council (Doc. 319/75) concerning an action programme for the European Aeronautical Sector (Doc. 203/76);

- Report by Lord Walston, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council (Doc. 129/76) for a directive amending Directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture (Doc. 204/76);

- Report by Lady Fisher, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council (Doc. 113/76) for a decision establishing a uniform procedure for the exchange of information on the quality of surface fresh water in the Community (Doc. 205/76);

- Report by Mr Herbert, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission to the Council (Doc. 465/75) for a directive on the harmonization of the laws relating to motor vehicle driving licences (Doc. 206/76);

- Report by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission to the Council (Doc. 161/76) for a regulation amending Regulation No 3015/75 opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia type tobacco (Doc. 207/76);

- Report by Mr Broeks, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission to the Council (Doc. 185/76) for a regulation amending the Regulation laying down the general rules for the supply of skimmed milk powder as food aid to certain developing countries and international organizations under the 1976 programme (Doc. 208/76);

President

- Report by Mr Berkhouwer, on behalf of the Committee on the Rules of Procedure and Petitions on the addition to the Rules of Procedure of a new Rule 22A on the conciliation procedure embodied in the joint declaration of the European Parliament, the Council and the Commission of 4 March 1975 (Doc. 210/76);
 - Report by Mr Walkhoff, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council (Doc. 52/76) for a directive on the approximation of the laws of Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer (Doc. 211/76);
 - Report by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on a draft Council resolution (Doc. 51/76) on the continuation and implementation of a European Community policy and action programme on the environment (Doc. 215/76);
 - Report by Lord Bethell, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council (Doc. 497/75) for a directive concerning the dumping of wastes at sea (Doc. 216/76);
 - Report by Mr Walkhoff, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council (Doc. 68/76) for a directive on the harmonization of the legal and administrative regulations of the Member States on the provision of safety information at the work place (Doc. 217/76);
- c) the following oral questions with debate :
- oral question with debate by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, to the Council on unemployment among young people (Doc. 185/76);
 - oral question with debate by Lord Walston, Mr Hansen, Mr Espersen, Lord Bruce, Mr Broeksz and Mr Frehsee, to the Council on skimmed milk powder (Doc. 186/76);
 - oral question with debate by Mr Durieux, Mr Hougardy and Mr Caillavet, on behalf of the Liberal and Allies Group to the Council on tax harmonization in the EEC (Doc. 187/76);
 - oral question with debate by Mr Durieux, Mr Hougardy and Mr Caillavet, on behalf of the Liberal and Allies Group, to the Commission on tax harmonization in the EEC (Doc. 188/76);
 - oral question with debate by Mr McDonald, Mr Creed, Mr Dunne, Mr Mursch, Mr Kavanagh and Mr Osborn, to the Commission on the European Regional Development Fund (Doc. 189/76);
- oral question with debate by Mr Berkhouwer, Mr Broeksz, Mr Corona, Mr Glinne, Mr Knud Nielsen, Mr Radoux, Mr Schuijt and Mr Stewart, to the Council and Commission on the violation of human rights and democratic freedoms in Argentina (Doc. 190/76);
 - oral question with debate by Mr Kofoed, on behalf of the Liberal and Allies Group, to the Council on the provisional results of the United Nations Conference on the Law of the Sea (Doc. 191/76);
 - oral question with debate by Mr Kofoed, on behalf of the Liberal and Allies Group to the Commission on the provisional results of the United Nations Conference on the Law of the Sea (Doc. 192/76);
 - oral question with debate by Mr Shaw, on behalf of the European Conservative Group, to the Commission on the control of the common agricultural policy (Doc. 193/76);
 - oral question with debate on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities on the outcome of the Tripartite Conference of 24 June 1976 (Doc. 194/76);
 - oral question with debate on behalf of the Committee on Economic and Monetary Affairs to the Commission on the effects on integration policy of the Italian control regulations concerning foreign exchange and currency movements (Doc. 195/76);
 - oral question with debate by Mr Fellermaier on behalf of the Socialist Group to the Commission on obstacles to intra-Community tourism (Doc. 200/76);
- (d) from the EEC-Greece Association Council :
- activities of the EEC-Greece Association Council (June 1975 to May 1976) — (Doc. 209/76);
- This document has been referred, for information, to the Committee on External Economic Relations, the Political Affairs Committee and the Committee on Agriculture ;
- (e) from the Council of the European Communities a letter concerning the resolution of the European Parliament of 13 May 1976 on certain budgetary questions (Doc. 212/76).
- This document has been referred to the Committee on Budgets.
- 5. Texts of Treaties forwarded by the Council*
- President.** — I have received from the Council of the European Communities certified true copies of the following documents :

President

- Notice of the completion by the Community of the procedures necessary for the entry into force of the interim agreement between the European Economic Community and the Republic of Tunisia ;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the interim agreements between the European Economic Community and the People's Republic of Algeria ;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the interim agreement between the European Economic Community and the Kingdom of Morocco.

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

6. Tabling and reference to committee of a motion for a resolution

President. — I have received from Mr Mursch, Mr Albers, Mr Delmotte, Mr Früh, Mr Gerlach, Mr Giraud, Mr Van der Gun, Mr Hamilton, Mr Härzschel, Mr Klepsch, Mr Mc Donald, Mr Knud Nielsen, Mr Noè, Mr Nyborg, Mr Schwörer, Mr Seefeld and Mr Vandewiele a motion for a resolution on an action against the Council of the European Communities because of the latter's failure to act on the common transport policy.

This motion for a resolution has been distributed under Doc. 202/76.

It shall be referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible and to the Political Affairs Committee and Legal Affairs Committee for their opinions.

7. Limitation of speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rule of Procedure, I propose that speaking time be limited as follows :

- 15 minutes for the rapporteur and one speaker for each political group ;
- 10 minutes for other speakers ;
- 5 minutes for speakers on amendments.

Are there any objections ?

That is agreed.

8. Order of business

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

At its meeting of 24 June 1976, the enlarged Bureau prepared the draft agenda which has been distributed.

Since then, the report by Mr Cointat on the revision of the triennial financial forecasts, which was placed on Tuesday's agenda, has been withdrawn.

The Commission has also asked that the oral question by the Committee on Economic and Monetary Affairs

on the effects on integration policy of the Italian control regulations concerning foreign exchange and currency movements, which is on Thursday's agenda, should be dealt with immediately after the debate on the oral question on the outcome of the Tripartite Conference of 24 June 1976.

The reports

- by Mr Aigner, on the second list of requests to carry forward appropriations
- by Mr Jahn, on an action programme on the environment
- by Lord Bethell, on the dumping of wastes at sea
- by Mr Walkhoff, on the presentation of foodstuffs
- by Mr Walkhoff, on safety at the workplace

which were included in the draft agenda drawn up by the enlarged Bureau, could not be maintained there because they had been submitted too late.

Finally, the Committee on Development and Cooperation has requested that a report by Miss Flesch on raw tobacco and a report by Mr Broeks on the supply of skimmed milk powder should be included in the agenda for this part-session. Since these two reports were submitted within the time-limit of 10 days, Parliament could enter them on Friday's agenda in place of the two reports by Mr Walkhoff which were initially on it.

Are there any objections ?

I call Mr Jahn.

Mr Jahn.— (D) Ladies and Gentlemen, my report on a draft Council resolution on the continuation and implementation of a European Community policy and action programme on the environment was entered in the agenda of 25 June. This action programme is the second one, covering the period 1976 to 1980, and the committee responsible and the committees asked for their opinions have been working on it for over three months.

To delay Parliament's opinion until the autumn will, because of the financial consequences, put the start of the whole programme at risk. Mr Scarascia Mugnozza has told us that, in order for the Council to be able to adopt the second programme in September, it is vital that we adopt it now in July. Any delay will mean, in practical terms holding up the whole programme for a year. This is scarcely justifiable, especially since, as we have heard, this matter is of the most serious concern to the Commission and the Council intends to take a decision in September.

I would also like to point out that the motion for a resolution was approved unanimously in committee and is not expected to stir up any controversy. I would therefore ask you most sincerely to decide to discuss this point under urgent procedure on Thursday as was arranged originally.

President.— I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) Mr President, I believe that three proposals were put before the Bureau by the Commission and the Council: one on tomato concentrates, another on hops, and a third on duty on wines imported from Turkey. The Committee on Agriculture is, of course, at Parliament's disposal; if that were Parliament's wish, the committee proposed to meet at once to consider these reports. But I should like to know whether Parliament agrees to include these three proposals in the agenda for the present part-session.

President.— I call Mr Walkhoff.

Mr Walkhoff.— (D) Allow me to point out that, according to the Commission, the Council will deal with the proposals for directives on the labelling of foodstuffs and safety information at the workplace which are the subjects of my two reports in September. This means that, if we drop these two reports on Friday, the Council will decide on these directives without Parliament having the opportunity to voice its opinion. I would ask you to bear this in mind when voting now on whether these reports ought to remain on the agenda as originally arranged. If this turns out to be the case, I would ask you, Mr President, to leave them as points 2 and 3 on Friday's agenda as I have to leave Luxembourg on Friday by 12 noon at the latest. I had asked for them not to be put on Friday for this very reason, but they were assigned to Friday nevertheless before they were deleted altogether.

I would like to finish by pointing out that a great many other reports have missed the deadlines which you have just mentioned without being deleted from the agenda.

President.— I call Mr Memmel.

Mr Memmel.— (D) Since this Parliament has often in the past taken up matters which in my opinion do not concern it, and since it continues to take up matters which are more properly the preserve of the United Nations, as for example the infringement of human rights and democratic freedoms in Argentina. I suggest, Mr President, that for once we look at something quite different and express our admiration to the Israelis for their foolhardy and brilliant action in Uganda against world-wide terrorism.

(Sustained applause)

President.— I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — Mr President, I would very much like on behalf of the Commission to ask the Parliament to deal by urgent procedure during this part-session with the three questions to which reference was made by Mr Houdet. It is necessary for us to take up the question of wine from Turkey because the meeting of the joint Committee

with Turkey will be taking place at the end of July, and we must have a temporary extension of the wine arrangement with them, otherwise it will expire at the end of August and a very unfortunate diplomatic situation will arise. We also need to deal with the questions of hops and tomatoes.

I regret any delays in the arrival of documents which might be due to the institution I represent, but I hope it will not be to the detriment of the producers of these two commodities, who are in dire difficulties; decisions are needed at the forthcoming meeting of the Council of Agricultural Ministers and they can only be taken if this Parliament delivers an opinion during this part-session.

President.— Mr Gundelach, I am grateful to you for stating that the Council cannot take a decision until Parliament has delivered an opinion. We shall take note of that.

I call Mr Van der Hek.

Mr Van der Hek, chairman of the Committee on Economic and Monetary Affairs.— (NL) Mr President, Mr Jahn has asked you to allow his report on the action programme on the environment to be debated this week. In my capacity as chairman of the Committee on Economic and Monetary Affairs, I should like to ask you to refuse your permission. The Committee on Economic and Monetary Affairs has had only one month in which to draw up its opinion for the Committee on the Environment which Mr Jahn represents as rapporteur. In view of the large amount of work which the Committee on Economic and Monetary Affairs had to get through, it proved impossible to deliver the opinion to the committee responsible on time. I presume the committee responsible is truly anxious to have the opinions which it asks for. The Committee on Economic and Monetary Affairs will see to it that Mr Jahn's report is debated during the September part-session. If it is included in the draft agenda now, then my committee will not be able to deliver its opinion. It is hardly possible that an environmental question and an action programme on the environment should be debated without fully examining its economic implications.

President.— I call Mr Marras.

Mr Marras.— (I) Mr President, our group does not normally raise questions concerning the agenda but on this occasion it would like to express its desire for the debate on points 157, 158 and 159 to be postponed since they deal with important changes to the rules of procedure.

I think the reason for this will be self-evident. The Italian Parliament is today meeting for the first time since the elections and therefore a large number of Italian members, and our group, cannot be present here today since the elections of the committee chairmen of both houses compels them to remain in Rome.

Marras

I would therefore beg to suggest that discussion of these points be postponed for two or three days so that the Italian members, and in particular those who belong to my group, can participate in this important debate.

President.— I call Mr Fellermaier.

Mr Fellermaier.— (*D*) Mr President, the longer one listens to this, the more one wonders why the Bureau tries to draw up an agenda which fulfils the requirements of the committees and political groups. No sooner has this complicated work been finished than we begin re-examining individual items for the benefit of individual committees — I'm not singling anyone out here — to see if we can move one thing from Friday to Wednesday and another from Thursday to Tuesday and scrap yet another one altogether. I wonder why we have a printed agenda at all?

(*Applause*)

I must tell these two committees in all honesty that one must, Mr Jahn and Mr Van der Hek, try to settle these matters in advance and not make an appeal to Parliament now to judge whether it is necessary for one committee to wait because the other is not yet ready. How are we supposed to make a proper decision? I can only say if we do not retain this agenda, which has been so carefully prepared, as it is, then the confusion will only become greater and greater. Confusion does not make the agenda simpler but more complicated and I think that all of us should be trying to make our work here more efficient.

(*Applause*)

President.— I call Mr Laban.

Mr Laban.— (*NL*) Mr President, I would like to make a few remarks about the suggestion to add some more reports on agriculture to the agenda. I have to tell you that none of the members of the Committee on Agriculture has seen the Commission proposals or the preliminary draft reports which have been prepared by the secretariat. I do not think we are in a position to discuss these matters sensibly tonight. I must admit that a number of reports are postponed needlessly, as Mr Gundelach says, but on the other hand I do not see how the Committee on Agriculture and the committees asked for their opinions can be expected to do their jobs if they are not allowed to go into the subject thoroughly. The only solution I can see is that if the members of the Committee on Agriculture receive all the documents this evening, they can be studied in the course of the evening and then, if need be — and that is up to the committee itself — debated by the whole house tomorrow morning. However, I would like to consult with the chairman and the other members first, since although I am ready to deal with these reports, they are insufficiently

prepared and it will be impossible to deliver a thorough opinion on them.

Finally, I do not know what the position of the committees asked for their opinions is, whether they have or will find an opportunity to bring out their opinions in the course of the week.

President.— I call Mr Van der Hek.

Mr Van der Hek. — (*NL*) Mr President, I listened with great interest to what Mr Fellermaier had to say. I understand that he is asking Mr Jahn to withdraw his request to have his report included in the agenda. I am very grateful to Mr Fellermaier and I hope that Parliament will decide accordingly.

(*Laughter*)

President. — I call Mr Jahn.

Jahn.— (*D*) Mr President, ladies and gentlemen, since Mr Van der Hek given a very wilful interpretation of the statement by our friend, Mr Fellermaier, I would like to give him my reply. Our committee, knowing that this motion for a resolution was not going to be debated and what the consequences of this delay would be, decided to ask the Bureau to restore the motion to the agenda.

Mr Van der Hek, I would like to point out to you that the Committee on Economic and Monetary Affairs does have the opportunity, pursuant to Rule 44 (4) of the Rule of Procedure, to present its opinion orally while the report is being debated by the whole house.

My concern, Mr President, is that, if the Council takes a decision in September on a four year research programme, on which all the other committees have delivered their opinions at the correct time we should reach a decision this week so that the voice of Parliament can be heard and decisions are not taken over our heads.

President.— I call Mr Memel.

Mr Memmel — (*D*) Mr President, our colleague from Sardinia, Mr Marras, has requested that we remove the reports by Mr Yeats, Mr Hamilton and Mr Martens from the week's programme because his colleagues are busy in Italy. But the election of the two presidents in Italy takes place today, tomorrow and the day after, and in my opinion it would be possible for them to be here especially if you, Mr President, sent them a telegram pointing out the difficulties of obtaining a quorum on Wednesday and urging all members to be present.

I am therefore against Mr Marras' proposal that we delete these points from the agenda.

President.— Mr Memmel, I must point out that Mr Marras has not asked for these items to be withdrawn from the agenda; he has asked that the vote on them

President

should be postponed by 36 hours, which is not the same thing at all.

Ladies and gentlemen, I shall now ask you to decide several matters.

Firstly, Mr Jahn asks for his report on the continuation and implementation of a European Community policy and action programme on the environment (Doc. 51/76) to be re-entered on the agenda. I must point out that this report, which was not submitted within the normal time-limit, can appear on the agenda only if it is declared to be urgent.

I therefore consult the Assembly on the adoption of urgent procedure in respect of this document.

Urgent procedure is adopted. The report will therefore be re-entered on the agenda for Thursday, as originally intended.

Secondly Mr Houdet, on behalf of the Committee on Agriculture and with the support of the Commission, asks that reports on tomatoes, hops and wines from Turkey should be dealt with during this part-session. If urgent procedure is adopted, I would grant Mr Houdet's request to call a meeting of the Committee on Agriculture this evening to consider these documents.

Would it not be possible to hold a vote without debate on the proposal on wines from Turkey, since that proposal is concerned with arrangements which already exist?

I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) The first, general, point I must make is that the Committee on Agriculture had not requested anything. It was the Bureau who informed us that these three Commission proposals had been laid before it.

Because the Committee on Agriculture is the servant of this House, we had thought of meeting, either at the end of the present sitting, or, perhaps, as Mr Laban has just suggested, tomorrow morning, so as to be able to submit to you reports on these three proposals on Thursday.

On the question of Turkish wines Mr Gundelach may give you a better answer than I, but he has just indicated to me that the problem had to be dealt with before the end of July.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — In the case of Turkey, it is a question of temporarily prolonging the existing arrangements so that negotiations with Turkey can be terminated.

President. — I shall consult Parliament on urgent procedure in respect of these three subjects.

Urgent procedure is adopted.

I shall ask the Committee on Agriculture to consider whether the report on wines from Turkey, since it

concerns the extension of existing arrangements, could be voted on without debate.

I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture — (F) Mr President, I do not think there are any difficulties in applying the 'without debate' procedure and I want to thank the House for accepting my proposal. Like you, Mr President, I was glad to hear Mr Gundelach stating just now that the Council could not make a decision without knowing Parliament's opinion.

I should also like to point out to the Commission that it often puts us in a difficult position by submitting its proposals too late and forcing us to draw up reports during the part-session. I hope this is the last time this happens.

(Loud applause)

President. — I, too, would like to emphasize this point to the Commission.

It is clear that if provisions are to be extended it is not good enough to wait until the last minute before informing us.

I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — Mr President, when I introduced the Commission's views on these subjects I did apologize that proposals in regard to hops and tomatoes had not been forthcoming in time. If I can do something to remedy this situation, I can certainly assure this House I shall do it.

In regard to the question of Turkey, the situation is slightly different because we had hoped, for political reasons, to have the meeting of the Joint Committee with Turkey at the end of June. It would have been premature and would have indicated the Commission's political line if we had started speaking about extending the present regime for a month, or two months or three months.

It might have seemed that we were dragging our feet when we were, in fact, trying to force the Council to have this meeting with Turkey at the earliest possible date. I regret very much that there is a delay in the proposals on Turkey but there is a diplomatic reason, namely the incapacity of the Council to take decisions in time to have the meeting of the Joint Committee with Turkey at the appropriate date.

(Applause)

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, would you be kind enough to give us your ruling on this matter? Whilst we quite understand the Commissioner's point on

President

urgency in relation to Turkey, may I say that both hops and tomatoes are subjects of considerable political involvement and I would like time to study the reports before we are required to take a decision in this matter.

President. — Mrs Dunwoody, we have already decided these matters. However, I am sure that your intelligence is such that you will be able to consider them quite adequately in a short time.

Thirdly, Mr Walkhoff asks that his reports on food-stuffs and safety at the workplace should remain on the agenda.

I consult the Assembly on the adoption of urgent procedure for these items.

Urgent procedure is adopted. Following a request by their author, these reports will be considered at the beginning of Friday's sitting.

Fourthly, Mr Marras has asked for the vote on the reports by Mr Yeats, Mr Hamilton and Mr Martens on the Rules of Procedure, which is due to be taken on Wednesday at 12 noon and for which an increased quorum is required, to be postponed for 36 hours in view of the political situation in Italy.

I would like to say to Mr Marras that I fully understand the position of our Italian colleagues and their desire to take part in an important vote. However, I would also point out that it is not very often that three-quarters of our assembly is able to meet at once. I fear that if we delay the vote for 36 hours we may have fifteen more Italian representatives but thirty less representatives of other nationalities. I would therefore hope that Mr Marras will withdraw his request.

Mr Marras, do you maintain your proposal?

Mr Marras. — (*I*) Mr President, having listened to your persuasive arguments and the remarks made by other members, I should like to withdraw my request rather than put it to a vote, the outcome of which seems rather uncertain.

(Applause)

President. — Thank you, Mr Marras, for your understanding.

Finally, we must decide what is to be done with the report by Miss Flesch on raw tobacco and the report by Mr Broeks on supplies of skimmed milk powder. Since these two reports were submitted within the time-limit of 10 days, Parliament could enter them on Friday's agenda.

Are there any objections?

That is agreed.

The order of business will therefore be as follows:

Tuesday, 6 July 1976 at 9.00 a.m. and 3.00 p.m.

— Commission statement on action taken on the opinions of Parliament;

- Guldberg interim report on the European aeronautical sector;
- Artzinger report on taxes on manufactured tobacco;
- Stewart motion for a resolution on a uniform passport;
- joint debate on the Yeats, Hamilton and Martens reports on the amendment of the Rules of Procedure of Parliament (3.00 p.m.);
- Commission statement on the 1977 preliminary draft budget;
- Oral question with debate to the Commission on the control of the common agricultural policy.

Wednesday, 7 July 1976 at 10.00 a.m. and 3.00 p.m.

- Question Time;
- Oral questions with debate to the Council and Commission on tax harmonization in the EEC;
- Vote on the motions for resolutions contained in the Yeats, Hamilton and Martens reports on the amendment of the Rules of Procedure of Parliament (12 noon);
- Council statement on the work programme of the Dutch presidency;
- Oral questions with debate to the Council and Commission on the United Nations Conference on the Law of the Sea;
- Oral question with debate to the Council and Commission on the violation of human rights in Argentina;
- Oral question with debate to the Council on unemployment among young people;
- Oral question with debate to the Council on skimmed milk powder;
- Oral question with debate to the Commission on EEC-US trade relations;
- Scott-Hopkins report on the Parliament mission to the ASCAN countries;
- Klepsch report EEC-Iran economic relations.

Thursday, 8 July 1976 at 10.00 a.m., 3.00 p.m. and possibly in the evening

- Meintz report on the social situation in the Community in 1975;
- Oral question with debate to the Commission on the Tripartite Conference of 24 June 1976;
- Oral question with debate to the Commission on Italian control regulations on foreign exchange (This question was transferred to this place on the agenda at the Commission's request);
- Statement by the Committee on Agriculture on the drought;
- Howell report on the processing of agricultural products;

President

- Walston report on the reform of agriculture ;
- Liogier report on tomato concentrate ;
- Früh report on hops ;
- Hansen report on wines from Turkey ;
- Jahn report on a common environmental policy ;
- Fisher report on the quality of surface fresh water ;
- Oral question with debate to the Commission on the European regional development fund.

Friday, 9 July 1976 at 9.30 a.m.

- possibly, continuation of Thursday's agenda ;
- oral question with debate to the Commission on obstacles to intra-Community tourism ;
- Walkhoff report on the labelling of foodstuffs ;
- Walkhoff report on safety information at the place of work ;
- Flesch report on raw tobacco ;
- Broeksz report on the supply of skimmed milk powder
(These last two reports, which had been submitted within the time limit laid down in the Rules of Procedure, were placed on the agenda at the request of the Committee on Development and Cooperation) ;
- Willi Müller report on noise emission from subsonic aircraft.

Are there any objections ?

That is agreed.

9. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday 6 July 1976, at 9 a.m. and 3 p.m., with the following agenda :

- Commission statement on action taken on the opinions of Parliament ;
- Guldberg interim report on the European aeronautical sector ;
- Artzinger report on taxes on manufactured tobacco ;
- Stewart motion for a resolution on the creation of a uniform passport ;
- joint debate on the Yeats, Hamilton and Martens reports on the amendment of the Rules of Procedure of Parliament ;
- Commission statement on the 1977 preliminary draft budget ;
- Oral question with debate to the Commission on the control of the common agricultural policy.

The sitting is closed.

(The sitting was closed at 7.40 p.m.)

SITTING OF TUESDAY, 6 JULY 1976

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IN CHAIR : MR BERKHOUWER

Vice-President

(The sitting was opened at 9 a.m.)

President. — The sitting is opened.

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. *Procedural motion*

President. — I call Mr Fellermaier to speak on behalf of the Socialist Group on a procedural motion.

Mr Fellermaier. — *(D)* Mr President, during the sitting of 16 June 1976 in Strasbourg, my group requested that — and I quote — ‘The Committee on the Rules of Procedure and Petitions be convened to a special meeting’. My group believes that the Rules of Procedure were applied incorrectly. We are asking for this matter to be examined fairly and squarely by the committee. In my letter of 17 June 1976 to the President of Parliament, I explained why, in

our opinion, Rule 32 (1) of the Rules of Procedure was incorrectly applied by means of a majority vote in the House. I therefore asked the President, pursuant to Rule 39, to convene the Committee on the Rules of Procedure and Petitions in order to have this matter clarified before the next part-session.

Since the new session was opened yesterday, my group earnestly requests that the decision of the Committee on the Rules of Procedure concerning the interpretation of Rule 32 of the Rules of Procedure should be submitted at the start of tomorrow morning's sitting.

We must as a group insist on this because the Committee on the Rules of Procedure and Petitions ought to deliver a decision if a group believes that Rule 32 of the Rules of Procedure have been misapplied because of a majority decision.

This matter cannot be put on the shelf, Mr President, because the same situation might occur again today, tomorrow or the next day for my group or some other section of the House and no decision would have been taken by the committee.

I therefore call upon you to convene the Committee on the Rules of Procedure and Petitions, pursuant to Rule 39, and to have its decision announced tomorrow morning at the start of the sitting.

(Applause from the left)

President. — I take note of Mr Fellermaier's statement.

3. Documents received

President. — I have received the following documents :

- (a) from the Council of the European Communities a request for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation extending for the fifth time the system of partial and temporary suspension of Common Customs Tariff duties applicable to wines originating in and coming from Turkey, provided for in Regulation (EEC) No 2823/71 (Doc. 219/76)

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

- (b) from Mr Aigner, on behalf of the Committee on Budgets, a report on the second list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not automatically carried forward) — (Doc. 159/76) — (Doc. 218/76).

- (c) oral questions from Mr Durieux, Mr Hamilton, Mr Coustè, Mr Dondelinger, Mr De Clercq, Mr Fletcher, Mrs Ewing, Sir Geoffrey de Freitas, Mr Ellis, Mr Evans, Mr Creed, Mr Cointat, Mr Nyborg, Miss Flesch, Lord Bethell, Mr Spicer, Mr Kavanagh, Mr Lenihan, Mr Nolan, Miss Boothroyd, Mr Bangemann, Mr Früh, Mr Schwörer, Mr Klepsch, Mrs Caretoli Romagnoli and Mr Osborn, pursuant to Rule 47a of the Rules of Procedure, for Question Time on 7 July 1976 (Doc. 201/76).

4. Change in agenda

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

The Commission representative is not here. Perhaps that is symbolic. Under the circumstances, I propose that the sitting be adjourned for five minutes.

I call Mr Fellermaier for a procedural motion.

Mr Fellermaier. — (D) Mr President, if the Members of this Parliament can arrange to be here then I think the Commission ought to be able to as well. Since it is not represented, I suggest that we move on to the next item and remove the communication from the Commission from this week's agenda.

(Applause)

President. — Since the Assembly supports Mr Fellermaier's proposal, the item concerning the action taken by the Commission on the opinions and proposals of Parliament is removed from the agenda of this part-session.

5. Communication on an action programme for the European Aeronautical Sector

President. — The next item is the interim report drawn up by Mr Guldberg on behalf of the Committee on

Economic and Monetary Affairs on the report and proposals from the Commission of the European Communities to the Council on an action programme for the European Aeronautical Sector (Doc. 203/76).

I call Mr Guldberg.

Mr Guldberg, rapporteur. — Mr President, a community which aspires to progress as the EEC does must seek to accomplish this aim by promoting bold innovations — for instance thermonuclear fusion, cooperation in the aeronautical sector or in the data-processing industry — rather than by administering traditional sectors such as agriculture.

The Community's aeronautical policy is one of the most complex issues as it simultaneously involves questions of economy, energy and obviously transport. Moreover, an aeronautical policy will have implications of a purely political nature since it is closely interrelated with the key defence sector.

Finally, it will affect our relations with third countries, especially with our transatlantic partners. These relations, characterized by a spirit of healthy competition which reflects our mutual interests, should be motivated more by cooperation than by confrontation. It is the good fortune of our industry not to be in the vulnerable position of a subcontractor.

I have heard it said all too often that the technological gap between certain European countries and post-industrial societies is liable to relegate us to a position rather like that of a developing country. In terms of an international division of labour we would then be entrusted basically with sectors of traditional industry. If we take into account the fact that the development of traditional industries has been hampered severely by the spectacular rise in the price of raw materials, particularly petroleum products, as well as in the cost of labour, there remains no doubt that both the Community and individual Member countries must devote greater efforts and most of their research potential to the advanced technology sectors. This is an important means of creating new jobs to maintain present levels of employment and ensure a continuing development of our economies, in view the leading role the aeronautical sector plays in the development of industry as a whole.

The results will be more outstanding if our governments organize an effective system of cooperation and regular exchanges of technical know-how. It is inconceivable that such cooperation would not cover the procurement of military and civil equipment given the close interrelation between the two sectors.

The draftsman of the Political Affairs Committee's opinion, Mr Jahn, has rightly pointed out that transfrontier-coordination of civil aircraft production must be accompanied by cooperation between the firms concerned since intensive competition would block any prospect of survival, particularly by jeopardizing indispensable plans for large-scale production.

Guldberg

We have to keep in mind that in this sector purely national efforts do not always prove effective, since the levels of investment required often exceed the funds available to a single nation.

Thus, we are in a position to renew the experience of the common agricultural policy, without, however, duplicating its faults. All important expenditure could then be taken off the national budgets and transferred to the Community budget. Let me remind you here that the aeronautical industry is the largest beneficiary of national aids. According to the Commission's proposal it takes only 5 years to set up a Community financing plan, which would replace the various national programmes and ultimately extend to the marketing sector. We must rid the Community of its bureaucratic image if we want our plan to succeed and if we want the European industrialists' approval. In fact, their fear is that Community financing will only result in lengthier procedures which will delay the implementation of their programmes owing to the Council's traditional slowness in coming to a decision.

These reforms could help to improve the European aeronautical industry's share in the world market which has been decreasing significantly in recent years and restore its competitiveness. We risk losing our competitiveness because the length of our production runs are insufficient: on average 100 aircraft manufactured in Europe to 500 in the USA. This contributes to the productivity in the USA which is about twice as high as ours.

Another symptom of our decline is the number of persons employed in this sector, less than half the number employed in the USA: 400 000 to 950 000. This situation has had negative repercussions on the sector of new civil aircraft in which Europe has not been able to maintain its share of the world market.

The first measure to revive the industry should consist in concentrating on fewer production programmes. A rationalized and integrated aeronautical industry will be in a position to make optimal use of resources and reach the technological level required to maintain its competitiveness on international markets.

The Commission should provide both inspiration and coordination. It should also establish a framework within which the political and financial decisions for future production programmes can be taken. Starting next budgetary year, we will have to deal with the thorny problem of appropriations from the Community budget. In fact, the magnitude of the investments required in this field is such that the industrialists must absolutely be able to rely on a systematic long-term planning and guaranteed financing. Thus programmes will have to be established which ensure the continuity indispensable for the activities of the airline companies and aeronautical industry.

Finally, we should adopt a positive approach to the solution of the problem of sharing duties and responsibilities between Community, national governments and manufacturers.

One aspect in particular that cooperation should deal with is the size of the aircraft on which the European industrial projects should concentrate. Production on a large enough scale will permit the companies to cover the costs of maintenance and the total costs of operation.

As I have already said, aircraft production has yielded research results which have been a constant source of technical progress in other branches of industry. A decline of the European aeronautical industry would not merely have an immediate effect on employment, but might also in the longer term represent a serious drawback to European research and technological development.

To forestall such dangers we need first and foremost proof of the economic operators' willingness to cooperate and of the governments' political resolve to combine their actions. The Commission's proposals seem to be realistic and we can support them.

I cannot conclude this part of the presentation of my report without further comments on the subject of marketing. The aeronautical industry must above all be competitive on international markets, not only from the technological but also from the economic point of view. The marketing network must be developed to a maximum.

Now that we know that the fastest expansion of the market for civil aircraft in the next few years will occur outside the EEC and the USA, we owe it to ourselves to reorganize our marketing networks in order to be able to compete on equal footing with our American, Japanese and Russian competitors.

Mr President, we also must follow up the Commission's proposal to create a European airspace administered by the Community if we are to avoid a dead-end which would endanger air traffic.

However, it would be ill-advised to associate the problem of an aircraft industry policy with that of air transport, since the lack of an agreement on the terms of the latter could make the implementation of the former more difficult.

To conclude my speech, I would like to congratulate the Commission of the Communities for having drawn up plans for an agency ultimately aimed at the joint manufacture of armaments to meet the needs of the Member States with respect to military aircraft procurement. Similarly, cooperation between the Member States is an absolute necessity if we are to set up a realistic and effective European aeronautical policy. This timely innovation brings up the question of determining the agency's connections with other Community institutions.

There is no doubt that it should be under the control of the European Parliament which is entitled to ask questions in these matters just as much as in matters of political cooperation. When the Council takes its decision, it will have to study the problem of the agency's place within the Community system.

Guldberg

Furthermore, this agency will have to maintain close contacts with the NATO body for defence policy cooperation and with the Eurogroup.

In my opinion, one of the most original sections of the Tindemans Report is the one devoted to security. I agree with the Prime Minister of Belgium in thinking that cooperation in the manufacture of armaments would reduce defence costs and increase Europe's independence and the competitiveness of its industry.

The report continues as follows :

The efforts undertaken at present to provide the European countries of the Alliance with an organization for the standardization of armaments, on the basis of joint programmes, will have important consequences for industrial production.

This quotation seems to me to account fully with the philosophy outlined in my report, particularly since the need for a European armament agency is felt in all quarters.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* I must apologize to the President and to Members of the European Parliament for my late arrival. The aircraft which was to bring me here was obliged to turn back because of a radio fault.

President. — I thank Mr Simonet for his words of explanation. It seems that air transport in Europe is not completely in order.

I call Mr Jahn, draftsman of the opinion of the Political Affairs Committee.

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, the Political Affairs Committee has considered this proposal from the Commission at several of its meetings. In its opinion it has concentrated mainly on the security policy aspects, leaving the Committee on Economic and Monetary Affairs and the Committee on Regional Policy, Regional Planning and Transport to deal with the industrial and transport policy matters.

The central point here is whether the European aircraft industry will be in a position to withstand international competition in the foreseeable future. The report which the Commission has submitted to us concentrates on a common policy on the civil aircraft industry including all the problems of a common programme for the development, construction and marketing of large transport aircraft, basic research and the development of production plant. There is also the matter of Community financial aid in the marketing of these aircraft etc. — I do not wish to go into all the details here, we have discussed this very thoroughly — and also the common policy on the military aircraft industry including all the problems of the foundation of a procurement agency, which Mr Guldberg has just mentioned, and there is also the question of what form cooperation should take with the United States.

The main aim of this proposal, in the opinion of our committee, is to create a common industrial policy for the development, construction and operation of civil aircraft. However, since civil and military aircraft are usually manufactured by the same companies and since the military side in fact predominates in most undertakings, a Community industrial policy in the civil aviation sector will necessarily have effects on the military sector of the European aircraft industry.

The Political Affairs Committee therefore considers it logical that, in framing an industrial policy for the European aircraft industry, the Commission has also tackled the problem of a common policy for the procurement of military aircraft. It would be pointless, in our opinion, for the Member States to move towards cooperation and rationalization in civil production while allowing the same undertakings to compete with each other. The committee believes that, without Community measures applying to both the civil and military sectors, it will not be long, Mr President, before Europe loses its technological independence in the field of aircraft construction.

Although it has not made a detailed study of the subject, the committee therefore approves in principle the Commission's proposal for the earliest possible introduction of a common policy in the civil aircraft and aviation sector.

The committee takes a favourable view of the Commission's draft resolution on the purchase and development of aircraft weapon systems and has come to the following conclusions. As we know the Eurogroup in NATO (EURONAD) is also working on the procurement and standardization of weapons. In December 1975, France, which was not previously a member of the Eurogroup, declared its interest in the formation of an independent programme group for the development and purchase of weapons by the European partners. Since the beginning of the year, this Group has been preparing a joint working programme. The Political Affairs Committee now believes that the Commission's action programme would be doomed to failure from the outset if there were no coordination between the two bodies.

The Commission has also proposed that discussions should be opened with the USA on armament sales and cooperation in the field of air weapon systems etc. Our committee welcomes this proposal, but takes the view that cooperation with the USA solely on the basis of 'discussions' is totally inadequate. It considers that the basis for cooperation with the USA should be more formal than that proposed by the Commission. We feel there is a need for close cooperation by agreements in the fields of research, project planning and project development and also on matters connected with standardization in the civil and military sectors. Our committee considers that the desirability of this cooperation with the United States taking place at Community level should be emphasized since the bilateral cooperation undertaken so far has not produced the required results.

Jahn

In conclusion, Mr President, the committee is well aware that close coordination in Europe and cooperation with the USA will be difficult to achieve but considers them to be absolutely necessary.

Having made these comments, the Political Affairs Committee has recommended the committee responsible, the Committee on Economic and Monetary Affairs, and Mr Guldberg, whom I would like to compliment for his report on the behalf of our committee, to approve the Commission's proposal to the Council.

(Applause)

President. — I call Mr Noè, draftman of the opinion of the Committee on Regional Policy, Regional Planning and Transport.

Mr Noè. — *(I)* Mr President it is my privilege to report on this document on behalf of the Committee on Regional Policy and Transport. I should like, first of all, to thank Mr Guldberg for his excellent report and for taking account in the resolution of the points made by my committee.

Mr President, I shall mainly address myself to the two issues on which discussion has concentrated in recent months; the document, if I am not mistaken, was considered in January and the debate was rather heavy and long.

The two issues are: first the inter-relation between air-transport policy and the policy for the aeronautics industry in Europe, and, secondly, the way in which the European aeronautics industry should develop. I should say at once that, while we support the Commission's aims, we are not altogether in agreement with the proposed methods of achieving them. Our committee deliberately tried to give priority to the question of air-transport policy, seeing it as the starting point for any logical and consistent development of a policy for Europe's aeronautics industry.

Cooperation between the Member States in this area must be improved. We, in this Parliament are entitled to say so, because as early as January 1973 we debated in plenary session the need for greater cooperation between the airlines.

Regretfully, Mr President, we find, however, that throughout these years the Commission had made no progress towards better integration of European air traffic, such as would permit the joint determination of optimum specifications for aircraft to be constructed by the European aeronautics industry.

And that is an essential requirement. Unless there is agreement, cooperation and participation by the airlines flying under Community flags, nothing can be done to help the aeronautics industry. This is why we give priority to the solution of this problem and are grateful to Mr Guldberg for recognizing, in point 9 of the resolution, the interdependence of the policies for the air-transport and the aeronautics industry sectors.

Having said that, I should like to mention briefly the problems which must be solved if air-transport policy in Europe is to be improved. Let me say at once that whereas the Commission document lists a number of measures to be put simultaneously into effect, we should like a clear

distinction to be drawn between those measures which can be effected today, before Europe is united politically, and those which can only be seen as a long-term goal.

The distinction must be made, if practical progress in this sector is to be achieved quickly. Indeed, given that air transport is governed by the Chicago Convention and based on the recognition of national sovereignty, it will be difficult for us, until European political union is achieved, to conclude with third countries the kind of agreements that currently are being concluded by individual countries on the basis of their respective sovereignties.

It follows that the countries of the Community should conclude among themselves agreements on air-space, on the definition of sovereignty over air-space, on landing rights, on the control of air-space, and on improving air services between the Member States by the 'desegregation' of national line aircraft, where the 'desegregation' means that aircraft from one Member country could overfly the air-space of another Member country with the same rights as domestic aircraft. That alone would be a step forward, allowing the present bilateral city-to-city flights to be replaced by circular routes joining all the European countries and thereby increasing the profitability of the Member States' national airlines.

Some time ago, Mr President, I tabled a question asking why the Commission was doing nothing about harmonizing landing fees, i.e. the price paid by each airline for landing at an airport of a Member State. A measure of that sort could be quickly put into effect. Under the phasing scheme we have in mind, whereby some measures could be implemented immediately and others would have to wait for the achievement of political union, we could insist on greater cooperation among the airlines to make them formulate their exact requirements as to the design and use of certain types of aircraft on European routes. In fact we believe it to be harmful to impose on the Member States' airlines particular types of aircraft without allowing them a hand in making the choice.

One fact to emerge from enquiries made by our committee among representatives of various Community airlines is that for inter-continental services, the airlines must have aircraft for which effective servicing facilities exist in the other continents, in Latin America, Asia, etc. That is another important consideration which we must bear in mind in examining the airlines' future market prospects.

May I now, Mr President, make some comments on the second issue, that is the future shape of the European aeronautics industry. Mr Jahn, on behalf of the Political Affairs Committee, has stolen some of my thunder in saying that a degree of cooperation between the European and the American industries greater than that envisaged in the Commission's original document would have been preferable. To this, I would only add that the requirements of advanced technology in the aeronautics sector, of materials technology, of the techniques in manufacture of aircraft parts, the procedures for the airworthiness certificate — all these bear witness to the fact that, in the Western world, cooperation pays.

Noè

It was already clear in January, when the Commission submitted this document, that, as far as engine construction was concerned, cooperation was the only way: in fact the engine manufacturers had clearly demonstrated their willingness to cooperate. The intervening months have brought further evidence to this effect, as for instance when the French aircraft producers established links with two American manufacturers. Within the last few days the same was done by the British, who are now thinking of a supersonic successor to Concorde on which the British and the French industries would cooperate with the Americans.

In my humble opinion, Mr President, the question is not whether there should be cooperation. The question is how it should be carried out. This is why, in the resolution, we ask the Commission to ensure that in this cooperation relationship we should not be the junior partner, but that it should be gradually put on the basis of equality, right from the planning and drawing-board stage of new aircraft types.

I have said 'gradually' because we must be realistic and not imagine that this can be achieved overnight. I believe, therefore, that for this sector, as for the others which Mr Guldberg has mentioned, it is for the Commission to work out ways in which we can achieve this cooperation in equal partnership with the American industry.

One further consideration: a little earlier I referred to the inter-continental services of Member States' airlines. According to the forecasts of the competent international bodies these services will become in future the principal purchasers of aircraft. Whereas the number of aircraft flying within the United States and within Europe will increase only a little, the number of inter-continental flights will rise very considerably. Today for the most part these routes are served by American aircraft: for instance, only American lines land at Rio de Janeiro airport. It is obvious, therefore, that this traffic, which in another 20, 15 or perhaps only 10 years will represent the major part of the market, can be conquered by the European industry more easily through cooperation than through confrontation with the United States, who, I say again, already have a firmly established position there.

I am not, of course, going to tackle the problems of military aviation, with which both Mr Jahn and the rapporteur, Mr Guldberg, have already dealt. I shall only say that one of the areas where something can be done to improve air-transport policy is that of air-traffic control and this control is exercised in collaboration with military bodies. The present situation is that we have a costly fragmentation of control systems in which too many organizations are involved. I know it will not be an easy task, because established patterns will have to be broken up. But, one of our objectives

for action — if not immediately than for the near future — should be to improve air-space control and that inevitably involves cooperation with the military authorities.

(Applause)

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

Mr Lange. — *(D)* Mr President, ladies and gentlemen, I should like to make a few additional remarks on behalf of Lord Bessborough — that is to say remarks in amplification of his opinion for the Committee on Economic and Monetary Affairs.

The Commission has given us its ideas on one aspect of industrial policy making no distinction between the civil and military sector, probably because as far as industrial policy is concerned these two cannot be separated. We shall therefore have to look at the subject as a whole. I say this in the name of the committee relying to a great extent on what Lord Bessborough has written in his opinion. He is very familiar with the aircraft industry, he used to be in it himself and therefore knows a great deal about it and I cannot claim to be in the same position. I shall not indulge in the flights of fancy that some of our colleagues have made here but I shall keep my feet on the ground and say a word or two about the finances.

The Commission seems to have been very uncertain for, despite repeated questioning by the Committee on Budgets, it has not been able to give any more definite information than that contained in its proposal and the small accompanying document. This information is completely inadequate for us to judge firstly what it is that the Commission intends to finance, and secondly how it intends to finance it, in the form of budgetary appropriations or loans or through the Member States or by some other method.

The position is extremely obscure, I can imagine that the Commission was in fact unable to go any further. If however it is true that it was not able to make any more progress with its financial deliberations, it is even more important for Parliament to know the Council's view on the Commission's proposals so that the questions concerning the financial aspects can be cleared up in discussions between the Commission, the Council and Parliament. These financial aspects must in some way affect the budget of the Communities.

Ladies and gentlemen, we have agreed that everything must be shown in the budget, including sums raised on the capital market and channelled through the Commission or some other European institution. The Committee on Budgets has therefore insisted — and the Committee on Economic and Monetary Affairs and its rapporteur has followed them in this — that this report is only an interim report and not a definitive opinion on the Commission's document. If in

Mr Lange

fact we had delivered a definitive opinion, we as a Parliament and a budgetary authority would have been manoeuvred out of the whole affair and we cannot allow this to happen.

This is the reason for the interim report and also for the request to the Commission and the Council to remain in constant contact with Parliament and its committees during the further discussions which will be held between them, so that we can follow this affair closely.

At the end of his opinion for the Committee on Economic and Monetary Affairs, Lord Bessborough made reference to certain points which the Committee on Budgets would like to draw attention to, not because it attaches particular interest to them but because it has to bear particular responsibility for the budget and hence Parliament's budgetary powers or, in other words, it has responsibility for the tasks which Parliament has to perform as a budgetary authority.

We would therefore like to see in the annual draft budget figures for the basic and applied research and development programme and the basic research programme which could be spread over a period of 4 to 5 years. Here we are approaching the subject of compulsory authorizations which we will have to lodge in the '77 budget when we re-examine the financial regulations in connection with the 1977 budget. We must therefore have an eye to the future.

Furthermore, we would like to know exactly what type of financing the Commission and the Council have in mind. My recommendation is that we make a calm appraisal of a system, and the Council seems to be coming round to this, whereby a member of the Council should report to the Committee on Budgets on the results of these talks on the financial aspects. However, I would also say that members of the Council — or rather the President of the Council — ought to report to the other committees as well, particularly the committee responsible for the talks on the industrial policy programme, the action programme for the aeronautical sector. We would achieve more in this way and it need not necessarily be the Commission which brings us news of the results of Council deliberations.

We should also like to know, of course, — the Commission ought to look at this closely and we recommend the Council to do as well — how the funds used to implement the common policy are to be administered.

In addition, we should also like to know of what proportion of the costs will be borne by the Community, the Member States and industry respectively.

Just now I made a reference to loans. This is of course another point which must be subjected to the control of the budgetary authority and must therefore be

cleared up in the course of the talks. And of course the same is also true of the administrative costs involved.

I should just like once again to stress the need based on financial and budgetary policy reasons which the Committee on Budgets has seen when drawing up this interim report — and the Council can take action on Parliament's provisional opinion — for these talks to be continued so as to enable the Council, the Commission and Parliament to lay down the principles for a comprehensive rational industrial policy in the aeronautical sector.

Mr President, I just wanted to make these additional remarks, and I am grateful for your forbearance.

(Applause)

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

Mr Albertsen. — *(DK)* Mr Guldberg's report and motion for a resolution correctly point out that the industry we are now discussing — the European aircraft industry — is in a particularly critical situation. Despite the fact that the Community has access to a market of more than 250 million people, other smaller nations have succeeded in increasing their share in the aircraft industry market. We have noted that Community countries are now more dependent on industrial and technological developments in the USA than they were previously — and this trend is speeding up. When we also know that the European aircraft industry employs about 400 000 people, not including those employed in the sub-contracting industry, the problem becomes extremely important and we should complement Mr Guldberg on the work he has put into his report.

The questions one must ask in this situation are whether the European aircraft industry can be coordinated or whether we must face the fact that its role in the future will be merely one of sub-contractor, mainly to the United States. We know that the European industry depends on enormous amounts of direct and indirect aid from national governments and that the amounts already invested will be wasted if there is no cooperation or a future policy. I stress that no single Member State is able to compete with the large aircraft-producing countries.

The Socialist Group therefore agrees with the report as far as the need for coordination goes. But we do not agree with Mr Guldberg's argument that precisely because national governments have invested so much in this sector it should be easier for agreement to be reached on a Community policy especially when sectors are involved in which there are large private economic interests. We do not think that any examples can be given to support his argument. Whether we like it or not, it will prove to be just as difficult, if not more difficult, to influence national

Mr Albertsen

governments' economic, employment and security policy considerations as it will be to control the interests of private economic companies.

This means that it is wise to keep a low profile and, as the Committee on Economic and Monetary Affairs does, to concentrate first and foremost on the industrial policy rather than the transport policy aspects. We need to know how much direct and indirect aid individual Member States grant to the aircraft industry; this applies both to producers and to users. Some figures are required since they alone can give us an idea of the enormous resources the Community is expected to make available in the long term. I support what Mr Lange has said; we are especially unsure about the figures involved and simply do not know what obligations we will have to face. Clarification is absolutely essential if we are to make any progress.

I venture to say on behalf of the Group for which I am spokesman that we have misgivings about using Community funds in this sector. The Community's task must be to coordinate and inspire cooperation between Member countries rather than to finance operations.

The Communities can also make a financial contribution to research and development work. No Member country has enough resources to cope on its own.

The Socialist Group does not think that the European Community should take over the financing of national aid arrangements, especially as we have no idea of the economic implications. As I said, the group can support the financing of research and development work but only provided all Member States have a share. On the other hand we have not yet defined our position as to how far a European Export Bank can be used; this is currently being discussed by several committees.

The group fully supports most of the points put forward in the report. A great deal of work has been done to bring some of the Commission's more high-flown ideas down to earth but we have great reservations on points 16 and 17 and if they are maintained the Socialist Group will not be able to vote in favour of the report. The wording of both these points goes much further than the scope of the present Treaty and if they are introduced they will lead to radical changes in the whole of the Atlantic security and defence policy. We do not think that extension of aircraft industry cooperation should automatically lead to subsequent defence policy cooperation nor do we think that the creation of a military aircraft procurement agency is justified in the report. That was in fact discussed not so long ago in connection with Lord Gladwyn's report to Parliament.

I would like to stress that I believe I am speaking on behalf of most of the group for which I am spokesman when I say there is no question of criticizing military policy cooperation under NATO, quite the

contrary. Perhaps one or two of my group colleagues are critical of the point itself, but by far the most of them criticize these points because of the positive attitude they have towards NATO. We feel in fact that these problems are a subject for NATO and for the Eurogroup in NATO: we feel they belong there and should continue to belong there so long as security policy requirements are unchanged. If the rapporteur will amend or delete points 16 and 17 of the report the situation would obviously be different, but during the discussions we had in the Committee on Economic and Monetary Affairs, I and those of my colleagues who were present realized that the feeling was not to delete these points. If they are retained, we in the Socialist Group feel that we cannot share responsibility for the report; a majority will certainly abstain and some will perhaps vote against because we feel that these points are so important and crucial to our position. If the majority of us do not vote against the report it is because we acknowledge that there are some constructive points that we can support. We acknowledge that the initiative is basically desirable and that the report contains some realistic points.

I recommend on behalf of the Socialist Group that you abstain from voting on the report before us.

(Applause)

President. — I call Mrs Walz to speak on behalf of the Christian-Democratic Group.

Mrs Walz. — *(D)* Mr President, ladies and gentlemen, as spokeswoman for the Christian-Democratic Group I would first like to thank Mr Guldberg most sincerely for his thorough and informative report. We approve the motion for a resolution in principle, though not in all its details, because we are convinced that an integrated European aircraft industry is an important and justifiable part of a common industrial policy. Only an aircraft industry of this type will do justice to our status as an industrial nation when the time has come to divide production with the developing countries, if we want to make sure of jobs in the future.

In any case, in the present state of affairs, we consider that the Commission proposals represent an optimistic programme which it is scarcely possible to carry out in the near future, however important it might be to do so. Why is it an optimistic plan? Let us look at the facts. In 1973 approximately 400 000 people were employed in the European aerospace industry. As you have already said, Mr Guldberg, in the USA, the same sector employs 950 000, that is almost 2 1/2 times as many as over here. Furthermore, the USA has longer production runs, on average 500 as against 100 in Europe, so that productivity is substantially higher there than it is here. In addition, the USA has the largest suppliers as against our mixed forms of company and the airline companies prefer to

Mrs Waltz

buy from single manufacturers on whose service, maintenance and repairs and new models they can rely. Then again, the marketing system in the USA is better than ours. Thus, in Europe we suffered a clear drop in sales on all markets between 1970 and 1975 and, as in the case of data-processing, and other forward-looking high technology, we are trailing behind because of our national fragmentation even though we can ill afford to do so.

What is the cause of this national fragmentation which prevents us from establishing a common industrial policy in this sector? Perhaps one could express them discreetly and in highly abbreviated form as follows: France considers its aerospace industry to be an important and indispensable part of its national independence. Britain gives priority to the maintenance of national freedom of trade and until recently there was some uncertainty on whether to nationalize or not. At the moment, according to press reports, it seems that nationalization is very likely. Britain has surplus capacity. Italy, on the other hand, favours cooperation with the American aerospace industry and the Netherlands limits itself to filling gaps in the market with its small civil aircraft. Although Germany is in favour of cooperation between European manufacturers and customers on new products, in order to avoid duplication of projects, and it is also in favour of a dialogue with the USA, in practice things are somewhat different as though it considered that improved technical cooperation in this sector was the most important until the economic and monetary union takes concrete form.

The importance of a common industrial policy is not sufficiently recognized. There is no doubt that the European aerospace industry has surplus capacity because of a fall in orders, that it has rationalization deficits because of fragmentation as between regions and projects and also because of duplicated capacity and that the organization of the companies which market technologies is not always the best. The company structure of the European aviation industry also leaves a lot to be desired because it contributes to these other deficiencies. There are 3 possible models: (a) a group solution, (b) one large European company and (c) the category or division solution.

The group solution would mean the amalgamation of a number of units of equal size and having the same structure which, between them, would cover the entire spectrum of products from small aircraft to spacecraft. There is here a danger of underutilization of capacity because there are fewer long-term projects. The single large firm employing up to 100 000 people would require a degree of determination on the part of the employers which unfortunately we do not have in Europe at present. The division solution is the simplest in that it provides for the establishment of permanent specialized companies which are not dependent on just one project. Such a concentration

of skills together with specialization — division of labour — could produce an economically efficient industry and provide the best solution for development and production. Joint customer service and maintenance could be achieved by further rationalization measures.

One can only hope that the European aviation industry will soon re-examine its objectives and capabilities if it wishes to remain in competition with the USA. Therefore, governments must encourage closer cooperation between the main European customers and manufacturers when drawing up new aerospace projects and also direct their aid in this direction. Projects should only be encouraged where there is no overlap with other programmes. The national incentive systems must be harmonized and a dialogue must be started with the USA in particular in order to remove distortion of competition. Turning now to the military aircraft procurement agency, a thorough examination must be made of the proposed relationship between it and the secretariat set up by the Eurogroup in NATO to study the purchase of weapons by the European partners. Certainly, the proposals contained in the action programmes are optimistic and have certain Utopian traits considering the egoism of industry and the nationalism of our countries. However, it will prove correct in the long-term as the Commission and Parliament know only too well from their development policy. Therefore it can only be hoped that our governments and our industries will take the action necessary before they are largely driven out of the market in future.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, there is no Community policy more clearly needed than a transport policy. Unfortunately, in the past we have experienced continual disappointment. My group therefore welcomes the fact that the Commission is now making an interesting attempt to make progress in transport policy by establishing a link between transport and industrial policy in the important sector of aviation.

Mr Guldberg brought out a number of important points concerning the subject in his report and I would only like to add three more observations on behalf of my group.

Firstly, the Liberal Group feels that the aeronautical sector should not be seen in isolation from air transport and that accordingly a common policy must bring these two together. Secondly, we feel strongly that it is not possible to separate the civil aviation industry from the military sector and that therefore any proposal for a policy of this sort must deal with the military aspects. And thirdly my group feels that Community action is needed here.

Mr Bangemann

I should like to explain these three ideas of the Liberal Group in greater detail. We believe, in common with the Committee on Economic and Monetary Affairs, that first of all an approach must be found to the problem, that is today that there ought not to be any arguments about where to begin first either with the aeronautical industry or with air transport policy, but the opportunities which are available should be used to find an approach to the problem. It is certainly true that it will be easier to approach industrial policy than a possible air transport policy and therefore we support the conclusion of the Committee on Economic and Monetary Affairs. At all events, it must be pointed out that of course various initiatives which the Community can take in the area of industrial policy are dependent on a common concept which also applies to air transport. I am for example thinking of the construction of plant and the types of planes and all the very important decisions that have to be made in industrial policy there must be an opportunity of harmonizing these with a policy on air transport. In the past we have seen in the case of the development of Concorde that because of the lack of such an air transport policy, an industrial concept suddenly found itself in a void, and it can hardly be the intention of the Community to use the funds it is now making available in this way.

This means that industrial policy as a whole, the construction of plant, pricing policy, export policy and the opportunities which we have to finance development and other such activities must be determined by the information gathered from an air transport policy.

Mr Guldberg has correctly pointed out that the Community's competition policy is also affected since both in air transport policy and in industrial policy we do have a peculiar sort of competition. Mr Guldberg speaks of a regulated competition and there can be no doubt that this regulated competition must be treated in a different way from that of free competition and that since we are waiting for judgements from the European Court of Justice, Community activity by the Commission and Council is also necessary on this head.

I should also like to point out, Mr President — and I am surprised that it has not been mentioned in this debate before — that we already have one very important element of a common air transport policy, or at least an element which is rapidly disintegrating, in the Eurocontrol establishment. The Commission memorandum does say that a common airspace must be created. One of the essential conditions for creating such a common airspace is common control of this airspace and indeed, common in the sense of both civil and military control and common in the sense of transfrontier control. This is all laid out in the Eurocontrol Convention. This Convention has had partial success which, by the way, was certainly not cheap — the setting up of the Maastricht and Karlsruhe centres

cost a lot of money. Karlsruhe for example which is operational costs I think over DM 150 million and this Convention has done virtually nothing apart from setting up these centres, at least not until now. I think that the Commission needs to take decisive action here as well, so that these existing elements of a common air transport policy do not collapse.

On the second point, that the civil aviation industry must not be considered in isolation from the military aviation industry, I should like to state very clearly on behalf of my group, Mr President, that we are not at all afraid of saying that such an agency as proposed here is exactly that which Lord Gladwyn dealt with in his report on behalf of the Political Affairs Committee and explained on behalf of our Group and which has already been adopted by this Parliament. It is not true, as the Socialist Group seems to believe, that we are treading on virgin territory but we have in fact already taken a decision in favour of setting up a common defence policy, even though that decision was a controversial one, and of course I am somewhat surprised at the Socialist pussyfooting which took place here this morning which...

Mr Lange. — (D) It was not pussyfooting.

Mr Bangemann. — (D) ... but Mr Lange, please, if I were a Socialist I would welcome an opportunity for a common quasi-governmental industrial policy in which I could direct investment via public expenditure. Instead of which, the Socialist Group says we have considerable reservations about State involvement in this field. Why? Not because of an industrial policy, but because they know very well that it is a necessary step towards a common defence policy. Because they do not want this, they do not want State involvement in this field, and I think I am correct in calling this Socialist pussyfooting.

(Applause from the right and from the centre)

On the third point, Mr President, I firmly believe that the Community must act for a number of reasons. Not only because as we all know, the aircraft industry is itself aware of the inadequacy of its production capabilities. It is for this reason that the French and the German and the Dutch aircraft industries are looking for opportunities for cooperation although not primarily amongst themselves — as the Commission would prefer — but primarily with American companies. And if this happens, if for example large French aircraft manufacturers have already take steps towards cooperation on a private basis with American aircraft manufacturers and contracts have already been signed, it will of course be very difficult to put this policy into effect. Therefore, my group feels that action is absolutely necessary and we welcome the fact that Mr Guldberg has drawn up an interim report which on the one hand takes into account the reservations expressed by the Committee on Budgets and on the other hand, makes it possible for the Council to take action.

Mr Bangemann

And this action must, Mr President, certainly be based on an awareness that finance can achieve a great deal. In no other sector of industrial policy are the opportunities as great as here for introducing Community action voluntarily and not compulsorily. The development of new types is difficult. Research is difficult for anyone who wants to do it by himself. Exporting is very difficult. In all of these three important areas of this production, the Community can offer help with payments and financing on the condition that a common industrial policy is set up. In other words the conditions for Community action are exceptionally favourable and we would like to encourage the Commission and the Council to continue on this road and bring about the objectives which previous speakers have correctly raised.

(Applause)

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

Mr Cousté. — *(F)* Mr President, the Commission's action programme for a European aeronautical sector develops, at an opportune moment in my view, an overall vision of a European industrial policy. Hence we can only welcome this initiative and support the effort in principle. Nevertheless, I would like to point out that the aeronautical sector is indeed a very complex one. The rapporteur, Mr Guldberg, and the draftsmen of the opinions, Mr Jahn, Mr Lange and Mr Noé, have said so a while ago. In addition to military aircraft this sector comprises helicopters, short-range missiles, ballistic missiles, and space vehicles, business aircraft and jet engines. Civil aircraft are only part of the whole production. Not only are the complexities involved great, this report also comes at a time when — we cannot deny it — the evolution of market conditions, particularly unemployment rates, may at times give rise to concern. The cost of fuel has increased and we have had a relative decline in production. Therefore, both positive and negative aspects of this proposal for an action programme should be examined.

On the positive side, we have a Commission which has good intentions and good will. In fact we must stress the positive elements of the proposal. It is appropriate to envisage the creation of a European market which can provide a sound base for exports. We must encourage European airline companies of course, but also foreign companies to purchase transport planes manufactured in Europe. We welcome the provisions for a common certification of airworthiness, for the creation of a European certification board and for a common certification concerning the control of environmental nuisances, a point which has so far not been mentioned. A common standardization in Europe, possible harmonization of marketing financing, credit insurance and insurance against exchange risks, all seem positive suggestions.

Nevertheless, there are objections. The proposal that the aeronautical industry be placed under the control of the Commission will, in my opinion, run into political obstacles and irreconcilable operational differences.

As to the political aspect, the close interrelation between the military aircraft industry, which is by far the most important sector in Europe, and the civil aircraft industry clearly establishes the aeronautical industry as a defence-related industry the control of which, in my opinion, is incompatible with the provisions of the Rome Treaty and hence with the Commission's current powers.

As to the operational aspect, I will not repeat the industry's specific characteristics after the excellent reports by Mr Guldberg and the draftsmen of the opinions. However, the adaptability, the respect for private initiatives and creative ideas and the decentralization prevailing in this industry call for rapid decision-making instruments which are practically incompatible with the operating methods of a body whose vocation is one of regulation rather than truly industrial decision-making.

For that reason, my group has decided to table a certain number of amendments in Mr Terrenoire's name. We absolutely have to keep in mind, ladies and gentlemen, that a European industrial policy is linked to an overall view of the creation of Europe. In the last analysis, we can only conceive of a Europe that is European and therefore independent. A European space policy is merely the reflection of an overall conception which wants an independent, influential and powerful Europe, in short, a Europe that is worthy of its past and of its present and future responsibilities. We must draw some basic principles from the discussion. Personally, I would like to summarize them under four headings.

First principle: a policy and action programme for the European aeronautical sector are inconceivable without an overall political vision paving the way for an independent Europe whose influence will radiate out beyond its frontiers and which is able to take control over its destiny and thus establish a powerful civil and military aircraft industry.

The second principle is that as part of the action programme European manufacturers must give priority to the types of aircraft needed by the airline companies and included in their purchasing policies. Hence, there must be a European market capable of absorbing European production. Economic life is not possible — and this was already the case in the days of economic nationalism — without a strong domestic market. We cannot hope to export our planes or space vehicles if there is not a truly powerful, organized and brisk domestic European market. It is only then that exporting can become meaningful for the success of the products.

Couste

The third principle is reciprocity. We cannot resort to measures designed to protect the European aviation and aircraft industry. We want an open market, but openness should be mutual. We do not want the USA whose predominance in this sector Mrs Walz has just emphasized to be the beneficiaries of the abolition of customs duty on aircraft which they produce when customs duties are levied on aircraft manufactured in Europe and sold in the United States. We know very well that the USA have at times made certain protectionist moves even if no real protectionist measures have been taken.

The fourth principle is that of coordination. Mr Guldberg said a while ago, as he has on many occasions in the Committee on Economic and Monetary Affairs, that the coordination between manufacturer and user must be improved. This is highly important. We are not proposing to manufacture aircraft or space vehicles for our design department's pleasure and satisfaction, but to meet a need — and I have no hesitation in saying so — the need of a solvent clientele.

These are the four main principles our group wanted to raise in this discussion. Let us face the facts. In the data processing industry a considerable effort remains to be made and the Commission has requested us to create a European-based data processing industry. We are fortunate enough and should be happy to have 400 000 highly qualified men and women already working in the aircraft manufacturing industry. Whether they are involved in the production of airframes, finished products, that is the aeroplanes themselves, space vehicles or any other equipment, we must not only preserve but also develop this potential by fostering creativity and research. This means that we should never regard our efforts in marketing, coordination and imaginative research as ends in themselves, but always as incentives. American competition would then become meaningful as an incentive and a challenge. The quality of our engineering, performance, sales and after-sales services should not fall short of American efficiency. Consequently, the subcontracting which has been mentioned is acceptable only as an expression of a dialogue between equal partners and not of a dialogue in which we are subject to the vagaries of a changing world market climate. The 'Times' of 2 July announces that our American and British friends have already agreed to examine the creation of a new Concorde. In itself, this step seems to be appropriate. Nevertheless it should only be taken after implementation of the Commission's proposals, that is after agreement between Europeans, after coordination and harmonization if it is still necessary. In other words, let us not do things haphazardly, otherwise we shall suffer for our weakness. In economic competition as in any other competition you have to be strong to command respect.

In conclusion, I would like to remind you that the aeronautical policy which has been proposed to us can

be valid only if it is backed and inspired by an overall vision and a political resolve to create a strong, independent and truly European Europe. We have always defended this vision in every area; we hope it can be realized in the aeronautical sector.

(Applause)

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

Mr Normanton. — Mr President, I have been asked to take part in this debate on behalf of the European Conservative Group, but before I do so I know the House would like to hear that Lord Bessborough offers his profound apologies for being unable to take part in the debate himself, because he had a number of very important comments to make. Fortunately, the House this morning has enjoyed and listened attentively to a long series of points put by Mr Lange, the chairman of the Committee on Budgets, and these points were in fact ones which Lord Bessborough intended to put himself.

I must say that we will be certainly looking forward very much this afternoon to the debate which will take place after Monsieur Cheysson has presented the preliminary draft budget to this sitting. In this budget I understand a figure of about 16 m u.a. has been placed in the reserved chapter of the budget for the aeronautical sector as part of a total figure of some 36m u.a. for the year 1977. The House will certainly want to know a lot more from the Commission on this aspect of the budget. The House will no doubt be only too well aware of the highly critical comments which came from these benches on the question of the Community industrial policy some 3 weeks ago. Today we can take some pleasure in seeing a glimmer of hope that the Commission is making a move in the right direction, at least as regards one sector of European industry.

I would make 3 main points in the course of this contribution. First, our objective should be to work towards maximum industrial cooperation in the Community and minimum internal competition. If we apply this principle to the aeronautical industry in Europe, we must take full account of the fact that this is bound to have an impact on our longstanding interpretation of competition policy. As rapporteur on competition policy in this Parliament, I hope the House will take note of that particular implication for industrial policies when we come to discuss competition policy in September.

My second point is that what we must work to achieve is a minimum of political intervention. The House may well have heard how a camel has been described as a horse designed by a committee. I earnestly hope we will take a lesson closer from that. As politicians we should eschew at all costs any attempt to design an aircraft or design an aeronautical manufacturing

Normanton

industry. I tremble to think what would be the consequences were we to try and commit ourselves to such an attempt. What we as a Parliament, as politicians, should be concentrating our attention upon is the creation of the right economic and political framework in which existing manufacturing enterprises in Europe can successfully come closer together and become more effective in their particular industrial field. We have a role to play as far as finance is concerned. We have a role to play in negotiations between the Community, as a major industrial economic and political entity, and third countries in the rest of the world.

We have a major role to play as far as the policy on public purchasing of aircraft is concerned. All these are areas in which we, as parliamentarians, as politicians, have a particularly important and indeed exclusive role to play, but the area of technology, of integration, of collaboration to produce aircraft and to produce an effective aircraft industry must lie in the hands of those who are engaged in those industries.

The third point I would make is that I earnestly hope that this House will not fall into the trap of appearing to be anti-American. What we want to be is pro-European and that need not by any standards be misinterpreted as anti-American. The ultimate objective surely should be to broaden our concept of a European industry in the direction of a transatlantic industry. It is only in these terms and on that scale, I believe, that we can ultimately become more effective as a manufacturing entity in a high technology field. I would strongly support Mr Cousté's description of the aeronautical industry as one which is both vast and complex, but, as far as the Community is concerned, there is the added complexity, to which one or two honorable Members in this debate have made reference, in that the major part of the aeronautical industry's work lies outside the competence of the European Economic Community. I refer of course to matters of defence, and it is in this field that I believe Europe and the European Parliament are suffering from the continuing malaise of political schizophrenia. We repeatedly chastise the Americans for dominating the world of technology and of industrial might and yet we have so far turned our backs on the great opportunities open to use here in Europe to be a powerful and constructive force in our own right. We have repeatedly in the past made reference to the way in which the Americans have involved themselves in political matters outside their own country, and yet we are all acutely aware of the importance of the American contribution towards European defence. Unlike the Socialist Group, we believe that this is one additional link in the chain of arguments which must inevitably lead to an extension of the competences of the Community to include the defence of what we stand for. It will take time, it will take patience, but ultimately that must be the objective towards which this Parliament must inevitably work. The establishment of a Community common procurement policy would undoubtedly be an extremely important miles-

tone along the road which the Community should be taking.

If this aspect of the Commission proposal, if this aspect of the Guldberg report is accepted by the Council of Ministers as being of fundamental importance, then this debate will have been very worthwhile and I am quite satisfied that the ultimate movement of Europe to its logical economic conclusion as an economic entity will be beginning to take shape. The European Conservative Group welcomes the report standing in the name of Mr Guldberg and we shall vote for its acceptance, but we must ask both the Council of Ministers and indeed the Commission to take note of the comments which have been made in this debate, the observations which have been made in the Guldberg report and not to ignore our views, which is pathetically and tragically only too frequently the case.

(Applause)

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

Mr Leonardi — *(I)* Mr President, I think that in the present circumstances it is important to appreciate that at a time when earlier attempts at common policies have failed and the policies currently pursued are encountering the greatest difficulties, the Commission, in the document before us, is proposing a new common policy. This is proof of confidence in the future and it is a confidence we should like to share. However, when we look at the parliamentary report and at the proposal for the Council decision, we are bound to state that the proposals contained there are not of a nature to warrant such optimism. The document is certainly excellent; it is a serious working paper, the outcome of some excellent research, which perfectly logically demonstrates the need for a common policy and even tackles a sector outside the sphere of Community competences, the military sector, which, as we all know, is closely involved with all the aspects of the aeronautics industry.

I shall not delay you by repeating the data presented in the Commission's report and that drawn up by Mr Guldberg. The most significant facts are that today the Community holds 20 % of the world civil aviation market while its share of aircraft output and the size of its industry has fallen to only 7 %; that in the last 10 years as many aircraft construction programmes have been launched here as in America, but that the effective output has been 5 times smaller. I shall not, therefore, indulge either in an analysis or a condemnation of the present situation because, as I have said, the Commission document is an exhaustive one — it is an excellent working document. What are the proposals that emerge for the Council? Briefly, the document proposes a common policy embracing the establishment of a programme, common financing, financial support, the harmonization of legislative provisions, etc. In a word, a genuine common policy for an extremely sensitive and extremely important sector.

Mr Leonardi

But what is missing? There is no political analysis. Some of the earlier speakers have already pointed to this lack and it is the reason why, in our view, it makes the Commission's proposal altogether impracticable in the present situation. Mr Cousté has already indicated that an aeronautics policy presupposes the ability to pursue a genuinely 'Community' policy, with all that the term implies, and in all its aspects. We may disagree on these aspects, i.e. on the content of a Community policy, but we cannot deny that a common policy for the aeronautics industry is contingent on our ability to follow a genuinely independent, distinctively 'Community' policy. If we try to ignore these preconditions we shall be leaving the realm of reality and imagining that we can carry out proposals which may indeed be useful for the future — we hope so, at least — but only if conditions become very different from what they are now.

As things are today the differences between our countries are very many, starting with the airlines, some of which are very active, like Lufthansa, others stagnant, some doing well, others extremely badly. The same can be said about the aeronautics industry, where some companies are closely geared to military production and others, for different reasons, have no such links. And the same is true of research, where some industries subsist on military sales and others do not, or are only able to do so to a much lesser extent. In other words, in a crisis situation such as the present, a situation deriving, as we know, not only from the increased cost of fuel but also from the shrinking of air transport operations, in such a crisis situation, I say, differences, as usually happens, tend to be exacerbated, the strong becoming stronger and the weak weaker still.

This being so, we can only try to draw your attention to the warnings that have already been given in connection with the proposals for a common monetary policy. For it must be said that in the commercial sector, too, there is no shortage of Commission proposals, and they are good proposals: the analyses are extremely accurate, we have looked at them. But what is missing in this complex structure is the political kernel, the political need, the political argument. And, without this political core, any Community policy is bound to be precarious: where such policies are already being implemented, they are, as you know, unable to withstand external shocks.

This is why I believe that Mr Noè was quite right to stress that we must begin with a few small steps, some modest achievements which nevertheless would help to extend the internal market. Just a few simple measures, but such as would enable us to come closer together on 'desegregation', on common standards, etc.

For all these reasons I think that the proposals under consideration, aiming, as they do, at a global policy,

are not based on a realistic assessment of the situation. Nor do I believe that the difficulty can be removed, as I think I understood previous speakers to suggest, by taking military requirements as our point of reference.

That is not to say that we wish to disregard the military sector: it, too, should be discussed in the appropriate places, but we cannot accept it as our starting point. If we cannot carry through a few simple measures in the civil aviation sector — and so far we have not been able to do it — then obviously we cannot hope to achieve a common policy in an area as difficult as this.

In concluding, I should like to thank Mr Guldberg and to acknowledge the usefulness of the Commission's document for our future work, but also to point out that today's debate which, I feel, has been no more than a preliminary canter, may have some value even in a period of change, such as the present, but it cannot lead to practical or political conclusions.

In the circumstances, therefore, in view of the interim nature of the report submitted by our colleague, we shall abstain, although recognizing, let me repeat again, the need for Community intervention in this industrial sector which otherwise will become increasingly subordinated to foreign interests. A big effort must be made to clarify the political background and to search out those small measures which *can* be carried out provided the common resolve is there.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, I would just like to say a few words in support of the report by my Liberal colleague, Mr Guldberg, and by my friend, Mr Jahn, who has so well expressed the view of a considerable majority in the Political Affairs Committee.

Mr President, it is obvious from what Mr Guldberg and Mr Jahn have said, even if it were not obvious to anybody who has read the report of the Commission: (a) that the production of military aircraft in our Community greatly exceeds the production of civil aircraft and therefore obviously forms our most important market; (b) that if we are to produce the next generation of military aircraft, and indeed of missiles, in Europe, we shall not be able to do so by individual national action but we will have to combine; (c) that unless we are in a few years' time to become merely the sub-contractors of the great American corporations, we must try to get some working arrangement with them on the production, on equal terms I should hope, of such a machine as a new Concorde, which is only conceivable granted the pooling of all the techniques and resources of the entire Western world and (d) that there are, however, numerous projects such as the MRCA and the possible adaptation of the Airbus to military purposes, which is quite a feasible operation which could suitably be accomplished by the Europeans themselves if they got together.

Lord Gladwyn

If a start is to be made in this direction, however, there must, in spite of what the Socialist Group maintains, be discussion between the nine governments. As we all know, the Commission has proposed, and Mr Guldberg has repeated in paragraphs 13 to 18 of his report, that there should be in effect a military aircraft procurement agency for airborne weapon systems, aircraft weapons, etc. We also know, as two speakers have said, that the governments, including after all the British Labour Government, have already apparently responded to this suggestion to some extent by establishing a body, rather curiously described as 'independent', consisting of the members of the existing Euro Group plus France; this body has already been meeting since the end of last year. However, when I enquire, as I enquired recently in this House, what progress is being made in this obviously very important organ and under which precise ministerial authority it functions, I am met with an embarrassed silence. Could we not now therefore have a little light shed on what goes on in this committee, if anything does? And why is it that the Ministers of Defence of the Community countries, or those who are interested, cannot themselves meet in the context of the so called Davignon procedure? There is nothing to prevent them from doing so if they will.

If they have set up this body why should they not themselves meet to consider what the problems are? What is wanted, surely, is not gatherings of national experts who in the absence of firm political directions will always disagree, but a definition of common political aims — whatever they may be. And here I agree with Mr Cousté that there should be agreement, if it is possible, and I think it should be possible, on what exactly is meant or implied by European independence within the framework of the North Atlantic Alliance — what does it mean? It must mean something.

Even Mr Leonardi said he thought that there should be some kind of common political directive in the absence of which the experts, however expert, will not make any progress at all. To my mind, this is the essential point on which this Parliament should constantly insist and with which it should try to confront the Ministers in the long run. I do not know if there are any representatives of the Council of Ministers here, but if there are perhaps they could report what I have said concerning my disappointment so far to the Minister concerned, so that in our next *colloque* we will be able to interrogate him on the subject rather more successfully than has been possible in the past.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I speak as an individual and I find that the task of confining my comments to

what is relevant to today's debate no easy one, because we shall be approving the Commission document and we shall be approving Mr Guldberg's report, but with reservations and with misgivings.

First of all I should like to congratulate Mr Guldberg on his presentation and on the way he has tackled this complex and difficult problem. I would also express my appreciation for this Commission document on the aircraft industry, Doc. 319/75, because it provides a basis for discussion in the industry and in our national parliaments; certainly there have been select committees of the House of Lords and party committees reviewing this document in Britain.

Now I rather share the view of my colleague, Mr Normanton. In this Assembly we are trying to grapple with an overall concept and an overall strategy; this is all very fine, but is it not better determined by those in the industry, constructors, operators and airlines rather than by governments, by civil servants and, with a word of warning, Mr Simonet by the Commission? Therefore I very much hope that after this debate the Commission will define what they ought not to try to do rather than doing too much.

Now the industry we have before us is a fascinating industry. It is about 25 years since I attended my first Farnborough Air Display, I have been to the Paris Air Show as well and in these 25 years there has been a great leap forward in technology. I remember seeing the first Comet fly past, the failures, the Princess flying-boat, the Brabazon. Those were big aircraft then, but they are small compared to the Boeing 747, the DC 10 and the Tristar.

The aircraft industry is an industry that provides employment in all our countries. Coming from Sheffield, I personally have had the privilege of discussing titanium alloys, heat-resisting alloys and most complicated precision and steel castings for aircraft engine and airframe manufacture. To a city like Sheffield, a steel city, the aircraft industry is a prime consumer, but the aircraft industry has been a market-orientated, passenger-orientated industry and long may it remain so. I would suggest that the frontiers of technology have perhaps been reached for a few generations to come; but there are many areas where there is room for consolidation, for streamlining, for greater efficiency and economies, and surely that is what the Commission document is about.

I agree with Mr Guldberg's separation of an aircraft industry programme from an aviation transport policy. In Britain the former is dealt with by the Department of Industry and the latter by the Department of Trade, whereas in some other countries it is covered by the Department of Transport. And I should like eventually to confine my remarks to transport policy as such and develop Mr Noè's views.

Are the airlines of Europe to continue to be allowed to buy in the open market, where we find that the

Mr Osborn

Boeing 747, the DC 10, the Tristar and many other types have made a great impact on our airlines in Europe? In fact, when the airlines were discussing a common air transport policy in February, Mr Whitby, of British Airways, pointed out that 80 % of EEC civil jet aircraft requirements and 84 % of those of Europe as a whole came from the United States of America. In paragraph 2 of this explanatory statement, Mr Guldberg quite rightly refers to the dominant influence of governments and points out that 60 % of the European output is in military aircraft. On page 12 he emphasizes that there are 400 000 people employed in the aerospace sector in the Community and 950 000 in the United States of America. He refers to runs of 500 per aircraft design in the United States and perhaps 100 in the Community and I might add that the airframe assembly units in Seattle and in California are on a scale that makes similar productivity almost impossible unless we repeat this in Europe. He refers to the fact that the US productivity both in design and construction is twice that in Europe.

We have before us the Anglo-French Concorde, and I as a parliamentarian have attended committees for some 17 years since it was originally envisaged in Britain. It is a magnificent technological achievement, and we may see a breakthrough which excels that of the Comet and other airline development. But already we have to establish what manufacturing and airframe unit is the best one to assemble the Super-Concorde and perhaps the Jumbo Concorde, and I have posed this question in European Assemblies for some 3 years. It is interesting that Boeing have been talking with Aérospatiale and the French, and Douglas McDonnell have been talking with BAC and the British in recent weeks, and of course we would want to know the shape of those discussions.

If I have a criticism of the survey, it is that we have a list compiled by the Commission of the types of aircraft produced in Europe, but somehow one has got to look at the companies where these aircraft are assembled, the factories where the design and development capability lies, where the best plants for assembling these planes should be. And this must be looked at by the industry in the very near future.

Mrs Walz raised the question of nationalization in Britain. I think members of this Parliament will be aware that the Conservative Group regard excessive nationalization as a recipe for technological stagnation, and this has certainly been true of many industries that have been nationalized in Britain. Mr Kaufman in a House of Lords report referred to an 'independent' aircraft industry in Britain and therefore I share Mr Normanton's endeavour to look outwards. Perhaps the best initiative the Commission can take is bringing together the bankers of Wall Street and the Stock Exchanges of Europe or the European Investment Bank to bring about some Anglo-American

restructuring. If some of our factories have to be sold off to one or two of the American giants, I hope the funds will be such that what is left in Europe may buy over a third giant in the United States of America to bring about at least one European international aircraft company, because I do believe we have got to look at this as a Western development and not purely a European development.

On page 9 of the Commission document there is reference to sponsorship by the Community. What does the Commission mean by this? Financial ownership of manufacturing facilities or what? This must be precisely defined.

Now, Mr President, I want to deal with airline policy. Mr Guldberg, in paragraph 12 of the motion, urges the Commission to give priority to the industrial sector and then the air transport sector should follow. Industrial policy obviously means the front names, the designers, the airframe manufacturers; behind are the engine manufacturers, the components and the electronic and hydraulic equipment manufacturers. Therefore, if it is desirable that the aircraft industry should be flexible, so should airlines be flexible.

Reference has been made to the control of European airspace. I think the hurdle has been the desire for France and Britain to control their own military airspace: this has still to be resolved; but the conception of a continental Eurocontrol system which matches that of the United States of America is one that must be pursued, for when we deal with airlines we deal with aviation authorities, national authorities, airport authorities, as well as the airlines and IATA. There are private airlines and public airlines. But within Europe there must be flexibility. We don't want one European State Airline but a few, and this again is a matter for discussion between governments and the Commission.

Mr Noè on page 41 refers to the multiplicity of airports: I have raised this, and raise it again. We must think of travel as a matter of freight transport or passenger transport door-to-door. Fewer airports mean longer flights between airports at greater frequency, and one of the difficulties of Luxembourg and Strasbourg as centres for a European Parliament is that the flights in and out are too infrequent and inevitably must be so. In Britain we have had reports suggesting the development of provincial airports, and, coming from the North of England, I certainly support this; but they will only be mature and reliable when there are frequent flights out of those airports.

Now to conclude, Mr President. Because governments and states are so heavily involved in aircraft manufacture and aircraft operation, there is a rôle for the Commission and it is an important coordinating rôle. But if governments are bad managers of airlines and aircraft factories as well as other industries, so could the Commission be a bad manager. It should have a

Albertsen

strong catalytic rôle and should bring in funds, perhaps to develop the customer-contractor principle, the passengers and the airline being the customer and the contractor being the organizations producing the aircraft that they need.

Finally, I would ask Mr Simonet to think about what the Commission ought not to do in order to act as an effective catalyst which could bring bankers and the Americans in together with us so that America had a lead in one or two companies while Europe certainly had a lead in at least one company, so that we can have Western aircraft-manufacturing operations as well as co-ordinated airline operations. There is a rôle for the Commission, proposals should be defined more precisely and put to the Council of Ministers quickly, and I hope we shall have speed after this debate.

(Applause)

President. — I call Mr Mitchell.

Mr Mitchell. — Mr President, I am tempted to reply very briefly to what Mr Osborn said when he referred to the nationalization of the British aircraft industry. I would only say that in my opinion if the industry is not taken into public ownership there will not be a British aircraft industry in three years' time.

Now I think we all accept that the present position is not a satisfactory one and that there is a need for greater cooperation between the various countries in the Community and the United States. I think Mr Normanton was quite right when he said that we must not leave the United States out of this calculation. There are, I know, those in Europe, in this Community, in this room today, who want to build up a massive European aircraft industry in competition with the United States. I think that would be a foolish thing to do. Now we say that there is a need for greater cooperation.

The only question therefore that we have to ask is whether the proposals put forward by the Commission help in that respect.

I want to put two specific questions to the Commission. The proposals give the Commission a great deal more responsibility than it has at the moment. The question I want to ask is whether it is staffed and equipped to undertake those responsibilities? Has it the technical skills to undertake the responsibilities which it proposes to take upon itself? Where will it get its expertise from — will it have to employ large numbers of new people?

The second question is this: is it really necessary to establish the type of formal machinery envisaged by the Commission? Is there not a danger that if formal machinery is established it could in fact hinder rather than improve the free and flexible interchange of ideas between the various industries and the various

governments inside the Community? I know that it is part of the Common Market makeup to establish formal machinery but I do not think it is always the best idea. There are at the moment and there have been talks going on between British and French ministers. There are to be talks between the British and the Germans at ministerial level. I am just wondering whether, if we set up some form of formal machinery, we might arrive at the same position reached in the Council where large numbers of decisions lie on the table because no agreement can be made. It is just possible that agreement could be achieved by informal means rather than by formal machinery.

May I now turn to the defence aspect. I recognize completely that there has to be cooperation between the civil aviation industry and the defence industry. One cannot exist without the other — they both go together. But I believe that the organization or the right forum to sponsor European cooperation in defence equipment is in fact the European Programme Group of NATO which includes not only the EEC countries but Norway, Greece and Turkey. I fear that if we start setting up our own procurement agency and our own organizations, we will be duplicating the work of this group. One other point to which I wish to refer is paragraph 16 of the motion for a resolution. I am opposed to this paragraph and I cannot possibly vote for this report while paragraph 16 remains in it. I will not go over all the arguments but I do not believe, and I never have believed, that it is a feasible thing to talk about a European defence policy outside NATO.

I believe that NATO is the keystone of defence of the Western world and to try and set up some sort of European defence policy is silly. We have had this argument before, we had it on Lord Gladwyn's report. Paragraph 16 of the motion for a resolution does in fact reopen that issue. I hope Mr. Guldberg will agree to withdraw the paragraph but perhaps he will not. If not, then I must join with my colleague Mr Albertsen, who put the case very well indeed at the beginning, and abstain on this report.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I shall go further than my friend, Bob Mitchell, and vote against the Guldberg report and against the Commission proposal which I believe is yet another of these ill thought-out and widely unrealistic schemes dreamt up by Mr Spinelli. And I trust that when the new Commission is formed we shall have an industrial Commissioner who is more realistic and down to earth than Mr Spinelli ever was.

I start by echoing the question that was asked by Bob Mitchell: is the Commission equipped? The answer is, bluntly, and most of us know it, no, the Commission is not equipped to do any such thing.

Dalyell

I would just mention a reference by Mr Jahn, who talked about a streamlined military aircraft programme; I would say with friendship towards Mr Simonet — I know that it was not his government in Belgium that was concerned — that if anybody thinks that people who speak and vote as I do are not being very 'good Europeans', we would take this ill from any Belgian because after all one of the recent crucial decisions which really put the knife into any concept of a European aircraft industry was the crucial decision taken rightly or wrongly — they are perfectly entitled to take it — by the Belgian Government not to go for the MRCA but to choose instead, for reasons of their own, the American F 16. I neither praise nor criticize that decision, I simply say gently that it does not lie in the mouth of a Belgian to tell people like me that we are not very good Europeans, when it comes to discussion of the aircraft industry.

The evidence from Rolls-Royce, for example, does suggest that the Commission has underestimated the differences between airframe and engine manufacture. British Airways have 'serious doubts' generally and Hawker Siddeley are concerned about the proposed style of management and institutions and have advocated 'practical evolutionary steps' instead. Rolls-Royce are flatly opposed either to unified Community control of engine manufacture or to financial incentives for greater collaboration on engines and they said that they could manage their affairs 'without being appended to Brussels'.

Now we really have to doubt whether any international bureaucratic machine would be any better fitted than government departments to run the industry and to work out its relations with airlines. And really in his wind-up Mr Simonet has got to prove to us, in answer to Bob Mitchell's question, whether in fact these tasks would be best carried out by those in direct charge of the industry or whether in any sense it would be better done by those in Brussels. As far as the UK aircraft industry is concerned, it feels that it should retain its independence and should maintain the capability to design and build both airframes and engines, if needed, without international help.

Rolls-Royce believe that their dominant position in Europe requires them to collaborate with engine manufacturers of similar size in the United States, though they are not compelled to do so. And, bluntly, the technical advice that we have had on this is that in this highly specialized field collaboration with Pratt and Whitney is of very considerable importance to them. I am not speaking as any kind of British nationalist because the truth is that in France Aérospatiale have signed letters of intent with Boeing to explore the feasibility of collaborating on a derivative of the A 300 Airbus and in joining in the development of the Boeing 7N7.

Now Aérospatiale would not have done that unless they had had compelling technical reasons for doing so. And both France and Britain have stressed their desire for collaboration, though we have felt that talks should begin at company and industry level rather than government level. In his wind-up the Commissioner has got to prove some kind of a case as to why the Commission should think that they would do it better.

Now while decisions on the manufacture of aircraft have lain in national hands, it is true that duplication has occurred and the chances for rationalization have been missed. But this does not mean that the centralization of decisions in the Community is the only way, or even the best way, of avoiding mistakes. As the UK and France together account for some three-quarters of aircraft building in the EEC, the addition of two further layers of Community authority could only produce a steep organizational pyramid and we may be forgiven for asking how the intervention of seven other Member States, with either relatively small or no interest in the matter, would encourage the political accommodation required.

No precedent has been adduced for a Community institution engaging in industrial management in the sense of deciding the best policy for meeting demand which is already determined independently. Such a task is far different, for instance, from the task of balancing the interests of producers and consumers in a largely closed market for food. And some of us simply do not believe that the Community's institutions are well adapted to making prompt decisions of the type required, even with day-to-day management delegated, and stalemate in the Council would be even worse than at present.

Now social and employment considerations which the Commission say have intruded into national decisions, might bulk even larger and with confusing results. The Commission proposal does not say how the Community would finance the industry. But no matter how the capital were raised, responsibility for serving it and bearing the high risks of aircraft manufacture would be spread all over the Member States instead of being mainly concentrated in the UK and France. Consequential pressures might well arise for production and its direct regional economic benefits also to spread more widely, whereas concentration is what is required in this particular industry. And if the Commissioner doubts it he should go, as I have to Manching to talk to Madelung and others who actually run the MRCA programme or indeed in another field to go to CERN and ask the successive directors of the High Energy Physics Laboratory what difficulties they have had in having to spread orders round the separate states that are involved in the project. This is a real technical problem that has got to be overcome if we are to talk about any kind of European aircraft industry.

Dalyell

Now specifically, because I can see that you are getting impatient, Mr President but I am putting the 'Anti-Case' I would like to turn to paragraph 13 of Guldberg's report. It says at the end 'funds raised on the capital market and loans granted by Community institutions *perhaps through the European Investment Bank.*' Now I would have thought that we ought to have some fairly clear indication of precisely what the attitude of the Investment Bank is. It is not good enough to say in a report that perhaps the Investment Bank will do this, that and the other. It is a well to find out first, isn't it?

Now, in conclusion, the Commission's aim to improve the competitive strength of the aircraft and air transport industries results in proposals for no more than organizational action. This will be taken at one remove from the industries concerned. The intention is supranational, to go beyond the stage of inter-governmental cooperation. These proposals would upset present cooperation in bodies of wider scope than the Community. The Commission implies that the new organization, if set up, would be able to find solutions to the industries' problems on such matters as aircraft types, marketing, finance, routes, and fare structure. Now this is not demonstrated, nor is it self-evident...

(The President asked the speaker to draw his remarks to a close)

Mr Dalyell. — ... Of course those in favour of the proposal have had much more time than those against it. But I bow to your ruling and beg to oppose this proposal.

President. — All speakers have had ten minutes, you also.

I call Mr Ellis.

Mr Ellis. — Mr President, when Mr Simonet apologized to the House this morning for being a little late, and explained that the radio of his aeroplane had developed a fault, you said that this was symptomatic of the fact that all was not well with the aircraft industry. Well, with the greatest respect, I am not sure that I would agree at least on one particular facet. It is not the technology of the European aircraft industry which is at fault. The problems arise from the failure of politicians to grasp the nettle, a nettle that has been lying there for quite some time.

(applause from the left)

And I think nothing illustrated their failure to grasp the nettle better than the speech of my friend Tam Dalyell. That is why I welcome the Commission's proposals.

We could argue as to whether they were too ambitious, or not ambitious enough or too far-reaching and so on. They might well be woolly. I think they are. But I would certainly say that they are not too ambitious for the situation facing the aircraft industry in the Member States. They might certainly be too ambi-

tious and beyond the grasp of national politicians and it may well be that the proposals will come to nought, that the nettle will remain ungrasped. The reasons for this are firstly, for example, the question of public control. Mrs Walz spoke about the various types of control and whether we have an agency or whatever. Inevitably, if we were to succeed in getting a European industry, there would be the question of who would own it, who would fund it, who would run it and so on. The question would be one of European politics and it seems to me that this is inevitable. We as politicians have to face up to this and argue about whether the Commission has got enough technicians and administrators and so on to run it. The scale of the industry goes way beyond that kind of question and, to be quite frank, I am rather surprised that my friend, Mr Mitchell, seemed to argue the case at that particular level, when the issues are much more profound. We get objections from national politicians, as illustrated in Mr Cousté's speech, but I feel that here we have a clear example of technology forcing us away from the classic free market situation apposite to the nineteenth century nation state. Senator Noè for example, speaking about transport and air traffic control and so forth, raised this kind of point. I hope therefore that all political parties in Europe will be able to swallow this interventionism which seems to me inevitably tied to the development of technology on this scale. I think it was Professor Galbraith who made the point that there was a determinism in technology such that in America, the home of free enterprise — but as he put it free enterprise is a minor branch of theology — there is more socialism in the planning sense because of the needs of technology than there is in India, an avowedly socialist state, I think there is something very profound in this view and something which all of us, whatever our political colour, should appreciate.

There are other reasons why I think this report might founder and come to nought. National egoism has been mentioned and that is a typical reason, but now I want to consider briefly the position of the Commission in trying to bring out a policy which would be practicable and workable. It seems to me that the Commission can do one of two things. It could adopt the soft sell or the hard sell. Now the Commission in some fields does adopt the soft sell. For example, a few months ago the Council adopted some recommendations from the Commission about the rational use of energy. I presume the theory behind the Commission's thinking here is that in having merely recommendations, it would be able to set up technical study groups to persuade manufacturers of domestic appliances, for instance, to adopt certain standards so that *de facto* there would come into being a kind of European policy despite the politicians. That is the soft sell. In the case of the aircraft industry and its ramifications, it seems to me that the hard sell is the only approach it could adopt. The ambitious proposals of

Ellis

Mr Cousté for a European industry might well be beyond our reach. Mr Normanton reached even higher flights of fancy when he spoke about an already existent European air industry doing a deal on a transatlantic basis. That is a very long-term prospect indeed.

I personally think that the best criticisms of this report were those expressed by Mr Lange in respect of financial vagueness and those by Mrs Walz in respect of structural woolliness; Mr Leonardi explained various problems about the different degrees of viability in the various existing aircraft industries in the Community. I am inclined to the view that the best position to adopt on this proposal from the Commission is that suggested by Mr Lange, namely that it is to be regarded as an interim report. Given the political will — and we are back again always to this question of political will which seems to me always to be non-existent for all kinds of jingoistic reasons — the Commission could now go forward to work, not on this tremendously ambitious scale that I spoke about, the European industry that Mr Cousté spoke of and so on, but on these practical proposals of defining a bit more clearly the financial arrangements that Mr Lange spoke about, the arrangements that Mrs Walz spoke about and the structure. This is the way to go forward.

One last word, Mr President, about the defence issue. I fear that my good friend, Mr Albertsen, might inadvertently have misled the House about the attitude and the position of the Socialist Group. The Socialist Group has not come out against any kind of defence implication at all. It may well be true, and it may be that this is what Mr Albertsen had in mind, that some of the members of the Socialist Group who are on the Committee on Economic and Monetary Affairs might well have been against a defence implication. But the Socialist Group as such, the 67 members of the Socialist Group have not come down against the defence implications, they have not taken any position; there may well be a number of them who object to the defence implications, but there are others like me who do not. I agree with Mr Bangemann in this respect. To some extent, perhaps, we might well be pussyfooting, but I agree with him that there is a kind of industrial logic here. Politics does not advance on narrow sectors. You cannot say that when we have solved the industrial problems we will deal with the defence problems. Politics advances on a broad front and the problems of defence and industrial and economic policies and so on are very much inter-linked. Therefore I merely wanted to put on record that the Socialist Group, as such, is not formally against the defence implication, although various members might well exercise their own liberty to vote against or to abstain. But the group as such has not taken up a formal position.

(Applause)

President. — I call Mr Premoli.

Mr Premoli. — (I) Mr President, just a few words to say that I am totally in agreement, both with the Commission's proposals and with Mr Guldberg's report. I should add that the report raises a whole series of problems of extreme importance and relevance to the achievement of European unity. But, after all, if we want this Europe, we must begin with the fact that a communications network — even if it has only been *studied* jointly — represents an arterial system vital to the achievement of European unity.

This is why I was rather surprised to hear Mr Leonardi saying just now that Mr Guldberg's report would have been excellent if it were not totally unrealistic. Let me speak plainly: what is unrealistic is to believe that the Communists want a united Europe. If we want that Europe we must be genuinely prepared to overcome the difficulties, the existence of which we are far from ignoring. This is what European resolve is about.

The Communist side also finds it 'odd' that production of military and civil aircraft should be interconnected. This is a technological fact and it follows logically from the Tindemans report which advocates common defence for Europe.

To harp on the differences, to emphasize the impossibility of achieving a common aviation policy is virtually to admit to the absence of a will to attain European unity.

Given that, in point 16 of the resolution, it is stated that Parliament:

fully appreciates, however, the contribution that cooperation within such an agency can make to an understanding of the need for subsequent defence policy cooperation as part of the European Union,

I must say that I do not see how this might be incompatible with the policy of NATO since it is a postulate which forms part of NATO's policy.

I should like to end these few brief remarks with my personal full support for Mr Guldberg's report and for the Commission's document.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) Mr President, Ladies and Gentlemen, the number of speeches and the wealth of comments made during this debate show very clearly how important the industrial sector is. Before giving you my views on the various points raised by the speakers, I should like to answer two of them: Mr Leonardi and Mr Dalyell. Mr Dalyell is an excellent parliamentarian, a man of talent and of enthusiasm. I always listen with interest and pleasure to his speeches. He was kind enough to say that he did not hold me personally responsible because the Belgian Government, which he condemned for a specific act, 'was not mine'. Let me say to Mr Dalyell that even if that government had been 'mine', in other words a government of the same

Simonet

political colour as the party to which I belong, I have had no relationships with it, either at close quarters or from afar. It also seems to me, if Mr Dalyell will allow me to say so, rather inappropriate to raise a problem that has no place in this debate. To Mr Leonardi I would say that there are some paradoxes in political life. One of the paradoxes is that my ex-colleague and friend, Mr Spinelli, stood and was elected, I am pleased to say, as an independent on the Communist ticket and has just been warned that if he considers himself independent of the Communist Party, apparently the Communist deputies feel independent of him. Mr Leonardi has outlined the various imperfections he finds in the document before us.

A second paradox is that I who am neither independent nor Communist am, this time at least, in agreement with Mr Leonardi. It is true that for such an important subject a thorough political analysis was required but it was dealt with only superficially in the proposal before you. Defense, this 'establishment' the military-industrial complex that exists in each of our countries, the problem of sovereignty that affects defense, relations with the United States or between the United States and the Community, all these are crucial political questions that determine any proposal that might be made in a sector such as the aeronautical sector. As the Commission's proposal states and as each of you knows, the main part of the European aeronautical industry or of any aeronautical industry is a military aeronautical industry. The two aspects cannot therefore be dissociated and we have a political debate, a defense debate and a debate on our relations with the United States.

I should now like, Mr President, to try to draw some conclusions from all the excellent speeches we have heard this morning. First of all, my general impression is that most of these speeches have expressed a 'concensus subject to reconsideration'. This is also reflected in the title of Mr Guldberg's report itself and in the proposal by him and others to term the conclusion reached by Parliament today an interim one. This point is very important to the Commission's future work and to the discussions the Council of Ministers will, I hope, have one day. There are, however, some misgivings and reservations in this concensus and there is one in particular that I would like to deal with. Although I have understood some of these misgivings and reservations, there is one that I must protest against since it seems to me to be out of place. I think it was Mr Mitchell, followed by Mr Dalyell, who brought up the question of the Commission's administrative organization. Both asked rather negatively whether the Commission was in a position to take on the tasks that would normally fall to it if the proposal were accepted by the Council of Ministers. The answer is very clearly no. The Commission is not at present in a position to assume such responsibilities. But I find it rather strange to wonder whether the

administration exists to implement a policy before the policy is formulated. If that was a governmental philosophy, all governments in my opinion would be condemned to first of all creating administrations and then wondering what to do with them. That is exactly what those remarks imply. The role and task of the Commission of the Communities is precisely to open up new paths, put forward new ideas, and to formulate proposals for the creation of joint policies or the implementation of coordinated policies. Some of you and some governments will certainly criticize the Commission bitterly for the expenditure it incurs, in their view unjustifiably.

It seems to me to be absolutely contradictory to hope first of all that an administration exists before a policy is formulated and then to criticize the Commission because of its over bureaucratic administration, located in Brussels moreover, which some of you will perhaps regard as a latent defect. As I am Belgian, as Mr Dalyell said, and Bruxellois moreover, I have some experience of the mistrust engendered by the Bruxellois. For a long time I believed in the other Belgians, now I also believe in the Community as a whole. It therefore does not affect me very much. But, I would repeat, one cannot at the same time hope that an administration exists, denounce its bureaucratic nature, regret the costs involved and then prevent the Commission from accomplishing its major task. It does so in more and more difficult circumstances because at present in the Community there is a tendency to bypass Community channels and organize bilateral or trilateral relations within the Community but outside the Community process.

And now Mr Mitchell's second question. If I have understood correctly, one of his doubts about the proposal — of which I think I have understood the limits and inadequacies — and thus one of his reasons for opposition is that the introduction of a Community machinery to solve the multiple problems of the aeronautical industry at Community level could compromise various bilateral or trilateral activities in which several Member States are currently involved.

Let me say right away that this type of cooperation is in itself a good thing and that the Community must certainly not discourage such collaboration. But quite honestly what bothers me is that if this type of non-Community cooperation between two or three Member States and quite often the largest, is carried out in industrial policy, research policy or any broadly economic policy with the aim of organizing in the Community a privileged relationship between the largest of its members in order to give the Community an impetus that it seems would not come from the Council of Ministers or from the European Council, I would warn you as a Parliament against this trend. The Commission is aware of the dangers it implies for the Community, its development and its very survival.

Simonet

It is true, Mr President, and I say so in connection with Mr Leonardi's speech, that we are here dealing with a subject of an extremely political nature. All of us who have some experience, however distant, of the power of the so-called industrial military complex of each of our States, know what political difficulties and obstacles have to be overcome when trying to solve or tackle at Community level all of the problems of the aeronautical industry. We come up against well-established economic interests and specific ambitions; we also come up against the sovereignty of the States through the problem of defense.

As regards the problem of defense, I must admit that I am somewhat baffled by the position adopted by various members of the Socialist Group. It would after all be a strange political union that was unable, perhaps in the distant future, to take care of its defense. All the manifestos I have read since the beginning of the European movement and some of the motions adopted by various groups in the European Parliament have always led me to believe that one of the driving forces and one of the keystones of any genuine political union was a collective defense organization with a joint foreign policy and a minimum of joint economic organization. If political union is not that let it be said! But if it is, I must warn this Parliament, which hopes one day to be a genuine Parliament in a European political power, that it is pursuing something that does not exist. Wanting to be a Parliament in the full sense of the word in what would not be a genuine European political power seems to me to be a fool's game. I think things should be seen clearly. I am not in a position to defend either Mr Guldberg's remarkable report or the motion for a resolution but I do not see how the understandable desire of Europeans to create Europe could in any way be regarded as an attempt to call into question the alliances that exist or to upset the collaboration that exists or continues to exist between us and the other powers associated in the North Atlantic Treaty Organization.

We are dealing with the problem of defense and therefore with a military problem and I listened with much interest to what Mr Cousté said. Allow me to say with respect and friendship that, unless I have misunderstood, there is a fundamental contradiction in his reasoning. He is not the only one to have done so, if that is of some consolation to him. We are all, I believe, in favour of an independent Europe, even those who attach considerable importance to a privileged alliance with the United States, and an independent Europe is a melting point for many national independencies. To want an independent Europe while reaffirming the independence of the Member States in various fields such as those covered by the present proposal on the defense industry and defense policy as a whole is illogical. We cannot preach the independence of Europe and refuse ourselves the means of such independence.

I should also like to say, Mr President, that as regards relations with the United States, I have once again been struck by the different attitudes of two parliamentary groups. I do not know if some are more important than others but I do note that there is a very different approach. The one systematically stresses Western collaboration and considers that anything that can be done outside the Community should be and that, therefore, the Community no longer has any role to play and no longer has any right to define itself as such. This opinion has already been expressed. Throughout the debates we have had on energy policy we have found this same option: some believe that everything that can be settled at Western level should not be settled at Community level; they feel in fact that there are very few things that can be settled at European level and that everything else can more easily be settled bilaterally with other powers, in particular the United States. Others, however, without excluding the pursuit or even strengthening of an alliance or collaboration with the United States in various fields for which Europe has insufficient resources or has insufficient weight to hope to solve the problems alone, feel it is useful both economically and for the political objectives of the Community to define the Community as such. We are once again faced with these divergent views.

Lastly, various comments have been made with which I agree in general. I am well aware that if the aeronautical policy advocated by the Commission is to see the light of day, it is inseparable from an air transport policy and that they should be closely linked.

Unlike Mr Noè, I do not think we should establish priorities. I fear that priorities are often a screen behind which one can do nothing. I personally prefer to try to make progress wherever possible and I am convinced that that is the feeling of the vast majority of Members of this Parliament.

Those, Mr President, are the remarks I wanted to make. We have an opportunity to reaffirm the existence and certainly the will of the Community in a particularly vital sphere. We know that if we are to make progress we must overcome many obstacles. When I spoke of a 'concensus subject to reconsideration' it is because I would like the matter to be reconsidered and I think that should be the attitude of the Commission as a whole. It is important that your Parliament should pronounce, even if provisionally and subject to reconsideration, in favour of the main points of this report on a subject that affects so many crucial political aspects of Community life so that we can continue our joint task and achieve our joint ambition.

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

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

President

On paragraph 2 I have Amendment No. 2, tabled by Mr Terrenoire on behalf of the Group of European Progressive Democrats, to reword this paragraph as follows :

Affirms the need to increase European aircraft manufacturers' competitiveness at international level by pursuing without delay a common industrial policy in order to ensure employment and promote research and production within the industry.

I call Mr Terrenoire.

Mr Terrenoire. — (F) Mr President, as Mr Cousté has just said, we approve the report and the motion for a resolution submitted by Mr Guldberg. We merely want to make some points that he has expressed extremely well rather more strongly. That is why this amendment proposes replacing the word 'acknowledges' by 'reaffirms' and indicates that the joint industrial policy should be implemented immediately.

We propose the insertion of the word 'immediately' for two reasons : firstly, because the existence of major problems in this industry requires rapid action, and secondly, because 400 000 European workers are employed in the industry and it is important that Europe takes an active interest in them. Those, Mr President, are the reasons for this amendment.

President. — What is Mr Guldberg's opinion ?

Mr Guldberg, rapporteur. — (F) Mr President, I think the wording is acceptable and does not change the opinion expressed by the Committee on Economic and Monetary Affairs. It was out of timidity that I did not use the word 'immediately' myself because Parliament has dealt with this emergency report for nine months. But I can accept the word.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, all I want to do is in fact support the acceptance of this amendment.

President. — I put Amendment No 2 to the vote. Amendment No 2 is adopted. I put paragraph 2, so amended, to the vote. Paragraph 2 is adopted. I put paragraph 3 to the vote. Paragraph 3 is adopted.

On paragraph 4, I have Amendment No 1, tabled by Mr Terrenoire on behalf of the Group of European Progressive Democrats to reword the paragraph as follows :

Considers that cooperation should be promoted first between the countries of the Community in order to set up a powerful aeronautics industry capable of conducting business on a equal footing with producers in third countries, so as to avoid ending up in the precarious position of sub-contractor.

I call Mr Terrenoire.

Mr Terrenoire. — (F) As all the speakers have pointed out, the European aeronautical industry is

currently in difficulties. It is in a weak position and there have been widespread dismissals. That is why we feel that a joint industrial policy should favour cooperation between the different aeronautical industries of all the Community countries before entering into cooperation with third countries and especially with the United States of America. We think it is essential to start by strengthening the European aeronautical industry before negotiating with the Americans we want to negotiate, but on a basis of equality, so that we are sufficiently strong to prevent the European aeronautical industry becoming merely a sub-contractor which would be particularly disturbing for its future. That is the meaning of our amendment which is in the spirit of the report and resolution, but it reaffirms our point of view perhaps a bit more clearly.

President. — What is Mr Guldberg's opinion ?

Mr Guldberg, rapporteur. — (F) Mr President, I have studied the amendment closely and from the point of view of substance I do not see much difference between the two. However, the wording proposed by the Committee on Economic and Monetary Affairs has been well thought out and I understand its meaning very well. Our discussion has shown, however, that there are many risks of misunderstanding. We speak of cooperation. However, every time someone says 'cooperation' there is someone else who will say it is 'confrontation'. I therefore think it is preferable to retain the original text. In my opinion, Mr Terrenoire's text should be rejected.

President. — I call Mr Giraud.

Mr Giraud. — (F) This question of privilege reminds me of the familiar story of which came first, the egg or the chicken. We have heard for years and years of the need for agreement between Europeans before reaching agreement with the Americans. But today we see every large European industry racing to get to the United States first and during this time, industrial Europe has not been created. I therefore think that Mr. Terrenoire's text is a further example of the lack of will by the Europeans to reach agreement and I therefore share Mr Guldberg's point of view.

President. — I call Mr Mitchell.

Mr Mitchell. — Mr President, I hope the House will reject the amendment because, although it was moved in very mild tones by Mr Terrenoire, there is a lot more behind this amendment than first meets the eye. It is fundamentally an anti-American amendment and I think we all know that. It is completely unrealistic to talk about Europe building up a powerful business on an equal footing with the United States. We know it is unrealistic and therefore I hope we will not vote for it.

(Applause from certain quarters on the left)

President. — I put Amendment No. 1 to the vote. Amendment No. 1 is not adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4 I have Amendment No. 3 tabled by Mr Terrenoire on behalf of the Group of European Progressive Democrats, to add a new paragraph worded as follows :

Recognizes that implementation of the Concorde project constitutes a recommendation for European cooperation in the aeronautics sector.

I call Mr Terrenoire.

Mr Terrenoire. — (*F*) Mr President, we thought it would be a good idea to add an example of what we are recommending and an example that is a commercial success — and one which we have been aware of every day since Concorde started operating on the North American route.

This is an extremely positive example of technological, industrial and human cooperation between the Federal Republic of Germany and France with the Airbus ; other examples exist and we hope there will be more and more of them. It proves that what we hope for in the amendment to paragraph 4 can be achieved, in other words, apart from the often heard fine European speeches we should buy European and that is what we advocate for ourselves and our partners. It is a positive way of showing that we are European.

President. — What is Mr Guldberg's opinion ?

Mr Guldberg, rapporteur. — (*F*) I understand the amendment but I cannot accept it because in my opinion, although bilateral cooperation between governments is obviously better than nothing, it is not what we want. If our objective is the creation of European industrial cooperation we must first have a Community structure so that there will be lasting cooperation. I therefore oppose the amendment.

President. — I call Mr Cousté.

Mr Cousté. — (*F*) Mr President, the extent of cooperation in European construction in the case of Concorde is limited to two countries, but what we want — and what the amendment explicitly implies — is cooperation extended to all Member States of the Community. It was with this in mind that we tabled the amendment because whether it be airframes, engines or fittings, future cooperation must be aimed at the construction of new aircraft and new families of subsonic or supersonic aircraft.

President. — I call Mr Dalyell.

Mr Dalyell. — Could I ask Mr Terrenoire, in a friendly way, whether he is not trying to have his cake and eat it? On the one hand he says yes, we must have total European cooperation and on the other hand he talks of safeguarding these relations with the

United States where quite understandably Aérospatiale has entered into negotiations with Boeing on the 7N7. Now it cannot be both and I just plead with him to recognize that technically these cooperations with the United States are important and we should recognize them.

President. — I put Amendment No. 3 to the vote. Amendment No. 3 is not adopted.

We shall now consider paragraphs 5 to 19.

I call Mr Broeks on a procedural motion.

Mr Broeks. — (*NL*) Mr President, I would ask you to put paragraphs 16 and 17 to the vote separately.

President. — Very well, I shall do so.

I put paragraphs 5 to 15 to the vote.

Paragraphs 5 to 15 are adopted.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

I put paragraphs 18 and 19 to the vote.

Paragraphs 18 and 19 are adopted.

I put to the vote the motion for a resolution as a whole, including the amendment which has been adopted.

The resolution is adopted.¹

6. Authorization of a report

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on External Economic Relations to draw up a report on the outcome of the last meeting of the Joint Parliamentary Committee on the EEC-Turkey Association. The enlarged Bureau wants this report to be drawn up on the basis of the recommendations adopted in Nice on 28 April 1976 and my note for the enlarged Bureau on my recent official visit to Turkey.

The Political Affairs Committee, the Committee on Social Affairs, Employment and Education and the Committee on Agriculture have been asked for their opinions.

7. Directive on taxes on manufactured tobacco.

President. — The next item is the report drawn up by Mr Artzinger on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities for a directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco (Doc. 128/76).

I call Mr Artzinger.

¹ OJ C 178 of 2. 8. 1976.

Mr Artzinger, rapporteur. — (D) Mr President, the title that you have just read out obscures the real point of the report, rather than clarifying it. If it refers to excise duties on tobacco other than turnover tax, this is not made at all clear.

I should explain that it deals with taxes on tobacco, more specifically cigarettes, since tobacco taxes are of various kinds and various rates are applied depending on the product. In this case, as I have said, we are talking about cigarettes.

These account for by far the largest share of the tobacco market and the tobacco tax represents a substantial proportion. I myself am a hardened smoker, but I have never disputed that the tax on cigarettes is a legitimate way of exploiting a private vice. However, I am beginning to think that it has gone too far.

When I read in the Commission document that in Denmark the tax on the most popular brands represents 83.8 % of the selling price, which means that labour, the price of the tobacco, selling and advertising costs account for less than 1/6 of the price, it seems to me that the smoker is not smoking a cigarette but simply a tax stamp, with maybe a few shreds of tobacco on it. This does not apply only to Denmark; in Italy the tax is 75.1 %, in France 72.7 % and Germany too, with a 70 % cigarette tax, is not far behind.

Taxation rates in themselves are not an obstacle to harmonization. However, they are a problem that has to be surmounted, since as I said — and I quoted the figures just now — the Finance Ministers are completely in agreement that smokers should be taxed to the full. What they are not yet agreed on is the rates.

There are a number of other differences between the various cigarette markets. The Commission states that the retail price for twenty cigarettes for the most popular brands is 1.40 u.a. in Denmark, 0.75 u.a. in Germany, 0.72 and 0.59 u.a. in the United Kingdom. These are in the high and medium price range. In the Netherlands, Belgium, Italy, Luxembourg and France, the prices for the most popular brands are much lower. Mr President, this variation in prices is the cause of the difficulty in harmonizing tobacco taxes. I should point out that these price variations are also related to tax factors, in particular the following: in Denmark and Germany, the basic part of the tax on cigarettes is a specific component, in other words, regardless of the value of the cigarette a specific tax is levied on every cigarette manufactured, whereas in other countries the proportional part of the tax i.e. the part related to the ultimate selling price of the cigarette, represents a considerably higher proportion. It is because of these disparities that it is particularly difficult to harmonize taxes.

It might of course, be asked whether it is absolutely necessary to harmonize cigarette taxes. Why shouldn't the Member States be allowed to fix their own rates? But, Mr President, what is appropriate for cigarettes

would also apply to cars. If we allow the separation of national markets in one sector so that they can protect themselves against the interpenetration of goods from other markets, then we cannot in all conscience encourage this interpenetration at enormous expense in other sectors. We must therefore allow the interpenetration in the tobacco market to continue and the harmonization of excise duties on tobacco is thus absolutely essential. I have already outlined the two main systems; the system in Denmark and Germany, and the system in Benelux, France and Italy. I should also point out briefly that the United Kingdom and Ireland have a third system in that they tax the amount of uncured tobacco used in the cigarette. The United Kingdom and Ireland are exempt from harmonization until the end of 1977, because of the Treaties of Accession. But the question as far as the other Member States are concerned is whether there should be any further harmonization, since on 30 June 1977 the first stage of harmonization, which was achieved only with considerable difficulty, is due to terminate.

The aim of this harmonization was that between 5 % and 75 % of the excise duty on tobacco must or should be specific. The duty imposed by the Member States must be between these two limits. The next step is to move even closer to these limits. The Commission states that it has tried in vain to work out a proposal on the final form the tobacco tax is to take, in conjunction with experts in the Member States. This would undoubtedly be very welcome, as the manufacturers, consumers and above all the Finance Ministers are anxious to know what system will eventually be adopted.

We must therefore be satisfied with the modest progress that the Commission is proposing in the amended directive; the objective is for the specific part of the total taxation to be between 15 and 50 %. In the next stage the aim is to include the value-added tax in the proportional part of the total tax. The most popular brands will be used as the basis for this system. As I said, this Parliament must approve this proposal for a directive as soon as possible — in fact it should have done so already — so that the Council can reach a decision; otherwise it will be impossible for the Member States to comply with this regulation before 30 June next year.

I therefore call upon Parliament to follow the recommendation of the Committee on Economic and Monetary Affairs and adopt the proposal for a directive.

(Applause)

IN THE CHAIR : MR BEHRENDT

Vice-President

President. — I would urge all speakers not to use all their speaking time.

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

Mr Notenboom. — (NL) Thank you, Mr President. To begin with, I should like to express our thanks to the rapporteur, Mr Artzinger, for the skilful manner in which he has once again succeeded in presenting the extremely complex subject of Parliament's taxes. I feel fully entitled to say so irrespective of the fact that we are members of the same political group. Our group supports this amendment to the directive. We are very disappointed that the previous directive on excise duties on tobacco has not yet been adopted by the Council and I hope that this small procedural matter today will be an extra stimulus to the Council in getting it to approve the directive specifying the groups of products into which tobacco is to be divided as soon as possible. This may seem a simple matter of cigarettes, but I should like to emphasize yet again, and to draw Mr Simonet's attention to the fact, that when we come to consider this in detail, we shall probably find it extremely complex. The amount of work that has to be done to achieve harmonization in the field of taxation, and certainly that of excise duties, is probably underestimated. We must therefore proceed in shorter stages than we might have expected. That gives me all the more reason to extend my congratulations on behalf of the group for the small, but concrete step that has been taken here. Since amendments have been tabled, one might well conclude that the proposal will be adopted and that a further small but significant step in the right direction has been taken. And I should like to ask Mr Simonet to continue to take measures to ensure further tax harmonization in future. The impetus of harmonization must be maintained, a small step forward is better than standing still, and even the smallest detail can cause problems. This is all the more important in that we can expect reduced economic growth in future and lower levels of turnover, with perhaps stabilization here and there in some markets, with the result that if sacrifices have to be made in some sectors that have to be adjusted to a given stage of harmonization, it will be harder to do so than in a time of higher economic growth and rapid turnover. When turnover is relatively high, it is probably easier to make sacrifices and to cope with particular problems at a given stage. I expect, as I dare say most people, to see a somewhat reduced rate of growth, and therefore more serious problems, even if we proceed in small stages.

That is the basic point I want to make in this short debate. As regards the other points where we consider an insufficient effort has been made to bring about tax harmonization, mainly through the Council's fault, we shall have the opportunity to speak tomorrow in the debate after question time.

I should like to conclude with a personal remark. The inclusion of value added tax in the proportional component of the excise duties as proposed here seems to me to be the right thing to do. When VAT

was introduced in the Netherlands we considered the excise duties on tobacco products and VAT as a whole, and I may say that in the eight years since, this system has worked well. I therefore sincerely hope that this new piece of European harmonization will also prove its worth.

(Applause)

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

Mr Normanton. — Mr President, first of all I know the House would like to join with me in congratulating Mr Artzinger on the way in which he has dealt with a highly complex subject. He has explained it not only in his presentation of his report, but in the report itself, with great lucidity. Just as he declared an interest in that he is a heavy smoker, perhaps I might declare an interest in the sense that I do not smoke. At least I do not smoke cigarettes, although I did smoke some 60 cigarettes a day a long time ago. So, on a personal basis, I would not be distressed if cigarette prices were to be doubled or trebled by means of any system adopted by any Member State or recommended by the Commission. However, having said this, I very much doubt whether European electors would be as happy at that prospect.

What the Community needs is progress towards harmonization of all taxes on cigarettes and by that I mean a lower level of taxation on cigarettes than that currently in force. The Commission proposals will progressively raise the price of the lowest priced small cigarettes and I hope none of us, certainly in the United Kingdom, will ignore that, especially when we are faced by the growing pressures caused by inflation and many other difficulties. The United Kingdom is, however, already committed to the Commission proposals. What we now need to have is a firm commitment by Community Member States to a clearly timed programme for the subsequent steps which are implied in and form part and parcel of the proposals we are discussing. We want to have recognition of the need for time to adjust the manufacturing and distribution of those cigarettes which will be affected by the proposed directive.

The European Conservative Group is firmly committed, and in principle so is this House, to opposing any monopolistic practices, from whatsoever direction these may come, but more particularly where the consumer choice is at stake. I believe that the way in which the state tobacco monopolies are operating, or certainly appear to be operating, in certain Member States, leaves something to be desired and in this sense I hope the Commission will keep a very close watch on ways in which monopolistic practices opposing the interests of the consumer are, or may be, operating.

Normanton

There is one sector of this industry which is, in our judgement, open to some considerable criticism. I am referring in particular to the marketing and distribution of raw tobacco grown in certain Member States. Although officially we have been given the assurance that there is no such thing as market monopoly in this field, I would earnestly appeal to the Commission to look much more deeply into this particular aspect of the marketing of tobacco. There would certainly appear to be evidence of restrictive practices, if not flagrant violation of the laws and principles of the Community.

The final point we would make is to reinforce an oft repeated statement, namely that the Commission and Parliament would be, we believe, expending time and effort much more profitably were we to concentrate on harmonization in other major areas of taxation, and in particular industrial taxation which is more important, far more far-reaching than this particular peripheral matter.

(Applause)

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I think before I say any more I should say that I am of course heeding very carefully your injunction to be as brief as possible, but I think I must say that, while this matter may appear to be a purely technical one without any particular importance warranting much debate, there are in fact some very serious problems that we face in Ireland in meeting the requirements of this directive. There are certain points I must, I think, make to Mr Simonet. I shall be as brief as possible, Mr President, but I cannot be altogether as brief as perhaps some of the other speakers.

First of all I think I, too, must congratulate Mr Artzinger on the excellence of his report and his introduction. I think I am right in saying that he has been dealing with this matter of tobacco taxation from as long ago as 1969. He has very long experience of it. But I join with him in welcoming the general principle of the Commission's harmonization proposals. I welcome them in principle in spite of what appear to be certain defects.

Now the Commission is of course obliged by Article 99 of the Treaty to examine how legislation of Member States concerning, amongst other things, excise duties can 'be harmonized in the interest of the common market' and to submit proposals to the Council to this effect, which they are now doing. The measures for excise duties on cigarettes are based on this Article 99 and also on Article 100 of the Treaty, which provides for the issue of Council directives for the approximation of national laws and administrative measures which: 'affect the establishment or functioning of the common market.'

Now insofar as these are the Commission's aims, one welcomes them. Whether they will in fact be achieved

seems at least in some cases a very much more dubious matter. The harmonization in stages of excise duties on cigarettes began, as Mr Artzinger has told us, on 1 July 1973 in all Member States except the United Kingdom and Ireland. Those two countries were allowed a derogation and the implementing of the directive was postponed in their case until 1 January 1978. And as you have heard, so far as the United Kingdom and Ireland are concerned, excise duty at present is charged on tobacco leaf by weight; both countries, of course, are committed to adopting the new system by 1 January 1978.

So far as Ireland is concerned, our tobacco industry, our manufacturers are perfectly willing to make this change. It has, however, drastic potential implications. Specific taxes, such as exist at the moment in Ireland, minimize price differences in brands of cigarettes. Proportional taxes, which will be coming in more and more under these harmonization procedures, exaggerate the differences in brand prices and help the cheaper brands. And this is a situation which can have far-reaching effects. To take just one example, in the Netherlands where there is, of course, a largely proportional system of excise taxes on tobacco, successive tax increases over the years have caused the most expensive brands to fall from 50 % of the total market in 1966 to only 4 % today.

Now Irish cigarette manufacturers, because of the system of excise taxes in Ireland, have traditionally concentrated on high-cost and relatively expensive brands. A change to a largely proportional system could therefore be very damaging to the industry. At the very least it would involve it in heavy additional investment, retraining and re-equipment. And the problem is that at present manufacturers have no idea, and it would seem that the Commission itself has no idea, what the final tax harmonization proposals will be. From an Irish point of view as high a proportion of specific taxes as possible is in fact essential. But even more important than that — and I would impress this point on Mr Simonet — is that there should be an early decision on these matters. At present the industry can make no preparations to meet the situation that will arise after the tax harmonization process is completed. And I would urge the Commissioner to appreciate that the nature of the decision is important but it is even more important that there should be an early decision.

Now one of the great problems is that the tobacco industry throughout the EEC suffers — traditionally, one might say — from considerable distortions of competition, and the directive does nothing to deal with these. One must regret that there is no reference to these matters in the report, either in the resolution or in the explanatory statement. The whole process of harmonization, of tax harmonization would appear to be futile unless genuinely free competition exists. And direct or indirect subsidization would appear to be futile unless genuinely free competition prevails

Yeats

within the tobacco industry once proportional taxes are introduced. For these proportional taxes benefit the manufacturers who have the lowest costs. They exaggerate the effects of lower costs and the more proportional the harmonized excise system becomes, the greater the relative advantage to those manufacturers who benefit from lower costs.

Now these distortions of competition throughout the Community take a number of different forms. We have already had reference to the State monopolies that exist in certain countries, State monopolies which I understand are being changed at the moment to remove important wholesale monopolies; but manufacturing and retail monopolies are to remain. And, of course, a retail monopoly discourages export to those markets. These State monopolies appear, though the figures are not very easily available, to make lower profits than private manufacturers would be able to survive with. And then there is a hidden subsidy from the common agricultural policy, as 90 % of EEC-produced tobacco is used in those countries which have State monopolies.

In addition to this problem there is also the problem that in certain other countries tax credits are allowed, which maintains the viability of the tobacco industry under the conditions imposed by these proportional taxes. In Ireland, for example, tobacco manufacturers are expected to hand over the excise tax on tobacco to the State 42 days after the tobacco has been removed from bond. On the other hand, in Belgium 80 days are allowed, in the Netherlands 105 days, in Denmark 3 months. There is in these cases a direct subsidy from public funds to tobacco manufacturers.

It is not easy to see why the Commission has ignored these hidden subsidies to the tobacco industry in its tax harmonization proposals. At present these traditional subsidies, if one can use the term, are relatively neutral in their effect as far as the Irish tobacco industry is concerned, because they exist in one form or another in most of the countries that have so far embarked on the process of tax harmonization. But this situation will change drastically, at least in Ireland, when the Irish tobacco industry is brought into the net.

Now I would like to refer Commissioner Simonet to the preamble of Directive No 4/72 on the harmonization of excise duties on alcohol, which stated:

Differences in the field of application of the excise duty or in the granting of reduced rates, in the method of levying the excise duty, in the time when it is payable, in the way in which the taxable product is kept under observation by the tax authorities and in the time allowed for payment of the excise duty. All these differences can favour the companies of some Member States as regards conditions of competition far more than those of others.

In the explanatory memorandum to the same directive the Commission pointed out that:

in some Member States those who pay the tax profit from fairly generous payment deadlines. It is clear that irrespective of the level of excise duty on alcohol the structures of this duty may have a considerable influence on the cost price of alcoholic products and distort the conditions of competition between Member States.

I wonder why these very valid points were not repeated in this directive.

There is also the question of cartels in certain countries; the Commission has been considering these and has, I understand, accepted the accuracy of at least some of these allegations.

I should point out that the Irish industry is not seeking and does not require protection; it is perfectly well able to look after itself. But it does insist that the tax harmonization procedure should only be introduced in the context of a completely free and open market throughout the Community, which clearly does not exist at present.

In other words, Mr President, I am not opposing the enactment of the proposal for a directive that is before us today. The principle of tax harmonization is clearly one that we must all accept, but I would strongly urge the Commission to consider as a matter of urgency the distortions of competition that exist throughout the tobacco industry in the Community; so far as the Irish tobacco industry is concerned these distortions do not at present have a damaging effect but very great damage could begin to take place immediately after January 1st 1978 as a result of the changes in taxation that may be imposed by this directive.

I hope that when he replies to the debate the Commissioner will be able to give a concrete undertaking that in devising his final tax harmonization proposals, he will ensure that the tobacco industry in no single country will suffer as a result of their introduction. The taxation proposals must be genuinely neutral in their effects and not such as would give an unfair advantage to sectors of the tobacco industry that benefit from an artificially-created low cost structure.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, I really can be extremely brief because I am totally opposed to the moves towards harmonization of taxation in this particular industry; my reasons do not appear to have been discussed at any point, either in this report or in this Parliament today.

I must point out that I myself and many others feel very strongly that the consumption of tobacco is a harmful, dirty and an expensive habit, and if an attempt is made to move towards any changes in fiscal policy which will in any way encourage the smoking of more cigarettes, then I think that this Parliament has a social responsibility to consider precisely what effect that will have. The deaths from carcinoma of the lung directly connected with cigarette smoking,

Dunwoody

the deaths from bronchitis, the incidence of coronaries which can be directly connected with heavy cigarette smoking are such that many people in my own country are persuaded that the government should take an active role; it has discouraged the advertising of cigarettes and, with the support of many of us, applied very heavy fiscal measures in order to dissuade as many people as possible from smoking, and all of these attitudes are dictated by the fact that cigarettes are in many instances known to be highly dangerous and killing products.

If we are to seek harmonization, and particularly fiscal harmonization, throughout the common market, it seems to me that we must have a number of justifications. It must be socially justifiable, it must be justifiable in terms of administration, in terms of the industries concerned and it certainly must not beg any of the important questions that appear to have been smoothed over in this report.

I am very glad to welcome the way in which the report is written and to say to Mr Artzinger that I quite understand the reasons that he has put forward in what is after all a considered attempt to get rid of the disparities between one industry and another. But should there be any changes inside the common market countries which do not take account of the effect of fiscal policy on the smoking of cigarettes, then I think we shall be doing the very opposite of looking after the interests either of the consumer or of anyone else involved.

I do not believe that we should move forward towards a system of harmonization until we have considered the possible use of fiscal powers to discourage the smoking of cigarettes, not to encourage it. There should certainly not be a move from one size of cigarette to larger cigarettes, with a consequent deleterious effect.

I believe, anyway, that there are far too many attempts at artificial harmonization in this Parliament. There are far too many empty speeches about the need to create Europe in fields where, frankly, there cannot in any way be any Europeanization, but I believe that to bring forward a report like this which never at any point considers the social implications of what it is suggesting, is to do a great disservice to the future of the European Parliament.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) I should first like to thank Mr Notenboom, to whom I would point out right away that while it is true that the procedure we must adopt in this technical matter is a very progressive and very slow one, it is also, I believe, the only possible one. I should next like to thank Mr Artzinger for the excellent report he has drawn up, and for the way he has presented it. I have no particular observations to make in reply to Mr Normanton who expressed agreement, subject to a few reservations on which I, for my part, have nothing

to say, unless it be — and here I would make it clear that I do not smoke cigarettes either — that there will eventually be an increase in the price of cigarettes which, far from affecting us, would seem to meet the objections of Mrs Dunwoody. Indeed, the purpose of this directive is most certainly not to encourage smoking, but to further harmonization of the conditions of competition, which in my opinion is an essential factor in the development of a common market. As to whether it is desirable for cigarettes to circulate freely in this common market, that is another question on which I am not qualified to speak. I endorse your remarks about cigarettes, but as regards other ways of using tobacco, seeing that I indulge in them myself, I would be much more reserved and cautious about condemning them than you would like and that you would seem to expect of me. In conclusion, I should like Mr Yeats to know that we are very conscious of the fact that this is only part of a package of harmonization measures and that, as far as fiscal matters are concerned, the last forms of discrimination will be eliminated during the last stage so that his fears for his country's industry are groundless especially as, I repeat, these measures form part of an overall policy designed to create equal conditions of competition throughout the Community.

President. — I call Mr Artzinger.

Mr Artzinger, rapporteur. — (D) Mr President, may I make a few brief comments in conclusion. First, I thank the speakers for all their compliments. I think that with the exception of Mr Yeats, who was somewhat critical, their reactions have been favourable. I am gratified at this, but I should like to reply to Mr Yeats. He is quite right in saying that proportional taxes narrow the price range. In my first report on the harmonization of tobacco taxes in 1968 I made this very clear. I would suggest that Mr Yeats refers to this report, and he will see that this is not a new point. In the Finance Committee — as it was at that time — we discussed this effect of proportional taxation extremely thoroughly.

Naturally I am unable to agree with Mrs Dunwoody's strictures on cigarette smoking. I have announced that I myself am a confirmed smoker. However I feel that the contribution I make to the national budget as a result of my smoking is more than enough to compensate for the social effects of smoking. I do not think that the Community spends as much on seeking a cure for lung cancer as it earns from cigarette taxes. For instance, in Germany revenue amounts to 4 thousand million. It therefore seems to me that the State still derives a profit. However, Mrs Dunwoody, I am sure that you don't want to work it out to the last penny but that you are opposed to smoking in general, and that being so there is only one way of dealing with the problem — all smokers will have to be shot! Smoking would soon stop then.

(Laughter)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 12.55 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR : MR SPENALE

President

President. — The sitting is resumed.

8. *Change in agenda*

President. — I propose that the motion for a resolution tabled by Mr Stewart on the introduction of a uniform passport (Doc. 55/76) be placed on the agenda following the joint debate on the reports by Mr Yeats, Mr Hamilton and Mr Martens on the amendment of the Rules of Procedure of Parliament.

Are there any objections?

That is agreed.

9. *Amendment of the Rules of Procedure of Parliament (debate)*

President. — The next item is a joint debate on the reports drawn up by

— Mr Yeats, on behalf of the Committee on the Rules of Procedure and Petitions on the provisions of the Rules of Procedure of the European Parliament relating to the consultation procedure (Rules 22, 27A, 42) — (Doc. 196/76)

— Mr Hamilton, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Chapter XI of the Rules of Procedure of the European Parliament (Doc. 197/76)

— Mr Martens, on behalf of the Committee on the Rules of Procedure and Petitions, on the amendment of Chapters I to X, XIII and XIV of the Rules of Procedure of the European Parliament (Doc. 198/76).

I call Mr Yeats.

Mr Yeats, rapporteur. — Mr President, of these three reports which we are dealing with together, I think perhaps this one — my report — is relatively simple in the sense that it deals with one particular matter, the proliferation on the agenda of reports of a technical nature which in themselves frequently do not require the same kind of extended debate as other reports of a more political interest but which nonetheless, as things stand, take up a great deal of time, particularly in committee.

This report therefore seeks to relieve the agenda of a number of these items. The time saved, I think it is safe to say, Mr President, will on the whole be at committee level rather than during plenary sittings because these are the kind of technical reports that we deal with traditionally on a Friday morning in plenary part-sessions. Sometimes twelve, fifteen or twenty reports go through in an hour or so and the time saved at plenary sittings — although some time will be saved — is not in itself so significant. I do think, however, that if Members agree to adopt this report there can be a very considerable saving in time and labour at committee level.

We suggest that such proposals should be dealt with without report at committee level. In the national parliaments, I think in many cases, perhaps in most cases, such items are dealt with by way of ministerial regulation or ministerial order which in very many cases would not be debated at all on the floor of the House, although they are in fact normally dealt with here.

In my report, the Committee on the Rules of Procedure and Petitions proposes that such purely technical matters should be put through committee without report. The general principle adopted would be that the directives, regulations and so on would be referred in the usual way to the committees for report or opinion, as the case may be, and where the chairman of a committee was satisfied, having consulted of course with his secretariat, that the documents concerned were in fact purely technical, he would put it to the members of his committee that this was the kind of document that did not require the appointment of a rapporteur, the preliminary discussion, the preparation of an explanatory statement, the drafting of a resolution and so on, and so forth, which might extend over a period of months. He would put it to them that the document did not require this and should be dealt with without report under this new procedure, this new Rule 27A.

If the committee agreed unanimously to this proposal, then the chairman of the committee would notify the President of Parliament, who would thereupon put the name of this proposal and any others that there might be on the agenda of the first day of the following part-session of Parliament. If, during that part-session, no-one expressed the desire to deal with this matter in any way — by putting their name down to speak or by tabling an amendment — then on the last day of the part-session, normally the Friday morning, the President would declare that the proposal of the Commission had been adopted.

I think we can all agree, Mr President, on the general principle of this suggestion, subject however to the all-important question of the safeguarding of the rights of Members. And I think it is also essential to ensure that in fact only proposals of purely technical interest

¹ OJ C 178 of 2. 8. 1976.

Yeats

are dealt with in this way. It would obviously be quite wrong to approve a directive or regulation from the Commission without report, without discussion, if it had any political aspect to it, if there was any element of controversy at all. In any such case, clearly, the ordinary procedure should be used. And we have therefore to ensure that, while agreeing in principle with this general idea, we should not do anything which would either endanger the rights of Members or else the democratic requirements of a parliamentary assembly.

I think that Members can be satisfied that the proposals of the committee do in fact provide all possible safeguards against any abuse of this short procedure without report. There are 4 main safeguards :

First of all Mr President, when the chairman of the committee decides to ask his members to deal with this matter without report, he must circulate an explanatory statement, an explanatory summary of the document concerned, not merely to the members of his own committee but also to the members of any committee that has been asked for an opinion. In this way, we ensure that the members of the committees concerned will be able to take the necessary decision knowing in general terms what is in the document.

The second safeguard is that the committees concerned must be unanimous. If any single member expresses a desire to discuss the document, to debate it in the usual way, then that is what must be done.

The third safeguard is that when the committees concerned have decided unanimously that this matter will be dealt with without report the President of Parliament will arrange that the matters concerned will be listed on the agenda of the first day of the following part-session. They will not be finally passed, he will not finally declare that they have been accepted until the last day of that part-session. This means that during the part-session — normally a period of 5 days — members and political groups can decide whether there is anything in any of these documents that they feel ought to be discussed.

This brings us to the fourth safeguard, Mr President ; during the part-session any single Member can intervene, either by putting his name down to speak on the matter, or else by tabling an amendment, and in any such case the matter will be referred back to the committee for consideration by the appointment of rapporteur, the submission of a report and so on in the usual way.

I think, Mr President, that Members can therefore be satisfied as a result of the provisions accepted by the committee that their rights are in fact amply safeguarded and I hope that they will agree to the provisions of this report. I should mention that there is just one amendment that has been submitted by Sir Derek Walker-Smith and in due course I will be asking Members to accept this amendment.

There is one important point I would like to make in conclusion. In the event of the proposals contained in this report being agreed — as I hope they will be — it is important that the maximum possible use should be made by committees of this new mode of procedure without report. I think that unless the maximum use is made, the possible benefits to our whole procedures will not be gained.

This will be the responsibility of the individual chairmen of committees, and we can only hope, Mr President, that perhaps at your instigation we can urge the chairmen of committees to make the maximum use of this. If there is a document which in fact appears to be purely technical, they ought to ask their members to use this procedure. One fears — perhaps wrongly, I hope wrongly — that in certain cases there may be a desire to create work for a committee. I think it is very important that there should be no attitude of that kind, that the chairman of each committee should scrutinize carefully the documents that come to that committee and should, if at all possible, urge upon its members the value of this new procedure without report. So I recommend strongly these new proposals.

(Applause)

President. — I call Mr Hamilton to speak as chairman of the Committee on the Rules of Procedure and Petitions.

Mr Hamilton, chairman of the Committee on Rules of Procedure and Petitions. — Mr President, this report is probably the least controversial but not the least important of the proposals which my committee is presenting to Parliament this week. I very much welcome the balanced and straightforward approach taken by Mr Yeats in his report on the consultation procedure. This is another example of the procedural reform on which so far you, Mr President, the Legal Affairs Committee, the Rules of Procedure Committee, the Bureau, the Secretary-General, the political groups and the legal service have all laboured so far in vain. I hope that on this occasion the mountain will bring forth more than a mouse. I attach great importance to the need for this simplified consultation procedure and I support Mr Yeat's report for three main reasons. Firstly, if Question Time is extended from 1 1/2 hours to 4 hours per part-session, which is what we shall be proposing in due course an equivalent time must be saved on other proceedings. Secondly, legislation is the most important job of this Parliament. It is one of the few functions in fact which distinguish us from the assemblies of the Council of Europe, WEU and NATO. That being so, we must concentrate on major Commission proposals

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and deal with the technical limited matters as rapidly as possible but of course with adequate safeguards. Thirdly, Parliament will soon have to debate reports from the Control Sub-Committee of the Committee on Budgets, and again these will be so important that time must be found for them by saving time on consultations. For these reasons I attach, and my committee attaches great importance to a new consultation procedure and ask the House to face the problem fairly and squarely. The horns of our dilemma in this Parliament are that we need to save time taken in giving opinions on technical legislation, very often not understood by the vast majority of Members, while not ignoring our legislative duties. I believe that Mr Yeats has saved us from being impaled by this dilemma. His report contains simple provisions for a procedure without report while retaining the necessary checks and balances to safeguard the rights of each individual Member of this House which he has so eloquently outlined. His proposals bear a close resemblance to some which I laid before the committee some months ago, which in turn were based on an opinion drafted a year ago by Mr Rivierez for the Legal Affairs Committee. I am grateful to him for giving mine such careful consideration and warmly commend the amendments proposed by Mr Yeats and his report to the House.

Might I say in conclusion, Mr President, that after our 3 1/2 hours' meeting last night, this was one of the very few matters on which we reached agreement and I hope that with that in mind, the Parliament will dispose of this report fairly quickly, will agree to it and get on to rather more controversial subjects.

(Applause)

President. — I call Mr Hamilton, who will now present his report.

Mr Hamilton, rapporteur. — Mr President, again I very much welcome the fact that this debate is taking place at this part-session, although I guess the subject matter will be a little more controversial than that of the previous report.

I am grateful to the enlarged Bureau for agreeing to include on the agenda the three reports from my committee. This confirms in my view the status of the committee as a normal standing committee of Parliament, capable of making reports directly to this House. I intend to speak now as rapporteur and I hope to speak again later, as chairman of the committee, on the Martens Report. I would first like to discuss briefly, if I might, the status and functions of the committee as a whole and then introduce my report which deals specifically with questions.

As Parliament will recall, our committee was set up in July 1975 following a decision taken at a three-day Bureau meeting the previous month. It is a normal standing committee of Parliament with 18 members. I

think it is not boastful to say it has a particularly distinguished membership, excluding possibly the chairman himself. We have 3 Vice-Presidents of Parliament in the persons of Mr Berkhouwer, Mr Yeats and Mr Martens, the chairman of the Legal Affairs Committee, Sir Derek Walker-Smith, and also 6 other experienced members of that committee. So what our membership lacks in quantity, it makes up for, I think, in quality in terms of experience in this Parliament. Our terms of reference, as established by the Bureau on 29 January 1976, were very wide, and I quote :

'the formulation, application and interpretation of the European Parliament's Rules of Procedure and the examination of proposed amendments thereto ; petitions, examination of petitions and actions thereon'.

My committee interprets that remit, as I think they are entitled to do, as enabling them to behave as a normal standing committee by making reports on proposals made by the enlarged Bureau, by making own-initiative reports, by giving opinions to other committees and by giving opinions to the Bureau when so requested.

Perhaps I might explain at this point the committee's view of its relationship with the enlarged Bureau. This is set out in paragraph 40 of item 2 in the minutes of the Bureau's meeting of 23-25 June 1975 and I quote :

'the Bureau expressed the wish that a committee on the Rules of Procedure responsible for all matters concerning the Rules of Procedure and petitions be created.'

I emphasize two points from the Bureau minutes. The first is that my committee should be responsible for *all* matters concerning the rules and petitions, and this is reflected in our terms of reference. The second is that the committee interprets their duty to draw up proposals for amending the rules as would any other normal standing committee. That is to say, the committee intends to make these proposals to *the House*. There is no mention of proposals being made to *the Bureau* on matters discussed at the Bureau meeting in June 1975 save on one point and that concerns the Selected Texts or, as they are called, the 'pink pages.'

As I have said, the decision of the enlarged Bureau to debate the committee's three reports confirms in my opinion the committee's own view that it should act like any other standing committee of this House. This decision will short-circuit the clumsy and laborious procedure used until now for putting forward amendments to the rules which involved the Legal Affairs Committee, the Secretary-General, the political groups, the enlarged Bureau and finally the House itself. As some reservations have been expressed about the procedure to be adopted in future for amending the rules, I would like to put forward the committee's policy on it. Any proposed amendments to the rules,

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from whatever source, will be discussed by the committee with all concerned and particularly the political groups. The committee will take full account of the views expressed and produce a final report for debate in this House. This procedure will in no way affect the rights of the Bureau to request opinions from the committee on procedural matters, and these opinions, possibly modified by the Bureau, could either be adopted as reports or included in the Selected Texts or pink pages.

In your letter to me of March 3 this year, Mr President, you said this :

'The enlarged Bureau decided that piecemeal revisions of the Rules of Procedure should be replaced by regular and harmonized examinations of the rules as a whole'

on the basis of annual reports by the Secretary-General. My committee welcomes that decision and considers that this debate will enable many of the outstanding procedural matters from last session to be discussed and voted upon by the House. In the autumn my committee will report on the remaining matters from last session and will consider also the report of the Secretary-General for the present session. I wanted briefly to refer to certain recommendations in the Tindemans Report relating to the powers of this Parliament, but in the interest of time saving I will omit that particular reference.

I want now to turn to my report on questions and I will try as best I can to explain my proposed changes to the House so that Members will have an idea of how the amended rules will work in future. The House will know that the procedure for questions has been the subject of numerous proposals for reform by various bodies of the Parliament, notably by the *ad hoc* study group on the European Parliament's procedures and working methods, by the political groups, by the Legal Affairs Committee and in a report by the Secretary-General. It has also been considered by the enlarged Bureau, which came to certain decisions. I would be lacking in generosity if I did not pay tribute to the arduous and detailed work on questions done by all those bodies and all who served them. Their labours made my committee's task considerably easier and we are grateful to them. Naturally we took careful note of all the proposals and recommendations made on questions, the great majority of which have been included in my report, with some amendments.

Let me turn specifically to written questions. On written questions the only proposed change is designed to enable questions to be put on matters of political cooperation to the Conference of Foreign Ministers. This follows a helpful decision by the conference in February 1975 to accept written questions and oral questions, with or without debate, on political cooperation.

I am glad to say that, along with the Yeats report, there was a consensus agreement on this at the

enlarged Bureau meeting which lasted till nearly midnight last night.

I turn now to oral questions without debate. Rule 46 concerns oral questions without debate, and here my committee shares the view of the Legal Affairs Committee that :

'The final aim is to ensure that most, if not all questions are answered orally in plenary session'.

The *ad hoc* study group considered that oral questions without debate should be abolished, as the matters concerned could be raised at Question Time, but that study group reported 2 years ago, and since then Question Time has had to be extended to 1½ hours and I hope eventually, if not tomorrow, it will be extended to 4 hours per week. Also, oral questions with debate have multiplied greatly in the last 2 years. As Rule 47 (2) allows the Bureau to turn oral questions without debate into oral questions with debate, it is essential to retain the former type as a safety valve for the latter. Furthermore, the committee believes that it would be wrong in principle to abolish questions which allow a 10-minute debate to a backbencher. I believe it would be wrong in practice to make this change ahead of direct elections, and therefore the committee proposes that the Bureau should have power to change Rule 46 questions into questions at Question Time under Rule 47A, and secondly that the Conference of Foreign Ministers should answer questions with 5 weeks' notice.

Now to turn to oral questions with debate, which are encompassed within Rule 47. The number of oral questions with debate has recently increased dramatically. I will not weary the House with the statistics, but the main reasons for this change are that this Parliament, thank goodness, is becoming more politicized — this is to be welcomed in my view and I hope it goes on — and that political groups as a consequence have at present under Rule 47 (2) the right to have their oral questions automatically dealt with. But despite appeals for restraint, the political groups have not been able to exercise voluntary control, and as a result my committee unanimously — and I impress on the House unanimously — decided to omit this provision.

Following the policy of introducing as much flexibility as possible, the committee also agreed that oral questions under Rule 47 should, like Rule 46 questions, be convertible into questions at Question Time. The reason for this is that Question Time should become more effective after the changes proposed in my report and thus enable useful answers to be given then to converted Rule 47 questions. The committee followed the Bureau in restricting Rule 47 questions to matters other than those already set down for debate at the part-session concerned. Oral questions with debate on political cooperation are also to be permitted.

Hamilton

I now turn very briefly to oral questions at Question Time as governed by Rule 47A. It is in regard to Question Time that the committee's main proposals for changes in question procedures come before the House. I emphasize that the proposals were all adopted unanimously by my committee. The principal change is the proposal to hold two periods of Question Time per part-session, normally on Tuesday afternoon and Wednesday morning. This was proposed by the Bureau as long ago as June of 1975. It also proposed that each period of Question Time should last for 90 minutes and not 60. The Bureau further amended that proposal in April of '76 when it proposed that each question period should last not more than 2 hours. My committee proposes that at each Question Time a Member may put only one question to the Council, the Commission and the Conference of Foreign Ministers respectively. Thus, each Member's monthly ration, if I might put it that way, is to be increased from 1 question to 3 and the time for questions will be increased from 1 1/2 to 4 hours. There is a fairly close correlation between the increase in the ration and the increase in the time available for questions as a whole.

The committee has also introduced a novel idea in Question Time, namely the grouping of questions to the Commission. At present the 13 commissioners answer questions in the order in which they are received by the Secretariat of Parliament, that is in a completely random order. The committee agreed with my proposal that, in order to bring some coherence into Question Time, the Bureau should have authority to draw up a list of subjects, each of which would come in turn to the head of the list. Thus, in alphabetical order, agriculture might be top of the list in May, with competition perhaps second and development policy third, and the following month, in June, agriculture would go to the bottom of the list, competition would come to the top, and so on. By this scheme, not only Members of this House, but the Commission, the press and interested outside bodies would know which subjects would definitely be dealt with in a particular question period. The committee's intention was that no subject would in fact be excluded, as Question Time would continue for long enough to enable all or almost all questions to be answered. This quite modest proposal is designed to bring more clarity and coherence into Question Time which will, I hope, commend it to the House.

I turn finally to the debate on request, covered by Rule 47B. The committee again agreed unanimously that it would make for more comprehensive Rules of Procedure if the provisions concerning a debate on request, which are at present contained almost entirely in the Selected Texts or pink pages, were all included in the main body of the Rules of Procedure. We have therefore proposed this transfer and two additional changes. The first is that the President shall decide whether or not a debate on request should be held

and this decision will not be subject to debate; the second is that in taking his decision, the President should take into account the urgency of the matter.

Finally, on the guidelines to Question Time, following the Bureau's request the committee has submitted an opinion to the Bureau containing amended guidelines to Question Time. May I emphasize once again the importance which my committee, and not least myself, attach to these amendments being adopted by the House. Question Time is in its infancy. I think to some extent, we can claim it has been a success story, but its success is under increasing strain, and we were convinced that some changes, such as those I have outlined, were necessary. I hope that if Parliament adopts these amendments, we will have answered our critics and made questions of all types more apt for our functions of controlling and influencing the other institutions in the Community.

I think this is a not insignificant contribution to the way in which we conduct our proceedings, and in those circumstances, I must say in conclusion, I very much regret that, because we did not reach consensus last night at the enlarged Bureau meeting, these reports are to be sent back to us, or parts of them. We will be back, if we are not careful, to square one. I say quite openly now, if that happens then I will be obliged to get out, because I am not prepared to accept such a situation. This committee was set up to reach a consensus, because it is impossible for an institution of this size ever to reach consensus on procedural matters or indeed anything else, and we were set up to reach a consensus. We have produced these three reports, all of which are unanimous, and I would have hoped that this House, if it is really serious about amending its proceedings, should now vote on these proposals. The committee has done its job. The proposals may or may not work but at least give them a try, and if they do not work, or if they are not working as satisfactorily as honourable Members might think, they can be changed after direct elections. In any event, a directly elected Assembly will want to choose its own rules, but it will choose them on the basis of experience of the success and failure of what has gone before. Meanwhile I beg this House, whatever reservations they might have on this report and the subsequent report by Mr Martens, to accept them in the spirit in which they have been put forward and it is in that spirit that I beg to move that this report be accepted.

(Applause)

President. I call Mr Martens.

Mr Martens, rapporteur. — *(NL)* Mr President, Honourable Members, at its meeting of 23 to 25 June 1975, the Bureau came to the conclusion that the Rules of Procedure should be adapted to the specific needs of the House, considering that the Members all hold a dual mandate, a factor that does not simplify matters at part sessions. Parliament works in six offi-

Martens

cial languages, has no fixed seat, has no long-standing tradition and is constantly being asked to cope with an increasing range of activities in a strictly limited time. It will perhaps seem strange that the proposals should grant considerable powers to the political groups, as opposed to the situation in the national parliaments, but this is because in order to waste as little time as possible, the freedom of the individual members of this Parliament has to be somewhat curtailed.

In December 1975 the Committee on the Rules of Procedure and Petitions was set up and given special responsibility for adapting the rules of Procedure to the new situation I have just outlined. It tried as far as possible to take account of the instructions of the enlarged Bureau. It also took into account the special rules laid down in the pink pages. Whenever a committee holds a meeting at which Members of nine national parliaments are present, it is inevitable that the influence of the national parliaments will be felt. At all events, our committee completed its report in April of this Year. If I remember rightly, the political groups have been considering it over the last two months. Thirty amendments have been tabled to the report which I have the honour of submitting to this House. One concerns Rule 12. Three have been tabled on Rule 14, two on Rule 19, three on Rule 20, three on Rule 26, one on Rule 28, two on Rule 29, one on Rule 31, three on Rule 31A, and one on Rules 33 and 34. There are six on Rule 35, one on Rule 39 and three on Rule 53.

Of course the amendments are not all of equal importance. The enlarged Bureau came to the conclusion that it would perhaps be as well to give most attention this afternoon to the point that took up most time at the enlarged Bureau's meeting last night.

Unfortunately our committee has not had time to consider all the amendments, some of which were tabled rather late, in one meeting, and my task is therefore not a simple one. I should like only to draw attention briefly to the proposal concerning Rule 18. It involves a straightforward improvement. The text now reads:

'A summary report of the proceedings of each sitting shall be drawn up and distributed in the official languages on the following day.'

We are well aware in the committee that this decision will have an effect on the budget. On pages 25 and 26 of the report it is stated:

The Committee on the Rules of Procedure and Petitions considered a note from the Secretary-General stating that the drawing up, type-setting and printing of this report would require the services of approximately 190 persons, 49 of whom in category A or the equivalent. A considerable amount of equipment would also be needed: 24 electric typewriters, 2 automatic collators and 6 duplicating machines. Some 20 offices would have to be made available. While recog-

nizing that the application of Rule 18 might involve expenditure, the Committee on the Rules of Procedure and Petitions none the less felt that the application of Rule 18 as amended should not be contingent on cost. It further considered that the problems of practical organization should be examined jointly by the Bureau and the competent departments. It also requested that the replies given by the representatives of the Commission of the European Communities during Question Time should be translated immediately or as quickly as possible into the language of the author of the question.

I felt I must draw the House's attention to this Rule because of the budgetary implications of the proposed change. As I just said, last night's discussion centred on Chapter IX, which concerns voting, and in particular on Rules 33 to 35. Quite fundamental amendments have been proposed to Rule 35. I believe Mr Hamilton is down to speak again. He will certainly want to take up this point, and I shall therefore mention it only in passing. I refer you to pages 33 and 34 of the report. There you will find Mr Hamilton's arguments, which are also supported by the committee. I am sure that Mr Hamilton can explain them better than I can myself.

At all events, we are faced with a practical problem. It appears that the implementation of Rule 33 (3) in its present form will lead to considerable difficulties in dealing with the budget when voting by roll call. It has already been noted that last year we did not hold a vote by roll call but agreed to ascertain that a majority was present. But if the rules are to be strictly observed, the names should be called at each vote on the budget. And a vote by roll call takes about 25 minutes each time. As regards the extensive amendment proposed by our committee, the Bureau decided yesterday to put to the plenary assembly that the old text of Rule 35 should be considered with one or two amendments being adopted to make Rule 35 (3) more manageable.

If this is done, we must also deal with Rule 33 (4), because under this rule the vote by roll call is subject to a quorum. In my view we should either delete Rule 33 (4) or make an addendum to Rule 35 (3) to the effect that it shall not be subject to Rule 33 (4). Otherwise we shall be left with a vote by roll call subject to a quorum. I hope this afternoon's discussion will prove useful. I shall perhaps have occasion to speak again in the course of the debate. For the moment, I shall leave it at that, Mr President.

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

Mr Memmel. — (D) Mr President: I have a very difficult task in front of me since I have on behalf of my Group to define our position on the three reports and the numerous amendments that have been tabled. I now see that the amendments by my group are not available, in fact they don't seem to exist at all. All I

Memmel

can say on behalf of my group is that our amendments must be considered again in committee because owing to an oversight — and I don't who is responsible — they are not here and cannot be discussed.

As regards the Yeats report, I would suggest that it should be finally adopted today. Only one amendment has been tabled on this report, which has been approved by the rapporteur and which my group also approves. My group has no objections and does not wish to make any amendments. We are pleased that this simplified procedure is at last to become part of the Rules of Procedure since it is a striking characteristic of this House that it has held lengthy debates on such topics as the left-hand indicators of motor vehicles, tomato and apricot puree and the packaging of smoked cod, while other more important subjects are dealt with very cursorily. Thus if, as a result of the Yeats report, we can spend less time on these purely technical subjects, this will be a great advantage. That is my group's view on the Yeats report.

To pass on the report by my colleague Mr Hamilton, the chairman of the Committee on the Rules of Procedure: I think, Mr Hamilton that in tomorrow's vote we should deal only with Mr Yeat's report, unless you feel that the more straightforward points should be voted on. If not, I would ask on behalf of my group that the Martens and Hamilton reports be referred back to committee, so that my group's amendments can be discussed.

President. — Mr Memmel, the amendments by the Christian-Democratic Group have not appeared because they were not submitted within the relevant time-limits.

I call Sir Derek Walker-Smith to speak on behalf of the European Conservative Group.

Sir Derek Walker-Smith. — Mr President, may I say by way of preface to the more general observations that I shall make that I shall certainly hope for the opportunity of studying those amendments from the Christian-Democratic Group to which my friend and colleague, Mr Memmel, has referred? On this tight timetable it was unfortunate that they were not available for consideration last night by the Bureau and now by the Parliament, but I hope in due time that we shall have that pleasure.

As I understand it, Mr President we are now engaged on a general discussion of these three important reports, all relating to the subject of procedure. Procedure is not of itself a subject which lends itself very easily to general debate. It is essentially domestic in character and detailed and particular in its nature. But nevertheless it has general implications of great importance to our democratic processes and democratic institutions. Democracy can only be as strong and secure as Parliament is effective, and Parliament can only be effective if its procedures are sound and sensible. We have therefore as parliamentarians and democrats a clear and compelling duty to devise the best procedures possible for our work. All parliaments

want in principle to give full and proper attention to two things: to debates on general questions of political importance, and to the detailed scrutiny of legislative proposals and administrative acts which affect the daily lives of the citizens. All parliaments in seeking to achieve this ideal are subject to logistics, constraint particularly to the constraint of time, a constraint operating ever more strongly in this increasingly sophisticated modern world in which we live. This time constraint is greater in our European Parliament than in any other because of various factors, because of the short sittings that we have here, because of the dual mandate which we who are here all exercise, because of the multi-national and multi-lingual nature of our parliament and because also of the specific obligations under the Treaties for us to consider an ever-increasing volume of secondary legislation emanating from the Council and Commission. We have therefore to make the best use of the time we have, to cut our coat according to our cloth, to devise procedures and to get the right balance between, on the one hand, the discussion of topics of general political interest and, on the other hand, the often dull but always important duty of examining secondary legislation and the reports relating thereto.

Against that background, Mr President, may I make a few brief observations on the specific proposals of these three reports. First the Yeats report. This report has the commendable objective of introducing a procedure of vote without debate in the plenary sessions following considered advice by the committees concerned. I say 'considered advice' because the committees will only agree to the chairman's proposal under Mr Yeats's proposed Rule 27A (2) after having read a short summary of the effect of the documents received from the Council or Commission under Rule 27 A (3). I say 'committees' in the plural because acceptance of my amendment, which Mr Yeats has been good enough to say that he favours, will ensure parallel action in the committee responsible and also in any committee or committees to which the matter is also referred for opinion. The right of objection by individual Members is maintained in Mr Yeat's proposals; it is a very wide right of objection; if abused, it could, of course bring to grief the whole of this proposed procedure, but I think it is reasonable to assume that amongst colleagues in this parliament there are reasonable people and that his procedures will be followed in the spirit in which they are intended.

I come then to the report by Mr Martens, who has spoken just now. There are no fewer than 29 amendments tabled to the report of Mr Martens. But, of course, it would be quite wrong for anybody to conclude from that fact that this report is not a useful document. On the contrary, it is an extremely useful document, an extremely valuable document and contains many recommendations which will substantially improve the procedures of this parliament. Indeed it is right to say, Mr President, that many, or indeed most of the 29 amendments tabled to Mr

Walker-Smith

Martens' report are of a drafting or clarifying nature or of a nature designed to improve in detail what is substantially beneficial in practice. In particular, of the seven amendments tabled by me in the name of the European Conservative Group to Mr Martens' report, one relates to Rule 35, which is the most controversial aspect of this report, two relate to Rule 14 and simply seek to make the urgent procedure tidier in its operation, one relates to Rule 19 and is designed to get the official report within a reasonable period — we say fourteen days, but that is subject to correction if any logistic arguments are adduced to make it appear that a longer period is desirable — two relate to Rule 31 A and clarify the relationship of the normal speaking-time arrangements to the special Rule 28 procedure, and one relates to Rule 54 and gives the Bureau the duty of formulating internal rules after consultation with the appropriate committee but not subject to its express agreement. I say a word then about the most controversial aspect of the Martens report, namely Rule 35.

The proposed text of the Rules of Procedure committee gives the impression by its bulk that votes by division are more important than the normal procedure, but in fact voting by division would be very exceptional — that is only if, after one vote by show of hands and two votes by sitting and standing, the result was still doubtful or, secondly, if ten Members so desired. Obviously, the first of these would clearly be a very exceptional occurrence; as to the second, it is very rare in my experience, Mr President, that ten members have called for a roll-call. If it became an habitual practice, then quite clearly any proposal for voting by division would be impracticable in a parliament constituted of so many nationalities and sitting in three different seats and where time is such a very scarce commodity. I have no desire to impose the Westminster model on this parliament for the sake of it — and I speak as one who has sat longer in the Westminster Parliament than anybody else here: I have the doubtful distinction, I suppose, of longer parliamentary service overall than anybody in this Parliament and I don't suppose, Mr President, that anybody sitting down now to devise a method of voting in the House of Commons would necessarily devise the method that we have, though as traditionalists we like to keep it as we have got it. We would however, in this group like to see an improvement in the normal voting procedure, because it is agreed that the normal voting procedure will continue to be by a show of hands and that is the objective of our Amendment No 6: to impose a two-minute delay between the calling of the first contested vote and the actual count of the votes. This would be of great advantage to many people — to the studious in the library, to the thirsty and gregarious in the bars and other places and even, if I may dare so add, to those subject perhaps to the infirmities or disabilities of increasing years — so that they may hasten back to places in the hemicycle and register their vote. So I hope, Mr President, that our Amendment No 6 to Rule 35 can be referred back to the committee for its dispassionate consideration as a useful but non-urgent matter.

I turn finally to the Hamilton report and would comment briefly on two major matters — oral ques-

tions with debate, under Rule 47, and Question Time, under Rule 47 A. On the first of these, as you so well know, Mr President, and have so eloquently said, we have a clear logistic problem — a clear danger of overloading our parliamentary programme, of so pre-empting the time of this Parliament that it may become prevented from properly discharging its primary functions under the Treaty. It is necessary therefore either to remove the automatic right of political groups to introduce such debates or to devise a system of rationing. The Hamilton report would do the first and I think there is a strong case for it, but of course it would put smaller groups very much at the mercy of the majority on the Bureaux. If therefore we turn to the second, the best system of rationing is, I think, that of one per group per part-session, as suggested in Mr Krieg's Amendment No 7. But I would add to that that six is a large number of debates per part-session and therefore coupled with that, we should give consideration to the introduction of an overall time-limit to these debates as well as the time-limit for individual speakers. We should give consideration to the question of placing these debates on the agenda for one single sitting — possibly including an evening sitting, which may conceivably provide some deterrent to the political groups. Finally, Mr President, you in your inimitable prose should make an eloquent exhortation to political groups, not to regard this as an automatic entitlement, not to take the view that because it is a maximum entitlement therefore it will be a minimum entitlement, and it will be for you to say that great respect will attach to any political group which ascribes to itself a self-denying ordinance and does not always ask for such a debate.

Finally, on the subject of Question Time, Rule 47 A, our amendment seeks to reduce the time proposed by the Hamilton report from two sessions of 1½ hours a week to two sessions of 1 hour. Coming as we do from the parliament which is the originator of Question Time we obviously value this institution very much, but we think that this will be a sufficient allocation of time, at any rate to start with, having regard to the short amount of time available and to the great variety and mass of subject-matter with which we here in this Parliament have to deal. May I add, Mr President, that one of the things which this Parliament, with great respect, requires, both as to the members who ask the questions and as to the Ministers and Commissioners who answer them, is greater brevity and greater conciseness and you don't get greater brevity and greater conciseness by immediately giving people more time to be more longwinded in their questions and their answers.

(Applause)

So let us look at this in a practical way and I put this thought to the Parliament: if we increase Question Time to 3 hours a part-session we shall not easily be able to reduce it if it turns out to be too long, because it is common experience that once parliamentarians have hold of any privilege it is more difficult to get a bone from a mastiff than to take it away from them. If, on the other hand, we confine it, to start with to 2 hours, then we can later increase it if it seems in practice desirable to do so.

Walker-Smith

Those then, are the thoughts which, Mr President, I want respectfully to commend to this Parliament. I look forward to the further consideration of many of these matters in the Rules of Procedure Committee and I am sure that all who have the honour to be Members of this House will bring their thoughts and their consideration to bear on these questions, which though practical and detailed perhaps in themselves, are the apparatus of those great institutions of parliamentary democracy which here we are proud to represent.

(Applause)

President. — Question Time has never lasted longer than an hour and a half. The situation is therefore not as alarming as you seem to think.

I call Mr Guerlin.

Mr Guerlin. — *(F)* Mr President, Ladies and Gentlemen, I should like to present the proposed amendment by Mr Lagorce — who could not reach Luxembourg in time — to Rule 35 (3) of the European Parliament's Rules of Procedure. The latter provides for the vote to be taken by roll-call in three cases and, in particular, where a qualified majority is required. Experience has shown us that where, in voting the budget, which we adopt at the last reading, we have nearly one hundred amendments, it is physically impossible for us, despite the fact that in this precise matter the treaty itself prescribes a specific majority, to carry out a roll-call. Simply calling the members takes nearly twenty-five minutes. In addition, we know that we are unable to mobilize the required majority in plenary sitting for more than two hours at the most. Conversely, it is quite possible that in the case of votes which do not require a qualified majority, it will be wished to hold a roll-call and thus to record in the minutes the names of all those who voted and how they voted. This happened, for example, in the vote on the Patijn report on election by direct universal suffrage. To free us from this automatic obligation to proceed by roll-call, even if it is generally agreed that we are faced with difficulties of a technical and detailed character, Mr Lagorce's amendment separates the qualified majority from the vote by roll-call. It would always be permissible and possible for ten members to ask for a question to be voted on by roll-call, depending on its importance. The main thing, I believe, is that this assembly should be able to work, that it should respect the treaties by voting in accordance with the majority rules laid down and that, to this end, it should not on each occasion be obliged to apply a procedure which, for technical reasons and because of our dual and sometimes triple mandates, we are not always able to properly apply within the allotted period. The main purpose, then, of Mr Lagorce's amendment is to remove the link provided for by Rule 35 between a qualified majority and a vote by roll-call. I would also point out that Mr Lagorce's amendment has been approved by the enlarged Bureau.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, I am obliged for this opportunity to address the House on this matter, being a lawyer by trade and a member of another Parliament, once having an extraordinary position in an ordinary parliament of being a party of one when there was a normal kind of majority, and once being quasi-normal in being a member of a group in a fairly extraordinary parliament.

It makes one very interested in Rules of Procedure because one can see that many men try wisely to define these rules to protect the rights of people who are in unusual positions as well as those who are in, if you like, more ordinary positions. I do believe that this House must have been improved by the introduction of Question Time because it is surely the acid test of accountability. And if a legislature is to amount to anything, then it must be able at least to try to hold the executive arm — or arms, as we have here — accountable.

There is to some extent some unreality in this Parliament because, of course, we only meet in the plenary one a month. It may well be, Mr President, that direct elections will alter all this. Many of us hope that they will do so, because we seem to be so concerned — in contrast at least to the other parliament I belong to — with legislation that is about to be made some time in the future but not, for example, next week, as we are more accustomed to. So I, for my part welcome very much the setting up of the special Committee on the Rules of Procedure and Petitions, even though in doing so I may be speaking against my own interest as an enthusiastic member of the Legal Affairs Committee.

Could I first, with regard to Senator Yeats' report, welcome the suggestions that he has made? I do so wholeheartedly here, because when we have only a short amount of time, as we do on this occasion, it is galling to spend so much time on things like mayonnaise and chestnut puree and fusty, dusty bananas and all manner of other things, when we know very well that the massive problems of all the Member States do not always have long enough time for debate. So I welcome this procedure and I do believe that Senator Yeats' proposals do safeguard the interests of us all. Speaking now as an independent Member I do believe that in particular they safeguard the rights of someone in my particular position because someone like myself, by Mr Yeats' suggestion, can at least hold the matter up, even by tabling an amendment, if it is something on which I feel I have a very particular burning interest. To that extent, I would think that this is a set of procedures which will help particularly all of you in political groups but which also safeguards the rights of someone in my fairly unusual position.

Ewing

I would like to agree with Sir Derek Walker-Smith's amendment. I am sorry I have not had time to study all the amendments, because I only got them a few minutes ago, but the one that I have studied does add the safeguard of making sure that every committee which is interested can have the right to look at the matter.

I notice that Mr Hamilton did comment on Senator Yeats' report, welcoming the simplification involved here, and I do think that I agree with him. I hope he is not too shocked that I agree with him — it might be too much for him today, I am not sure. I agreed with the point he made when he said that we have such major things to consider that really anything that can help to simplify those things that could be said to be non-controversial must be a considerable step forwards. In other words, I do think Senator Yeats' report does try to safeguard the rights of all of us in this House.

Could I now turn to the report of Mr Hamilton, who has of course a great experience in Question Time in the House of Commons, as indeed I might like to suggest I do have myself. I agree with most of the points he has made, and in particular with the extension of Question Time. I have noticed that in this Chamber the Presidents do not allow Members to be as long-winded as we sometimes find in the House of Commons, though the Speaker lately has been very strict with us in the House of Commons and it may be that none of us are allowed to be as long-winded as before.

I agree with Mr Hamilton's point about flexibility. I do not believe that four hours is too long. But I certainly agree that it is very nice to think the ration of an individual Member such as myself is increased or multiplied by three. In a certain way, of course, it is clear that we are in a interim period pending direct elections and I am not quite sure whether what we are looking at at the moment is a watching brief to do the best we can pending this quite new situation or whether we are proposing that these ideas before us are going to stand the test of time. But as has been reasonably said, if when direct elections come, the Members want to look at them again, there is nothing to stop them looking at them again and changing them if need be.

I am sympathetic to Mr Hamilton's view that there should be a vote on this matter, because one could go on talking about a system of procedure all day, but if one is satisfied that there has been a genuine effort to protect the rights not only of groups but even of people in my position, then one feels there is no reason why we should not have a gove at the new improved suggestions — at least I suggest they are improved.

Finally, Mr President, could I make a point with regard to Senator Martens report? I would suggest that with regard to the system of voting, bearing in mind that direct elections are going to be one of the most

amazing changes that anybody living in any Member State is going to experience, it would be strange to suggest that this change should be accomplished without any citizen being able to know what vote is cast by the person whom he has elected to what may seem to him, Mr President, to be a rather remote institution. I hope it will get less remote, but at the moment the press news does not always get through and there is a great lack of knowledge. I am sure it is not the fault of Members of this House, but it is a great change we are asking of the citizens of Europe, to identify themselves in whatever system of election we choose — I personally hope it has a geographical connection and responsibility, but I know that is not the view of everyone in this Chamber. But it seems to me that however you decide that the direct elections will be held, it would be patently absurd not then to go on to add than we would like to know how the people we elect should vote, and if that is troublesome it is a pity.

I am sure there are lots of possible methods. Some countries file through lobbies, which is time-consuming but is said to have other advantages. Other countries press electronic buttons. Other countries stand up one by one, which at least has a fairly dramatic and a fairly great interest to all concerned. So I would really urge that when we consider Rule 35 (4), whatever system we finally decide on, we should decide on a system which allows everyone back home to identify how their particular Member voted.

President. — I call Mr Hamilton.

Mr Hamilton, Chairman of the Committee on Rules of Procedure and Petitions. — Mr President, I have already spoken on the Yeats report and on my own, and I wish to address a few remarks to the Martens report. Perhaps I might make one point clear and that is the attitude of the committee and the Bureau last night on the Lagorce amendment, Amendment No 27, and make it clear that there is general agreement that that amendment be accepted. The effect of it would be that Rule 35 would be kept as at present but with one change, namely, that there would no longer be a need for a vote by roll-call each time the rules provide for a qualified majority. The present rule was drawn up before the increase in Parliament's budgetary powers. Nowadays, there is a far more frequent need for votes by qualified majority, and it has proved quite impractical to hold a roll-call vote each time. It seems, therefore, highly desirable that the rules be brought into line with current practice, otherwise Parliament would be forced to break its own rules and it breaks them too often now anyhow, and its decisions in no circumstances would be, or could be, called into question. The solution proposed, therefore, by Mr Lagorce would safeguard against abuse in that 10 or more Members present could always call for a vote by roll-call, and therefore I, as the chairman of the full committee, would be very happy to support that amendment, and I think that was the view of the Bureau last night.

Hamilton

Now I turn to the Martens report, about which Sir Derek Walker Smith had some rather — I was going to use the word 'brutal', but that's perhaps too strong a word — critical words to say. I should remind him that he was a member of the committee which presented this report unanimously. His group has tabled amendments and I make no objection to that, but it would be a never-ending process if virtually all these amendments, as is going to be proposed, were to be referred to the committee and we had to produce another report, which presumably would be further amendable and then that too would be referred back to us, and we'd get nowhere at all. But if I might refer specifically to the Martens report, Mr President, when our committee decided to divide the Rules of Procedure into four unequal parts for the purpose of appointing rapporteurs on each, Mr Martens came of the worst: whereas three other rapporteurs only had to deal with one chapter or aspect of the Rules, Mr Martens had to take on 12 chapters but despite having had by far the hardest job, I must say that Mr Martens carried it out with his characteristic patience diligence and care, and I think the whole House should pay him tribute for what he has presented to us today, and I congratulate him very, very warmly and sincerely. My pleasure at Mr Martens' success is deepened by the recollection of his tolerance and indeed his benevolence when dealing with four amendments which I myself proposed to his report. In devoting what I've got to say now principally to explaining those amendments to the House, I want to record my thanks to Mr Martens for accepting them then in the way he did, and I'm not too sure that he's all that enthusiastic about them now, however everybody is entitled to change his mind.

Let me, first of all, turn to the question of the summary report, which is covered by Rule 18. The first of these amendments is small in text, but very wide in its import. My amendment requires the publication on the following day of a summary report of the proceedings of each sitting. As Members will know, Rule 18 today is not observed, although a brief press summary is produced in French, from which it is translated into the other languages. This is not found satisfactory even by the press, and does not carry out the spirit of Rule 18, which I now seek to have observed. The other document produced at present is a verbatim report of speeches in the languages of delivery, called the 'provisional edition' of the debates, or commonly the 'rainbow edition'. This in my view is of very little use to many Members of this House. If I may take an example, many Members — probably a majority of Members in this House — take an interest in agriculture, but how many can read the replies to questions and to debates given in Dutch by the Commissioner for agriculture, Mr Lardinois? This is in no sense a criticism of him, but rather of the limited nature of the 'rainbow edition' of the debates. Mr President, Members who follow closely the proceedings of this House, as I do, want to be able immediately, or as soon as possible, to tell their constituents and their parli-

amentary colleagues, many of whom, I must say to this House, are still hostile to the whole concept of a European Community, what replies were given to our questions and our debates. The only way in which they could do this would be to have a summary report of the proceedings published either on the same day, or on the following day. This is, in my view, not too much to ask of this House.

What would be the advantages of this proposal? I think there are at least three. It would be a method of alleviating the onerous burden of the dual mandate, to which Sir Derek referred; secondly, and probably more important than the first, it would help to make our debates and questions readily intelligible and immediately available to the press and the public outside; and thirdly, it would be another earnest of our will to use our own Rules of Procedure to the utmost in order to widen our limited powers and influence. Now Mr Martens, in his speech, made reference to the objections to this proposal put to the committee principally by the Secretary-General in his report. As Mr Martens recorded, the drawing up, typesetting and printing of the summary report would require the services of about 190 persons as well as 32 machines and 20 offices, and heaven knows what the price would be. But Mr President, the British Members get this Diary each day. It is now produced twice a day. It contains a summary of the debates, including remarkably full coverage of Question-Time. In fact only minutes ago, I received something recording what is going to happen to these reports. I quote from it: 44 of the 48 amendments tabled on the Hamilton, Yeats and Martens motions on changes to the Rules of Procedure will be referred back to committee and reconsidered in October.' I think that is pre-empting decisions that this House has yet to take, but at least it gives us some idea of what is going on behind the scenes. I say that in parenthesis.

At the end of any part-session the British Members get a single diary edition of all the debates, and it appears to me at present to be produced mainly for the press but, I have said, it is also used by the British Members, and I dare say by other Members as well, as it appears in all the official languages. I am told that each language edition requires two A grade officials, with a very small support staff. I see Mr Lange looking at me with that air of a mean Chancellor of the Exchequer, but I say to him that the cost of this, or whatever it is to be, is irrelevant; we've got to pay the price for our democratic processes, and if we want to improve them then we've got to meet the bills, and he's got to try to get the money from somewhere. I therefore propose that, as an experiment, a summary report should be developed from the existing diary. That surely is not an extravagant proposition. Ideally, it should be produced twice a day, each edition running to no more than about a 1 000 words. It would need at first only to be an accurate, balanced and rapid summary of speeches, of debates, and of questions and

Hamilton

answers at Question-Time To achieve this, of course, the authors must have sufficient discretion: we must trust them in their selection of material. At a second stage, it might be that voting figures could be included, the object of amendments explained and the like: this might require one more A grade official per language. At a third stage verbatim passages from replies to questions to important debates by Commission and Council representatives could be included. So there is a period of transition towards providing more immediately available reports of what goes on in this Chamber, and I urge the Bureau to examine urgently the problems of practical organization referred to in Mr Martens' report on the basis of my proposal. By adopting it, I think the House could very soon have a relatively cheap, rapid and accurate summary report for its use, and for those reasons I ask the House to support my amendment to Rule 18.

Now I turn to Rule 26: Explanations of vote. Let me make it clear, speaking purely as an individual, that I am against explanations of vote in principle.

I think it's a piece of nonsense, but maybe it has some practical value. I understand it has in some other national parliaments, but I propose this small amendment to Rule 26 (3) to provide that if we are going to retain this explanation of vote it should in the future be permitted only after the matter as a whole has been put to the vote and not before, because it is capable of abuse. If a hundred Members chose to exercise their right to explain their vote, this place could be brought into chaos. Now, I turn to new Rule 31 A (2), where any Member can speak up to 5 minutes on an explanation of vote. It does not require much imagination to foresee a situation in which the qualified majority for a vital vote on the budget could be lost by a succession of Members — there is more warmth in Mr Lange's smile now than there was a few minutes ago — making 5-minute speeches as explanations of vote: by doing this before the vote they could wreck the parliamentary timetable and also the chances of getting a qualified majority. It is a terrifying prospect, Mr Lange, and I ask you in those circumstances to support the proposition that I am putting forward.

Now I go on to this wretched question of voting by division. Sir Derek made a typical Conservative speech, as I would expect him to make. I would expect him to make no other: that's what he is here for. But I must take issue with him on the matter of voting in divisions. Our Committee on Procedure at the House of Commons has looked at the method of voting several times. It has considered the electronic systems, whether they be in Belgium, Germany or anywhere else. And it was Mr Memmel, when we discussed at length in committee what happened in the Bundestag, who said, 'For God's sake don't accept that!' But last night in the enlarged Bureau Mr Bertrand said, 'Oh, the three-card trick is great and pressing your button is infallible.' Well, I don't accept that any of these things are infallible

because you are depending on technical devices. The electricians might have a lightning strike and cut your current off. But our system is infallible in the sense that you have got to use your body physically to get through a voting lobby, and if we are going to have the media seeing us vote, it is important for our British press — I am speaking as a Britisher — to see our British Tories going through the lobby with the Christian Democrats and the Gaullists and, if you like, to show how impartial I am, to see the British Labour Party going through with Italian and French Communists. Physical proximity in a division lobby is as important as the casting of the vote itself. Now, when Sir Derek says it is time-consuming, let me tell him this. If he takes the time of a roll-call vote here, where we have 198 Members, he will find that it is longer than the time it takes for 635 members of the House of Commons to vote. Moreover, the next day you have got the vote-lists, so the press knows exactly who has voted with whom and for what and they answer to their own electorate and to nobody else. The House is not interested in why somebody has voted in any particular way: the people who elected him are. And so, as we come up to direct elections, it is important to be seen to be voting in a particular way and you make your explanation to the people who elected you and not to this Parliament. Now, the verbiage that encapsulates this proposition has frightened a lot of Members, and if it frightens them so much then it could be incorporated in the 'pink pages' if need be, so long as the principle of the division is accepted.

I understand that the Bureau is investigating the possibilities of using a mechanical voting system: I am by no means opposed to enquiries being made, but I issue two warnings and with this I conclude. Even in 1967, when our House of Commons investigated this matter, mechanical voting was ruled out — largely on grounds of costs, Mr Lange. Mr Memmel, as I have said, indicated the dangers of mechanical voting in the Bundestag. And so I hope again that, despite the misgivings expressed by certain Members on the Martens report, when we come to vote we shall vote for as much of it as we possibly can tomorrow, and if need be the committee, whoever might be the chairman in October, will come back to such amendments as are referred back to it.

(Applause)

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, ladies and gentlemen; before Mr Hamilton spoke in his capacity as chairman of the Committee on the Rules of Procedure and Petitions, I wished to comment on Rule 18 as it stands at present. I should like to ask the chairman of the Committee on the Rules of Procedure and Petitions and the other members who have spoken on behalf of their groups, to reconsider very carefully whether it is reasonable to bring in a number of additional staff, for a certain period and a specific purpose, to employ them for a short time without being sure how they will be employed for the rest of the time.

Lange

I should like to point out, ladies and gentlemen, that at least up till now, in all debates on the budget, or on the efficiency of the administration, we have always considered it extremely important for this administration to operate as rationally as possible and this is impossible with Rule 18 as it stands. Mr Hamilton said it is true that Rule 18 is not actually implemented in this form — there is a Bureau decision dating from the early 60s which eliminates the difficulties. Nevertheless, I would ask you to consider very carefully, ladies and gentlemen, whether it would not be better if those who are working here and assisting us have enough work to keep them steadily occupied rather than being overwhelmed with work at certain times and at other times not knowing quite what to do and sitting round twiddling their thumbs. This cannot be a good system for any Parliament and in particular we would find it hard to justify this to the public.

Ladies and gentlemen, it would be really useful if individual members would do a bit of work for themselves, for example if they followed the debates in which they are particularly interested. They would then have the benefit of simultaneous interpretation and a British MP, for example, would not have to cope with speeches in Dutch. As a German I do not have to try and understand Dutch, I receive a translation. I find out what I need to know and I can explain it clearly to my constituents. That is no problem. It seems to me that we are rather more interested in convenience or something similar in this case. I'm not sure exactly, because the motive is not quite clear at the moment. At all events, ladies and gentlemen, I would ask you before the vote tomorrow morning, to consider very carefully whether we can really in the circumstances, justify a substantial increase in staff and hence in Parliament's expenditure, for whatever reason — and to me the reason is not very clear — to our constituents and to the European public. I doubt we can.

(Applause)

President. — I call Mr Memmel.

Mr Memmel. — *(D)* Now that all the reports have been discussed, I should like to use the remaining time allocated to me as spokesman for my group and add something to what has been said about Rule 18.

Mr President, we have received in connection with yesterday's sitting the minutes of the sitting, the 'rainbow edition' in other words the provisional edition of the report of proceedings, containing all the speeches in the language of the speaker, and thirdly a summary report of the sitting for the press. What more could we possibly want? Are we now asking for the final version in the six official languages on the very next day? This is apparently what the Hamilton report is suggesting. The system whereby we receive the 'rainbow' edition by the following morning in

Strasbourg and by the following afternoon in Luxembourg has worked very well up till now. This enables each member to go through what he has said the previous day and also — since I assume that all the members are familiar with at least one other language apart from their own — read through many of the other speeches and if he is particularly interested in the debate, as Mr Lange said, he can sit in the Chamber and follow the debate in his language. I therefore do not feel that we should introduce any changes which would mean adding a fourth publication to the minutes, the rainbow edition and the press report, and would entail a considerable amount of expense.

I will pass on to the second point, namely Rule 33. First of all I will briefly outline the background.

I assure you that it won't take long. I must say that I never use the German term 'Hammelsprung'. The word does not appear in the German Bundestag's Rules of Procedure — 'Ausählung' is used instead — and I think it is completely unnecessary. It originates from the Reichstag, where there was one door for those voting in favour, one for those voting against and one for those abstaining. Above these doors were pictures depicting Rübezahl, and the story of Polyphemus and Odysseus, in which Odysseus is carrying the sheep on his back as he comes out of the cave. This remarkable allegorical picture is the origin of the ridiculous expression 'Hammelsprung'. We could just as well use 'Ausählung', it means exactly the same. That is all I have to say on this word.

To come to the matter itself: I am opposed to this method of vote-counting, first because the building in Strasbourg is completely unsuited to it and second because we already have a system which produces accurate results. We vote by a show of hands and if the president, or the official assisting him, is not satisfied, we can vote again by sitting and standing. If the result is still unsatisfactory, a roll can be held if enough members request it. I am not in favour of this system, a system which we have adopted from the Consultative Assembly of the Council of Europe; I think that it is time-wasting. The vote by roll call could be replaced by another system, more specifically a system of voting by name with voting cards. I agree with Mr Hamilton that we should not install an electronic system. In the Bundestag we installed such a system. It was extremely expensive, and then it didn't work, and it was found that members could use the equipment in the seat next to them if their neighbour was not present.

The equipment was then altered so that it only worked if there was a weight of at least 80 kg on the seat. This was too much; there are, after all, members who don't weigh 80 kg. The equipment was redesigned so that it worked at the normal pressure of a human body. After it had been altered repeatedly at such great expense, it was used — I think — three times in all, and each time it broke down.

Memmel

I have been in Bundestag for 19 years now, and we have had this equipment for some years, but it was an ill-advised and costly investment, and my colleague Mr Haase from the Bundestag's Budget Committee has just told me that the only thing to do is to dispose of it. It is free to anyone that wants it. You can see, therefore, that it would not be a good idea to install similar equipment here.

I don't know what the system is in Belgian or Sweden for example (in Sweden I believe they have a push-button system). However I do not think we need such equipment here. We should make up our minds to retain our present system of vote-counting, the show of hands, sitting and standing, or otherwise to adopt a system of voting by name, not the roll call, which takes too much time, but a voting card system which is simple and inexpensive. Each member would have three cards in different colours for votes for, against and abstentions, he would hand the appropriate card in and they would be counted.

Furthermore, Mr President, with all 198 members present — which never in fact happens, there are normally about 70 or 80, but even that is quite a large number — it is perfectly possible to see the proportion of different votes. For this reason alone I do not think that we should install any equipment. Finally, Mr President, it has always been a matter of concern to me that when you have counted the votes the two officials sitting beside you know the result of the count, while none of us do, not even in cases where there is obviously a quorum. I feel as though the officials sitting by you have more rights than I have, when they are allowed to know the final count and I am not. I can see why the result is not announced out loud when a quorum does not exist. But when there clearly is a quorum, I think that we should be told the result of the count.

(Applause)

President. — Mr Memmel, in the case of all votes requiring a qualified majority which have been taken recently, in particular the budgetary votes or the vote on the motion of censure tabled by the European Conservative Group, we have announced the number of Members voting, the number of abstentions, votes in favour and votes against. If you look at the minutes of proceedings you will see that for yourself. Sometimes I have even announced the result when no quorum was required, for example when we voted on the De Koning report. I have informed Members of the results of votes as often as possible, and always when a special quorum has been required.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-president of the Commission of the European Communities. — (1) Mr President, I have asked for the floor, but only for a few moments, because I have been asked by the Commission to speak on just one aspect of the matter

discussed, an aspect which directly concerns the Commission and is discussed in Mr Hamilton's report.

May I digress only enough to congratulate the three rapporteurs on their work and move directly to the problem of Question Time. We feel that it has been a most interesting and useful experience to have Question Time in the European Parliament and I think I can say that the Commission has effectively contributed to its success, despite some initial difficulties.

Now, under the proposals under examination, Question Time would be held twice in every part-session, on Tuesday afternoon and Wednesday morning, and last 1½ hours which, if I have rightly understood, could be extended to 2 hours.

Mr President, the first thing the Commission wishes to say is that it would be advisable to have closer cooperation between the Bureau of the Parliament and that of the Commission, to establish criteria of admissibility for questions — not with any aim of interfering in Parliaments decisions, but because occasionally some of these questions by their very nature require extremely lengthy answers (as for example will happen tomorrow). Moreover, while the Commission agrees that Question Time should be held twice in a part-session, it would like either Tuesday afternoon or Wednesday morning — whichever Parliament prefers — to be reserved only for questions to the Commission, so that we can organize for this and ensure the presence of all Commission members called upon to reply.

Essentially, then, Mr President, the Commission would like to ask that if question time is to be divided between two days in a part-session, one of these days be reserved exclusively to it.

President. — Mr Scarascia Mugnozza, your speech, which is quite justified by the Commission's interest in Question Time, demonstrates a spirit of cooperation for which we are grateful.

Does anyone else wish to speak?

The debate is closed.

The vote on the motions for resolutions contained in these reports, which require for their adoption the votes of the majority of current Members of Parliament, will be held tomorrow, Wednesday, at 12 noon.

10. *Addition of a document to the agenda for consideration by urgent procedure*

President. — I have received a proposal from the Committee on Budgets that the report by Mr Aigner on the second list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not carried forward automatically) (Doc. 218/76) should be included in the agenda of this part-session for consideration by urgent procedure. The committee asks that there should be a vote

President

without debate. This request is based on the need to observe the time-limits laid down in the financial regulation of the European Communities, which would have expired if the same report were to be submitted in September.

I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed.

I propose that the report be entered on the agenda for Friday, without debate, since it would be difficult to have the written report available before Thursday.

Are there any objections?

That is agreed.

I call Mr Aigner for a procedural motion.

Mr Aigner. — (D) Some Honourable Members have tabled a second request for consultation under the urgent procedure pursuant to Rule 14 of the Rules of Procedure. Can we have a decision on this now?

President. — What is the subject of this second request?

Mr Aigner. — (D) The suppression of international terrorism.

President. — Mr Aigner, I cannot propose urgent procedure in respect of a document which has not yet been distributed to Members of the Assembly.

As soon as the document is available, I shall consult Parliament.

11. *Introduction of a uniform passport*

President. — The next item is the motion for a resolution tabled by Mr Stewart on behalf of the Political Affairs Committee on the introduction of a uniform passport (Doc. 55/76).

I call Mr Stewart.

Mr Stewart. — Mr President, this motion for a resolution deals with two distinct though related topics, the topic of a uniform passport and the much wider topic of passport union.

By the words 'uniform passport' we understand a passport issued to a citizen of a Member State of the Community by his national government in accordance with the laws of his own country, which would contain on the outside, visible for all to see, writing or an emblem which would indicate what his nationality was — British, French, Dutch or whatever. However it would also contain — and this would be common to all the passports of the Community countries — writing or an emblem or both which would indicate that he was a citizen of a Member State of the Community. That is simply what a uniform passport means: a passport instantly recognizable as somebody travels about the world, within or without the Commu-

nity, as the passport of a citizen of a Member State of the Community.

Now one may say that this is a very modest proposal, but it has certain advantages which it is important neither to overestimate nor to ignore. For example, as time goes on the Community will be engaging in negotiations with countries outside the Community for the granting of equal rights to all citizens of all Community countries. A uniform passport would make the granting of equal rights by countries outside the Community to all Community nationals administratively easy, as people cross frontiers or as government officials want to know whether they are citizens of the European Community. They would have a document which instantly made that clear.

Second, we are also in the process of discussing what are sometimes called special rights but perhaps might more properly be called European rights — that is to say rights which the government of each country in the Community will grant to citizens of other countries in the Community. Now, here again, if we have got as far as a uniform passport we have removed one of the administrative difficulties about granting rights of that kind. A person who is a citizen of a Community country can always get a document which is instantly recognizable as showing his citizenship of a Community country.

There is a third advantage which I think is worth considering, and that is what you might call the educational or psychological advantage of having a document of this kind. Far more people travel to foreign countries today than used to be the case a generation ago. When you make any arrangement concerning foreign travel, you are therefore touching a wide section of the Community. The existence of this uniform passport will remind anybody who travels, or who for any purpose may need a passport, of the fact that not only is he a citizen of his own country but that his country is a country within the European Community. It will familiarize a rising generation with the concept of the Community and of the rights and duties which the citizens of all the Community countries have in common the one towards the other. I do not think that is to be underestimated.

Now, I repeat, this proposal for a uniform passport is not a massive revolution in human affairs. But it is a useful administrative step and it is one, I think, that will catch popular imagination and certainly it should not be difficult to bring into existence. One can argue, if one likes, exactly how large this uniform document is to be, how many — I was just going to say square inches but I should say square centimetres — it is to be, what proportion of the surface will be occupied by something indicating the holder's nationality and what proportion of the surface by matter indicating that he is the citizen of a Community country. But now that the European Council in Rome in

Stewart

December 1975 agreed to create such a passport to be in use by 1978, the first part of our resolution simply reminds them that they did that and urges them to get on with it as speedily as possible and to keep to the deadline, because this is not one of those occasions where an impossible deadline has been set. It is a task that can be performed; however when we turn to passport unions that is a much larger problem.

What would passport union mean? Well, may I put it like this. If you are in France, you can travel from Paris to Lyons, to Marseille, to Bordeaux without having to show any documents or go through any formalities. You only have to show your passport when you come into France from outside. Passport union would mean that once you were in the Community you could travel from Edinburgh to Milan or from Copenhagen to Bordeaux without having to show a passport and, of course, that would be true whether you were yourself a citizen of a Community country or not. Once you were inside the Community, you could move freely within it, and of course passport union would also mean that the rules whereby the passports were obtained would be uniform throughout the Community.

Now I do not think that anyone in this Assembly will dispute that it would be desirable to get Europe to such a state of unity, but we must notice the hurdles which must be cleared before entry into the Community. If, once one is in the Community, one can travel from Edinburgh to Milan without ever showing a passport, then clearly all the countries of the Community will have to have the same rules about who may be admitted into the Community and who may not, which will mean a very considerable task of negotiation, argument and final harmonization among governments.

There will also be the problem that may be phrased thus: will it be easier for fugitives from justice to be successful in their attempt to cap justice if they do not have to show passports at the frontier of Community States? If the man who has committed a crime in Italy can with ease get into France or Germany, unless there is a considerable measure of harmonization of law and procedure, will this not make it easier for criminals to escape justice?

Other problems arise connected with the civil law. Now I do not say that any of these are insoluble but they will take time. Passport union is not so much in itself a step towards European union; it is when we are able to have passport union that we shall be putting the seal and the stamp on an agreement over a wide range of subjects that has already been reached. That is why, in the second part of our motion, we simply place on record our belief in the desirability of a passport union and urge the Council to reach agreement, as soon as may be, on the steps to be taken to establish such a union. In this connection the Legal Affairs Committee has tabled an amendment which draws attention to the Commission's as well as the Council's task in this matter; speaking for the Polit-

ical Affairs Committee, I would say that we should be quite happy to accept this amendment.

Finally, Mr President, although these may seem somewhat technical matters, I hope the House will not regard them as too dry and technical. The small but useful measure of a uniform passport and the much greater task of making a passport union possible are both concerned with the task of reminding all citizens of the Community of that membership of the Community that they share with each other. This subject emphasizes the fact that the Community is not merely the result of treaties between governments, it is meant to spring from and to rest on the will of the peoples, the individual people, in each Community country to think of themselves as members of this greater entity of the Community itself.

Let us not, therefore, in having to discuss, as we may feel it necessary to do, some of the problems that arise, lose sight of the real objective, which is to make the concept of the Community increasingly real in the minds and hearts of men and women.

IN THE CHAIR: MR MARTENS

Vice-President

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

Mr Jahn. — (*D*) Mr President, Honourable Members, when our statesmen meet at a Summit Conference very good decisions are often taken and this often makes them feel very superior. This is true of the Economic and Monetary Union, political union, direct elections and also of the passport union. Deadlines have been fixed, working parties have been set up and expectations have been raised. The only difficulties have been with keeping to the deadlines. The ministers and the officials responsible for political affairs in the various countries have had great difficulty in fulfilling the promise of these Summit Conferences. As regards their decisions and deadlines, we can only take them at their word. At the Paris Summit Conference on 19 December 1974 it was decided to set up working parties to deal with the related but distinct problems of a single passport and a passport union. The working parties were expected to submit their reports by 31 December 1976. That moment is coming closer and we have every reason to insist on the deadline being kept to, as laid down in Michael Stewart's report.

At the European Parliament's part-session in December 1975 a decision was taken to set up a passport union that would come into operation by 1978. We know that the working parties are engaged on a draft of the single passport but as far as we know their efforts have produced very little so far.

On one point, Honourable Members, agreement seems to have been reached already. That is the colour of the passport. It will be wine coloured.

Jahn

This colour has never been used for passports, or so the experts say, anywhere in the world. It is also free of ideological associations. That is comforting. What we need is a passport that ensures all citizens of the Community of their right to be treated as a national of a Community Member State.

I should like now to turn to Mr Stewart's statement. He said that we could perhaps introduce an initial stage in which the passport would contain an emblem indicating that the holder was citizen of the European Community and show his nationality, Danish or British and so on, or we could begin by introducing a single Community passport. As Christian-Democrats we feel that what is needed is a passport that guarantees all citizens of the Community the right to be treated as a citizen of a Member State.

Mr Scelba goes so far as to state that the passport should show the rights of the European citizen. I believe, Honourable Members, that this would go a long way towards European political union.

The first step to a passport union is the creation of a single passport, as Mr Stewart has stated. As well as having a symbolic value it would distinguish the citizen of the Community as compared with other nations and other continents as the citizen of a community on the road to political union.

As well as being valid in the Nine, the passport would have to be internationally recognized so that holders could travel freely anywhere in the world. Here there will certainly be difficulties in the beginning. The Members of this House have a passport which, I hope, is recognized in all the Member States. What is possible for us should also be possible for all the citizens of the Community.

A single passport and a passport union are fundamental to our Community organizations. But we must be quite clear that to have both necessarily implies abolishing national frontiers. But before this can be done a large number of other measures must also be taken in the form of binding agreements between the different Member States in many sectors, as Michael Stewart has briefly indicated. The same rules will have to be applied in all the States, laws will have to be harmonized and this will certainly take a long time. This raises the question of how far the single passport will help to ensure that the system of frontier controls, both of persons and goods, will gradually be abolished and how far we are prepared to legislate on this.

Honourable Members, if we introduce a single passport we shall also have to face other problems concerning personal documents, such as the common driving licence and the use of the same forms for the likes of birth certificates and marriage certificates, so that they can be understood everywhere.

The Commission unfortunately does not have control of the working parties. The Council is able to act inde-

pendently of the Commission and Parliament here, and the Commission's influence is extremely limited. It cannot bring a direct influence to bear on the negotiations and it is therefore no wonder that a great deal of hesitation has crept into the Council's proceedings.

But the Council ought to know that we think it is important for it to keep to the objectives and deadlines it has laid down — and it was the Council itself that laid down these objectives and deadlines — and we should now insist on these objectives and deadlines being met. Declarations of intent do not bring us any nearer to European Union and the citizens of the Community are waiting for a clear decision.

I should like to conclude by thanking Mr Stewart on behalf of my group for his report. Our group approves the resolution.

(Applause)

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

Mr Nyborg. — *(DK)* Mr President, honourable Members, I shall not get involved in the discussion of whether this passport should be blood-red or whether the emblem should be in the top righthand corner or the bottom lefthand corner. I think we can leave that to our assistants and technicians; they are obviously quite able to solve that problem. But I should like to remind you that after the Paris Summit Conference my group showed considerable interest in the introduction of a European passport since we saw it as a practical step forward towards the creation of a 'European identity' among the citizens of Europe.

As Mr Stewart pointed out, a European passport would make trade easier once equal rights for the citizens of Europe become a fact. When European rights become a fact it will obviously be an advantage for every citizen of the European Community to have a document that shows he had those rights. It is essential before direct elections are introduced for the citizens of the Community to share a common duty and to feel a part of the Community, and a European passport is merely one of the practical steps to ensure that direct elections are not meaningless but in the true sense of the word give our citizens a feeling of belonging that in return will give the Community the impetus it needs to achieve its goal of consolidating itself as a real political authority.

Point 10 of the Paris Summit communiqué talks of 'a European passport union'. The creation of such a union clearly implies harmonization of rules and laws on the movement of individuals between Member States and between Member States and third countries.

The two basic considerations for the governments in a European passport union are :

Nyborg

1. Immigration control of people from third countries, in other words people with entry permits for one country should be free to go to other countries ;
2. Security and safety against international terrorism. Here there are some problems for British passport holders who do not live in the United Kingdom but are entitled to a British passport.

There will therefore be a long process of law harmonization before we achieve a European passport union.

Although the creation of a European passport union is desirable, many provisions will first have to be harmonized and adopted and some of them, such as efforts to combat terrorism, do not come within the scope of the Treaty of Rome.

Nor should it be forgotten that there will be some harmonization difficulty in connection with the existing Nordic passport union of which Denmark is a Member and which should therefore either be done away with or preferably brought into any future common arrangement.

But it should be noted that it is important that this passport is a legal document that can replace existing national passports and be internationally recognized. If this is impossible, the idea should be dropped to avoid increasing the amount of paper.

A European passport is merely one of the many steps that can be taken to promote a feeling of European identity among citizens. We could also envisage other papers such as driving licences, marriage certificates and possibly Community cards for pensioners who could benefit from free travel in all Member States and so on.

In conclusion, Mr President, our group supports the proposal put forward by Mr Stewart.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I am sure that the whole House, will wish to thank Mr Stewart for the admirably clear way in which he introduced his motion. He showed very plainly that this is not a purely superficial question but one that raises issues which have real importance for the development of the European Community. In drawing attention to the difference between the idea of a uniform passport and the much grander idea of a passport union he showed the comparison between the letter—that kills and the spirit that gives life. And it really is important that we should not allow the Council to proceed simply with some superficial new system of documentation but that they should turn European citizenship into a concept with a real meaning — that is to say an administrative and legal reality.

There are two or three aspects of this matter which I think deserve to be considered this afternoon. In particular I am very interested in questions of social security and the free movement of workers: I think the sooner we are able to proceed to central registration of pension rights the better it will be. This of course would involve the setting up of a Community register. Centralized records are a subject which some people are afraid of, because they feel that once their name is in a computer there could be some restriction of their freedom and an increase in the power of an ever-watchful central State machine. But I think that the idea of a passport union will lead to an enhancement of freedom and we need not be afraid of the possible consequences of the administrative apparatus which will have to go with it. I believe that eventually we want to move so far down the road to European citizenship that we can envisage equal personal taxation and equal rates of benefit. When we have achieved that, then European citizenship will indeed have a real meaning.

As an immediate question, I should like to know whether anything has been done on the question of electoral registers. One might well imagine that in the forthcoming direct European elections people whose occupation takes them abroad on a permanent or semi-permanent basis may prefer to vote where they are rather than to make use of some system for exercising their voting rights in their original country of origin.

Thirdly, I would like to mention a problem which is not unique to the United Kingdom but is an important one for the United Kingdom, namely the unsettled questions about citizenship of our former dependencies and also the anomalous position of Irish citizens who have practical privileges, in Britain, not extended to nationals of other member countries: I am sure that there is reason for improving the welcome that we give to citizens of other Member States as well.

In closing I would like to congratulate Mr Stewart again on his motion and on his introduction of it this afternoon. The European Parliament is the right forum for grasping these nettles. We should seize our opportunities for ending old prejudices rationally and removing obsolete and formalistic barriers. I do hope that he will continue with his campaign, because I fear what we do today will not be enough. The Council of Ministers will not take the necessary action unless driven to it by the European Parliament and by the pressure of European opinion.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, could I very briefly add my congratulations to Mr Stewart because his pressure on this matter has been relentless and I think probably necessary.

On point 1 in this motion may I say that I believe that we should have such a passport prior to the date of elections for the reason which I think I may have expressed in a speech on another subject today. I think that there is going to be a need for some tangible and visible symbol of something as important as the change to direct elections. While a passport in itself may be very far from what some people want in the way of a passport union, I think that it is worth taking this step to create this tangible and emblem and I think it is most essential that it should already be available prior to the date when direct elections are held, which we hope, will be the same date or approximately the same date all over the Member States. I think this would help to create an interest in itself and I do not really mind myself whether it is Bordeaux red or Claret red or some other particular colour. It could even be tartan but I do not suppose many people would go along with that one except where I come from.

I would like to ask Mr Stewart whether he envisages this will be a replacement document or an additional document? I would suggest that if it is to be a replacement document, then it will be meaningful and significant in the way I mean. If it is to be an additional document, then I would seriously question whether it is worth it. I have in my hand the extra passport that I am privileged enough to have and which I sometimes use as I go through the various places on the way here, and it requests that everyone in the Member States will allow me to pass freely. I actually find, as often as not, that more difficulties occur when I show what is an unusual document to people who are not accustomed to it. Perhaps that is their fault, perhaps it is the fault of the UK officials, but I genuinely find the simplest way to get through is to show the British passport which I usually show. Now that may not be the experience of others but I have had this experience, so I make the point that if the uniform passport is not to be a replacement, then I think we should forget it. If it is to be a replacement then I do think it will have the valuable psychological benefit that it will make travel easier and will help to cut down the barriers between peoples.

There is the second point of the obvious difficulty that a passport gives us certain rights and these may not be the same in various Member States. I suggest that particular matter could be resolved between the working party and the Legal Affairs Committee who are not without a great deal of legal acumen, or at least proposals could be put before the Parliament which I am sure would be acceptable.

My third point is that if there is to be any obvious benefits to the average citizen in the introduction of direct elections and if he is to feel more involved, then one of the benefits must be the easier crossing of borders. I know that my friend, Mr Dalyell makes remarks — I do not know whether they are always entirely serious — because I am a Scottish Nationalist and I make no bones about the fact that I want to have a government for my own country in the same way that Denmark and Luxembourg have for theirs. But that does not mean that I do not also want the easy crossing of borders, as, for example, one has between Norway and Sweden. And I would like to suggest that the case of Scotland and England poses rather an interesting example constitutionally, because we do have different legal systems and the writ of the police under the one system does not run across this border. Yet we do not find that there is a particular difficulty about fugitives escaping, because, if the truth be told, if the fugitives are inept they are caught long before they get over the border and if they are clever they probably will have arranged to have some other passport altogether. I do not suppose the situation would be very different with an international fugitive. And in regard to all these complex questions like the enforcement of matrimonial decrees and other arrangements with regard to extradition, even though there is a legal border, in actual fact these difficulties have been solved to a great extent and could be solved in the same way across borders within in the EEC.

I was interested in the remarks of Sir Brandon Rhys Williams with regard to similar difficulties in respect of social security. Once again I can say that with two legal systems operating these difficulties have been ironed out by a central bank between the two. I would like to say that, however much I may be a great exponent of the virtues of many aspects of Scots law, I have always welcomed those endeavours to assimilate laws where they can be assimilated without loss of rights. I feel certain that, for example, the start that has been made to give lawyers of different national systems the equal right of audience is the kind of thing that will assist in breaking down the barriers. So if it seems strange to this House that a Scottish Nationalist who wants a national government would, at the same time, be very happy to have a European passport, you will just have to accept it, but I think I have offered you a precedent showing where we have already to some extent overcome these difficulties.

(Applause)

President. — I call Mr Brugger.

Mr Brugger. — *(D)* Mr President, in discussing this motion for a resolution the Legal Affairs Committee found itself in a new and rather difficult position. The committee was asked by letter of 19 December 1975

Brugger

for its opinion on this matter, for which the Political Affairs Committee is the committee responsible. It gave its opinion on the motion for a resolution. But since it is a matter of a motion for a resolution adopted unanimously by the Political Affairs Committee, the opinion of the Legal Affairs Committee is invalid, because an opinion can only be given as you have told me, on the *report* of the committee responsible. This brings us to the question of whether the procedure of asking committees for their opinion could be abolished by simply drafting motions for resolutions instead of reports.

Be that as it may, the Legal Affairs Committee considered the resolution and, as has just been noted, proposed an amendment to paragraph 2. The committee entirely approves Mr Stewart's statement on paragraph 1 of the resolution on the demand for the creation of a single European passport by 1978. It also agrees that such a passport would be a fundamental psychological advantage to the citizens of Europe. It is also convinced that the introduction of a single passport would make frontier controls much easier for European citizens, compared with nationals of third countries, moving within the European Community, even if it did not lead to their complete abolition. It also feels that the introduction of a single passport would be an extremely useful and important precondition for the achievement of a passport union and for creating conditions, whether on the initiative of European organizations or of the Member States, whereby all members of the Community would be treated equally by third countries.

But where the passport union is concerned, while the Legal Affairs Committee fully agrees that the introduction of this common passport will create many advantages and new possibilities, it feels as the committee asked for its opinion, that its views on this motion for a resolution are important and has, as you know tabled an amendment to paragraph 2 concerning the passport union. Here, the committee feels it is important for the Commission to be named as an organ of the Communites. I agree with Mr Stewart's statement. The passport union would be the conclusion of a series of European developments, but to achieve such a union, whereby all internal frontiers would be abolished and there would be no more controls at the internal frontiers of the Community, would require a huge number of measures for the harmonization of certain legal provisions in the various Member States. We need only think of the need to harmonize legal arrangements for foreigners to which the rapporteur has already referred, but apart from this, as we have already heard, there would also have to be harmonization of criminal law and of the law concerning the rights of dependents, and other matters in sectors that come under the EEC Treaty. And here, as in the case of other measures that affect the EEC Treaty, the Commission would have to take the initiative on unification or harmonization. This is why we in the Legal Affairs Committee have tabled this amendment.

The committee recommends that the Parliament adopt the Political Affairs Committee's resolution but also asks it to take its own amendment into consideration.

(Applause)

12. *Tabling of a motion for a resolution*

President. — I have received from Mr Aigner, Mr Behrendt, Mr Berkhouwer, Mr Blumenfeld, Mr Boano, Lord Castle, Mr Cousté, Lord Gladwyn, Mr Lange, Mr de la Malène, Mr Normanton and Mr Patijn a motion for a resolution with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure on measures to combat international terrorism. This document has been circulated under No 222/76. I shall consult Parliament on the request for urgent procedure at 6.45 pm.

13. *Introduction of a uniform passport (continued)*

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

Mr Berkhouwer. — Thank you, Mr President, I should like to take this opportunity, even if it is perhaps rather late, of speaking on behalf of my group.

I should like to begin by congratulating Mr Stewart for putting this matter on the agenda at a very opportune time, at a time when the people in one half of Europe are going on holiday to the other half. Whenever people go from one part of Europe to another and have to cross national frontiers, they unfortunately discover only too well just how real these frontiers still are. I am all the more grateful for Mr Stewart's action in that I may, without boasting, claim a certain credit in this respect, for when President Giscard D'Estaing proposed holding a summit conference in December 1974 in Paris, I had already had the privilege of visiting the French Head of State in October of that year, and I asked him to consider, at a time when all the major European projects were stagnating, whether something could not be done for ordinary people, something to make the ordinary European psychologically aware that we were intent on the reconstruction of Europe. What does the average person know about the snake, Economic and Monetary Union, and so on? He will only understand the European idea when he sees the frontiers disappearing, when he can move about freely and take his property with him, and is no longer held up at borders. Whenever I get into my car and drive over a frontier into another Community country I am always asked if I have anything to declare. At every frontier crossing you still have to put up with customs officials. We started out as a customs union. I have often wondered if have not ended up as a union of customs men.

Berkhouwer

What shall we do with all the customs men? I recently went to Scotland, Mrs Ewing's country, and when I was going through Immigration in London I was stopped by a man who asked me what I had come for and I replied 'I have come to see to it that you are out of a job as soon as possible.' He gave me a very strange look, but I told him 'Don't you worry, I am going on to that wonderful country, Scotland', and it turned out that he was a Scotsman himself, and he was very pleased, and after that I got through Immigration with no trouble. But you still enter some countries as an immigrant and not as a European citizen. This was what occurred to me on the eve of the 1974 Summit in my talk with President Giscard d'Estaing, when I asked him to do something for the common man. The obvious thing then and now was a single European identity document. It would be quite simple for everyone to carry the same piece of paper in his pocket, for every one of the 250 million people living in the Community, man woman and child, to have an identical document entitling them to move freely throughout the Community. We have still not got beyond the stage of a passport union, that was all the 1974 Summit achieved, and our national bureaucracies have succeeded in holding out for the last two years. For six or nine months, or even a year, the matter was kept on the shelf by the national authorities, then finally a committee was set up, but that committee has now got bogged down in squabbles about whether the passport should be cloth bound or paper bound, what colour it should be, how many pages it should contain, how many languages it should be in, and so on.

I am therefore very glad that Mr Stewart has now raised this matter, because it must be settled once and for all. Something must be done now. In the present state of stagnation in Europe, the only way out is to say: look, if it won't work from the top down, let's make it work from the bottom up. Why not have one currency, why not have one set of postage stamps, why not have one driving licence, why not have one time system; the present position in Europe just now, Mr President, with regard to the time, is the most absurd that could possibly be imagined, and all simply because we do not have the will to sort it all out. These are all matters we have already had the opportunity to deal with in other debates. But let us for heaven's sake get some things done that will mean something to ordinary people, to all 250 million living and working in the Community, while the major projects are stagnating. I cannot help feeling that Amendment No. 1 tabled by Mr Brugger to paragraph 2 is just bureaucratic interference. Let us for heaven's sake stop getting bogged down in all kinds of technicalities and instead turn to our masters on the Commission and the Council and, as the representatives of the 250 million ordinary people who want to be able to move about freely across the frontiers of the

nine Community countries, say to them: 'Get on with it, and get it done as quickly as possible.' I again take this opportunity of thanking Mr Stewart for raising this matter, for which he has my group's heartfelt support.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I promised you a self-denying ordinance that I would not try to wash domestic laundry in public; I will therefore content myself with saying to Mrs Ewing that of course the differences and barriers between Norway and Sweden are one thing and do not involve that many cars and people. It is an entirely different matter to have any kind of a passport on a busy motorway, as between Glasgow and London just let her imagine those queues showing passports at the time when the illuminations are on at seaside resorts like Blackpool and coinciding with the Glasgow holidays, I shall leave it at that.

Mr President, I have a very selfish reason, like my colleagues from the UK delegation, for welcoming any kind of common passport. It is perhaps not my day with the Belgians, in the light of my exchange with Mr Simonet this morning, so I know you will take it in good part if the British delegation say that we have the utmost speed and courtesy in Copenhagen, at Schiphol, at Orly, in London and in Frankfurt, but dear, oh dear, Sir, those customs officials at Brussels! They positively relish seeing the British queueing up, waiting for their passports to be stamped. The Belgian police love their power in seeing us hanging around and waiting. Schiphol is fine, London airport is quick and civilian and courteous, like Schiphol is. But I am not the only one by any means who would look forward to the day when there is no passport to show the police at Brussels airport because, frankly and seriously, we have continuous and sustained difficulty with them.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — Mr President, I have asked to take part in this debate even if the initiatives in the field of passport union have come from Mr Berkhouwer and President Giscard d'Estaing. But the matter is important for the Communities and therefore for the institution which I represent here. I am grateful to Mr Stewart for his motion for a resolution, the purpose of which is to speed up the proceedings in the Council concerning the adoption of a unified passport and to urge the Council and, due to the amendment moved by the Legal Affairs Committee, the Commission to get on with the rest of the work, which is more difficult, but also substantially more important for the creation of a true passport union.

Gundelach

Whilst there can be no doubt that the establishment of a uniform passport — if a unified passport must be something which replaces the national passports and is recognized as a European passport — will have an educational and a psychological importance and help bring home to the citizens of Europe a sense of entity, it must not be forgotten that if we stopped at the establishment of this unified piece of paper, however important it might be, we might nevertheless deceive the peoples of Europe and leave them with yet another feeling of frustration vis-a-vis the European Communities, because you must bear in mind that whatever psychological and practical importance there may be attached to a unified piece of paper called the European passport, it does not solve any legal obstacles to the free movement of people inside Europe, or between Europe and the Third World. It solves no problems of real significance to the free movement of people inside Europe. It is a first step and should be recognized as such. But if we stop there, we will not really have achieved what most of you have been speaking about and rightly asking for in the course of the debate this afternoon.

So the second part of the motion for a resolution by Mr Stewart is, in Commission's view, of the utmost importance, namely, the part which urges the Council and — due to the amendment of the Legal Affairs Committee — the Commission, to get on with the admittedly difficult work in the field of legal harmonization, to make it possible for a true passport union to be established. I shall not enumerate the difficulties, which has been done by other speakers — the Commission did submit to this Parliament and to the European Council, last summer, a substantive document concerning the subjects that had to be dealt with in order to bring about a true passport union. I shall therefore not repeat all this this afternoon. I would only like to say that difficult as it seems to be with special situations in the United Kingdom, or France, or Belgium or the Nordic passport union, let us not be overwhelmed by these difficulties, and let us not be tempted to say that since it is so difficult to find the perfect solution, we shall restrict ourselves to one thing, the passport, the actual document, and leave the rest to an unknown future.

I assure you from my experience in harmonizing other laws for the sake of facilitating the movement of goods and people in the Community that these difficult problems can be tackled by a stage by stage process without expecting perfection from the outset, and as far as the Commission is concerned we do consider it to be our responsibility under the Treaty, since Article 3 (c) of the Treaty calls for the free movement of citizens of Europe, to take certain initiatives in this matter and we will do so when we deem it necessary and useful and within our competence in

order to further the objectives of the passport union, as called for by the European Council and by this House this afternoon.

(Applause)

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

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2 I have Amendment No. 1, tabled by Mr Brugger on behalf of the Legal Affairs Committee to reword this paragraph as follows :

Places on record its belief in the desirability of a passport union and urges the Council and Commission of the European Communities to take steps to ensure, in accordance with their respective responsibilities that such a union is established as soon as possible ;

I call Mr Brugger.

Mr Brugger. — *(D.)* Mr President, I believe I already referred to the amendment in a previous speech and I am extremely pleased to note that the rapporteur and Mr Gundelach have both approved it.

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

I put paragraph 2, amended, to the vote.

Paragraph 2 is adopted.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I put to the vote the motion for a resolution as a whole, incorporating the amendment which has been adopted.

The resolution is adopted.¹

14. *Commission statement on the preliminary draft budget for 1977*

President. — The next item is the statement by the Commission of the European Communities on the preliminary draft budget of the European Communities for 1977. The statement will be followed by a debate.

At a meeting held between President Spénale and the chairmen of the political groups, it has been agreed to propose to Parliament that the number of speakers on Mr Cheysson's statement should be limited to six ; one spokesman for each political group and, possibly, the rapporteur ; the usual speaking time would apply.

Are there any objections ?

That is agreed.

I call Mr Cheysson.

¹ OJ C 178 of 2. 8. 1976.

Mr Cheysson, Member of the Commission. — (F) Mr President, thank you for allowing me to speak for the Commission and to submit to Parliament the preliminary draft budget for 1977. This is a financial year without precedent. It is the first time in the history of the European Communities that the Commission has submitted the preliminary draft to the plenary sitting of the European Parliament. Consequently the latter will be able to hold a debate on budgetary policy before delivering an opinion on the budget.

What a long road we have travelled, Mr President, since 1973! That was the first year that I had the honour to fill my present post and I remember that the first and second readings together only occupied Parliament for 2 hours at most. And even these 2 hours were interrupted by another debate. Since then, with the 1975, 1976 and now the 1977 budgets, Parliament has gradually become the main partner in budgetary discussions and in a consideration of the policies which this budget represents. There was the introduction of the conciliation procedure and constant activity by the President of the European Parliament, by the Committee on Budgets, in particular its chairman and its general rapporteur, which, during conciliation, enabled us to agree on a better definition of your margin for manoeuvre and to agree that this margin for manoeuvre should be a policy instrument such as Parliament wishes to define it.

And now, even before anyone else considers our preliminary draft, we are holding a policy debate in this Chamber.

You know how much the Commission welcomes this development Mr President. It has decided to make every effort to enable this debate on the budget, which will continue for nearly 6 months, to take place in the best possible conditions. So at great effort we have extended the timetable for considering budgetary documents which are now submitted two months earlier, these two months being allocated equally to the two institutions. We have also taken care to draw up the budget in a particularly detailed form. The Council itself — in its enlarged form including Ministers for Foreign Affairs and Finance Ministers, in other words, in a very convincing form — has held a kind of policy debate; the meeting of these Ministers enables the matter to be dealt with in a general way.

Finally we have drawn up the budget in continuous consultation with the authorizing services. You know the result of our work and I would particularly recommend to Members of Parliament Volume VII which introduces the whole budget and gives the necessary general policy explanations. Thus we have instruments which will enable us to follow the implementation of the budget — and when I say 'we', Mr President, the term obviously includes in the foreground the Parliament whose eminent responsibility in the budget lies not only in its preparation but in its implementation and then in its supervision.

This budget therefore appears as an instrument of policy definition and as the framework in which commitments are made by the Executive Council of Ministers and the Commission — for the implementation of these policies. This naturally means, as Parliament has frequently demanded, that the budget must show the total amount of expenditure and the total amount of own resources. The Commission, like Parliament, regrets that certain expenditure, such as expenditure on development aid within the framework of the Lomé Convention, still remains outside the budget as submitted.

Like Parliament, the Commission insists that all foreseeable expenditure should be entered in the budget even if it is frozen in Chapter 100, where we put expenditure which cannot be implemented without the agreement of the budgetary authorities.

As for own resources, the Commission, like Parliament, insists that loans proposed and decided in principle should be entered in the budget, so that the implementation of these loans is subject to the same supervision and review by the budgetary institutions, in particular by Parliament.

The last comment, Mr President, for the greatest possible transparency in our budget, that is, the translation into precise concrete figures of what a policy in any year means, the Commission thinks, as does the Committee on Budgets, that a distinction should be made between appropriations for payment and appropriations for commitment when a programme extends over several years and when it is consequently quite absurd to enter from the very first year the total amount of the operations for which commitment is made when some of them will obviously only involve payments later on.

This distinction between appropriations for commitment and appropriations for payment however involves one difficulty for which I should like to apologize to Members of Parliament; in the first year of application, it makes comparison difficult with the preceding year, as we shall see when we now consider, the 1977 budget. The total amount of the preliminary draft as submitted by the Institutions for 1977 is 9 260 m u.a. of which 9 122 m u.a. are for the Commission. It is impossible to compare this today with the 1976 budget. This is one of the drawbacks to drawing up the budget very early in the year, for we are thus drawing up the budget for the following year before the mid-session supplementary budget has been submitted. This supplementary budget will be submitted in the next few days. And in the following fortnight, an exact comparison will be possible between the 1976 budget, including supplementary budget, and the 1977 budget. Taking these figures into account, I think that the percentage increase in the 1977 budget in relation to the 1976 budget will be something to the order of 9.5 % in appropriations for payment and to the order of 16 % in appropriations for commitment.

Cheysson

Since the Community is a developing body, Mr President, let us begin with new operations. Here, unfortunately, I shall be brief, since in 1977 we are not proposing any significant new operations from the point of view of the budget.

Let us consider the priorities which will appear when we consider this budget, however rapidly we do so. In the research and in the industrial sector, we are at present proposing that the Community should contribute towards the construction of large civil aircraft, towards advanced technological research in the aviation sector. We are proposing this as a partial replacement for efforts made by national governments. If we consider that national aid to investment in the aviation sector amounts to some 400 m u.a. over 5 years, we think we can propose approximately 100 m u.a., either 20 % over 5 years or 20 m u.a. in appropriations annually for the construction of large civil aircraft. This would mean appropriations for payment of 8 m u.a., or, including advanced technological research, 16 m u.a.

Second proposal in the industrial sector: as an extension the first data-processing programme already adopted by this Parliament and soon to be adopted by the Council, we are proposing a second programme which will lead to the abolition of barriers to trade so as to give the data-processing market within the Community a large enough dimension to encourage our undertakings; 7 m u.a. are entered in this budget.

In the industrial sector, as you are aware, we have entered a budget heading for transport infrastructures which will be financed in due course. That is what we are doing on the research and industrial front.

Another priority which will become clear from a consideration of the budget: the development of the Community externally. Under the heading of external relations we shall then see as new operations firstly the provision of the starting capital for the European Export Bank which we proposed in February 1976. This, as you know, will facilitate the financing of multinational export contracts. We shall also include the installation of 3 delegations to the Maghreb countries, since we feel it is essential that global cooperation agreements with 3 countries as close to us as these should be accompanied by the installation on the spot of some representatives of the Commission to carry on business there. This first delegation will naturally be followed the year after next, once the financial protocols have been signed in the Middle East, by the installation of similar delegations to the Middle East, to Arab countries and to Israel.

Finally, under the heading of new operations, in the agriculture sector, we shall set up a new organization of the market in alcohol, which represents 10 m u.a. So much for new operations: 129 m u.a., of which 100 will be for non-renewable expenditure in

providing the starting capital for the European Export Bank. This represents, assuming these appropriations are not cut, 1.4 % of the total of our budget. In fact, the 1977 budget scarcely proposes any new operations. On the other hand it includes a large element for the development of operations already started. Let us look again at the priorities as they appear, since consideration of the budget will make clear our policies and our priorities within these policies.

The first priority: in the social sector, restructuring in the regional and social sector. In the budget we are proposing, the Regional Development Fund contains 200 m u.a. in supplementary appropriations for payment. We are increasing these from 300 to 500 million, thus achieving at the end of the appropriations for commitment provided for over the first 3 years of regional development — 1,300 m u.a. — a normal implementation with a balance between appropriations for commitment and appropriations for payments corresponding to a normal application of the policies which you have decided upon and whose fundamental objective I would remind you, particularly at the present moment, is the creation of employment in those regions which suffer from a marked imbalance. Let me warmly recommend to you in this context the first report of the Regional Development Fund which is particularly interesting on this question.

As for the Social Fund, which is obviously closely linked to the Regional Fund, we are proposing that in 1977 the Community commits itself to 100 m u.a. more than in 1976; this increase would be 19.6 % and consequently much larger than the average increase. Our appropriations for commitment would thus rise from 519 to 619 m u.a.

Why do we lay so much emphasis on this? Firstly, because the Parliament has asked us to do so many times. Then because this is one of the subjects, one of the rare topics on which the enlarged Council, meeting in April, encouraged us to act. In fact, unemployment continues in Europe despite the economic upturn, structural difficulties in employment are not disappearing in a period when growth is not enabling us to reduce unemployment. The worst hit by such unemployment are naturally young people and we must give them priority in the utilization of our Social Fund. This is why 89 m u.a. out of the increase of 100 m u.a. will be reserved for young people, the remainder being made up of payments within the Social Fund. For the benefit of this increase we would also like to strike a better balance between Chapter 4, which corresponds to the Community decisions in this sector, and Chapter 5 which corresponds, as you know, to support for national action. The increase would thus be 29 % for Article 4 and 12 % for Article 5. This is our first priority; I say so very simply but very proudly.

Cheysson

The second priority: research and industry, because here again, Parliament has frequently encouraged us to emphasize that in these sectors Community action, complementing national action, would bring about development aspects which were particularly interesting. So you will find in our draft budget an increase of 48 m u.a. in appropriations for payment for research, although there is a decrease of 86 m u.a. in appropriations for commitment, this corresponding to the stage we have reached in implementing our programmes. This increase, Mr President, is shared between direct action in the 4 centres at Ispra, Karlsruhe, Geel and Petten, direct action within the framework of the programme for 1977-1980 which we hope to see finally adopted very rapidly, and indirect action, energy saving, solar energy, geothermal energy, above all fusion, the famous JET project for which we hope that the governments will finally manage to find a site!

Still on the subject of research, we are providing for a very slight increase in appropriations for payment in the energy sector for the continuation of technical development of hydrocarbons, for the launching, as Parliament decided by including it in its projects for 1976, of our contribution to deep water exploration. We are also providing for the encouragement of uranium production within the Community, which we can do without any further Council agreement since this is contained in the clauses of the Euratom Treaty.

Third priority: the development of the Community externally. For developing our operations, you will see 6 m u.a. more under the heading of interest rebate for loans from the European Investment Bank to Portugal; you will also see a slight growth in our operations in non-associated developing countries — I shall not remind Parliament of the interesting but complicated debates to which that leads in the three Institutions —; you will also see an increase for food aid which will amount to 20 m u.a. once the supplementary budget has been submitted. This increase results from the increase in the percentage of wheat delivered by the Community within the framework of a global commitment of the Community plus Member States; it also results from an extension to the programme for delivering milk powder which you increased to 150 000 tonnes per year, from maintaining the same figure in butteroil tonnage, from a slight increase in our exports of sugar, and finally from the introduction into our food aid programme of high protein products, which are of special interest to the developing countries, such as powdered eggs, dried fish, etc.

The final aspect of this budget, the largest in financial terms, the continuation of current operations. Now we are coming to the agriculture budget. Let us first take the EAGGF Guarantee Section, and if you will allow me, let us distinguish the EAGGF Guarantee Section

from compensatory amounts and from the dual conversion role, let us deal separately with the agri-monetary charges. We shall then see that the budget we are submitting increases from 655 m u.a. before the submission of the supplementary budget that we mentioned. Once this supplementary budget has been submitted, and bearing in mind the provision for price reviews in 1977, the increase will be approximately the same, since we think that the supplementary budget will include an increase in the EAGGF Guarantee Section expenditure of the same order as the provision for price reviews which we are making for 1977. The increase then will be from 4 635 m u.a. to 5 290 m u.a. for the EAGGF Guarantee Section, not counting compensatory amounts or the dual conversion rate. This represents a 14 % increase.

But on the other hand, Mr President, we must also note that between the 1976 budget, before the supplementary budget, and the 1977 budget such as we have estimated resources from agriculture — agricultural levies and 'sugar' contributions — will rise substantially, since we estimate an increase here from 689 m u.a. to 1 180 m u.a.

If we then calculate the cost of the EAGGF Guarantee Section apart from agri-monetary expenditure, a theoretical calculation on the budgetary level since resources are not included, but an interesting calculation for the taxpayer you will agree — we will see that growth amounts to 4.6 % between 1976 and our forecast for 1977. I did say 4.6 %. Let us however recognize that this, corresponds to a wager. In fact, if the milk policy that we are following at the moment were continued, we would have to add 400 m u.a. to the estimates we are submitting. The Commission consequently commits itself — I state this on behalf of all its members — to submit proposals which will enable the expenditure estimated today for milk products to be reduced by 400 m u.a. by the amendment of a number of provisions in the milk sector. In working out a better budgetary estimate, we can also see the areas where policies should be altered and we would give priority to the milk policy, which is where we want to find these 400 m u.a.; we have our backs to the wall in not including this amount in our budget estimates. This is how we arrived at the figure I quoted just now.

I have little new to say about the EAGGF Guidance Section appropriations for commitment are naturally those stipulated in the regulations: 325 m u.a. The Introduction of appropriations for payment means that we include less for 1977. One comment must however be made: 325 m u.a. for the EAGGF Guidance Section against a budget for the EAGGF Guarantee Section of 5 300 m u.a. What an imbalance! Was Europe really constructed to do nothing but pay for agriculture and to do so little to restructure it?

(Applause)

Cheysson

Is it moreover acceptable that national governments over and above their contribution to the Community budget, should pay out 9 000 m u.a. in 1975 in subsidies and agricultural interventions, which are themselves structural? Must we continue along a path where all structural reform is carried out at national level, when I understood that the European Community had been constructed precisely so that structural alterations could be carried out at European level? Within the EAGGF Guidance Section, the figure of 325 m u.a. is itself misleading for, as you are aware, Community operations are especially weak: it is the individual operations which take up most of our commitments.

I have left financing costs on one side. We are in fact proposing in the preliminary draft budget to distinguish and to weigh up the costs which monetary fluctuations represent in relation to the initial hypotheses which obtained when the Treaty of Rome was signed. Let us not forget that we then took as our hypotheses monetary stability, continual economic development and we built our policies on these foundations. We have attempted to correct financial drift by different methods and we have gradually set out along paths which have led us to take on considerable burdens. In the preliminary draft budget for 1977 we are entering no less than 1 100 m u.a. for financing costs, 550 m u.a. for monetary compensatory amounts, 550 m u.a. for the dual conversion rate as against, let me remind you, 305 and 320 in the 1976 budget under the preliminary draft supplementary budget. And this hypothesis is still linked to the idea that the Council and Parliament will happily accept the proposals which we shall be submitting to them in the very near future, enabling us to avoid the permanent fixing of a formula for compensatory amounts and leading both to contemplate a periodical review of the green exchange rates.

In fact, Mr President, an anomaly has gradually crept into the Community. We are living in a market economy and yet we are excluding one important sector of our economy from the rules for market economies. We are forgetting that the compensatory amount was invented to enable a transition or periodic drift to be effected after a fluctuation in exchange rates. It would not be acceptable that on the day following a 10 % devaluation, food products, on the market increased by 10 % in local currency. It is not the same with industrial and manufactured products where prices only change progressively. This leads us to the idea of compensatory amounts. But is it acceptable that this 10 % hypothetical devaluation should continue to be protected from affecting market prices for indeterminate periods, sometimes for several years? The Commission thinks not, and this is why it will soon be submitting proposals on this matter.

The final item in our activities: operating and administrative expenditure. This represents 4.5 % of the total budget, including information, aids and subsidies, the European schools etc. Under the heading of 'informa-

tion' I will simply point out that we have included 400 000 u.a. for an information campaign on the reasons for direct elections to the European Parliament.

As regard staff, which represents 3.97 % of the budget, the increase we estimate totals in all 13 %. This has required a very strenuous effort to keep increases down. However, let me tell you immediately, without entering into details, that for the first time in 4 years we are proposing increases in the number of staff corresponding to the priorities I mentioned just now. In conclusion, Mr President, how do these figures compare? Between policies, the relative changes are slight since the global amount of the budget increases little. Regional Fund expenditure moves from 3.96 to 5.34 % of the budget; this is the largest variation; appropriations for commitment in the Social Fund from 6.6 to 6.3 % — no change; research from 2.3 to 2.7 % — no change; agriculture remains static at 67 %. Our budget is largely a budget for administering policies to which we have committed ourselves and does not include any spectacular new operations: do not be surprised therefore that there is no proportional change in our policies.

From 1976 to 1977 the increase in appropriations for payment is to the order of 11 %. This figure is misleading, as I told you since in several sectors the distinction between appropriations for commitment and appropriations for payment leads to anomalies. So I shall not dwell on this. On the other hand, I will mention that out of a total increase in appropriations for payment which, after the submission of our supplementary budget, will be to the order of 800 m u.a. we shall find 200 m u.a. for regional development, 100 m u.a. in appropriations for commitment it is true for the Regional Fund, 80 million for research, 190 million for external relations, the rest for the administration of existing policies and 660 million for agriculture. Here you have the broad outline. of our budget, our three development priorities: first, social, second, research, third, external relations. Let us also note that a large part of this budget, I wish to stress this before Parliament, replaces national expenditure. What we are spending on agriculture would come from national budgets if it was not included in the Community budget, and this is also true for part of our research programmes, for example, the JET.

Another section partially replaces government expenditure, — EAGGF Guidance Section, certain industrial products. 550 m u.a. in compensatory amounts count as direct aid to the consumer whom we are protecting: we are protecting the housewife's shopping basket against the effects of fluctuations in exchange rates. Finally 550 m u.a. are only notional charges on the budget since they are immediately refunded to Member States under the heading of expenditure involved in collecting resources.

However, a total of 9 000 m u.a. demands some attention. I could refer to the maximum rate of increase, which figures in Article 203 of the Treaty, but this

Cheysson

would be a very boring and very complicated demonstration and moreover this year I find that the reference which results from the application of the Treaty is neither very convincing nor politically or economically significant. In fact the maximum rate mentioned in the Treaty this year refers to the last year for which we have all the figures, that is 1975, a year in which the economic trends were totally different from those we foresee in 1977. 1975 was the year of large budgetary imbalances incurred to boost employment. At national level 1977 must be a year of budgetary balance in the fight against inflation. Reference to 1975 therefore appears to me, I repeat, neither politically nor economically significant.

However, it would be more significant to note that our budget represents a relatively constant proportion of the gross national product of the Community. 0.59 in 1975; 0.57 in 1976; 0.60 in 1977: that is our budget. I said somewhere that it was an uninteresting, mediocre budget; unfortunately this is true. The reason for this, is that we do not think that spectacular new operations can at present be proposed at budgetary level, for we have a lot to do in developing existing operations.

We also feel that such a budget should allow this joint action between the European Parliament and the Council to be confirmed, since this is one of the most original and most interesting elements in the construction of the Community over the last 2 years. We therefore think that in this budget, in terms of the margin for manoeuvre which Parliament must have in defining policies such as are included in this budget, Council and Parliament, whose mutual aid is essential, whose cooperation is indispensable for the principle of European policies as well as for the adoption of the budget, we feel that here we have a remarkable opportunity to make progress in this confrontation, in this dialogue, in this cooperation, in this consensus which, I repeat is the foundation for future European progress.

(Applause)

15. *Decision on the urgency and inclusion in the agenda of a motion for a resolution*

President. — I shall now consult Parliament on the request that the motion for a resolution on measures to combat international terrorism (Doc. 222/76) be considered by urgent procedure.

Are there any objections?

That is agreed.

I propose that this motion for a resolution be included in the agenda for tomorrow, following the oral question with debate to the Council on skimmed milk powder.

Are there any objections?

That is agreed.

16. *Commission statement on the preliminary draft budget for 1977 (continued)*

President. — I call Lord Bruce, rapporteur, to speak on Mr Cheysson's statement.

Lord Bruce of Donington, rapporteur. — Mr President, the House will be very grateful for the explanation that Mr Cheysson has given this afternoon of his budget for 1977 which is of course a collegiate document, a collegiate budget committing the whole Commission. More particularly, it will thank him, and indeed his colleagues, for having produced the budget for 1977 so far in advance — at least 3 or 4 months earlier than last year. This will give Parliament and Parliament's component committees a far more placid opportunity, if placid indeed be the word, of examining the very lengthy documents that he has laid before us.

Mr President, you yourself will recall that last year the first opportunity we had of debating the budget was in October and that was at the stage when the preliminary draft had been very drastically modified by the Council. Indeed Parliament as a whole and most political groups in it were extremely annoyed about this. And perhaps we were so keen on debating the iniquity of the cuts that had been imposed by the Council that we may not have given sufficient objective examination to the original preliminary draft budget of the Commission. This year we have the opportunity of doing so and I do hope, Mr President, that copies of the budget will soon be in the hands of all Members of Parliament, because although I have had an opportunity of studying it numbers of my colleagues have not yet received their copies, which does not make for informed discussion in the meantime. I trust therefore that the appropriate parliamentary enquiries will be made to find out the reasons for the delay and find out whether these matters can be expedited.

Mr President, the first thing one has to say about the budget must obviously be in regard to its total size. As Mr Cheysson has said, the total budget is 9 260 m. u.a. of which 9 122 m u.a. were laid to the Commission. These all sound very big figures and are incomprehensible to quite a number of us unless we translate them into our national currencies. Nevertheless it should be borne in mind that the size of the total budget of the Commission is very small indeed in relation to the total national budgets of the Community and if one turns to page 71 of Vol. 7 of Section III of the budget one finds them reproduced. In 1974 the total Community budget was 1.94 % of the aggregate of the total budgets of Member States, in 1975 it was 1.86 %, in 1976 it is estimated at 1.92 % and I would respectfully suggest that it is unlikely to top the 2 % mark in the year 1977.

So, in terms of size, Mr President, this is a stagnant budget, as indeed Mr Cheysson said himself, in much more polite terms. And it has a lesson to teach us. There are direct inferences that can be drawn from it.

Lord Bruce

And the main inference is quite simply this: that the economies of the Member States in the foreseeable future are going to remain firmly under the control of the national governments concerned and that the activities of the European Economic Community, are to be viewed purely in peripheral terms which, as I have already said, represent under 2% of the total aggregate national budgets of the Community. Indeed, Mr President, in economic terms the total individual contributions of Member States to the Community budget — which I am not going to read out but which are on pages 8 and 11 of vol. 1 of the budget — are not a significant economic factor in any of those national economies. They are of no significance of either a deflationary or inflationary nature and it is important that Parliament should bear this in mind when determining what attitude should be taken towards the expenditure proposed by the Commission, because it is quite clear that the very limited expenditure which the Commission proposes and which the Council may shortly be considering is limited to the main present purpose of the Community. Whatever purposes may have animated those that started it, whatever fine ideals may have inspired those that still advocate it, the basic purpose, reflected in stark economic cold figures, is merely to provide a framework on a European scale, within which national governments shall still have the unrestricted power to conduct and guide their own economies.

Now there may be many Members whom this will suit. It did not suit the ex-President-in-Office, Mr Thorn, who went out of office saying these words: 'There is now rarely any Community spirit and national interests have become the alpha and omega of EEC life.' He went on to say that unless the governments of the Nine pulled themselves together and agreed on the kind of Europe they wanted, the Community was in serious danger of degenerating into no more than a customs union; these figures that have been brought forward on behalf of the Commission today, Mr President, amply justify that gloom to which Mr Thorn gave voice.

Now, the framework of the European Community is concerned with fundamental things. Quite rightly, it is concerned with the establishment of the common agricultural policy. It is concerned with the rules of free competition, it is concerned with the freedom of movement of labour and capital, it is concerned in aiding and assisting in those spheres where quite clearly Community action on a Community scale can be far better for all the countries of Europe than if it were attempted nationally. These spheres are Community services or Community industries such as aerospace, such as data-processing — Community services such as the very extended diplomatic activity that takes place abroad in connection with various treaties and so on, which are conducted on behalf of the Community as a whole and therefore benefit each Member State.

This is the framework, and in addition to that there is the aid to developing countries and then there are

steps to correct the imbalance within the various societies of the Nine. It is this framework with which the Community is concerned and with which the budget presented by the Commission is designed to deal. The way Parliament should look at this, in my respectful submission, Mr President, is to consider how far this budget accomplishes these particular purposes of providing a satisfactory framework within which Member States can work out their own economic destinies, as they are evidently quite firmly bent on doing. When it comes to examining how effective this is going to be, one obviously has to look at the proportions devoted to various types of expenditure within the budget itself. Of the total budget that Mr Cheysson has outlined to us this afternoon, no less than 68% is devoted to agriculture. Now, there may be perfectly good reasons for this — the magnitude of the sum may quite easily match the dire necessity, which I do not for the moment dispute, of ensuring that the producers of food in the Community get a fair return, provided that the interests of the consumer are suitably safeguarded.

This would not be the time for me, Mr President, to pass any detailed criticism or comment upon the common agricultural policy itself because this is to be considered by the Committee on Agriculture during this part-session and probably until December, and we have it on the authority of the Commission itself that it is still considering reform in common agricultural policy.

But I would respectfully point out to Parliament that whatever the extremely beneficial consequences this policy may and in some cases ought to have upon the agricultural community, there are other consequences. The use of the price mechanism at a price very much higher than the world market price has had certain consequences. It has, and there is no dispute about this, produced surpluses and I need not go into describing those at all graphically because every Member of the House in his own language and in his own way has already poured derision upon these surpluses.

Secondly, by reason of the price intervention structure, the price itself has entered into the import bills of Member States which have to import very substantial quantities of food from countries outside the European Economic Community and has had a detrimental effect upon those countries' balance of payments and indeed upon their exchange rates. The third effect that it has had is that it has acted in part as a poll tax on the entire consuming public of Member States levied in a manner that does not distinguish between the needs of rich and poor.

Now we all know, Mr President, that the common agricultural policy should be reformed, and I am sincerely hopeful that when the Committee on Agriculture come to consider Titles VI, VII and VIII of the budget it will come up with constructive proposals of its own. But when, Mr President, we come to the Social and Regional Funds' allowances in the budget we find that they amount to a mere 7.5% of the total budget.

Lord Bruce

Mr President, I would like to draw the House's attention to the First report on regional policy which has just been published by the Commission. Mr Thomson, when introducing this report, pointed out that the gap between the more prosperous and the poorer regions within the Community had increased rather than decreased since 1970. In 1970, Mr Thomson said, the gross domestic product per head in the richest regions of Paris and Hamburg was 4 and 5 times higher than that of the poorest regions in the south of Italy and the West of Ireland. By 1975, Mr President, those multiples had become 5 times and 6 times respectively. This therefore is not a time when there should be any hesitation on the part of the Commission or the Council to increase the appropriations at the disposal of the Regional Fund.

Similar observations apply to the Social Fund, in exactly the same way, and here the position is even worse, Mr President; we find that action initiated by Parliament last year in order to meet the economic crisis has not in fact been put into action at all in 1976 and is not even mentioned for 1977. Mr President, these are the initial reactions to the budget that has been presented to us. I myself appreciate the constructive spirit in which it has been presented, the extra amount of information that has been given to us, which will be very useful. But I would be less than frank, Mr President, if I did not warn this House that it is in the best interests of the Community and of this Parliament not only to resist any attempts made by the Council to cut these very meagre figures, other than those relating to agriculture, but also for Parliament to use its own powers to the full, if necessary, to extend the figures to a far greater degree than is envisaged in this present budget, to enable us, for our part, to strike a blow for social justice in Europe.

(Applause)

IN THE CHAIR : MR YEATS*Vice-President*

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

Mr Aigner. — *(D)* Mr President, Honourable Members, I do not think — and I believe I may say so on behalf of my group — that this is a particularly exciting budget. It is the kind of budget you would have expected in the present situation in the Community, and I would go so far as to say that the Commission should know that by the end of the budgetary deliberations it will have submitted, in cooperation with the European Parliament, a budget that unfortunately stretches Community resources to the full in the present situation.

Although this is so, and my group feels that it is so, I should like nevertheless to congratulate the Commission and Mr Cheysson personally on the way they have presented the budget this time, and I mean not only the outline of the budget and budget policy that you gave us in your truly excellent and lucid speech today, Mr Cheysson, but also the form in which the budget now appears to each member. This budget is not only worth reading, it is actually readable, even if you are not a member of the Committee on Budgets and it is a tremendous improvement to have a budget that every member of the House can read. I should like to say how pleased I am that not only has the new method of classification, which was in fact called for by this House, been adopted, the explanatory section has also been given a new look. You can now locate practically every item of the budget in a budget 'library' outlining the legal basis, the type of transaction, the breakdown of expenditure and overall policy. This is an achievement that must have taken a lot of effort and I wish to thank very sincerely the officials who went to considerable pains to produce the budget for 1977 in this form, in particular Mr van Gronsveld and Mr Strasser who have been our chief collaborators.

There is also something I should like to say to the Council. We have a sharp distinction between commitments and authorizations. I know that there are those on the Council who still do not approve of this kind of budgetary policy, and I may say with the support of my group, that all those who oppose this policy in the Council deliberations are in effect refusing to accept the continuity of this Community. We shall put this publicly to individual Council members if this kind of criticism is made or we are not enabled to pursue this policy. Continuity of budgetary policy cannot be achieved without the instrument of commitment and authorization of expenditure, and we are fed up — I am sure I can say this not merely on behalf of my group — with the budget that is actually executed turning out to be quite different from what was authorized by the budgetary authority, when you consider the enormous amounts that are transferred. I have already compared the execution of the budget to the operations in a shunting yard. In recent practice, at all events, the execution of the budget has little to do with its authorization, and this discrepancy must be dealt with.

I am nevertheless very glad, Mr Cheysson, that this time, in a departure from previous practice, you have entered an appropriation of 200m u.a. for the review of agricultural policy, since this means the Commission has shown the resolve we have always approved to refuse to accept any more supplementary budgets as a matter of standard policy. We need the entire resources of the budget and we are therefore right, following the new breakdown in Chapter 100, to enter appropriate reserve funds which we know will be needed in the course of execution.

Aigner

I am very grateful to the Commission for taking action on all the policies we had initiated over the years using the instrument of the final say, and in that respect at least, we are in complete agreement with the Commission's budgetary policy.

Mr President, the largest item is undoubtedly — it has been said to account for 68 % of the total, although exact percentages cannot be given at this stage, since we do not know the supplementary budget will turn out or what the revised estimates in the autumn will involve, so that percentages are still a matter of speculation, but, be that as it may the largest item this year is nevertheless again agriculture. But considerable changes have come about, and to some extent I welcome them. There simply is no point in seeking to compensate for the lack of a European monetary policy at the expense of the farmers. This problem must be treated separately, and here I can give my full support to what Mr Cheysson had to say about monetary compensatory amounts and so on.

This policy has to be replaced with a straightforward monetary policy, hopefully conducted at Community level, so that we can then maintain the agricultural policy. If we do not make progress with monetary policy, we simply cannot hope to maintain agricultural price levels. To believe otherwise is an illusion, as we have seen.

A very interesting point, Mr Cheysson, is that for the first time the Commission has deliberately changed compulsory appropriations. I say 'deliberately' in inverted commas, Mr Cheysson. You have a legal basis, you have passed certain regulations and, in accordance with these regulations, you have expenditure commitments. These are expenditure commitments that you must enter in the budget as you see fit. Where the milk sector is concerned, you are now saying: 'We have, it is true, a binding legal basis, but we are going to create a different legal basis and we shall therefore not enter these 400m u. a.'

Mr Cheysson, what is the whole point of the distinction between compulsory and non-compulsory expenditure if you can get away with failing to enter several hundred million units of account for expenditure that has a perfectly clear legal basis, simply by saying: 'I am going to change the legal basis'? Whether the Council will give its approval is another matter, and what view Parliament will take I cannot yet say. But it is a fact that the drawing up of a budget in the old way and the division of rights between the Council and Parliament, with the distinction between compulsory and non-compulsory expenditure is becoming increasingly uncertain.

There is one point that both my group and I are very grateful for, and that is that you have pointed out the imbalance in structural appropriations as between the 'Guidance' and 'Guarantee' sections of the Agricultural Fund.

Now, it is true that if I include the national appropriations as well, I of course get a different balance. But what I fail to understand is that where Community structural measures are impossible, the instrument of individual resources is being phased out, instead of the Commission — and this would have been an opportunity for it to pursue a policy of its own — trying to extend this instrument, for which it would not need the Council's agreement, so that it could eventually have led to Community action. That is the one point where I do not quite understand the Community's agricultural policy.

Mr President, I should like to say a few words about the size of the budget. It amounts to 9 200m u. a. and if you allow for our financial margin, if you wait for the final outcome of the deliberations and include the annual fund contributions, you arrive at a figure of over 10 000m u. a. for total Community finances. That is a large sum of money, especially if you consider that while it is no longer subject to the powers of control and authorization of the national parliaments, it has not been put under to the full control of the European Parliament either. Whether or not — I say this for the Council's benefit — this Parliament or some of its members may have a better grasp of affairs than the Commission or the huge bureaucratic apparatus of the Council is not the decisive thing here. What matters is that the freedom of a parliamentary system depends on the fact that every four years or so overall policy must be put to the electorate for its approval, and if that is done then you must accept the instrument of control by this parliament. A parliament's basic task is to safeguard overall policy and to be able to lay down clear policy guidelines for at least one term of office, and what applies to the national system must apply, certainly from now on, to the European Community. We must therefore do all we can to ensure that we exercise our full budgetary powers to enable the European Parliament to have full control of the budget.

It is interesting that the Commission has entered, under the heading of 'Information', appropriations for the forthcoming European elections. We have not yet entered appropriations, but I am sure that we must take appropriate action in the final deliberations. At all events, we should be interested to note that the Commission has made estimates for information appropriations for the European elections. Although the size of the budget is much greater this year, it still only accounts for 0.63 % of the gross national product of the Member States. Moreover, the Community's share in total public expenditure by all the Member States amounted to 1.94 % in 1974. In 1977 the Community share in total public expenditure will probably be less than 1.94 %, so that the claim that Community financial policy is expanding at a higher rate than that of the Member States is certainly unfounded. If I still feel that the budget as such should be progressive and encompass new activities, I

Aigner

must reject the idea that the budget of the Communities should not expand at a faster rate than the average of all the budgets of the Member States. That would mean a contraction. The Community budget must grow at a faster rate, because the expansion of Community activity will reduce the load carried by national budgets. This must of course be considered as relative, and I have not taken account of inflation and such matters. I simply mean that this contraction would be quite obvious, and we cannot therefore accept the argument, which is again being put forward by the Council.

Mr President, I do not believe that in the present situation I should go into particular major areas of expenditure at this stage. I feel that what Mr Cheysson stated was excellent, his speech was extremely clear, and I may say that we shall continue to pursue our policy.

I have only one request to make, one which concerns all the political groups and all the committee chairmen. It is that we should make full and extensive use of our flexibility, our margin of manoeuvre. It is not the intention of my group to seek to increase expenditure but rather to increase Community participation in new projects and in major projects already begun. This does not mean using our margin to satisfy particular interests or pursue particular policies or as a means of obtaining funds: on the contrary, we should be prepared to use the red pencil even more heavily if necessary, and allow no one to assert that this Parliament is too generous. We must be prepared to take measures that are at least as restrictive as those that are now being reflected in national budgets. But in those areas where we want to increase the Community's share in activity, we can and must use our margin to the full.

A Community that is progressively extending the range of its activities must have an increasing share in the overall public expenditure of the Member States from year to year. The increased Community expenditure should be reflected in a corresponding fall in the size of national budgets.

Mr President, whether or not this can be achieved depends primarily on the resolve and insistence of the political groups, but also on a determination not to allow abuses of our position in the furtherance of national aims. We have a special responsibility to Europe. We must also represent our particular national interests. But let us do so in terms of the overall community interest of Europe.

I may therefore say on behalf of my group that we shall do everything we can to negotiate the budget in such a way as to maintain progress in European developments.

(Applause)

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

Mr Bangemann. — *(D)* Mr President, on behalf of the Liberal and Allies Group, may I begin by

describing our first reactions to this document which, we feel shows the effective cooperation between Parliament and the Commission. I say this with particular satisfaction for a whole series of proposals drawn up in this Parliament during previous budgetary consultations have now been put into practice by the Commission. If we had more documents like this based on effective cooperation between Parliament and the Council then we would surely make much greater progress in European matters. This is certainly also to the honour of the member of the Commission responsible, and I would like to thank him in particular.

So, in our common efforts to cut down on the number of supplementary budgets we have for instance found a method proposed by the estimated expenditure in Chapter 100 of course means that we can only approximately get to grips with it, but this probably is in the nature of the matter, for such expenditure simply can be fixed so definitely when the draft budget is being drawn up.

It is certainly true that this budget again is dominated by the agriculture budget. However I must say that it is still noticeable that the other policies show a considerably greater rate of increase, for if we calculate the rate of increase of the agriculture budget in net figures, as the Commission does, — and this is a very good method of calculation, because it becomes much clearer than in the past what the proportion of expenditure on agriculture actually is — then we see that a gross increase of the guarantee section of more than 14 % only corresponds to a net increase of 4.6 % when resources and compensatory amounts are taken into account and this, if I have understood it correctly, takes no account of a possible supplementary budget, which is bound to come and which will change the picture to show that the agriculture budget makes up a smaller proportion.

I am not saying this because my political group underestimates the importance of this budget or because it doesn't want to look at it properly, I am saying this because we have always laid particular emphasis on the fact that *active* policies and not simply policies themselves should be the focal point of the budget. Without any doubt the mechanism of our agriculture system has put us into a situation of reaction rather than of action. Because this is so, I would specifically like to welcome again the fact that here the Commission for the first time has also demonstrated a clear political will in its reduction of funds for the milk market; it is not so much; therefore, the aspect which Mr Aigner highlighted, compulsory or non-compulsory expenditure but rather the fact that a clear political declaration is linked to this one which my political group welcomes, for without any doubt here we must undertake something, and we have explained this to the Commission often enough, so that matters do not simply continue, as was the case unfortunately in the past.

Bangemann

In the Commission documents we have also found an answer to Parliament's request to make a distinction between appropriations for payment and appropriations for commitment, and we are obviously very pleased with this. My political group also welcomes the fact that apart from the changes I have already mentioned in calculating the agriculture budget, we also find for the first time, at least, the first time with such clarity, a comment by the Commission that it regrets the imbalance between the guarantee and guidance sections. I do not wish now to anticipate the debate which will certainly follow but in the coming months we shall have to consider this budget frequently, and it will certainly become clear that many of the figures in the guarantee section will no longer be valid if the results of drought are included in the calculations. Considerable alterations will have to be made here, both in the resources and the expenditure columns, by compensation with the figures assumed here. I imagine that the Commission so far does not have precise information and that it could, therefore, surely insert them into this preliminary draft, so that a further shift of the total figures will probably occur.

But this points to the fact, Mr President, that for the future agriculture policy of the Community so great an imbalance between the guarantee and guidance sections is intolerable. This natural catastrophe, this drought, has shown us certainly one thing: that if there is a lack of attention to structural measures, the effects of such a catastrophe are much greater than they would have been, had we prepared ourselves in good time for such not unthinkable natural catastrophes. The definite information that Member States have been financing structural measures on their own does not help us to overcome this problem, for in the budget the Commission points out quite rightly that financing by Member States leads to imbalances, both in regional development and — in my opinion much more important since the regional differences may be made up — in conditions of competition for the producers.

If I have a common agricultural market with a common price system which, in the last analysis, should create a common competition situation equal for everyone in the Community, then I cannot tolerate such exceptional measures taken by the Member States from the point of view of equality of competition. In other words: what Mr Aigner has said about many other Community measures is particularly valid here. The transfer of national funds to the Community budget, i. e. the stronger emphasis on the guidance section, would mean that we could overcome such national imbalances and in doing so make the organization of the agricultural market more effective.

The fact that in the research sector of the budget funds are allocated for the first time to the aviation industry corresponds indeed to a request from the House which found its expression today in the vote on the Commission's communication. I welcome this

on behalf of my political group quite expressly because we are of the opinion that in fact we have here a sector of industrial policy in which the Community may act to great effect. By direct financing of research expenditure, development projects and also exports, we can bring to bear the influence of the Community by simultaneously implementing policies with the money granted.

We are also completely in agreement with the Commission when it declares that all the appropriations granted to third countries from the various development funds should be financed from the Community's own resources and that these resources must in the future be entered in the budget.

In the future, in the field of control of budgetary procedure and in the practical implementation of the budget we shall have to concern ourselves much more with this special fund, whose appropriations up until now have been granted outside the budget and amongst these must be included the various development funds. In doing so we shall establish that the entry of these funds into the common budget is certainly desirable for several reasons, not the least of which is that we can establish more coherent Community policy in this budget.

Clearly we also welcome here the commission proposal to concentrate its information policy with a view to the direct elections and to provide funds for this. The Committee on Budgets has until now taken no account of this because we clearly did not want to anticipate the decision we expect from the Council and decide on matters which might then possibly be left hanging in mid-air. I should like to emphasize once more on behalf of my political group that this preliminary draft will certainly be amended and must be amended if, as we all hope, the European Council on 12 or 13 July takes a positive decision on direct elections.

Here we must of course also take into account that the budget of Parliament itself, leaving on one side for the moment the funds for information which are to be used for public enlightenment, must of course be verified once again, since Parliament's expenses, not only those for public information but also sundry other expenses relating to the direct elections, will certainly increase. I should like to conclude this preliminary debate, which is intended to give a general view and not go into detail, with this prospect of direct elections and declare once again quite unequivocally Mr President — and I am saying this intentionally and consciously at this point — that we in the Liberal and Allies Group attach very great importance to this matter of direct elections, as do the other Parliamentary groups of the House. We are not simply aiming at establishing broader and deeper legitimation for this Parliament which corresponds to an improved democratic understanding but, Mr President, we are making Community progress in a decisive area.

Bangemann

One thing is very clear: the Community body, the institution which up until now has acted in every case in the interests of the Community, was this House. In second place, with perhaps a few reservations, came the Commission and third and last with considerable reservations, with your permission, came the Council. This Parliament has in any case always been in the van of European unification and will be better equipped for this role when we are supported by the confidence of the nations of this Community. I am saying this in the budget debate, because, if the European Council on 12 and 13 July should take an unsatisfactory or even negative decision then we must decide which of our possibilities we are to utilize to demonstrate clearly to the European public that such a decision will not be accepted by this House. I could imagine, and we shall have to debate this, that one of the possibilities that this House has available is the rejection of the budget. This does not show a lack of confidence in the Commission. And this is why I shall not even mention the vote of no confidence against the Commission, which was addressed to the wrong institution. This would be one possibility, however, in order to show the European public not only in words but also in deeds Mr President, that the European Council in its forthcoming decision carries a very heavy responsibility. If it responds to this responsibility, we shall congratulate it. If it does not respond, we shall have to draw our own consequences from this.

(Applause)

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

Mr Cointat. — *(F)* Yes, Mr Cheysson, what progress has been made since 1973 in the budgetary sector! And the results obtained have largely been due to your efforts, your determination, your at times somewhat cutting frankness and also your constant concern for consultation with Parliament. It is only natural to pay a friendly tribute to these achievements. This mini-policy debate is a new experience for us. I hope that it will bear fruit. I am not yet fully convinced it will partly because of the lateness of the hour and the very intimate atmosphere of this debate, even in the absence of the general rapporteur of the budget, and partly because we cannot know with any exactness the broad lines of the 1977 budget. Consequently, one can only talk in terms of impressions, trends and ideas. This is why, on behalf of my group, but without forgetting my functions as rapporteur of the 1976 budget, I shall talk mainly about budgetary policy. One has no knowledge of the 1977 budget because one does not know what the harvests will be like. If one takes account of the drought, as Mr Bangemann did, you

will perhaps gain 400 million u.a. for milk, Mr Cheysson! This is not my wish, it is only an observation. So, if you will, let us say a few words about budgetary policy.

In the 1976 financial year Parliament has sought to work out an overall policy, to formulate a few simple principles. These principles have been embodied in a resolution, in a report drawn up by a budgetary working party. I am bound to point out — I must make a few criticisms, otherwise you wouldn't know it was me — that consultations and an inter-institutional dialogue should have taken place prior to the budgetary procedure. These consultations have not taken place and I very much regret it. A questionnaire was sent to the Council and the Commission: the Commission replied very quickly, the Council sent us its reply only a few days ago, in the middle of June. I would have liked these replies to be more concrete and perhaps a little less polite. I think this should be stressed, since it means, at least as far as I am concerned, that we shall be tabling amendments to the 1977 budget to get the necessary replies and points of view on this questionnaire, on this position of Parliament's since Parliament did say it attached importance to these principles. It is my duty to point this out to you today.

Another general remark about resources: I am always surprised, whenever a budget is being considered, that the talk is solely of expenditure and never of resources. Apropos of resources, we have also said that we very much hoped that Community VAT would be introduced on 1 January 1977. We added that if this was not done, the situation could become very serious. I have absolutely no wish to prejudice the position to be taken by Parliament in this matter, but I am bound to point out today that Parliament has stated that the situation would be serious if nothing was done in this sector. I would prefer, then, to simply utter a warning.

As to the supplementary budgets, I would also observe that the European Parliament has been the wisest of the institutions, at least as regards the budget for 1976. We realize that it has fought for a number of appropriations, that these have in fact been approved by the Council and that they are now being utilized or released. Where Parliament has not obtained satisfaction, supplementary budgets are to be presented and this is most regrettable. To take just one example: powdered milk deliveries to the developing countries. Here I would warn Mr Cheysson and the Council straight away that our discussion of this problem will be a very difficult one. The truth must be told. We had asked for appropriations, as had the Commission, but we can only say that our requests were not heeded. This had to be said today so that everything could be arranged in the proper way.

Cointat

Like my colleagues, I am sorry to see so few new measures in this 1977 budget. We wait patiently. Each year a 'waiting budget' is submitted to us. In the words of the song, 'What are we waiting for, to be happy?' I have no idea. At the moment, we are still carrying on the Community's little grocers, we have not yet gone over to the big store.

Now that I have had my little grumble, I should like to strike a more optimistic note. Like my colleagues, I am greatly pleased that the presentation of the preliminary draft budget for 1977 is an improvement over previous years. For this I thank the Commission most sincerely. It has met the wishes of Parliament, whether the question be one of budgetary nomenclature and budgetary transparency, of concepts of commitment appropriations, of funds for agricultural crises, etc. But more particularly I should like to mention the concern of the Commission and Mr Cheysson to endeavour, at last, to separate the common agricultural policy from monetary problems. After all, the farmers are not to blame for currency upheavals and for the need to allocate more than a thousand million u.a. for this purpose. One must thank the Commission for having had the courage to present things in this way and in so doing sweeping away a good deal of the criticism levelled at the common agricultural policy. Thus, instead of a 14 % increase, these first allocations will increase by only 4 %.

Finally, and this will be my last remark, compensatory amounts are a source of difficulties for everyone. I fully agree with Mr Cheysson that we should seek to work out a more flexible and effective policy on compensatory amounts in order to protect producers against excessively rapid currency fluctuations but also to preserve the unity of the common market. I strongly believe that compensatory amounts should be calculated at a given moment, but that the dismantling and phased reduction of such compensatory amounts should be automatically effected according to a time-table also fixed in advance — a year, two years, perhaps two-and-a-half — so that equilibrium and liberty may be restored within a given period.

I would point out to the Commission that at the moment compensatory amounts are applied only to certain agricultural products. One wonders if, in the case of a floating currency, this system of 'dismantlable degressive compensatory amounts' should not be extended to all products, whether industrial or agricultural. Indeed, the massive influxes which sometimes take place because the value of a currency has fluctuated by 10, 15, 20 % in the course of a month, greatly disturb the economy of a sector as much in industry as in agriculture.

Industries, particularly the labour-intensive industries, must be enabled to adjust. They must realize that within a given period — one or two years, say — they

must be able to meet the demands of life as it is and compete with their neighbours. This is a suggestion and also, Mr President, my last remark. After this debate, which is in fact the *hors d'œuvre*, I hope we can tuck into the *plat de résistance*.

(Applause)

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

Mr Shaw. — Mr President, as usual we have had a delightful first course from Mr Cointat. I am sure that with his usual culinary skill the omelette will be both sustaining and equally delicious when we come to the next course.

Mr President, it is an innovation to have a debate at this time and I think that whilst it may not turn out as we expect, yet I think we are right to have an optimistic view about the experiment. On behalf of my group I wish to thank Mr Cheysson and the Commission for the tremendous amount of work that they have clearly put in to get this programme working on the new timetable, so that we can have an early chance not only of discussing the preliminary draft in this Parliament but also in the other national parliaments throughout the Community. I think that this will be of great benefit to us all.

I do not believe that it would be right today, particularly in view of the time, to look at all the figures in detail. Lord Bruce has rightly commented on the general size of the budget and has compared it with the GNPs of the Community countries and of the Community as a whole. He has also compared the budget with the national budgets and he has shown that the figures are very small indeed.

In our scrutiny of this particular budget we shall be examining in the coming months the objectives of expenditure and the need to get value for money. We support the view that the budget should represent as nearly as possible an exact forecast of the commitments and payments for 1977 and that supplementary budgets and payments should be restricted to unforeseen expenditure. I am very glad that this has been made clear in the documents because amongst national governments it is still a matter of argument and the more reinforcement that we have of this point the greater the advantage we shall have in our arguments at home. Quite clearly — and we have said this many times in this Parliament — it has been too often a matter of convenience for the Council as to how it presented the budget, that is, whether it put in all the figures or whether it claimed that final decisions had not as yet been made and therefore it was justified in leaving things out. I happen to believe that that is wrong and we are right to continue to press for the policy that we have adopted but have not always, alas, been able to prevent being altered by the Council during our deliberations.

Shaw

Now clearly, as everybody I think has said in this debate, the area in which the greatest expense occurs is that which covers the agricultural Guarantee Section. This expenditure can rarely be gauged exactly and we have been over some of the reasons why there is little point in making comparisons. The fact that there is going to be a supplementary budget obviously is one reason. And, of course, what we have not heard yet is whether there is the likelihood of a supplementary budget next year. I am afraid this section must always be a matter of guesswork. I think it right though, because of its size, that we should give the closest possible attention to the agricultural sector, not only to see that the policies and the expenditures are necessary and also effective, but also to see that we in Parliament have greater control. We must be on our guard to see that the agricultural policy does not become a policy to preserve a pattern of life and a pattern of production against the pressure for change and modernization that bear upon the rest of our society. Equally, both in the interests of the Community — and here perhaps I may fall out with my colleague, Lord Bruce — and particularly in the interests of those engaged in agriculture, we must ensure a proper reward for the efficient producer and a proper incentive for the producer who is prepared to become efficient. Parliament must establish control over this expenditure so as to ensure its proper use. Here I believe that the establishment of the Court of Auditors and its links with the newly formed control sub-committee should play a vital role in the future.

May I now briefly refer to the changes in the presentation of the budget to be brought about by the proposed alterations to the Financial Regulation. Last year, it was agreed that the Commission should examine the Financial Regulation with a view to substantially updating it. Parliament equally agreed that it would play its part in approving such alterations in time for the final adoption of the 1977 budget. I would like to thank the Commission for having fully honoured its pledge to do just that and I hope that we will fulfil our part of the bargain.

The change giving us a wider use of the two types of appropriation — the commitment appropriation and the payment appropriation — is I believe very helpful. Clearly in the first year of its use it has produced a certain number of anomalies, but this is inevitable and is capable of explanation. But for the future I believe nothing but benefit will flow from it. And above all, of course, in the long run there will be greater transparency and greater budgetary control, because it will be possible to consider each year separately. Secondly I welcome the changes that are to come about with regard to transfers, because here was a field where, I believe, Parliament had all too little power or chance of expressing its views.

There is also the matter of the budgetary nomenclature and the fact that in future this will be changed each year according to the changing needs of the situa-

tion. Here again greater flexibility will lead to greater efficiency in the production of the budget.

I think perhaps it is right for someone to comment on the fact that this will be the last budget drawn up in the present unit of account, at least as far as I can see. Next year we shall be using the European unit of account, that is to say provided the new regulation is adopted and I think that too should go on record. I have not been here for very long, but certainly during that time I have noticed that the presentation of the budget has improved greatly each year. Too often we hear — and sometimes it is justified I have to admit — that the Common Market has lost its impetus. When I hear that, I look at what is happening in the budgetary field. I believe that each year we do see genuine progress made in the presentation, in the discussion that we have with the Council and so on. There is progress each year. Not as much progress as we should want, but certainly progress in the right direction. The doubts that our colleague, Lord Bruce, casts upon the situation and the way that the budget is used by the Council, are not doubts that should lead us to despair. Many of his fears and the attitudes that he sees are real. But the best way of overcoming them, and the best way of getting control of our budget, lies in direct elections and also in the use of our own resources. Then, I believe, we shall see a dramatic change for the better.

Finally, Mr President, we have been fortunate in this Parliament in the devoted work that each year has been undertaken by one of our colleagues as rapporteur for the budget. As one who has been here, as I have already said, for but a few years, I watched Mr Aigner with admiration when he guided us through the 1975 budget. Last year we saw a brilliant performance by our colleague, Mr Cointat, in the way that he guided us through what could have been a very difficult budget indeed. Had things gone the wrong way we should have been in real trouble, but happily we had a master at the helm and he guided us safely through the difficulties. This year I believe — and I think it right that we should say so — that in our colleague, Lord Bruce, we have absolute confidence in the choice of rapporteur that has been made. Just as his predecessors have added each year to the skill and expertise in the way that the budget has been guided through Parliament, so I believe he will add his own experience 'which is both wide and wise' to what has gone before. I will simply say at this stage that, so far as my Group is concerned, we wish him well with every good wish during the coming months when he takes over the helm of the 1977 budget. So Mr President, I feel that the experiments that we are seeing this year are worthwhile. We are having more time for discussion and debate and consideration and I pledge that our group will enter those discussions in a constructive and wholehearted way.

(Applause)

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets.

— (D) At the end of this debate, I would still like to make an attempt in the interests of the consultation which we shall have on 22 July with the Council to summarize a few points. But I would like first to make one comment. A proposal has been submitted to provide for monetary compensatory amounts or something similar not only in the agriculture sector but also in the industrial sector. Let me give you a warning. To debate this question now in this context seems to me to be highly dangerous because making monetary compensatory amounts available is a reaction and not an action. This is a symptom of the disease in the Community that we have no uniform economic or monetary policies. This is the decisive question, and this question must be submitted to the Council on 22 July during consultation. I am convinced that there is no way out of this.

Moreover, we must be in agreement with the facts that the Commission has presented to us and the way in which they have presented them to us. That does not mean that we are going to approve every figure in the document. For example, I would put a large question mark against the Export Bank which has already been financed here. I would put a question mark against the industrial policy in so far as it deals with the aviation industry, on which a debate was held this morning, since there is still no final clarity in this area. We shall also have to ask ourselves whether we should then possibly freeze such estimates until we have some kind of clarity in all the individual political intentions of all the institutions concerned and from all other interested parties.

This budget as it has been submitted moreover corresponds partly to what Parliament wanted; it offers in fact more truth and transparency in the budget than before. It will not surprise Mr Cheysson if I say, as we shall also say just as clearly to the Council, that on the basis of the principles which Parliament has adopted here for the drawing up of the budget and submitted to the Commission — and which the Commission took largely into account — we shall put questions to the Council before it begins its own budget debate because we shall also have to consider the budget on the basis of the principles laid down by Parliament. The Council will therefore have to deliver an opinion on this; there will be no alternative, since, Ladies and Gentlemen, this is an innovation in that at this point in the budgetary timetable the Commissioner responsible is introducing the budget into Parliament, while we here and in the Committee on Budgets would request that the Commission in future should submit the budget to Parliament and the Council as the budgetary authorities before it approaches the public, i.e. the press. This appears to me to be a simple parliamentary and democratic rule which must be kept in future. We have discussed this already in the Committee on Budgets and I think that we can reach agreement on this, simply because it is a matter of good manners between institutions and towards Parliament to proceed in this way.

Furthermore, Ladies and Gentlemen, I believe that we must be constant in the line we take with the Council, and which was stressed today as our previous policy: no supplementary budgets, everything foreseeable entered in the budget. For this, Mr Cheysson, I would even say, and perhaps here Commission and Parliament could agree: let us use Chapter 100 — or Chapter 98 as it used to be — more frequently to cover all eventualities. As a Committee on Budgets, and as we had previously agreed, we are in any case ready to make a corresponding margin for manoeuvre available in Chapter 100. But of course we must then tell the Council at the consultation on 22 July that we, the Parliament, attach great importance to not being outmanoeuvred by some stories or other as was attempted last year in the 1976 budget.

To do this we shall, as a Parliament, have to insist therefore on Parliament's rights as a budgetary authority, and we should proceed exactly as we did last year with the Council despite the illustration of compulsory and non-compulsory expenditure, but acting as if there were no difference between the two, and discussing all expenditure. Here I should like to add once more that we shall certainly have to point out to the Council, and this has already been mentioned in this policy debate, that as a Parliament we no longer intend to decide simply on expenditure but we must urge the Council to fund the Community's own resources at last, in other words to take the decision that Community expenditure should be financed alongside customs duties and excise from one rate which can be as much as 1 % of the taxable amount of the net turnover tax.

I shall repeat what I said in the final debate on the 1976 budget, but I must do so because the Council in my opinion has begun delaying tactics in this matter. In 1970 it decided that the expenditure of the Community and its operations should be completely financed from own resources from 1 January 1975, that is, what I just said about the net turnover tax and the percentage rate which was to be made available to us. It should replace contributions from the Member States. But if the Council does not do this, we shall have to think of other possibilities, and we shall have to make this very clear, which may possibly force the Council to act.

It is laughable to allow a Parliament to take decisions on expenditure without at the same time giving it the responsibility to take decisions on resources because only the relationship of resources to expenditure makes sense in the context of the responsibility which we have towards the citizens of Europe. Everything else is pointless, and I think that this should also be said very clearly to the Council on 22 July. Mr President, Ladies and Gentlemen, we have a few novelties here. If today's debate is practically a smaller version of a budget debate, then this is a witness on one hand — at least I would consider it as such — of the great confidence which Members of Parliament have in the members of the Committee of Budgets.

Lange

If I were a member of the Council — and I say it quite freely — I would obviously argue from the other point of view. Then I would say: how big is Parliament's interest in its own rights if so few members can turn up for a debate such as this. That would be my argument if I were a Member of the Council. I think that here we have the basis on which we can consult with the Council afterwards. However, that doesn't alter the fact that this Parliament does have some rights, and I think, Mr President, that we must think of how we can make Parliament appreciate its rights and have regard for itself in connection with these rights and with the further rights which it wants. The criticism, therefore, is not simply addressed to the Commission or the Council but addressed to our ourselves, to Parliament.

I think that if we pursue the line we have taken up until now towards the Council in the consultation on 22 July — this is then an official meeting supplementing the tripartite discussions which we have held informally between Council, Commission and Parliament and which, therefore, have basically served in the preparation of this budget — then we have a chance to make the Council recognize in advance — and perhaps one or other members of the Council will be inclined to take it seriously — what Parliament's intentions are. According to Parliament's opinion, the budget must be a policy instrument and further, an instrument in an integration policy and not an instrument in a disintegration policy. It must, therefore, not be a static instrument but a dynamic instrument and we should be driven by this necessity in discussions with the Council, in further consultations on the budget and the subsequent joint actions.

Mr President, I wanted to point out these matters again simply to draw a few conclusions from this policy debate for the further development and for the dialogue which we shall hold with the other Institution as part of the budgetary authority.

(Applause)

President. — The debate is closed.

17. *Oral question with debate:*
Control of the common agricultural policy

President. — The next item is the oral question, with debate, put by Mr Shaw on behalf of the European Conservative Group to the Commission of the European Communities, on the control of the Common Agricultural Policy (Doc. 193/76).

Because of the continuing concern at Parliament's lack of up-to-date information concerning the implementation of the Common Agricultural Policy, and because of the conviction that such information is necessary for proper parliamentary control to be established and maintained; Will the Commission, in future, issue quarterly summaries of CAP expenditure, showing the budget chap-

ters, the sums involved and the procedures used for authorising such expenditure?

I call Mr Shaw.

Mr Shaw. — Mr President, the question that I am today putting forward on behalf of my group follows my earlier written question No 403/75 and my oral question of 16 June last. I put it forward, not as a means of raking over past matters nor of seeking to tie the Commission in any way to any particular course of action in the future, but to highlight a problem, which is the future implementation of the CAP so far as concerns decision-taking and parliamentary control.

Clearly, if we are up to date in our procedure the first need is for adequate information, which, even if it does no more, at least will show the size and nature of the problem: hence my question seeking the information.

Each year when we approve the budget over two-thirds of that expenditure is in the field of agriculture. Whilst it is true, therefore, that we approve the global figures, we play thereafter little or no part in the decision making by which the money is actually spent. The system consists, firstly, in matters of major or fundamental importance being put by the Commission to the Council for decision. Now many of these matters will come before our own Committee on Agriculture and possibly also before the Committee on Budgets, and they will form the subject of a parliamentary report to the Council before the final decision is taken. But the great mass of detailed action is not taken in this way but is taken by reference by the Commission to the various management committees, which are about 20 in number. Now clearly the last thing we want to do is to have details of all the thousand or so minor Commission regulations and decisions that are adopted every year after discussion with the relevant management committees. But I do suggest that Parliament is entitled to sufficient information on what the Commission regards as minor and what it regards as major.

As an illustration, we in Parliament have been asked to examine the proposal for a decision on the continuation of the surveys to be carried out by the Member States on bovine livestock, and this has been considered both by the Committee on Agriculture and the Committee on Budgets and it has been estimated that this decision would cost about 1 ¼ million units of account. That has come to us for our consideration and for our opinion. In contrast, the decision was taken after consulting a management committee but without prior consultation of Parliament to sell a large amount of butter to Russia involving supplementary expenditure of about 52 million units of account. So on the one hand we have coming to us, for an opinion, a matter that is costing 1 ¼ million units of account and on the other something that is costing us 52 million units of account, we know nothing about — certainly not at the time.

Shaw

Again, if we look at some of the day-to-day decisions, we find that these, taken together, very often constitute a heavy item of expenditure. For example, the subsidy of malt exports amounted to 110 million units of account in 1975, whereas the budgeted expense had been only 38 million units of account.

Thus, I am seeking to establish that the Commission should furnish Parliament or rather perhaps, the Committee on Budgets or its control sub-committee, with regular summaries of CAP expenditure showing items of importance and how they have been authorized: any controversial item could then be submitted if thought fit to the full scrutiny of Parliament.

The essence of proper control by Parliament must be full and sufficient information made available promptly. Now, you will note, Mr President, that I have suggested in my question that such information be made available quarterly. Once the computer system is working properly it might even be possible that such information could be available monthly, but that is not something for which I am asking today and it indeed may well not even be possible then. But in any case information should be quickly available after the quarter ends. Some of the quarterly reports that we are getting now take some 8 or 9 weeks to be delivered, and in this particular instance I believe that that is much too late.

Now I am not the first to express my concern in the proper management and control of Community agricultural expenditure. Our colleague Mr Früh recently produced a very valuable report on this subject, and I should be very surprised indeed if our colleague Lord Bruce doesn't pay particular regard to this subject during his rapporteurship on the 1977 budget.

Finally, Mr President, in posing this question to the Commission I wish to say that I hope that Mr Cheysson will be able to understand our concern about this matter and that he will be willing, as indeed he always has been, to respond constructively so that we can work together to bring about the improvements that we all desire.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, in our search for ways and means of improving budgetary procedures we have decided, since the first quarter of 1975 — in other words, quite recently — to forward a quarterly report to the Council and to Parliament on the implementation of the budget. This quarterly report is in addition to that provided for by Rule 35 of the Financial Regulation, which is also quarterly but which concerns the cash balance. The report on the implementation of the budget should arrive not later than five weeks after the end of the quarter. I have with me the date on which

the report for the first quarter of 1976 was sent: it was received by the Institutions at the beginning of May 1976, i.e. one month after the end of the quarter.

This report is drawn up in such a way as to enable the budgetary authority to check the way in which the implementation of the budget as a whole has been carried out. It therefore contains accounting information, in particular sums committed and sums paid compared with the estimated commitments and expenditure at the point already reached during the year. This is broken down according to chapters; a critical commentary points areas in which anomalies seem to be emerging. Thus from the point of view of the budget as a whole the report contained the information on the budgetary chapters requested by Parliament and the sums committed.

The Commission also draws up a special annual report on the EAGGF. This report gives detailed information on the implementation of the EAGGF and as Parliament has requested emphasizes the procedures used.

This, Mr President, is the point we have reached. As I pointed out a moment ago there has been a definite improvement over the the past.

Does this answer all Mr Shaw's questions? I myself do not believe so, as the analyses which we are undertaking is an overall analysis which does not allow us to identify exactly the circumstances relating to the application of regulations in the agricultural sector which give rise to delicate problems. Mr Shaw has very rightly pointed out that with regard to implementing the budget — which I would again point out is the Commission's responsibility — the Commission's opinion should be accompanied by the opinions of certain governmental committees such as the EAGGF Committee or specialized committees.

It is however quite normal that Parliament and in particular the specialized committees — the Committee on Agriculture, the Committee on Budgets and the Sub-Committee on Budgetary Control — should wish to have the information to enable them to pinpoint areas in which difficulties can arise at any given moment. This information we believe, would be in addition to that which we have already furnishing annually in the case of the EAGGF as a whole and quarterly in the case each sector of the budget. This additional information is all the more important in the case of the EAGGF since the regulations which apply and the criteria for their implementation vary greatly according to the conditions of the world market and those of the Community market which depend, largely, on climatic conditions.

What happens within the Commission itself? At the level of the Directorate-General for Budgets we have detailed information on each budgetary entry for payments effected, but because these payments are paid through the governments of the Member States,

Cheysson

there is a delay of two months before this information reaches us. We have precise information on the overall advances, not broken down by headings which we approve in the case of each Member State for the implementation of the agricultural policy. This information reaches us one month before payment is made. Finally we receive payment estimates at three-monthly intervals. On the basis of these three factors — only the first of which is precise but which reaches us after a delay of two months, since, as I have already pointed out, the payments are carried out by the governments of the Member States — we set up a series of indicators which enable us to pinpoint those sectors in which problems can arise under special circumstances and which allow us to turn our attention to the policy itself with a view to establishing whether the divergence is the result of an error in working out the parameters, of a modification of the parameters themselves, of a deviation from the policy or from the estimate of the effectiveness of this policy.

I have described how we work within the Commission in order to be able to state that I am prepared on this basis to promise on behalf of the Commission to supplement the quarterly report which we already send out, by a statement of important items in the area of application of the EAGGF guarantees. Consequently we will not only indicate the amount of the appropriations committed, i.e. the advances made to the governments of the Member States, but we shall indicate for each heading how these engagements have been used, by pointing out more precisely the important factors which these indicators reveal. This, Mr President, is what we are able to do. In my opinion the best course of action, if Parliament approves, would be for us to contact Mr Shaw directly and show him the documents which we have and to examine with Mr Shaw the best way of supplementing the quarterly report, beginning, let us say, with that for the third quarter of 1976.

(Applause)

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President! Further to what Mr Shaw has just said and in regard to the reply which Mr Cheysson has given, I should like to ask one question. Is the Commission prepared to forward to the control sub-committee of the Committee on Budgets, when the latter comes across matters which appear strange to it, all the information which it has at its disposal or better, all the knowledge which it possesses in this matter, for information? I am not going to talk now about the form this information should take, I simply want to know if the Commission is prepared to forward all its knowledge to the control sub-committee should the control sub-committee lack information.

Mr Cheysson, Member of the Commission. — (F) Mr President, even at a late hour, it is dangerous to simplify problems.

In the first place, the Commission's responsibility as the executive gives it access to confidential information, especially regarding international markets and the internal markets of the Community. There is therefore no question of the Commission, as the executive, making available confidential information of this sort. We could not do this, no more than a government could.

Secondly, the chairman of the Committee on Budgets mentioned with great discretion — and I would like to thank him for this — a dispute which seems to be arising between the Sub-Committee on Budgetary Control and the Commission with regard to the reports of the Financial Controller.

I should like to describe very briefly to parliament the role of the Financial Controller. The Financial Controller is head of a department and when he acts as head of this department, his documents are documents of that Commission department and possibly of the Commission itself. In such cases these documents, like other Commission documents, are fully and completely at the disposal of the Sub-Committee on Budgetary Control.

At the same time, however, within the Commission and in virtue of the Financial Regulation, the Financial Controller has a personal mandate which he exercises independently and freely so that he can, on his own initiative or at the request of the Commission, initiate enquiries and then on his own exclusive responsibility submit the results of these enquiries. His role is similar to that of an examining magistrate during the period of interrogation. In such cases the independence of the Financial Controller clearly means that the document in question is an internal Commission document and will in no case be allowed to circulate outside of the Commission; just as a note written to me by my chef de cabinet if it is a personal note is not allowed to circulate outside my office. In other words, when the Financial Controller acts within the framework of his personal mandate as laid down in the Financial Regulation, to alert the Commission on a specific item, the document is an internal Commission document and therefore confidential.

On the other hand, the Commission will communicate all documents from its departments which may be useful to the Sub-Committee on Budgetary Control and to the chairman of the Committee on Budgets concerning the precise case I have in mind. It goes without saying that our officials have been and can continue to be heard by the Sub-Committee on Budgetary Control. There is of course no reason why the Sub-Committee on Budgetary Control should not receive reports from the Directorate-General for Agriculture, from the Directorate-General for Budgets,

Cheysson

from the Directorate-General for Financial Control, but the reports drawn up by the Financial Controller for the Commission's information cannot circulate outside the Commission.

President. — I shall now call Mr Shaw to comment briefly on the answer that has been given.

Mr Shaw. — Mr President, I did not actually intend to go into the last matter, because I feel that as a member of that sub-committee, I would rather leave it to the chairman to deal with. What I would like to do, Mr President, is to thank Mr Cheysson for what I believe was a most helpful and constructive reply, and I will certainly avail myself of his offer to discuss this matter at a later date, to see if we can make some progress in this matter, which I think will be of benefit to us all.

President. — I call Mr Bangemann.

Mr Bangemann. — (D) Mr President, I did not intend to ask to speak again, nor to take up more of the time which the hard-working members of Parliament, Council and Commission have spent here, but Mr Cheysson's reply forces me to ask him again whether he could qualify the term 'secrecy' which he has just defined so that a parliamentary committee, which is obliged to maintain secrecy, could maintain the same secrecy as the Commission itself.

Since we all know which case we are in fact talking about, I should like to add, Mr Cheysson, that you may take it as read that at least the members of the control sub-committee of the Committee on Budgets could keep a few more secrets than some of the members not of the Commission but of the working staff of the Commission.

Would you therefore not agree with me that the Commission, if we can find a suitable method to manage to keep secret such secrets or classified facts, could also transmit to a parliamentary committee information which normally belonged in the bosom of the committee because of the need to keep it secret?

Let me quote one example, Mr President. There are for example in many parliaments committees which are particularly obliged to keep matters secret, think of defence committees or foreign affairs committees, to whom facts are notified which really come under the heading of State secrets. If you consider that, Mr Cheysson, then I would ask you to qualify somewhat your term of 'secrecy'.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, I shall be very brief. I was present when Mr Cheysson gave his version of what he considered to be the Commission's doctrine of confidentiality. In case my silence would otherwise indicate on some future occasion that

I assented to the Commission's definition of confidentiality and the principles inspiring it, I would like to go formally on the record as dissenting from it.

President. — I call Mr Delmotte.

Mr Delmotte. — (F) Mr President, before we conclude I would like to ask Mr Cheysson whether the Commission could consider during the next few weeks the problems which have caused anxiety to the Committee on Regional Policy, Regional Planning and Transport.

You said a few moments ago, Mr Commissioner, that we had exhausted the third part of the three-part sum of 1 300 m.u.a. set aside for the Regional Development Fund. In this area of the budget, the Commission merely observes the terms laid down at the beginning of the experimental period of three years. Recently, however, during a meeting of the Committee on Regional Policy, Regional Planning and Transport we became aware — and everyone agreed, the Commission as well the parliamentary committee — that monetary erosion and other factors meant that this last instalment of 500 m.u.a. was not nearly enough to achieve the objective originally set. All other things being equal, to carry out the commitments theoretically entered into at the start would require not 500 m.u.a. but 700 m.u.a. in the second-last and last instalments. Does the Commission intend to make an adjustment in this field, in view of monetary erosion, or does it propose to apply until the end of the three-year period the policy and the sum laid down, without taking into account inflation and its consequences?

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, as you will remember, the total amount of the Regional Fund was fixed in a regulation adopted both by Parliament and the Council after the European Council — although it was not called that at the time — had adopted a precise position. At that time there was no question of an indexed amount which, in any event, would have posed serious budgetary problems. It is therefore quite impossible to modify the total amount of commitments provided for three years and consequently the amount of the corresponding payment appropriations when the appropriations come to be paid.

On the other hand the Commission has the responsibility, which it will certainly fulfil, of proposing before the end of its term of office a new regional fund to cover the following years. What period will be decided upon? For the moment I cannot say. Perhaps in view of the inadequate results of the three years of commitment of the Regional Fund there are grounds for taking account of monetary erosion not only in the future but also during the current period when considering the present fund.

Cheysson

In the second place, to return to the subject which we referred to a moment ago, I hope to have a meeting with the Committee on Budgets or with the Sub-Committee on Budgetary Control to deal further with the problem of financial control. I am afraid that we are now engaged in a discussion which could have grave consequences for the independence of the Financial Controller. He is an official in his own right and if we admit that his reports can circulate outside of the Commission we will be removing his individual independence so that he will only be able to draw up reports on behalf of the Commission, which is not the case at present. I hope that this subject will be discussed by the Committee on Budgets or the Sub-Committee on Budgetary Control when the chairman of the Committee on Budgets so wishes although we can return to the topic in plenary sitting if Parliament so desires.

18. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 7 July 1976 at 10 a.m. and 3 p.m. with the following agenda :

- Question Time ;
- Oral questions with debate to the Council and Commission on tax harmonization ;
- Vote on the motions for resolutions contained in the Yeats, Hamilton and Martens reports on the amendment of the Rules of Procedure of Parliament (12 noon) ;
- Council statement on the work programme of the Dutch Presidency (3.00 p.m.) ;
- Oral questions with debate to the Council and Commission on the Conference on the Law of the Sea ;
- Oral question with debate to the Council on unemployment among young people ;
- Oral question with debate to the Council on skimmed-milk powder ;
- Motion for a resolution on measures to combat international terrorism ;
- Oral question with debate to the Commission on EEC-US trade relations ;
- Scott-Hopkins report on the Parliament mission to the ASEAN countries ;
- Klepsch report on EEC-Iran economic relations.

The sitting is closed.

(The sitting was closed at 8.35 p.m.)

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IN THE CHAIR: MR SPÉNALE

President

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

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Welcome to an Indian delegation*

President. — I welcome to the official gallery a delegation from the Indian Parliament led by former Minister Mr Dinesh Dingh. This delegation is returning a visit made by the European Parliament to India in 1963. On behalf of our Parliament and on my own behalf I would like to wish our Indian

colleagues a hearty welcome and a useful stay in our midst.

(Applause)

3. *Agenda*

President. — Mr Lardinois has informed me that he would like to make a brief statement to Parliament on the Commission's programme on skimmed milk powder and a number of measures taken to combat the drought. In view of the importance of these problems, I propose that Mr Lardinois' statement should be included on this morning's agenda between Question Time and the vote on the reports by Mr Yeats, Mr Hamilton and Mr Martens. After the statement, Parliament shall have 20 minutes' speaking time, as is customary.

Are there any objections?

That is agreed.

I call Mr Berkhouwer for a procedural motion.

Mr Berkhouwer. — *(F)* Mr President, are we also going to adopt the twenty-minute procedure after the

Berkhouwer

statement to be made this afternoon by the new President-in-Office of the Council? In view of the present state of the Community, I propose that we should also apply this procedure this afternoon.

President. — Mr Berkhouwer, your request is a reasonable one, and we shall do what you propose.

In addition, the Committee on Agriculture proposes that the report by Mr Hansen on wines from Turkey, which is on tomorrow's agenda, should be dealt with without debate.

Are there any objections?

That is agreed.

4. Question Time

President. — The next item is the question put to the Conference of Foreign Ministers, the Council and the Commission of the European Communities (Doc. 201/76) pursuant to Rule 47a (1) of the Rules of Procedure.

I would ask all Members to observe the correct procedures when putting questions.

Since their subjects are similar. I call jointly Question No 1 by Mr Durieux — for whom Mr Berkhouwer is deputizing — to the Conference of Foreign Ministers:

Can the Conference of Ministers for Foreign Affairs say what stage has been reached in the consideration of the Tindemans Report and when does it think it will be able to take practical steps towards consulting the European institutions in the context of the Community procedure?

and Question No 2 by Mr Hamilton to the Council:

What steps are being taken by the Council to implement those recommendations of the Tindemans Report which relate to the role of the European Parliament in the period preceding direct elections?

Mr Brinkhorst is also asked to reply to any supplementary questions which there may be. Before that, however, I would like to welcome him to this House and to tell him that we hope for great things from the Dutch Presidency following the excellent performance of the Luxembourg Presidency.

Mr Brinkhorst, President in Office of the Conference of Foreign Ministers and of the Council. — (NL) Mr President, this afternoon Mr Van de Stoel will be making a statement on behalf of the Dutch presidency I might perhaps start by saying that I hope to be able to join you here many times during the period of Dutch presidency.

You will know that at the European Parliament's plenary sitting on 7 April this year Mr Thorn said that the European Council had, at its meeting of 1 and 2 April, asked the Foreign Ministers of the Nine member countries to discuss the Tindemans Report and on the basis of this report to work out the necessary proposals. It was decided that discussion of the Tindemans report should be completed by the end of

the year. Since then, the Foreign Ministers have agreed to devote a certain amount of time at each of their meetings to discussion of this report. The matter raised by Mr Hamilton, that of the European Parliament's role during the period prior to the elections, is one of the points that will certainly be considered.

Mr Berkhouwer. — (NL) After that reply, which tells us singularly little, I would like to ask whether the President of the Conference of Foreign Ministers does not have to admit that Rambouillet and Porto Rico are a negation of the integration of Member States' foreign policy as proposed in the Tindemans report? Then I would like to ask the President of the Council what is happening at the present time about the appointing of the new Commission, and whether there is any possibility and chance of what Mr Tindemans suggested in his report on the question of appointing the new European Commission being put into effect?

Mr Brinkhorst. — (NL) To Mr Berkhouwer's first question I would say that the discussion of external relations, as they are touched upon in the Tindemans report, is not yet complete. It goes without saying that all matters connected with the foreign policy pursued, individually or collectively, by Member States during the past will come into the discussion.

As to the second question, the matter of the procedure for appointing the European Commission, this is again a matter that will be concerning us greatly in the future. I must say that the procedure for appointing the European Commission will undoubtedly be an important item in the coming discussions.

Mr Hamilton. — When precisely is the Council going to discuss that part of the Tindemans report on the role of Parliament? Will the Council, before discussing these proposals on Parliament's role, agree to hear the views of a delegation from this Parliament and will it in any event, when discussing the Tindeman proposals in regard to this Parliament, consider them as for immediate application rather than delay their application until after direct elections?

Mr Brinkhorst. — (NL) On 1 and 2 April the European Council reserved discussion of the subject of 'Institutions' to itself, and did not delegate this item to the Foreign Ministers. I have no doubt that this subject will be on the agenda for the next meeting of the European Council, on 12 and 13 July next.

As for the Dutch delegation, I would add that I shall certainly give my support to the desire expressed by Honourable Members that the European Parliament too, should be involved in the consultations.

Mr Scott-Hopkins. — Would not the Minister agree that it is absolutely essential that a quick decision

Scott-Hopkins

should be reached concerning the approval by this House of the new Commission which is to come into operation on 1 January, and will he give us further information as to how far the Council has considered bringing this House in, as in the Tindemans report, to give its approval of the presidency-elect of the new Commission?

Mr Brinkhorst. — *(NL)* The Council naturally hopes that agreement on this can be reached as quickly as possible. There is no discussion of this at the present time. One may hope that progress will be made in as short a time as possible.

Mr Deschamps. — *(F)* Have the Ministers of Foreign Affairs, who were instructed by the Council on 1 April to consider the Tindemans report, drawn up a programme for the consideration of this report, or do they intend to hold impromptu discussions at their various meetings on whatever parts of the report they wish to consider? In other words, will there be a systematic examination of the various parts of the Tindemans report, or will we ourselves have to ask questions in order to ensure that particular chapters are given due consideration?

Mr Brinkhorst. — *(NL)* The Honourable Member may rest assured that a systematic examination of the Tindemans report is, indeed, taking place. It is being looked at chapter by chapter and point by point.

But at this stage, after really only two months of work on this question, I cannot give any definite answer as to the end results. I hope the Parliament will be willing to accept this.

President. — We shall continue with the questions to the Council. I call Question No 3 by Mr Cousté;

Does the Council intend to hasten the attainment of freedom of establishment by taking action on the numerous proposals lying dormant in its files?

Mr Brinkhorst. — *(NL)* The enlargement of the Community and the decisions of the Court of Justice in the Reyners and van Bensen cases have made amendments necessary in all the draft directives that have to do with freedom of establishment and freedom to provide services. Because of these rulings, the right of establishment and freedom to provide services are recognized for all citizens of the Community, without discrimination on grounds of nationality. The Council still has to take the necessary steps to facilitate actual implementation of these rights. In many cases this means defining conditions for the reciprocal recognition of diplomas, certificates and other qualifications. This of course means a very thorough study, especially since it often entails certain changes in the educational systems in the Member States.

I can assure you that the Council is at this moment actively engaged on actual implementation of the right of establishment and of provision of services in

general nursing, for midwives, for insurance agents, assurance brokers and architects. Work is also proceeding in freedom to provide legal services. With regard to other professions for which the Commission has submitted proposals, such as dentists and veterinary surgeons, the Council intends making a start on this work as rapidly as possible.

Mr Cousté. — *(F)* I have noted the reply from the President-in-Office of the Council, but the picture remains relatively vague. No mention is made of when action will be taken on these proposals, although some of them had already been considered by this Parliament and by the Economic and Social Committee ten years ago!

As we have a new presidency, to which we wish every success, I should like the Council to propose a serious programme.

Mr Brinkhorst. — *(NL)* The Council agrees with the Honourable Member that it is disappointing that complete agreement has not been reached on a total programme. There are two points I would add, however. In the first place, the Court of Justice's jurisprudence has certainly made development easier, with the rulings I mentioned a moment ago. And secondly, for a number of categories of professional activity that I have listed the word 'active' which I used in my first reply is definitely not just an empty phrase. Progress has been made in this field in particular, and the Council is alive to the need for concrete achievements in this area.

President. — I call Question No 4 by Mr Dondelinger:

As the Council's social action programme of 21 January 1974 has almost come to an end, does the Council intend to propose a new programme taking account of the present social situation?

Mr Brinkhorst. — *(NL)* This question relates to the social action programme. This is perhaps a rather formalistic comment to make, but it is not the job of the Council to draw up a social action programme. This comes under the right of initiative of the Commission, and I would remind the Honourable Member that the Commission made its standpoint on this matter known in its reply to Written Question 76/76 from Mr Girardin. I will not however leave it there; I am happy to add that the budget for 1977 is going to be on the agenda in the near future.

It was already made clear, during the meeting of the Foreign and Finance Ministers at the beginning of April, that this matter of social affairs has very definite priority. The Parliament, too, should, try using its budgetary powers, highlight the priority to be given to social affairs.

Finally, there is the question of unemployment among the young. This, especially, was also picked out as a matter of priority during the Tripartite Conference between the institutions and the social partners.

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It is clear, therefore, that progress is possible on this question of social activities.

Mr Dondelinger. — (*F*) We are all aware that the Council's social action programme of 21 January 1974 has almost expired. I am surprised that the Commission's directive on maintaining workers' rights in the event of mergers of companies has not yet been adopted. It even appears that the Council has rejected it on two occasions.

I would ask, therefore, why this directive on maintaining workers' rights has not yet been adopted and applied?

Mr Brinkhorst. — (*NL*) It might perhaps be well to start with a correction. I do not think one can say that the directive has been rejected. It is still being studied. I would point out to the Honourable Member that this is not just a question of social policy and social affairs. There is a clear connexion with the problem of company law. The Honourable Member will know that company law is one of the most complicated subjects there is, and one where there are wide differences in our Member States. This directive touches on very basic questions of company law, and so this issue cannot be seen as solely one of social legislation.

Mrs Kellett-Bowman. — Does the Minister agree that it would greatly increase the effectiveness of the Social Fund if it had a source of independent financing similar to that of the European Coal and Steel Community, for example, perhaps, a penny levy on each employed worker, which could be used for the benefit of the unemployed and the disabled and so forth and thus extend the activities of the fund in a very desirable way?

Mr Brinkhorst. — (*NL*) There are a great many things that are very important for the progress of the European Community. The Community having access to resources of its own would mean a very fundamental step forward, so I think that the problems referred to so clearly and convincingly by the Honourable Member can be looked at in this context.

Mr Noè. — (*I*) As regards the serious problem mentioned by the President-in-Office of the Council, that of unemployment among young people, I wish to ask him whether, in addition to allocating funds in the budget for social policy, the Council intends to promote studies and suitable measures within the spheres of industrial and research policy, as action in those sectors represents the surest way towards a solution to this serious problem.

Mr Brinkhorst. — (*NL*) The Honourable Member is taking up a comment I made in my earlier answer: the problem of unemployment among young people. I have already said that especially during the Tripartite Conference, the results of which have been endorsed

by the social partners and by the Council, this matter of unemployment among the young was given a very marked priority. I believe that today a quarter of the unemployed are under the age of 25. This is an intolerable state of affairs, and it is why the Council, during the Tripartite Conference, supported this conclusion of the programme. Once again, the European Parliament has the opportunity of setting out the priorities during work on the draft budget, and I hope therefore that the Honourable Member will himself take an active part in doing something about this.

Mrs Dunwoody. — Could the Minister not make a rather more definite attempt to outline some practical proposals? We are perfectly well aware in this Parliament that we are capable of fixing our own priorities for the budget for next year, but I am sure the Council must know that this is now an urgent problem that has now been debated in very general terms for well over six months and what is needed is a very limited programme of action now. The member governments are endeavouring to do as much as they can, but surely it is for the Council of Ministers to agree on a number of limited steps which will provide employment for youngsters who are out of work at this moment and are likely to remain out of work for a number of years to come.

Mr Brinkhorst. — (*NL*) During the Tripartite Conference I have already mentioned it was agreed that fighting unemployment is one of the basic problems the Community will have to tackle in the immediate future. I have already said that where this is concerned the social programme and the 1977 budget do offer opportunities.

I do not think it can be said that the Community is failing, when individual Member States are setting up their own programmes and are trying to coordinate these as much as possible. But I do not think we should have any illusions about being able to deal with the problem of youngsters being out of work by means of action programmes alone. When it comes down to it, this is a matter of the Community's macro-economic development, of encouraging investment, of encouraging the opportunities that will bring about an upward economic trend. This, I believe, is what lies at the heart of the problem of unemployment. It is obvious, however, that the specific nature of unemployment among the young is something distinct, and that special measures are needed here, measures that are already outlined in the activities soon to be undertaken by the European Commission.

Sir Brandon Rhys Williams. — Does the Council recognize that if we really believe in free movement of workers, and if we intend to implement an effective regional policy, we must work towards harmonization of rates of personal taxation and the amalgamation of the systems of social security benefit?

Mr Brinkhorst. — *(NL)* The problem that the Honourable Member has raised is, of course, a very important one: but I think we have to be realistic and to recognize that the social security system in all the Member States rests on a long history, and is the outcome of long traditions. If, at this stage, we were to take on the difficult task of harmonizing all the social security systems, this would I believe be putting the cart before the horse. The problem of the jobless has to have priority. Later on, the harmonizing of social security systems will undoubtedly be an important task — but the same is true of achieving economic and monetary union, if you know what I mean.

Mr McDonald. — Has the Council given any consideration to the problem of unemployed young ladies? In some countries, at least, these people have no possibility of social welfare or unemployment assistance or benefit and, therefore, I think that they are in a very special category. Surely in the social action programme it ought to be possible to devise some special type of training, since they are otherwise not getting the same facilities as their male counterparts.

Mr Brinkhorst. — *(NL)* I hope the Parliament will not accuse me of a lack of social sensitivity if I do not at this point react positively to the Honourable Member's suggestion. There are many categories of unemployed, people who are indeed finding themselves in a very distressing situation. In my first answer I said that the problem of unemployment among young people deserves very special attention. I would add to this that the Education Ministers, at their meeting in February dealing particularly with youth problems, laid special emphasis on the training aspects, on the fact that people are being trained to be out of a job. This is an intolerable situation, and I agree wholeheartedly with the Honourable Member on this. But that is a slightly different point from the one he made in his question.

Mr Deschamps. — *(F)* I am not sure whether the question put a moment ago by Mr Noè has been fully understood. In any case, the general reply to it was not, in my opinion, entirely satisfactory.

Mr Noè did not merely raise the general problem of unemployment among young people, but specifically asked whether the Council, with the particular intention of improving the unemployment situation for young people, intended to develop its action in such fields as research and technology. Mr Noè justifiably believes that these are two fields in which we could more easily and more usefully provide jobs for young people and, at the same time, serve the overall interest of the Community. I would personally like the Council to clarify this particular point.

Mr Brinkhorst. — *(NL)* In my first reply I obviously did not express myself clearly, and thus gave the wrong impression. I said that the Education Ministers,

too, at their meeting last February, dealt with the question of training and of preparing young people not for unemployment, but for the world of work. I thought this was how one was meant to take the Honourable Member's question. The Education Ministers are very actively concerned with this question of training, within the programme that is at present being worked out by the committee on education policy.

President. — Question No 5, by Mr De Clercq, has been withdrawn.

I call Question No 6 by Mr Fletcher.

Will the Council in future publish the Minutes of their legislative meetings in the Official Journal?

Mr Brinkhorst. — *(NL)* You know the rules that govern the work of the Council. These stipulate that the Council's meetings are not public, and that its discussions are confidential. To ensure the confidential nature of the meetings, the Council has therefore up to now had no plans to publish records of its meetings.

In the formal sense, the Council makes no distinction between legislative and non-legislative meetings.

Speaking personally, as a member of the Dutch delegation but not as President-in-Office of the Council, I would add that this matter naturally cannot be settled so long as the Council has the character of a council, that is to say of an intergovernmental negotiating body. This means, in point of fact, that there is still no solution to the problem of legislative power within the Community. This is something we have to recognize. So it is impossible to give a satisfactory answer to the question put by the Honourable Member.

Mr Fletcher. — Does the Minister agree, Mr President, that no Member State would dare treat its people in the secretive way the Council deals with legislative matters and that press reports cannot be any substitute at all for the publication of official minutes of legislative meetings? Will the Minister mark the Netherlands presidency of the Council by doing his utmost to change the situation so that official minutes of legislative meetings are published?

Mr Brinkhorst. — *(NL)* There is still a slight misunderstanding. Community legislation fortunately is published in the Official Journal of the Communities. But what the Honourable Member is talking about is publishing the minutes of Council meetings. I think my answer on this was both frank and clear. Given the present day negotiating structure of the Community, I do not believe it is possible to get unanimous agreement on a change in this.

Mr Berkhouwer. — *(NL)* Is the President-in-Office not obliged to admit that when he speaks of the Council as an intergovernmental negotiating body, he is clearly failing to appreciate the essential nature of the Council as a Community institution?

Mr Brinkhorst. — (NL) The Council is of course, and I will say this quite plainly, an institution of the Community, but the way in which the Council works means that it also involves negotiations. Anyone who fails to appreciate that is, in my opinion, failing to grasp realities.

Mr Dykes. — Would the President-in-Office perhaps consider marking his term, as my honourable friend said earlier on, by re-submitting to the Council at a convenient meeting in the future a compromise proposal whereby at least the final session of the Council's consideration of a proposed directive or regulation could be public rather than private? To paraphrase President Roosevelt, wouldn't he agree that we have nothing to fear but secrecy itself?

Mr Brinkhorst. — (NL) I will not anticipate the general statement that the Dutch Foreign Minister, Mr van der Stoel, will be making this afternoon. Speaking for the Dutch presidency, I want to assure the Honourable Member that we shall do all we can to improve the decision-making process in the Community. I would add that this must involve proposals that really do have a chance of being put into effect.

Mr Bangemann. — (D) Would you not consider it an improvement in the political decision-making process if Parliament were to be provided with perhaps not verbatim minutes but a record of the conclusions reached by the Council containing an explanation of the majority view and in which individual national delegations who have dissenting opinions would also have an opportunity to explain their position, since surely you already accept it as natural that the legislation, i.e. the regulations and the other legislative measures which the Council has adopted, should be published in the Official Journal?

Mr Brinkhorst. — (NL) In the first place, every meeting of the Council is naturally followed by a communiqué from the President -- either verbal or written -- giving the outcome of the meeting.

But with the structures as they are it is impossible, and I repeat what I have just said, for the Council President to make known the views of individual Member States. The government of each of the Member States is of course fully answerable in its own parliament for the actions of its delegation in the Council. That is the structure. Only when this is arranged differently will it be possible to meet the wishes expressed by the Honourable Member.

Sir Derek Walker-Smith. — But is the President-in-Office of the Council aware that it is now three years since it was first recommended in the Walker-Smith — Lautenschlager report for the Schuijt working party that the legislative processes should be carried out in public? Is he further aware that on each occasion when the matter has subsequently been

raised in this Parliament with the President-in-Office of the Council we have been assured that consideration is being given to this matter? Can the President of the Council say what consideration has, in fact, been given, whether he is satisfied with it, and will he expedite the processes, so as to ensure that, while confidentiality is reserved for those deliberations of the Council which do not affect legislation, the actual legislative processes be given as wide a publicity as possible?

(*Hear, hear, from the European Conservative Group*)

Mr Brinkhorst. — (NL) I have already made the point that the matter of making meetings of the Council public cannot be resolved because of the present structure.

This does not mean, however, that this question is not discussed in the Council. The nub of the problem lies in the fact that in the Community at the present time there is no agreement about the future structure of the European Community, with regard either to the executive or to the legislative functions. Those are the facts, and we have to face facts. If I were to say that we shall reach agreement on this, I do not think it would be helping towards finding a solution to the problems affecting the Parliament, the Council and the Commission.

Mr Patijn. — (NL) I would like to ask the President-in-Office this: it seems that there is no way at all of getting to know what goes on in the Council -- at least in theory, owing to the quasi-confidential nature of meetings, because everything is common knowledge five minutes later, not only the majority view but the minority viewpoint as well. The press services of the minority make sure that it is known.

So is there not a need to pay greater attention to the communiqué issued by the Council after its meetings? At the moment, it often has the value of being the only statement. Legally, however, it has absolutely no force. Would it not be better to make the contents of the communiqué rather fuller, so that at least immediately after the meeting there would be a possibility of knowing what happened in the meeting, instead of having to put up with the scant paragraph that is often all that is published?

Mr Brinkhorst. — (NL) Mr Patijn says that in theory nothing is known. I take it that the Honourable Member is not so much interested in the theory of the Council's affairs as in the practice. He says, at the same time, that within five minutes everything is public knowledge. I do agree with him that this is not a satisfactory situation. But whether the suggestion of devoting a lot of time in the meetings to drafting a communiqué would help matters is something I honestly doubt. I accept the Honourable Member's suggestion, in the sense that the Dutch presidency of

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the Council will be glad to consider in what way opportunities for improvement are available.

President. — If I might draw a brief conclusion from this debate, I would say that the peoples and parliaments of the Community must know the reasons behind legislation and that if the Council functions in secret in the manner of a conference between States, its structure is incompatible with its legislative function. That is a fact which must be taken into account.

I call Question No 7 by Mrs Ewing :

Whether the Council will now reconsider its previous position and agree to meet in public when discussing proposals for legislation ?

Mr Brinkhorst — *(NL)* Mrs Ewing's question is really along the same lines as the problems we have just been talking about. Because of the Council's rules of procedure the meetings are not public, and the discussions have — to quote Mr Patijn — a 'quasi-confidential nature'. The Council's rules of procedure can be departed from only if there is unanimous agreement to do so.

Mrs Ewing. — Mr President, I am glad to have had the opportunity to hear all the supplementaries to the last question, because they do seem to show there is support across the body of this House in favour of greater disclosure of information. Is it not the case that the secrecy cloaking the decisions and the fact that the communiqué is so inadequate makes it impossible for Members to go back to their national parliaments and offer proper explanations as to why decisions are made ? I go along with Mr Dykes' suggestion that the last of the meetings when a decision of a legislative nature is to be made could be in public. Does the Council prefer to act as a kind of secret society ? That cannot be good for any aspect of the Community's image and it is very galling as a Member of Parliament to have to read in the newspapers an inadequate account of why important decisions have been made by the Council. Could you indicate your own opinion, Sir, as to whether you would like this situation to be improved ?

Mr Brinkhorst. — *(NL)* I had hoped that in my earlier answers I had given sufficient indication that the situation we are in is certainly far from ideal. I hope, too, that this Parliament will believe that it is talking to a democrat, and a democrat who does not want decisions to be taken secretly. But that is not the point. The point is whether the structure of the Community as it exists today is capable of bringing about a change in this state of affairs. In giving that answer I mean exactly what I say. Since you are calling on my own delegation to alter the Community's structure so as to give the legislative and the executive bodies a different dimension and a different colouring, I must tell you that trying to change the

rules of the game in the present situation, when there is no agreement between the Member States on the basic approach, does not seem to me to be at all realistic.

Mr Dalyell. — Would the President-in-Office be warned about the kind of emotive phrases that are repeatedly used by the honourable Member, Mrs Ewing, to catch press headlines and just cut her down to size when she talks about the Council being a secret society ? It should be made clear to the people of Scotland that the Council is not the Ku Klux Klan.

(Laughter)

Mr Brinkhorst. — *(NL)* Mr President, I think I may be excused from answering this question, which is not so much a question to the President of the Council as a comment intended for certain colleagues.

Mr Berkhouwer. — *(NL)* Can the President of the Council tell us which Member States are in favour of greater openness, and which Member States are against it ?

(Laughter)

Mr Brinkhorst. — *(NL)* I can understand the Honourable Member's frustration, but that is ...

Mr Berkhouwer. — *(NL)* I do not accept the word 'frustration'.

Mr Brinkhorst. — *(NL)* ... Let me put it another way. The nettled feelings that lie behind the Honourable Member's question. These I quite understand, but it is a consequence of the system that questions can be asked in the individual Member States. In this connection I would refer the Honourable Member to the comment from Mr Patijn, who I think quite rightly talked about quasi-confidentiality. Mr Berkhouwer has every opportunity of putting questions in the Dutch parliament about the actions of all members of the government who take part in the work of the Council of the European Community, and the same opportunities are open to all other Members of this House, each in their own national parliament.

Mr Berkhouwer. — *(NL)* That was not the question !

Mr Ellis. — I wonder whether the President-in-Office of the Council would venture an opinion as to the effect upon the structures that he has spoken about of the direct election of this House, when its Members would be responsible directly to their electorates rather than, as now, to their national parliaments ?

Mr Brinkhorst. — *(NL)* I gather that this question is not being put to me in my capacity as President-in-Office of the Council. I have of course not been able to sound out my colleagues on this aspect, but I will

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gladly tell this House that my feeling is that the real significance of direct elections to the European Parliament is that a direct link is indeed being created with the population. For me this means an increase in the legitimacy of this House. Never up to now in history has a parliament been given its powers by those above it, or by some anonymous body or other. Power and political power are, in hard practical terms, bound up one with the other. I am quite sure that a directly-elected European Parliament will know how to wrest this power from the Community structure as it exists today.

President. — We now come to the questions to the Commission. The appropriate Commission representative is also asked to answer supplementary questions.

I call Question No 8 by Sir Geoffrey de Freitas.

What is the purpose of maintaining offices outside the Community and in what cities are they established?

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) The Commission assures the Community's presence in the world through offices which, according to requirements, are divided into three categories. The first category represents the Community in third countries or international organizations with which the Community maintains particularly close relations. The offices in Washington, Tokyo, Ottawa, Santiago, New York, Geneva and Paris fall into this category. Depending on the importance of the country or organization concerned, they may be set up bilaterally or, when they aim to cover an entire continent, for geographical reasons. The second category of offices are those representing the Community in associated countries, in accordance with the provisions of the Lomé Convention. Since the signing of this convention the Commission has opened 41 offices in the African, Caribbean and Pacific States. In setting up the latter, we have again applied either bilateral or geographical criteria.

The third category consists of information offices which we opened some years ago in various associated countries, such as those in Ankara and Athens. I would add that our representatives work in close contact with the embassies of the nine Member States of the Community and will assist them on any problem of Community interest.

Sir Geoffrey de Freitas. — I shall study the Commissioner's comprehensive answer in detail later. Meanwhile I have two precise questions.

In view of the increasing links between the Community and the developed industrialized countries outside the Community, what increase does the Commission foresee in the number of Community offices in these developed countries devoted to trade rather than aid?

Secondly, since Parliament was of direct help to the Commission in getting the Ottawa office established,

what plans has the Commission for cooperating with Parliament if the Council once more becomes obstructive?

Mr Scarascia Mugnozza. — (I) The Commission does not consider it necessary to open new offices at the moment, as we already have a sufficient number in the industrialized countries, including those in Washington, Tokyo and Ottawa.

As regards the second point raised by the honourable Member, I should like to make it quite clear that these offices are also at the disposal of the European Parliament. Delegations from Parliament to the United States have already made use of our office there. Wherever there is a Community office, Parliament may make use of it in preparing visits by delegations and may obtain any assistance that may be necessary as regards travelling and contacts.

Mr Bersani. — (I) Have the 41 offices provided for by the Convention of Lomé entirely absorbed the previous structures, such as the EDF control offices etc?

Mr Scarascia Mugnozza. — (I) They have not only absorbed them, but have also been increased.

President. — I call Question No 9 by Mr Ellis:

✓ What arrangements are there for local authorities to receive grants made in respect of their infrastructure projects from the European Regional Development Fund?

Mr Thomson, Member of the Commission. — Different governments have different administrative procedures, but in the cases of Luxembourg and the United Kingdom the Regional Fund infrastructure grants are passed straight on to local authorities by the central government. In England, Scotland and Wales, within the United Kingdom, this reduces the amount that those authorities have to borrow to finance the investments in question and is a directly additional source of local government finance and a saving to local ratepayers. In Northern Ireland, where the infrastructure projects supported by the fund are normally financed by central government or other central agencies, arrangements were announced during my recent visit for paying the 1975 fund infrastructure receipts over to the Province's harbour authorities to assist them with future developments of sea communications.

Mr Ellis. — Does the Commissioner agree that the establishment of a true Community regional policy means, amongst other things, at least an administrative link — however tenuous — between local authorities and the Commission? Could he say what measures he is taking to ensure that the practice in the UK and Luxembourg becomes accepted practice throughout the Community?

Mr Thomson. — I said that one has got to start from the traditional administrative arrangements within each Member State, and there are all sorts of reasons for these arrangements. We are not seeking, nor would it be right to seek, harmonization of these things on a basis of uniformity throughout the Community. Nevertheless, the machinery of the Regional Fund, especially the Regional Policy Committee of senior national officials, is precisely the place where we hope to have a kind of cross-fertilization so that a good method of progress in one country may encourage other countries to follow it.

Mr Bersani. — (I) I agree with the Commissioner's reply, but should like to point out that, in my opinion, the present procedural measures are unlikely to facilitate participation by local authorities, which has always been one of this Parliament's main concerns.

We agree that the report should not be institutionalized, but I believe that we should create greater opportunities for contacts with local authorities and introduce a more active Community policy.

Mr Thomson. — The Commission welcomes the very wide range of contacts it has been building up with local and regional authorities about the operations of the fund, though the applications for the fund have to come and must, I think, at this stage of the development of the Community, come from the central government. Nevertheless I regard the issue raised by the honourable Members as a very important issue for the development of a true Community regional policy, and I hope that these questions will be pursued in the debate that is about to take place in this Parliament on the first annual report of the Regional Development Fund.

President. — I call Question No 10 by Mr Evans :

What is the total of actual payments so far from the European Regional Development Fund, and what rate of disbursements does the Commission forecast for the rest of 1976?

Mr Thomson, Member of the Commission. — Total payments from the European Regional Development Fund up to the end of June 1976 amounted to 141.4 million u.a. I ought to explain to the House that payments from the fund as distinct from commitments are made after the receipt of claims from the Member States *pari passu* with the expenditure by the public authorities in the Member States on the projects concerned. Therefore the rate of payments depends, not primarily on the Commission authorities, but on the promptness with which Member States present their claims for payment. Because of these factors and since this is the first full year of the fund's operation, the Commission cannot yet give a reliable estimate for total payments from the fund for the rest of 1976.

Mr Evans. — I am quite sure that most Members will be interested in the statement the Commission has made and will urge their governments to proceed with their claims much more speedily.

We accept that the rate of inflation in Member States is cutting into the real value of the money that is disbursed from the fund. For instance, next year's amount of 500 m u.a., fixed in 1974 for disbursement in 1977, should be increased to 750 m u.a. approximately if it is to retain its 1974 value. Has the Commission put forward any proposals to counter the effects of this inflation?

Mr Thomson. — I entirely agree with what the honourable Member has said and am grateful to him for making this particular point. The Commission, and indeed the Community, is of course tied in terms of the present fund by the figures laid down by the Summit Meeting which set up the fund, but this year's debate on the future of the fund will be of crucial importance to achieving at least the minimum that the honourable Member mentions — that is, the amounts of money in the next stage of the Regional Development Fund should start off where the present fund leaves, taking full account of the erosion that the honourable Member has underlined as taking place because of inflation.

Mr Jahn. — (D) Can Mr Thomson give us a breakdown of the sums distributed to the Member States? To my certain knowledge, only one of the numerous projects receiving support is located in the Federal Republic of Germany, although a number of applications were submitted. Perhaps we could have a debate at a later date on the basic question of distribution since we in the Federal Republic are the largest contributors to the fund.

Mr Thomson. — We are to have a debate on this subject later this week, and I should be happy to try and provide that information by the time of that debate to the honourable Member.

Sir Geoffrey de Freitas. — In considering the need for development funds, will the Commission take account of schemes for water-supply in those parts of the Community where the drought has been most serious?

Mr Thomson. — Yes, Sir, the Commission gives high priority to water-schemes that are associated particularly with industrial development. I was happy, if I may so, to take part in the inauguration of a major water-scheme in the North of England, where the Community is in partnership — both the fund and the European Investment Bank — and where there is one region of the United Kingdom that is immune from the current anxieties with regard to the drought because of this sort of development. And I entirely agree with the honourable Member that these are priority developments.

Mrs Kellett-Bowman. — I was delighted to hear the Commissioner's very positive attitude to the size of the future fund, but is he satisfied that the criteria used by national governments, when choosing schemes, properly reflect the relative seriousness of the problems of the different regions? For instance, does he consider it right that whereas one intermediate area of the United Kingdom has 9% of the weighted unemployment of the United Kingdom assisted areas, it receives only 5.7% of the aid?

Mr Thomson. — I am never satisfied with the operations of the Regional Development Fund, but the particular point that the honourable lady raises is one she must make across the floor of a different House from this one.

Mrs Dunwoody. — Would the Commissioner, in view of the remarks that he has made, make a very urgent attempt to get his colleague in agriculture to release some of the funds that he has at his disposal, which could probably be more usefully used inside the Regional Fund to support not only the heavily industrialized areas, but also those areas of agriculture which need restructuring? And would the Commissioner not agree with me that if even a small percentage of the funds at present available to agriculture could be moved to the Regional Fund, we should probably all be better off?

(Applause from certain quarters on the left)

Mr Thomson. — I must confess to the honourable lady that I sometimes feel a little envious of the funds that my colleague in front of me has at his disposal, but I would say to her that within the new Regional Development Fund, which is at a very early stage of its life, the Commission did decide that the agricultural modernization funds and the new Regional Fund should be brought together, so they are working in partnership, and I hope it is a partnership that will develop and fructify.

Mr Giraud. — (F) In thanking the Commissioner for the efforts he has made and the results obtained, I should like to ask him whether he is satisfied by the nature of the publicity which, in certain States, surrounds his administrations work to promote the Regional Fund.

Mr Thomson. — The honorable Member has put his finger on an aspect of the operations of the fund where, I regret to say, there are still some problems remaining to be solved. I am having talks with the governments concerned about this in the next few days and I hope that we will solve these problems, but I am grateful to the honourable Member for drawing attention to them on the floor of this House.

President. — I call question No 11 by Mr Creed:

What progress is being made with cross border studies between the Republic of Ireland and Northern Ireland?

Mr Thomson, Member of the Commission. — A study to examine communications in the Londonderry and Donegal area is being carried out by agreement between the Irish and the United Kingdom governments. The consultancy firms have now been selected, and the study is due to be completed within 8 months at a cost of approximately £ 80 000 sterling. The two Member States concerned have sought a 50% Community contribution to the cost of the study from the European Regional Development Fund. I expect the formal arrangements for this grant to be completed this month.

Mr Creed. — I am sure that the Commissioner understands the position quite clearly in relation to the city of Derry and the hinterland around it; the whole commercial life is distorted because of the fact that the people in the hinterland of Derry City, which borders on Co. Donegal, are being harassed and photographed and prevented from shopping in that city.

In these circumstances, does the Commission agree that a unified study of the entire hinterland of the city and port of Derry is of vital importance to Britain and Ireland and would the Commission state what contacts have been made with the national authorities concerned with a view to initiating such a study? Finally, does the Commission agree that joint cross-border studies are preferable to separate studies on both sides of the border by national authorities?

Mr Thomson. — This is a joint cross-border study. It is the first of its kind and I think we ought to give it every encouragement and hope that it will be so successful that other studies of a similar nature will follow.

I had the pleasure of welcoming both the Mayor of Londonderry and the chairman of the Donegal County Council to the Commission headquarters in Brussels the other day in order to carry these arrangements a stage further forward. I was also greatly encouraged during my visits to both Londonderry and Donegal by the fact that whatever the political problems that there are in this part of the Community — and they are very deepseated as we all know with sadness — people on both sides of that dividing line, people of different political views, all agreed that the economic welfare depended on working together.

Mr Dalyell. — In certain villages in my constituency in the industrial centre of Scotland, the first thing one sees on entering a house is a picture of a 17th-century Dutch prince of the House of Orange-Nassau. Since, Mr President, history is of paramount importance in Ireland, have not the Commission and the Council — especially during the Dutch presidency — some role to play in helping to solve these intransigent problems and, in particular, is the Commission aware

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that some of us place great hope in the kind of coming together on Dutch soil that has been arranged for the extremists by people like Ed. van Thijn and other Dutchmen? Does the Commission not consider that there is in fact some role for the Commission to play in these tragic problem?

Mr Thomson. — Well, Sir, I often think the less said the better about some of these things. I hope that this modest cross-border study will make a modest contribution to improving the climate there. The Commission at least has the advantage of not being associated with past history; I hope it will increasingly be associated with a rather more constructive future.

(Applause)

Mr Bersani. — *(I)* What other studies are being carried out on border regions in the Community?

Mr Thomson. — Some studies have been undertaken in the border regions of the Netherlands, Belgium and Germany. The whole question of the development of cross-border studies, and indeed of a Community policy to promote cooperation across the internal frontiers of the Community, is under very urgent consideration by this House, as the honourable Member knows, and I am looking forward myself to taking part in the debate on the Gerlach report, on these matters, within a month or two.

President. — I call Question No 12 by Mr Cointat:

Having authorized the introduction of a 50 % deposit on the value of Italian imports (a measure which will be bound to curb imports by increasing their cost), even though Italy's exports are already in a strong competitive position owing to the undervaluation of the lira, is not the Commission concerned that there may be an attempt to apply such measures generally throughout Europe, which would inevitably impede the free movement of goods and services, when the real problem for which solutions ought to be found is a monetary one?

Mr Gundelach, Member of the Commission. — I agree with the honourable Member that monetary problems should be solved by monetary measures and trade between Member States should not be impeded by measures designed to solve problems of a general economic nature. However, this cannot always be avoided and, as you know, the Treaty does provide certain exceptions, Articles 108 and 109 in particular, to this general rule. It was an exceptional and serious situation which led the Commission again to approve for a limited period of time an Italian deposit scheme. Movements of capital out of Italy drove down the value of the Italian currency to an alarming extent. The deposit scheme temporarily absorbs excess liquidity, acts as a certain brake on imports and creates an inflow of foreign currency. This has, as you know, not unimportantly contributed to easing the pressure on the Italian lira. The market for industrial products of the other Member States would have been

disturbed by Italian exports offered at a rate of exchange undervaluing the competitiveness of Italian industry. Therefore, the measures taken and the results achieved on this point offer satisfaction with regard to one of the major questions raised by the honourable Member. An increase in the prices of goods imported into Italy caused by a further fall of the lira would have accelerated inflation and these effects would undoubtedly have been more serious than the alternative modest effects on the import prices and import quantities caused by the import scheme.

The Italian problem was exceptional: similar measures have, as you know, not been taken by other Member States, nor is there any real risk that such measures will be taken for the present. The Commission's decision in this specific situation naturally does not constitute a general precedent.

Mr Cointat. — *(F)* I should like to thank Mr Gundelach for the assurances which he has given me on the significance of the exceptional measures which have been taken with regard to Italy. I asked this question because other Member States are requesting the same type of measures with respect to Italian imports. I shall merely quote one example: on 20 March and in May of this year, France requested safeguard measures to protect itself against excessive shoe imports from Italy. Does the Commission intend to meet France's request in this field?

Mr Gundelach. — These demands of March of this year from the French government have not been pressed and no decision had been asked for from the Commission exactly for the reason I gave in my reply, that since these demands were made the Italian lira, to a large extent owing to the measures taken by the Italian government with the concurrence of the Commission, had risen again and thereby reduced the amount of artificial competition created for the French shoe industry.

Mr Früh. — *(D)* Can the Commission state to what extent Italian imports have been reduced by means of these measures, how long these measures are to be maintained and what products are most affected?

Mr Gundelach. — I cannot, and I do not think that the purpose of Question Time is to give an exact statistical picture, but I can say that the reduction in imports is rather moderate when compared with the normal trend in Italian imports. If you compare it with the more explosive artificial increase in imports which galloping inflation and other strong economic movements have created, then the effects have been somewhat stronger but are still justified. The areas in which the impact has been greatest, are those where the greatest burdens have been on the Italian balance of payments — namely energy, petrol products and a number of products in the meat field.

Mr Mitterdorfer. — (D) Does the Commissioner not think that very small sums at least should have been exempted from the regulation since the amount involved bears no relation to the effect and that such an exemption to the regulation, a minimum amount, ought not still to be introduced?

Mr Gundelach. — There is a minimum amount in the sense that this limit of 50 % of the value of the imports is very strictly limited in time, and I think that if the measure were to have the effect it was supposed to have without creating discrimination and distortion in further trade between Member States, it would have been wrong to look for a number of exemptions to this rule.

President. — I call Question No 13 by Mr Nyborg:

Does the Commission, if it receives applications to this effect, intend to provide aid for research into the use of new fishing methods in deeper waters than those traditionally fished?

Mr Lardinois, Member of the Commission. — (NL) The services of the Commission are at this moment studying what the possibilities are for finding a solution in fishing waters other than the normal ones. I believe that the suggestion put forward in this question must form a part of this study.

Mr Nyborg. — (DK) Mr President, I would like to add to my question by pointing out that in the deeper waters there are a number of species of fish that are not covered by the quota arrangements we have at present for the normal fish species. As we know, all fishermen in the Communities are having a thin time nowadays. If in this way we could manage to catch fish for the consumer, that is to say fish for the fish processing industry, does the Commission not think that it would be highly opportune to do something about this as quickly as possible?

Mr Lardinois. — (NL) I have already said, in my first answer, that the suggestion incorporated in the question is worth closer study.

Mr Prescott. — As the provisions of financial aid require a common policy for fishing, can I ask the Commissioner whether Britain's application for a 50-mile exclusive fishing area is any nearer acceptance by either the Commission or the Council of Ministers than it was two months ago?

Secondly, is the Commission unanimous in its view as to whether Britain's application is compatible with the requirements of the Rome Treaty?

Mr Lardinois. — (NL) We set out the unanimous opinion of the Commission in the report we produced at the beginning of this year. At this stage there is nothing further I can add on behalf of the Commission.

President. — I call Question No 14 by Miss Flesch, for whom Mr Bangemann is deputizing:

✓ What steps has the Community taken to extend and strengthen the trade relations with India, as provided in the Joint Declaration of Intent, and how does the Commission envisage the further evolution of the Community's relations with India in the framework of the overall development cooperation policy?

Mr Thomson, Member of the Commission. — Mr President, the Community first implemented the joint declaration of intent on 1 January 1974, when it abolished or reduced the duties on a number of products exported by India to the United Kingdom. Most of these concessions formed part of the generalized scheme of preferences. This scheme was extended in 1975 and again in 1976 and has given Indian products even greater access to the Community market.

With regard to sugar, the Community has made the same price arrangements with India as with the sugar-exporting countries of Africa, the Caribbean and the Pacific under the Lomé Convention.

The Community looks forward to strengthening its relations with India within the framework of its commercial cooperation arrangement which has its own machinery for building up cooperation between us. India is already a major beneficiary of the Community's food aid programme and its scheme for trade promotion. Moreover, India will benefit substantially from the Community's future scheme for financial assistance to rural development in non-associated developing countries. Finally, India will benefit from the 1977 generalized scheme of preferences, which is the subject of a recent proposal from the Commission to the Council of Ministers.

Mr Bangemann. — (D) Is the Commission prepared to report on the results achieved so far by the Joint Committee and is the Commission able to state whether India is agreeable to the generalized scheme of preferences which the Commission apparently intends to adopt?

Mr Thomson. — I think the existing arrangements are certainly working well and I should, of course, be happy to ask my colleague, Sir Christopher Soames, whose direct responsibility this is, to report on the way the consultative and cooperative arrangements are going between India and the Community. Perhaps the best answer to the honourable Member's question about India is that India is the fourth biggest beneficiary under the generalized preference scheme.

Mr Cointat. — (D) How much financial and technical aid will be granted to India in 1976, and what are the proposals for 1977? Has the Council already taken a decision on the Commission's proposals?

Mr Thomson. — The position is that there is a Commission proposal before the Council. It was submitted earlier this year. We are now discussing the criteria to be used in the allocation of the money.

President. — I call Question No 15 by Lord Bethell:

What plans does the Commission have to lay down health protection standards regarding the use of asbestos and the manufacture of asbestos materials?

Mr Hillery, Vice-President of the Commission. — The Commission is very conscious of the dangers posed by the use and manufacture of asbestos. It welcomes the honourable Member's question as a means of highlighting what the Community can do to supplement efforts undertaken by Member States. A number of possible actions are envisaged.

Concerning the occupational hazard of working with asbestos, the Commission's recently-appointed Advisory Committee on Health and Safety is considering as a priority action the fixing of Community standards for exposure limits. In the broader public health side, the Community's action programme for the environment identifies asbestos as a first category pollutant. A series of research programmes have been initiated to study its polluting effects both environmentally and physiologically, and the Commission is preparing, for the Council of Ministers, a communication on the evaluation of the risks to human health from asbestos which will, I hope, include a series of specific proposals.

Lord Bethell. — Does the Commissioner agree with me, though, that this is a matter of extreme urgency involving matters of life and death? Is he aware, for instance, that in one factory in Yorkshire alone, between the years 1945 to 1968, 240 workers contracted asbestosis and 40 of these workers died of the disease? Would he agree with me that not nearly enough is known about this serious disease — this killer disease — and that standards and controls on the use and preparation of asbestos are not nearly tough enough, and can he explain to me why it is that no specific mention of asbestos is contained in the environmental action programme?

Mr Hillery. — I would agree about the serious nature of asbestosis and on the need for urgency in dealing with it. I also agree that the necessary background studies have not been done in sufficient numbers but are now being done. I think that the communication to the Council will have proposals which will satisfy the honourable Member's anxieties in this regard.

Mr Laban. — (NL) I would like to endorse the urgency of this matter. There is scientific proof that not only those who work in asbestos factories but also those who live in certain houses, and people who work in trades where asbestos is used, are exposed to great risks. Asbestosis is a disease which is not incurable, but which has to be tackled at an early stage if it is not to develop further, for example in the form of lung cancer. Standards therefore need to be

laid down in the European Community as quickly as possible. So I too would like to ask Mr Hillery — he will not have this information at his fingertips — if he would find out what measures have already been taken in the various Member States, both in industrial legislation protecting workers and in protection for those who come into contact with it in other ways, that is to say in public health legislation; and if he would pass this information to the Committee on the Environment, Public Health and Consumer Protection?

Mr Hillery. — I think the information which the Member seeks will be available to me from a seminar held by the Commission in 1974. But I think I should tell the Parliament that, since 1962, asbestosis has been included in the European list of industrial diseases and is recognized as an industrial disease for which compensation is paid in all Member States.

Mr Evans. — I give a warm and unreserved welcome to the Commissioner's statement on the work that is going on within the Commission. I assure him that the result of the work on this dreadful and highly dangerous disease will be eagerly awaited by the trade unions and workers, not only throughout the Community but throughout the world. May I ask him to ensure that when the appropriate office of the Commission discusses the formulation of the document, it should discuss the matter not only with the asbestos industry, which is notorious for minimizing the problem, but also with trade unions and individuals who have built up a very large fund of knowledge of the terrible problems of asbestos.

On a very specific point, could I ask the Commissioner whether he is aware that there are many workers in the asbestos industry who may be in the early stages of asbestosis and that if these people could be discovered by proper screening and diagnosis at an early stage and removed from the industry, they would then have at least an opportunity of living a slightly longer life? These people will require retraining and financial assistance. Does the Commission have any proposals or any ideas on the subject, and if necessary joining with member governments to finance such proposals?

Mr Hillery. — It is true that asbestosis has a very long latent period but, as I said in the first reply, it is intended that exposure limits should be established by the committee dealing with health and safety at work with the aim of preventing asbestosis arising in people exposed to the dust either in their place of work or outside their place of work. I think the proposal for retraining and replacement of workers so exposed must be part of any real scheme to make it possible for workers suffering from asbestosis to find some other work before they are exposed to an extent which would make it impossible to cure. So I accept that proposal. To what degree the Commission and to what degree the Member States come into it, is a matter to be studied.

President. — I call Question No 16 by Mr Spicer :

Does the Commission have any plans to draw up minimum safety standards in case of fire for hotels, places of entertainment, shops and offices ?

Mr Hillery, Vice-President of the Commission. — The Commission does not at present envisage attempting to establish minimum fire safety standards for public places such as hotels, shops and offices. This is a matter which is regulated by each Member State itself. The Commission is, however, conscious of the concern implied in the honourable Member's question that a maximum effort is desirable to ensure the safety of human life and property.

In the context of its action programme for the building industry, approved on 28 January 1976, the Commission is engaged in work intended to lead towards the elimination of the technical and legal obstacles created by differing regulations which prevent the creation of a single market in the building sector and which frustrate a more efficient response to economic and social needs. The list of possible actions to abolish these technical and legal obstacles includes one dealing with fire prevention and safety. A special working party has been meeting regularly and is intended to consider proposals for uniform fire prevention and safety regulations covering the building industry in the Community.

Approaching the problem from another angle, it might also be appropriate that this matter should be considered by the Community's tripartite committee for safety at work. The Commission will therefore raise the matter with this committee at the earliest opportunity.

Mr Spicer. — I hope that the Commissioner will accept that that is one of the most disappointing and inadequate replies that I have heard in this Parliament in the last 18 months.

Throughout this House we all know of dozens of cases of fires over the last two or three years alone where life could have been saved had minimum safety standards been accepted and imposed, and it does seem to me that this is an area where the Commission has taken no action and this is an area where every single Member State of the Community would welcome such action on the part of the Community: I would therefore ask him if he would give an undertaking now that this will be dealt with as a matter of extreme urgency, and put right at the top of the list in terms of public health and safety.

Mr Hillery. — There is nothing whatever to prevent each and every Member State from taking appropriate action, so that if they would welcome this type of action from the Commission, I am sure they should undertake it themselves. It is a matter of responsibility but, as I say, we will, at the earliest possible time, give

the tripartite committee on safety at work this particular priority subject to consider, and if the tripartite committee thinks that the Community has a role to play in addition to national responsibilities then the Commission will certainly come forward with proposals.

Mr Normanton. — Is the Commission aware of the lack of Community standards and that equipment is being made and offered for sale throughout the Community which is unsuitable for the purpose for which it is offered and is leading people into a sense of false security? Will the Commission initiate, as a matter of considerable urgency, a dialogue with the appropriate representatives of the manufacturing industry as part of the Commission policy on consumer protection and public safety?

Mr Hillery. — It is a question for which I should have to have some notice, because it does not actually belong to this section of the Commission, but I will undertake to investigate and see if there is any further information I can send the honourable Member.

Mr Schwabe. — (D) May we assume that the Commission will soon devote much more attention to this question, since in this case millions of people — taking Europeans first of all — when visiting other areas, other countries, and putting up at increasingly tall hotel buildings are faced with very varied safety regulations or should I say a lack of them? Today we find that the construction of such hotels and the selling of them afterwards can lead to a distortion of competition, because although many establishments have exemplary safety equipment, in others it is neglected. May I also point out that a proportion of these terrible accidents are caused by a particular style of catering today. By this I mean nostalgia for the old type of gridiron you find in every restaurant, despite the fact that it presents a fire risk, and for dining by candlelight in many restaurants where safety lamps would be preferable. In short, a development has taken place which is a reasonable spur to competition but which on the other hand involves considerable dangers for European and other citizens.

Mr Hillery. — Nobody, I think, doubts the seriousness of the risks of fire, but the point I would make is that, apart from the study of the committee dealing with safety and health at work, the responsibility in this matter lies with the Member States, and I do not think that anything we do should diminish that sense of responsibility. It does not help in any way, when dealing with a serious problem, if we shift the responsibility from where it truly lies, and it is on the Member State that responsibility for this lies at this time.

Mr Scott-Hopkins. — After that answer from the Commissioner, what will he, or the Commission, do if

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he finds that one of the Member States has no provisions, or inadequate provisions, for safety? What is he going to do about it? And surely, what's wrong about drawing up a minimum set of standards? Why can't he do it? If he's got all the information he says, well: get on with it, do it!

Mr Hillery. — It is wonderful of the honourable Member to order the Commission to get on with it, but the Commission is not interested in taking up responsibilities which are adequately or better or more appropriately done at national level. But there will be an examination by the tripartite safety committee, and there may be proposals arising from it, and this is as far as I should be willing to go. I want to be quite precise that this is a responsibility of the national governments.

Lord Bethell. — Is the Commissioner aware that, quite apart from the question of life and death involved in fire precautions, there is also a serious element of distortion of trade in this? Obviously, one may do very much better in providing a tourist service by building a hotel which has no expensive fire precautions, but if one takes the trouble and incurs the expense to install proper fire precautions certain Member States may have rules which enable them to distort their trade to their own benefit quite considerably. Surely, this is something which the Commission should involve itself in as a matter of policy?

Mr Hillery. — At the moment I am dealing with the safety and health aspect of the matter and have given the Commission's position. If there is a distortion in any other area, then I think that is a matter for another question and another examination; but the question as raised concerns health and safety, and again I want to be precise in saying that this is a matter for the Member States and there is no taking away their responsibility from them in that matter.

President. — Question Time is closed.

I would like to thank the representatives of the Council and the Commission for their replies.

Questions Nos 17, 18, 20, 21, 22, 23, 24 and 25 will be answered in writing¹. Questions Nos 19 and 26 will be carried over to the next Question Time.

*5. Statement by the Commission on milk
and the drought*

President. — The next item is a statement by Mr Lardinois on the Commission's programme concerning the milk sector and on the measures that had been or could be taken to alleviate the effects of the drought.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, first of all I should like to express my particular thanks for this opportunity to announce to this House the decisions which the Commission reached yesterday evening, for submission to the Council and Parliament. At last we have a normal situation in which Members of this Parliament do not have to learn from the newspapers.

Firstly I should like to say a word about a number of measures to alleviate the effects of the drought which hundreds of thousands of farmers are suffering at present. The situation has considerably worsened in recent weeks and is affecting increasingly extensive areas of our Community. We do not know yet precisely how it will affect the various crops and we do not expect to have an accurate picture until September. However, to give you some idea, I can probably do no better than to refer to the situation here in Luxembourg where we are now. There was quite a bit of rain last night. Despite this, it is very probable that one third of the normal Luxembourg grain harvest has already been lost. This is an enormous blow to the Luxembourg farmers. Only two thirds of their normal harvest. This is only one example. I am not suggesting that this is the sum total of misfortune in Luxembourg, because unfortunately cattle farmers have a great many other problems.

I could give more examples from all over the Community but I do not wish to do that now. The time is too limited. I would just like to say that even if there is a lot of rain now, we shall all still have to face a very large number of problems. Our first concern is to prevent a complete collapse of the beef market. Two weeks ago, we took measures on private storage. We have also authorized France to buy cows into intervention. Today we shall decide to extend this facility, which France obtained 14 days ago, to Belgium, Luxembourg, Germany, and the southern part of the Netherlands. I hope this will help to prevent many cattle farmers from starting panic selling.

In the second place, we are considering making a number of recommendations to the Member States. Firstly, a ban on the burning of straw in the countryside must be introduced this year in those countries which have not yet imposed it. Also, we are considering taking measures against the exporting of a number of green fodder products and hay by imposing an export levy of about 40 to 50 %. We also recommend that later in the year the Member States should set aside as cattle fodder as much of the molasses imported from abroad or produced from the beet crop as possible. One of the measures we are studying at the moment together with the Member States most affected is how the rest of us can make milk available directly from the dairy factories, with a considerably increased premium, to the dry areas parti-

¹ See Annex.

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cularly in order to supplement the fodder for young cattle in these areas. We shall moreover, and this is a promise, follow the situation with the Member States affected from day to day. This point is the first item on the agenda of the Council meeting to be held in twelve days time and we shall keep Parliament and its committee informed of any further measures which may be taken. But even in such a dramatic situation for hundreds of thousands of farmers, even in this year of drought, we must recognize that there is a structural surplus in the milk sector. Parliament has already held heated debates on this subject. Parliament has repeatedly reminded the Commission that it has not made any proposals. My feeling is that even in this period, however unhappy it may turn out to be, we are obliged to present far-reaching proposals to cover a number of years. We intended to submit a three year programme to the Council and Parliament which would bring under more thorough control the problem of surpluses in the milk sector.

That is what it boils down to. In our opinion, there is a structural surplus in the milk sector representing approximately 10 % of production. We feel that a radical solution to this surplus must be found, on the one hand by reducing production to some extent but also by improving marketing possibilities inside and outside the Community. Some of the concrete measures which we wished to propose to you are in the first instance a repetition but also an extension of the proposal which we made at the beginning of the year and to which at that time Parliament reacted favourably, i.e. a premium for withholding milk from the market in order to encourage farmers to discontinue milk production.

We have extended the programme we submitted to you at the beginning of the year and furthermore the premiums I have mentioned are now higher. We believe that if our programme is introduced at the beginning of January for a period of one and a half years, one and a quarter million extra cows can be taken off the market and out of production. We thought that the prospects on the meat market were such as to enable a programme of this kind to be carried out over this period. Secondly, we intend pursue a rational and quite far-reaching policy for the abolition of all national and Community aid which in any way encourages milk production. This will be an exceedingly difficult operation because it goes against a number of existing attitudes and customs, in the Community and in the Member States. We do feel however that it is absolutely necessary to bring milk production under control in the long run. We shall only make an exception in the case of mountain areas and certain specified problem areas.

Thirdly, we wish to introduce the principle of the financial co-responsibility of milk producers for the sale of dairy surpluses in the Community. This applies

to all dairy producers, big or small, in all the Member States, on a non-discriminatory basis. We shall propose that this financial co-responsibility be introduced for the next three years, but the level of a possible levy to be imposed during the three years should be variable to take account of possible changes in certain production conditions. We believe that the principle of the financial co-responsibility of dairy producers is something which will directly effect the incomes of dairy producers. With hundreds of thousands of cattle farmers not knowing which way to turn, this is perhaps the most unfortunate moment to raise this matter. We therefore do not feel able to submit the details of this regulation to Parliament, namely the amount of this levy and the rate-spread to be applied over three years, until the beginning of September; if it is at all possible we shall do so before Parliament discusses the matter. We feel that we must first have an accurate picture of the damage which the weather is at present causing and we also feel that although the principle must be raised now, we need more information before we can start working on the details. For the moment, however, we must unfortunately make do with the broad outlines.

The next point is the improvement of marketing inside and outside the Community. It is quite clear that in this case as in others very close liaison with the consumer organizations is necessary. This matter does not only affect the producer who has to make the financial contributions. Large sums of money are at stake. 1 % financial co-responsibility would alone amount to 140 million units of account. I therefore think that consumer organizations should also be brought in at Community level when drawing up further plans. Of course the direct selling of milk surpluses, for example in the powdered milk sector as such, will continue to play an important role for some considerable time.

We are also proposing measures in the oils and fats sector with the aim of preventing further deterioration of the competitiveness of animal fats on the one hand and vegetable fats or fats of marine origin on the other. If we ask dairy farmers for a levy on butter, we cannot reject this principle which has been accepted repeatedly in the past in the Community. However we feel accepted repeatedly in the past in the Community. However we feel that we cannot prejudge the matter and we must view this point in connection with the levy which we intend to place on milk. Naturally it has to be a measure which complies totally with the GATT but we shall not have any difficulties on this point. Furthermore it must be a measure which will prevent this situation from carrying on for years. Therefore we propose to place a levy on vegetable oils and fats and oils and fats of marine origin on the basis of Article 43 of the Treaty according to which in principle this money remains in the hands of the Member States. We do suggest

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that this money be earmarked for action consistent with Community decisions and here we are thinking in particular of the expansion of the financial opportunities open to us for stimulating food production in the developing countries and for increasing food aid.

Mr President, I believe I have said as much as I need to. We naturally feel that we must combine the measures I have just announced as far as possible with the other measures which we have at our disposal. In the first instance we intend to combine the premium for withholding milk from the market with the regulation on the discontinuing of milk production and the regulation on retirement for older farmers. We should like to make both regulations on this point more efficient by making possible and encouraging the combination of both sorts of measure. Furthermore, we intend as far as possible to combine the campaign against certain cattle diseases, particularly tuberculosis, brucellosis and leucosis, with a reduction over the next three years of dairy production in the Community.

Mr President, these are the main lines of our thinking. I am aware that at this moment in view of the critical state of the subject which we are discussing, this is anything but an easy programme. I am quite prepared to go through this subject in detail next week with the Committee on Agriculture as quickly as possible. I hope that thanks to a concerted effort by us all it will in fact be possible for Parliament to give a definite opinion on this subject in September so that the Council can take a decision on it at its October meeting. In my opinion, this is a matter of great urgency. It is a matter which must also be seen against the background of the huge difficulties faced in many parts of the Community today. I believe we must accept the challenge that is presented to us.

(Applause)

President. — Ladies and gentlemen, under our Rules of Procedure the chairman of the committee responsible may now speak for five minutes and other Members of Parliament may, during a total of fifteen minutes, put brief questions on specific points without starting a debate. I must ask you to be as brief as possible.

I call Mr Cointat.

Mr Cointat. — *(F)* First question: could we not consider aid for the transport of straw and fodder from cereal growing regions to the regions hit by drought?

Second question: will Mr Lardinois agree, as I hope he will, to review the drought situation with us in September?

Third question: does he plan to take measures to reduce the slaughtering of calves, in order to prevent decapitalization, in view of the increase in the slaughtering of dairy cattle?

Fourth question: as regards joint financial responsibility, and you are aware that I personally and the EDP group are against this, does he plan to make a distinction between small and large producers of dairy products?

Finally — and in line with your wishes, I will stop there Mr President — does he plan to establish joint financial responsibility for all products in surplus?

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, any help that the Commissioner can give is welcome and, of course, we welcome what he has said today. But is he going to take any steps in connection with the drought to give financial aid to individual farms where a need is proven to exist?

Regarding the three-year programme, is he going to keep to those five points which he has made — the bonus and so on? Is he not going to consider a slaughtering premium, for instance, or something of that nature? I hope he is, for that would be very important. And as far as the abolition of all national EEC subsidies is concerned, other than those in mountain areas, is he thinking of a variable levy depending on the region and the region's acceptability for any particular type of product? Would it not be worthwhile to consider that as well?

He must surely realize that a levy on vegetable fats will cause an enormous amount of problems, particularly with regard to competition and importation. What will the relationship be between the levy on milk and milk products and the levy on vegetable fats? There must be a direct relationship between them. And will the Commissioner say a little more about what help he is going to give concerning the control of brucellosis, which will be equally important in bringing the dairy herd down to size? Is he going to supplement those areas where the national governments are taking action, or what does he intend to do in that particular sphere?

In conclusion, Mr President, I do welcome what the Commissioner said and look forward to a further study of this, not only in committee next week but over the coming weeks.

President. — I call Mr Laban

Mr Laban. — *(NL)* Mr President, my group has always called loudly for suitable proposals for dealing with structural surpluses in the milk sector, so we are glad that the Commission has produced this proposal. We shall, of course, have to study it in detail later. I gather that the premium for withholding milk from the market is to be raised, and that this will be coupled with the phasing-out scheme.

Laban

We would also like to ask whether thought is being given to direct income supplements, of a temporary kind, until those affected can benefit from the ordinary pension arrangements. It has been announced that national and Community aids for encouraging production will be brought to an end. Can Mr Lardinois tell us which measures in particular are involved, with regard to financial co-responsibility? The percentage has, of course, not yet been fixed, but he may be able to tell me whether it is intended that the yield from the levies shall go straight into the agricultural fund, or whether the idea is that the income from these is to be used for making structural improvements in the milk sector?

And finally, there is the question of oils and fats. Did I understand that the possible levy on soya does not come under this regulation, but that what is involved is a levy on margarine? If so, I must say — though I am not speaking for my group — that this looks like tampering with consumer freedom. And there are health aspects to the question as well. We ought also to look at how far such a regulation might clash with policy towards the developing countries; this levy could bring about a reversal of policy. Then there would not be a consistent policy on the part of the EEC.

President. — I call Mr Vetrone.

Mr Vetrone. — (*I*) Firstly, does Mr Lardinois not consider that the principle of financial co-responsibility conflicts with that of comparable incomes and, therefore, with Article 39 of the Treaty of Rome?

Secondly does Commissioner Lardinois not consider it unjust to tax, in the absence of any precedent, producers and farmers who are in no way responsible for the creation of surpluses, such as Italian farmers, whose country is suffering not from a surplus, but from a shortage of milk?

President. — I call Mr Durand.

Mr Durand. — (*F*) Mr President, following your instructions, I will use an extremely telegraphic style. First question. Farmers have got to earn a living. How do you plan to help them to finance their current expenditure, pay their supplies, prepare for future sowing and continue with their rearing? This will have to be paid for in hard cash, otherwise there will be no solution. Granted this then, I would like to ask Mr Lardinois if, as was said a moment ago, he plans to pay slaughtering premiums or a conservation premium?

If a slaughtering premium is paid we are heading for disaster, because livestock rearing will become completely disorganized whereas we should at all costs be encouraging breeders to preserve their means of production.

Third question: are there any plans to obtain fodder from countries less hard hit than us to help to tide us over our difficulties?

These are the essential questions. I had others, Mr President, but as we say in France, 'I am stupid and do what I'm told'.

President. — I reject the first part of that last phrase, but I am grateful to you for the second.

I call Mr De Koning.

Mr De Koning. — (*NL*) There is not a lot I want to say, Mr President, about the proposals announced by Mr Lardinois for dealing with the effects of the drought; the Committee on Agriculture will be putting forward a resolution to this House tomorrow, and if it is adopted I have the feeling we shall be working on the same lines as the Commission.

As to the package of proposals that Mr Lardinois has submitted for dealing with structural surpluses in the milk sector, I must say first of all that I admire the Commission's determination to achieve this aim, a determination that is evident in this set of proposals.

I have two quick questions: Mr Lardinois told us that he estimated that there are about 10% too many cows. If I have it right, discontinuing production with a non-delivery premium would in fact reduce the number of cows by about 1¼ million, or around 5% of the total. This means that the problem will have to be solved half by cutting back the number of cows, and half by expanding the size of the market. Does Mr Lardinois think it is a realistic estimate, that 5% of the structural surplus can be overcome by increasing sales?

And secondly, I was shocked by the proposal to place a levy on vegetable oils and fats. Mr Laban has just pointed out that politically this is a very risky proposal, both because of the reactions we can expect from consumers and because of the reactions we can expect from the developing countries. Has Mr Lardinois not considered putting a levy on the import of high-protein cattle feeds, that is to say changing the present deposit system into a levy that, in practical terms, would have the same effect? In my view such a policy would be much less fraught with problems, and I think it would in practice be just as effective.

President. — I call Mr Gibbons

Mr Gibbons. — I would like to ask the Commissioner if in making up this package he considered the part played by the dairy industry in the different national economies? It must be clear that it will have a very uneven effect in that in some countries of the Community the part played by the dairy industry is enormous. It is the biggest single thing in the Irish economy, for instance.

Gibbons

Does the Commissioner not acknowledge he is in effect asking for a reduction in income for the dairy farmers? And, lastly, does he propose to take no measures at all that would favour the smaller producers who depend totally on the dairy industry for their existence?

President. — I call Mr Howell.

Mr Howell. — Mr President, in thanking the Commissioner for the prompt action which he proposes to take, particularly with regard to the drought and the non-burning of straw and so on, may I ask him if he will explain more fully what he means by the 'non-delivery of milk bonus', and may I suggest that it should be incorporated with a contract under which dairy farmers would cease milk production for say, a five-year period? I believe that it is possible to make use of this awful situation which has arisen through the drought and to give help to those people in greatest need by generous slaughter premiums and also by ploughing-up grants and by encouraging those farmers to start cereal production.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I shall do my best to keep within the time limits.

To begin by answering Mr Cointat, about what support the Community can provide in connection with the present drought; clear distinction must of course be made between what is done in the Member States and what is done at Community level. This distinction cannot in every case be a very precise one, but my feeling is that this example of support and aid in transporting hay and straw is something to be dealt with at national level. In one country, for instance, the Army might be brought in to deal with this, while in another country this would be more difficult. We have to make a very clear distinction between what the Community can and ought to do here, and what is a natural extension of the duties of the Member States themselves. What is part of our job is to take measures to prevent a market from collapsing.

Our responsibility comes into play if the meat market collapses and the stock farmers lose enormous sums of money. Then it is our responsibility, and we have to be prepared to hand out in one year to the meat sector what might even be several hundred million units of account more than may have been in the budget. All I can tell you is that about a year ago we gave advice to the Irish government in respect of these transport subsidies and the like; so it will be entirely in the same line of things if the French, or Dutch, or German governments give their farmers extra aid for this.

Then, I believe we should do nothing that would encourage the slaughtering of animals. It is an entirely different matter letting farms stop milk production as

part of a milk management programme. It is another thing again to let the cattle population shrink by, let us say, three-quarters or two-thirds. These are two very different things, and we have to keep them absolutely separate. One is structurally desirable, while the second is definitely undesirable from the structural viewpoint, and indeed is shifting the farmers concerned out of the frying-pan into the fire.

Financial co-responsibility for all products is something that in our opinion ought not to be made a major issue of principle. I think that where this is concerned the Community ought to play things by ear. We have incorporated this principle in the organization of the market for sugar for the past six or seven years. Last year, after a good deal of difficulty, we gave the wine producers a certain measure of financial co-responsibility though in a different form; not by means of a financial contribution, but by holding back part of their production when there is a surplus. Now we are doing it for the milk sector, in the same way. You will know that we introduced this proposal as long as three years ago. At that time the Parliament supported us, but the Council did not. It is my opinion that we must press ahead with this in, unhappily, the present disturbed circumstances.

Even the agricultural organizations have moved forward a good deal on this point, and now come very close to our way of thinking. I believe that we must try to obtain the greatest possible measure of agreement. Three years ago we suggested setting a certain margin. I think it was 10 000 litres — we wanted to leave the first 10 000 litres out of account, and thus leave out the very small-scale suppliers.

I have found, from very frank talks I have had with the agricultural organizations, that if we were to put this proposal forward again, our chances of getting it finally accepted would be very much less. In the Council it would in all probability lead to such a clash of national interests that we would fail, and for this reason the Commission has not put the idea forward again.

To answer Mr Scott-Hopkins, I would say that giving help and assistance, on an individual basis, to those hit by drought is not something in our province. I repeat that. This is not to say that we could not do a number of things to help the individual farmer. But in our view, financial assistance to the individual farmer in contingencies like this is primarily a responsibility of Member States themselves. The premium for non-delivery of milk does, it is true, really amount — especially for smaller farms — to a slaughtering premium, while for bigger farms it equates to a premium for changing over to beef production. Both these elements are there. In practice, changing over is scarcely worth the trouble for the smaller farms with small herds, and in such cases the premiums are in fact an incentive to slaughtering. But for bigger hold-

Lardinois

ings the stimulus is rather to making the changeover. It is in fact intended, if I may answer Mr Howell, that every producer to benefit from the premium will be required to sign a contract not to deliver any milk or any dairy products at all for at least five years.

Then there is the levy on vegetable oils, raised by Mr Laban and Mr De Koning. It is indeed intended to introduce a comparable levy as between butter and oils and fats. If, let us say, the milk levy means an amount X on butter, then the idea would be to levy a like amount on the oils and fats. There is however a great difference in where the money is destined for. The contributions from the milk producers are in fact Community funds, while the income from levies on oils and fats remains national funds. We do however want to see coherent programmes, for which in the end the Member States and national parliaments are responsible. We did consider whether we could not be satisfied with levies on vegetable oils and fats at the border, but we came to the conclusion that from the point of view of international trading relations this would create an extremely difficult situation. Certainly at a time of hardening markets, this could have far-reaching consequences for our economies. We think, therefore, that we should not impose any border levy, not on oils and fats nor on vegetable proteins. We do think there ought to be a link between the level of the levy on milk and the price of vegetable proteins. If the price of vegetable proteins drops, we in fact need more money to enable a surplus of skimmed milk to be disposed of. We shall thus put a neutral levy on oils and fats, applying to both products from within the Community and those imported from outside. There is however one exception, for imported olive oil and olive oil produced in the Community, because these products do not in fact offer any competition at all to normal seed oil and the normal vegetable oils.

I would answer Mr Laban by saying that our premium for non-delivery of milk does in fact incorporate an income-support element for a number of years. This is why the combination of it with the structural improvement arrangements and phasing-out arrangements is so important. The levy on oils and fats has nothing to do with freedom for the consumer. I don't feel I am losing my freedom if I have to pay a tax on my glass of spirits. It makes it a bit dearer, but in the case of oils and fats the price increase will be marginal. I assume that in most Member States, where margarine is concerned at least, there will in fact be scarcely any noticeable difference. I believe there are other reasons for the level of prices for vegetable oils and fats, and most of all for a product such as margarine. Given the enormous discrepancies, between Member States, in the price of, for example, margarine, I cannot imagine that a levy of this order of magnitude will make any real difference for the consumer.

I have already answered Mr Vetrone on the question of sharing financial responsibility. He thinks it is

unfair to penalize producers who do not produce a surplus, and there I entirely agree with him. But can you show me one single milk producer who does not produce a surplus? In a Community like ours you cannot, to my way of thinking at least, say that producers — because they live on one side of the border — are producing a surplus, and when they live on the other side of the border they are not producing a surplus. This is repudiating the whole existence of the Community, and for that reason the Commission certainly cannot go along with this principle.

Mr Durand mentioned slaughtering; I thought I had already said enough on that subject. It may well be that now during the period of drought, or immediately afterwards, we shall have to take a number of steps to prevent a panic reaction on the part of the farmers. But our programme, which will probably only start next year, when the drought is past, must be looked at separately. We are talking about structural measures. Short-term measures can be quite different in nature when they have to be matched to the present situation.

I can tell Mr de Koning that in my opinion a levy on high-protein animal feed is, from the viewpoint of both internal policy and international trade policy, a much more far-ranging weapon than the quite limited levy on oils and fats that we are now proposing.

I can assure Mr Gibbons that I do know that milk production does, indeed, play a very major role in various of the Member States. This is why we have not come up with measures that would freeze milk production levels for each country for now and ever after. If we did that we should indeed be robbing a country like Ireland of a number of potential opportunities. But it is something rather different to call for a contribution, without discrimination, from all producers, which is what we are asking for now. And where the support measures are concerned, that is to say Community aids, we have made exceptions for mountain regions and what are termed problem areas. Here there is, furthermore the problem of depopulation. Despite the difficult situation with dairy produce, we wanted to make certain exceptions for these regions where aid is concerned — but not in respect of the contribution, which is something that all producers in the Community, large and small, will have to make. I have already given Mr Howell an answer, so I hope that is all I need say.

(Applause)

President. — This item is closed.

6. *Change in agenda*

President. — Ladies and gentlemen, since the vote on the reports by Mr Yeats, Mr Hamilton and Mr Martens was scheduled for 12 o'clock, I propose that

President

the joint debate on the two oral questions on tax harmonization in the EEC (Doc. 187/76 and Doc. 188/76) should be postponed until this afternoon, after the statement by the Council on the working programme of the Dutch Presidency.

Are there any objections?

That is agreed.

7. Procedural motion

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

Mr Fellermaier. — (D) Mr President, I have raised this point of order because an unusual event is taking place. The Members of this House have received a communication from the Staff Committee on the strike by local staff which includes grave accusations against the Secretary-General of the European Parliament. I think the House has the right to ask you, Mr President, for a statement on this.

President. — Mr Fellermaier, I intend to make a statement on this matter after the votes on the Yeats, Hamilton and Martens reports, for which we now have the necessary quorum.

8. Amendment of the Rules of Procedure of the European Parliament (vote)

President. — The next item is the vote on the motions for resolutions contained in the reports drawn up by Mr Yeats (Doc. 196/76), Mr Hamilton (Doc. 197/76) and Mr Martens (Doc. 198/76) on the amendment of the Rules of Procedure of the European Parliament, which were considered during the sitting of Tuesday, 6 July 1976.

We shall begin with the report by Mr Yeats (Doc. 196/76).

Since the motion for a resolution and the amendment which has been tabled have wide support, I propose that we vote by show of hands, while observing the rules pertaining to a qualified majority.

Are there any objections?

That is agreed.

I put Rule 22 as amended to the vote.

Rule 22 is adopted by 128 votes.

On Rule 27A (new), I have Amendment No 1 tabled by Sir Derek Walker-Smith on behalf of the European Conservative Group and worded as follows:

In the third line, replace the words 'a statement' by the words 'statements from all appropriate committees'

Mr Yeats, what is your opinion?

Mr Yeats, rapporteur. — Mr President, as I said yesterday, I am willing to recommend this amendment. I think it clarifies one aspect of this proposal and I would urge the Members to accept it.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted by 127 votes to 1.

I put Rule 27A so amended to the vote.

Rule 27A so amended is adopted by 129 votes.

I put Rule 42, as amended, to the vote.

Rule 42 is adopted by 129 votes.

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

The resolution is adopted by 130 votes.¹

We shall now consider the reports by Mr Hamilton and Mr Martens. As we have about 50 amendments to the amendments proposed in these two reports, I would ask Mr Hamilton what he considers to be the most suitable procedure.

Mr Hamilton, rapporteur and chairman of the Committee on the Rules of Procedure and Petitions.

— Mr President, I think it must have been obvious to you and to others that for the last few days I have been feeling a considerable degree of frustration, despair and anger about the ways in which these reports have been handled, but I nevertheless intend to fight on until October at least. As you know, there are 18 amendments tabled on my own report, which shows, I think, the importance which Members of this House attach to questions as a means to achieve public accountability of the executive institutions in the Community.

Many of the amendments raise points which, I think, merit further discussion and consideration, and I would therefore like to propose — without any great enthusiasm — that the parts of the motion for a resolution on which amendments have been tabled should be referred back to our committee. We would then ask the political groups for any further suggestions they might have and take these into account in preparing a further report for the House, and that this report would be debated at the October part-session.

The one proposal in my report which is generally accepted is that which provides for the putting of questions to the Conference of Foreign Ministers under the same conditions as questions are put to the Council. This was accepted by the Foreign Ministers in February 1975 and has already become the established practice of the House, and I think that that proposal might possibly be adopted without vote today.

That is all I wish to say about my own report; here I might refer briefly to Mr Martens' report, which has also clearly aroused a great deal of interest, as can be seen from the large number of amendments — 29 in all — which have been tabled on it.

¹ OJ C 178 of 2. 8. 1976.

Hamilton

I think we all agree that changes to our rules are needed urgently. What is not agreed is what these changes should be. Only one of the amendments — that by Mr Lagorce on Rule 35 seems to have obtained the general agreement of this House, though there might well be a vote on that. If there is, I recommend the House to adopt the amendment. The others clearly need further consideration by my committee, and I would therefore like to propose that today's vote be confined to those parts of the motion for a resolution which are not contested: that is to say, those on which no amendments have been tabled.

I would therefore like to move that the remaining parts of the report be referred back to our committee and we could then ask the political groups for any suggestions they might have on the Martens report and also report those back to this House in October.

President. — Except for the amendments to Rule 35, all amendments would be sent back to the Committee on the Rules of Procedure and Petitions, and those parts of the reports which are contested would be withdrawn.

Since this request has been made by the committee responsible, it is automatically granted.

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

Mr Memmel. — *(D)* Mr President, I am authorized to state on behalf of my group that I agree to this procedure. I would just like to draw attention to one formality. Yesterday I pointed out that there had been a slip-up in my group and now I find that the Socialist Group has made the same mistake, inasmuch as all its amendments were not submitted under a single name. This is probably not permissible under Rule 29 and might be another reason for referring the amendments back to the committee. All the other amendments have been submitted under one name on behalf of the group, but your amendments, Mr Fellermaier, do not bear any name at all. This is certainly only a formality, but I should like to draw your attention to it none the less.

(Laughter)

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I have signed all these amendments on behalf of my group. You can check that, if you wish.

President. — Mr Broeks, Mr Memmel did not say that these amendments were not signed; he said that they had not been tabled in the name of any one Member. Ladies and gentlemen, since the texts which we are about to vote on do not seem to be controversial I propose that we vote by show of hands, as we did a moment ago.

Are there any objections?

That is agreed.

We shall begin with the report by Mr Hamilton.

I put Rule 45, as amended, to the vote.

Rule 45, as amended is adopted.

I put the motion for a resolution to the vote.

The resolution is adopted by 130 votes.¹

We shall now consider the report by Mr Martens.

I put Rule 6, as amended, to the vote.

Rule 6, as amended, is adopted by 131 votes.

I put Rule 7, as amended, to the vote.

Rule 7, as amended, is adopted by 130 votes.

I put Rule 13, as amended, to the vote.

Rule 13, as amended, is adopted by 128 votes to 1.

We shall now consider Rule 18, as amended.

I call Mr Bertrand.

Mr Bertrand. — *(NL)* I assume, Mr President, that no amendment has been put forward to Rule 18, but as it is now proposed it has such enormous financial consequences that I would ask for Rule 18 to be deferred, and that the Committee on Budgets to be asked for its opinion on the financial repercussions of applying Rule 18. We cannot accept that we should make a decision now on a rule which, we are told, could cost tens of millions to apply, without the Committee on Budgets having offered an opinion on it; so I ask for Rule 18 to be referred back to the Committee with a request that the opinion of the Committee on Budgets on the financial consequences of applying this rule be obtained.

(Applause)

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* I will gladly support Mr Bertrand's suggestion, Mr President. As the proposed rule reads, one gets the impression that really very little is being changed. But when you read the explanatory statement, you find that it means something rather different from what we understand at the moment by a summary report; in these circumstances, we wholeheartedly support the proposal just made by Mr Bertrand.

(Applause)

President. — Ladies and gentlemen, it is true that there has been no formal amendment, but the general debate has shown that there have been a number of objections to the proposed change. Perhaps the most simple thing would be for Mr Hamilton, as chairman of the Committee on the Rules of Procedure and Petitions, with the support of Mr Martens, to reconsider this amendment in committee. I see Mr Martens is in agreement.

I call Mr Hamilton.

¹ OJ C 178 of 2. 8. 1976.

Mr Hamilton. — Mr President, I am sorry to disagree. No amendments were tabled. We have agreed to submit to the vote those rules to which no amendments have been tabled and I think we should submit this rule to the vote and then subsequently we will work out the cost and can reconsider the matter later.

President. — I call Mr Memmel.

Mr Memmel. — (D) Mr President, I feel obliged to explain my position.

Yesterday I spoke against this Rule 18. My intention today was to vote against this rule. However, if the chairman of my group says that we ought to refer the matter back to the committee, I feel, of course, as an obedient servant of the chairman of my group, sufficient loyalty to vote for the reference to the committee. As I say, personally I would prefer that we take a vote on it here and now and reject this rule. The old wording would then be preserved, without the costly addition found in the new draft.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, yesterday I expressed certain reservations which have now been discussed in detail. I also would like to support Mr Bertrand's suggestion. However, if the House does agree to a vote, then I ask that Rule 18 of the new version be rejected.

(Applause)

President. — I call Lord Bruce on a procedural motion.

Lord Bruce of Donington. — Mr President I did not understand from the agenda and from your earlier ruling that we were today going to debate this subject. I understood that the purpose of this was to follow the procedure originally laid down by yourself and I entirely support the position taken up by Mr Hamilton which, so far as I can see, Mr President, is in accordance with the ruling which you, yourself, first gave and is in accordance with the agenda.

President. I put Rule 18, as amended, to the vote. Rule 18, as amended, is not adopted.

We shall now consider Rule 32 as amended. This is uncontested, but the word's 'without prejudice to Rule 31 A(5)' will have to be deleted, since the committee still has to consider Rule 31A.

Subject to that reservation, I put Rule 32 as amended to the vote.

Rule 32 as amended is adopted by 130 votes.

We now come to Rule 35. Here, we must decide whether to vote on the old or new text of the Rules of Procedure. The enlarged Bureau has opted for the old text as the basis of the discussion.

Does the Assembly agree to do so?

That is agreed, by 128 votes and 3 abstentions.

The only amendment remaining to Rule 35 is thus Amendment No 27 by Mr Lagorce, since Amendments Nos 11, 6, 21, 29 and 22 become null and void.

I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Mr. President, it is clear, is it not, from your ruling that the other amendments of Rule 35, in particular my Amendment No 6, will be referred back to the Committee for further consideration and are not excluded from that further consideration? I should be grateful for your confirmation.

President. — Sir Derek requests that his Amendment No. 6 be referred back to the Committee on the Rules of Procedure and Petitions.

Are there any objections?

That is agreed.

I call Mr Lagorce to move his Amendment No 27, which reads:

Reinstate the existing text of the Rules of Procedure, deleting the words or should a qualified majority be required' in paragraph 3.

Mr Lagorce. — (F) Mr President, this is a simplification of the procedure since the procedure proposed by the committee on the rules of procedure and petitions is in practice inapplicable. This simplification does not prevent ten members of the Assembly from requesting a vote by roll call. Consequently, I think it will satisfy everyone, both those who wish to keep the old and those who wanted a simplification of the procedure. We are all aware that for the vote on the budget it is practically impossible to follow the procedure laid down in the treaties.

I would like to take this chance to apologize for not having been able to present my amendment myself yesterday.

President. — If we adopt it, this amendment will justify the procedure we are using at this moment; when a qualified majority is required, it would not be necessary to vote by roll call, which would obviously be quite difficult in the case of the votes on the budget.

I call Mr Memmel.

Mr Memmel. — (D) Mr President, by our previous vote of 128 ayes and 3 abstentions the idea of a deviation is finally buried. I am able to state on behalf of my group that we approve the amendment tabled by Mr Lagorce aiming to delete the reference to a qualified majority.

President. — I put Amendment No 27 to the vote. The amendment is adopted by 131 votes.

I call Mr Martens.

Mr Martens, rapporteur. — (NL) Mr President, if Mr Lagorce's amendment is adopted, this will still not have entirely settled the problem. There remains the matter of making a vote by division contingent on a quorum (Rule 33.4). I am agreeable to leaving things like this for today, but I think that to make matters clear we ought either to delete Rule 33 para. 4, or else make an exception for Rule 35, para. 3 and to say that Rule 33, para. 4 may not apply. But I think we can leave matters there for the time being. I would nonetheless propose adopting amendment No 29 from Mr Hamilton, because he will then be happy. If there is a vote by division, the names of all those who have taken part in the vote should then be made plain to see.

President. — I think the Committee on the Rules of Procedure and Petitions will consider this point on the basis of the votes taken today.

I put Rule 35 so amended to the vote.

Rule 35 is adopted by 128 votes.

I put Rule 41, as amended, to the vote.

Rule 41 is adopted by 128 votes.

I put the motion for a resolution to the vote.

The resolution is adopted by 127 votes¹.

Ladies and gentlemen, I would like to thank you all for coming here in such numbers and for following these votes so attentively. I would also like to extend my warmest thanks to our three rapporteurs, Mr Yeats, Mr Martens and Mr Hamilton.

To Mr Hamilton, who has had a most arduous task, I shall add that we have every confidence in the committee of which he is chairman and we are sure that in October it will provide us with some final texts to improve our Rules of Procedure.

(Applause)

9. *Statement by the President on the strike by local staff of the European Parliament.*

President. — Ladies and gentlemen, I shall make a brief statement on the strike by local staff which is affecting us today.

We have received a document addressed to Members of Parliament concerning the stoppage of work by local staff.

This document criticizes the Secretary-General in very strong terms. The matter will be considered tomorrow morning by the Bureau of Parliament. However, I would state in my personal capacity that I consider the criticism out of place and excessive.

(Applause)

¹ OJ C 178 of 2. 8. 1976.

In this matter, where we have been asked to establish all local staff, the Committee on Budgets and the Bureau have decided to establish a certain number of local staff, as last year, on the basis of a number of concrete and objective criteria. Our administration has been asked to study these criteria together with the staff. The Secretary-General set up a joint working party to give us the results of its work in October. It is wrong to say that no work is being done. Work is in progress, and it is wrong during the period of negotiations, which have just begun, to hold a strike against an institution such as ours, which has always shown the utmost concern for the interests of its staff.

(Applause)

The Bureau will consider tomorrow in greater detail what is to be done.

I call Mr Memmel.

Mr Memmel. — (D) Mr President, I am troubled by the anonymity of this document. If it not signed, so we do not know who is responsible. In my opinion it is not right that anonymous documents should be distributed without question. This is intolerable. And furthermore, it is outrageous that official Community, Parliament paper should be used for such a thing!

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

(The sitting was suspended at 1.05 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR SPÉNALE

President

President. — The sitting is resumed.

10. *Council statement on the working programme of the Dutch presidency*

President. — The next item is a statement by the President-in-Office of the Council of the European Communities on the working programme of the Dutch presidency during the second half of 1976.

Before giving him the floor, I wish to extend a welcome to Mr Van der Stoep, President-in-Office of the Council, who was yesterday in Canada to sign some important diplomatic documents and who came on straight away to Strasbourg without any opportunity to recover from the difference in time, despite the fact that other duties are awaiting him in his own country. While extending him this welcome, I would add that we are extremely desirous of cooperation with the Council.

President

I call Mr Van der Stoel.

Mr Van der Stoel, (President-in-Office of the Council). — (NL) Mr President, may I begin by voicing my great admiration and respect for the skill of Gaston Thorn, from whom I have just taken over the presidency of the Council of the European Communities. Over the past six months he has shown unflagging energy, tenacity and creativity, and we all owe him a great debt of gratitude. You will not be unaware that leading the Council of Ministers in its work is no sinecure, certainly not in a period when the Communities are passing through a serious crisis. The inspiring way in which my Luxembourg colleague has done his job, despite the adverse circumstances, is an example I shall keep constantly in my mind's eye over the coming months.

There was a time — not all that long ago — when the European Communities were pinning to their banner a device which read: 'Enlargement, deepening and strengthening'. That was at the time of the Summit Conference in The Hague, when we all agreed about ending the EEC's transitional period, about the accession of new members and about the prospects for economic and monetary union. It was at the end of the sixties, and the beginning of the present decade.

Now, only a few years later, we find that the words 'enlargement, deepening and strengthening' have given way to a new slogan: 'Stagnation, regression and extrication'.

Stagnation: especially in the field of construction of the common market, and its development into a real economic entity, things have long been at an almost total standstill. The Community institutions have been unable to bring out any new and creative legislation; and no new policy areas of any significance have been transferred from a national to a Community framework. The machinery is, admittedly, still ticking over, but it is proving unproductive. There is no imagination, no willingness to take decisions, and I know only too well that this depressing picture is an illustration, first and foremost, of the Community institution known as the Council of Ministers — though stagnation and unproductiveness have affected other Community bodies as well.

Regression: the evil of stagnation has not come on its own. It has, as was only to be expected, been accompanied by the even greater evil of regression, disintegration and a sapping of the Community's existing achievements. We see the symptoms of disintegration day by day, and as the economic problems facing the Member States grow increasingly serious and intractable, the danger of regression at Community level will become even more acute than it is today. I am not referring here solely, or even mainly, to the deterioration in the rules according to which the Community institutions are supposed to operate and in the institutional interplay provided for in the Treaties. No

— I am talking principally about the symptoms of disintegration that can be seen in the economic and monetary policy of the Member States. It is here that the dangers facing the Community must be seen as very serious indeed. The realities that at one time were to provide the foundation for our European solidarity now seem to be leading towards divergence — towards a drifting apart, a parting of the ways.

So to the third part of the trilogy I mentioned — *extrication*. It is obvious that ignoring the Communities is, by itself, not going to solve anything. The problems are still there, and their effects have become increasingly apparent of late. What now happens is that governments, in their attempts to arrive at a solution, seek their salvation outside the Communities, or in ways that have only a tenuous connection with the Community structure. They are trying to extricate themselves from the Community's impotence. I am not pointing an accusing finger in one direction or another. This is a general phenomenon, and a general dilemma which every one of the Member States comes up against at a given moment: to remain true to the Community way, even if that way seems to be blocked — or to look for other solutions even if that means weakening the Community further still?

Again, it is not for me to apportion blame. But it is my job, as President *pro tempore* of the Council of the Communities, to point out that recent developments have cast doubts on the cohesion of the Community and sorely tested the relationship of trust — a relationship difficult to define, but indispensable — between the Member States. I see one of the most urgent tasks of the Dutch presidency in the months to come as being to bring these problems out into the open and to encourage agreement between the Member States on lines of conduct that will in the future make the rôle and functions of the European Communities absolutely safe and secure. If we, together, cannot agree about the need to apply the rules of the Community in full, and about the form and weight to be given to the Community representation when Community interests are at stake in international conferences, then I am afraid the outlook for European integration is pretty grim.

The Communities, as I find them on taking over the presidential chair from my distinguished predecessor Gaston Thorn, certainly do not present a very inspiring picture. I honestly think that we have every reason to be very worried indeed, because the erosion of the Community structure is already well advanced, and one wonders how far we are from a stage where the European Treaties, and everything that has been brought into being on the basis of them, will be no more than an historical curiosity. I urge everyone, just as I shall urge my colleagues in the Council of Ministers to be thoroughly aware of the dangers facing us and to make an all-out personal effort to avert these

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dangers. Complaints about the meagre progress made towards European unification are nothing new, so perhaps we have built up a certain immunity to homilies of this kind. For many years the Community has known structural problems, which have to do with its somewhat hybrid nature — neither an intergovernmental organization nor an independent entity able to function entirely under its own steam. But I am not talking about these difficulties, which are inherent in its nature. What I am talking about is the danger of break-up, of decay from the inside, which — I repeat — is very serious and acute; Mr Tindemans very properly drew attention to this danger in the introduction to his report.

There are many reasons for this state of affairs, and I will mention two of them in particular. The first is that the significance of the national Member State, and hence also of the national political process within each Member State, has not diminished over the years; it has, on the contrary, become greater and stronger. Confronted with overwhelming social and socio-economic problems, the governments of the Member States have undertaken a most impressive spate of legislative and administrative activity, on which the policy of the Communities has left very little mark. This increasing national activity has made harmonization of policy at Community level a good deal more difficult. It has, moreover, in a number of respects made the differences between the Member States still greater. The continuing and increasing concentration in political life on *national* difficulties, on the finer points of *national* power balances, on *national* solutions (which often turn out not to be solutions at all) has meant that the Community, with its problems and solutions, has been suffering from a patently obvious political anaemia.

I am telling you nothing new, for you are all closely involved in the process I have just been describing. This one-sided national approach in the political thinking of our countries has been shown very markedly in recent times with the economic recession in our countries. In the attempts to restore full employment, to combat inflation and to get rid of structural imbalances in our economies, the EEC as such has played a very marginal rôle. Countries that had made up their minds in favour of forming an economic union have, in the event, paid very little heed to the Community's existence, and in every case remarkably scant use has been made of Community instruments in fighting the recent economic crisis.

There is a remedy for this political anaemia, a remedy that after a long, long delay is at last in sight and to which all of you attach the greatest importance — direct elections to the European Parliament. These will make it possible to widen the excessively biased and exclusive preoccupations in political affairs, so that the European dimension that is essential for

solving many of our problems can become the basis of thinking and policy-making. The elections of representatives of the peoples of Europe will put citizens in direct touch with the political realities in our countries, realities without which, and outside which, lasting unification and integration will be out of the question.

If our hopes are not thwarted and if there is evidence on all sides of goodwill and readiness to compromise, it should be possible for the go-ahead for direct elections to be given within the next few days. A pledge implicit in the Rome Treaties will then, almost 20 years afterwards, be honoured. You will not be surprised to hear me say that the Dutch presidency will regard such a decision as the best imaginable start to the six-month period ahead of us.

I am of course well aware that settling this matter of the elections still does not bring about the complete democratization of the Communities. There are other things one would wish; but realism requires us to recognize that all wishes cannot be satisfied at one and the same time.

I have referred to a one-sided concentration in political matters on national policies as one of the reasons for the difficulties the European Communities are facing today. The second cause I want to mention seems to me to be an insufficient realization of the dangers that threaten Europe if we are unable to show enough authority and conviction at international level. It is becoming more and more obvious that in the sphere of international decision-making a scaling-up process is under way: this means that only groups of countries, and no longer individual states — apart from the super-powers — can make their voices heard loud enough. In a noisy world where close on 150 countries are trying to make themselves heard and where so many vital issues are being discussed in so many places at the same time, pooling of forces is needed and groups are being formed everywhere. For the members of the European Communities a coordinated and common approach to the outside world is the first essential for an effective policy, for looking after our own interests and for contributing to a better world society.

I would point out here that the world — with the exception, perhaps, of the Comecon countries — not only looks for and welcomes such a common attitude on the part of our Member States, but at times actually calls for it. And yet we often disappoint the world.

It is often said that European unification cannot come about without an 'outside integrator'. It is then added that with the threat from the East being less keenly felt, the move towards integration has lost one of its most powerful stimuli. I must say that I find it a very sorry way of thinking, to see the challenges to Europe from without solely in terms of military might. As if the enormous North-South problem, in all its many

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ramifications, were not one of the greatest challenges of all! As if coordinating the monetary and conjunctural policy of the world, something on which the prosperity of the whole of the West hangs, were not a vast challenge! One could say the same about the enormous problems of energy supplies and the environment — not to mention the more political problems. There is not a single one of our Member States, I am wholly convinced, that can have a proper policy without taking account of the fact that a common Community approach is, in many cases, a duty deriving from our internal unification, and will in virtually all cases be more effective than separate and independent action by individual Member States. A common approach will not always be possible; but in practically all cases it will be desirable.

Here, again, I do not want to point an accusing finger in any particular direction. Experience shows that every Member State has certain subjects on which it attaches especial importance to its own views and preoccupations. The country I have the honour to serve as Foreign Minister does not lag behind, compared with others, in this respect.

These special preferences may be wholly legitimate, and should be taken into account in the process of working out a common viewpoint. Complete agreement will, partly because of this, not be possible in each and every circumstance, although in matters such as trading policy we have quite simply the obligation to reach agreement. But considerations like these cannot provide an excuse — and I am saying this both as President of the Council and as a member of the Dutch government — for not making an all-out effort to find agreement. Every time the Community countries, in cases where common interests are very clearly at stake, present themselves in disarray, they harm themselves and they harm the Community, and they are in any case not making the best contribution they can to the international decision-making process. During the next six months, the presidency will do its very best to see that the external actions of the Community run as smoothly and constructively as possible, with full respect for the rules of the Community.

If you will bear with me, I should like at this point to speak rather more personally. I have pinpointed two reasons for the present difficulties: excessive concentration on domestic policies and economic circumstances, and a failure to appreciate fully the developments in the world in which the Community, as a Community, cannot afford not to be involved. In both cases these are problems of political awareness, of having an insufficiently clear picture of the realities that face us. I believe that you, as representatives of the people, and soon, let us hope, as representatives elected by the people of Europe, bear a special responsibility to help in promoting the growth of this essen-

tial political awareness, a responsibility that rests in equal measure on the members of the Council of Ministers. It is crucial for us all to oppose what has become a grotesque tendency to see the major problems of the day primarily in a national light and to seek national solutions to them. If we do not make a bold stand against this tendency the building of Europe, which is essential for the prosperity of our Member States, cannot come about. It is in this vein that I want once again to point to the fundamental importance for the whole future of European unification of direct elections to the European Parliament, and coupled with these of the indispensable move towards forming *European* political parties.

I want now, against the background of these general reflections, to look at the plans and prospects of the Dutch presidency. I will say first of all that in my opinion European unification, as it has been taking shape in the European Communities as they exist at present and may later take shape in a European Union, is essential to all the Member States and to the functioning of the West European economies.

In the debate about Community procedures we have in the past time and again heard the phrase 'vital interests'. Well, the first and greatest of all vital interests is that the Communities should remain living, growing organisms, and that they should be made capable of effective and adequate decision-making. Bringing this situation nearer, or where necessary restoring it, is to my mind one of the main tasks of the presidency. If I had to sum up the presidency's objectives in a single phrase, I would say: 'Reflection, recuperation and preparation'. We need reflection, because the problems are not incidental but fundamental, and we need to agree on our analysis of them before we can get any further. Recuperation we need because we absolutely *must* fight the decline of the Community and cannot stand idly by and watch the great results achieved in past years being sapped. And preparation is necessary — preparation for a period during which more far-reaching unification will again be a possibility. We have not lost faith in the need for this unification or — in the long run — in its feasibility.

'Reflection, recuperation and preparation'. For *reflection*, there are two specific and welcome opportunities during the Dutch presidency: the tentative conclusions of the study of the Tindemans report on European Union, and the appointment of the members of the European Commission for the period from 1977 to 1980.

Studies of the Tindemans report have begun, both in the European Council and in the Council of Ministers.

So far discussion has centred on the chapter dealing with the Community's foreign relations, where there has been a great deal of cogent argument in favour of a more systematic bringing-together of the policies of

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the Member States in a number of specific areas, so as to arrive at a common foreign policy.

The other parts of the Tindemans report must also soon come up for discussion; I am thinking in particular of the chapters on economic and social policy, the one on a Citizen's Europe, and the chapter on strengthening the institutions. The report provides a wealth of valuable and interesting suggestions, on which the Council still has to make its views known.

We cannot, of course, foresee at this stage what the outcome of these discussions is going to be, but I can assure you that I shall be making every effort to see that the opportunity offered by the Tindemans report to extend our discussions to cover the whole future development of the Community is not lost. Let me stress, too, my awareness that of all the Community institutions the Council is the only one that has not so far made known its views, in however tentative form, on the transition to a European Union. The fact that in the midst of all our present difficulties such a topic may seem somewhat utopian is no reason for excluding it from our thinking. On the contrary, I am certain that today's problems will be all the more difficult to solve if we do not have some picture of the future in our mind's eye. I shall strive to ensure that by the end of the year the Council will have been able to reach balanced and constructive conclusions on the Tindemans report which can then form the basis for further ideas, and help the various facets of Community policy to develop along sound and parallel lines.

A second point for reflection will be consultations on the composition of the European Commission. I need not tell you how crucially important this is. In many ways the European Commission is the driving force behind the process of integration, and I believe we must continue to appreciate the full value of this stimulating and motivating function. If something is to be done to recoup the damage that has been done to the Communities, and if we want in the difficult years that lie ahead of us to be able to clear the path for more far-reaching cooperation in the 1980's, we must have a strong Commission, spurring us on constantly to fresh action. It is not an easy job, and it is not one where fame and success lie readily to hand. But it is a function that is central to the whole process of decision-making in the Community. The members of the Commission have an onerous task to fulfil, and we hope and expect that they will be ready to make full use of the four-year mandate to cope with the important jobs that await them. The Commissioners nominated by the Member States must, therefore, be of the high calibre needed for the task I have outlined. There will also have to be discussion on the procedural proposals that Mr Tindemans has put forward in this connection.

Reflection alone will not be enough, however. We urgently need to give attention to *recuperation* to

putting right what has gone away in the past years, and to making up, or at least trying to make up, the ground that the Communities have lost. This applies especially to coordination of the economic policies of the Member States, and the fight against inflation and unemployment. This is where the heart of our present difficulties in Europe lies.

We must attach the greatest importance to calling a halt as quickly as possible to any further divergence in the economic situation of the Member States, because if this is not done then any basis for further progress will be lacking. It is the duty, first of all, of the governments of the Member States to take a firmer grip on their economic development. It is they who are primarily responsible for the economic policy to be pursued. Yet alongside this there is an important complementary job for the Community institutions to do, in taking a firmer hold on the economic process and in bringing about a gradual convergence of the policies of the Member States. The Dutch presidency will do all in its power to bring these goals closer to attainment.

A structural approach to the problem of the jobless and of inflation, at national and Community level, must have top priority. The Fourth Medium-term Economic Policy Programme, to be discussed by the Council in the autumn, offers an excellent opportunity for this. It will allow us, together, to set out sound and quantified medium-term objectives. This will prove useful, too, for giving a proper follow-up to the recent Tripartite Conference, a conference where the social partners showed a clear and gratifying understanding of the importance of a Community approach to present economic problems.

During the Dutch presidency, especial heed will also be paid to the best possible preparations for financial and economic consultation at Council level, and in this connection I attach particular importance to the speedy setting-up of a 'European Planning Office' whose analyses could help us in bringing about a more effective social and economic policy for the short and medium term.

I see all of this mainly in the light of the recouping of damage that has been suffered and the making up of lost ground. This recuperation is essential, but it is not enough. We must, at the very least, look at the problem of how in future we can achieve greater unity in the Member States' budgetary, monetary and socio-economic policies. The problem — also raised by Mr Tindemans — of how to bring the key factors of economic and monetary policy down to a Community common denominator cannot be disregarded, no matter how daunting the obstacles may seem today. We cannot expect any breakthroughs on this point, but I give you my word that anything the Netherlands can do or promote in this area in the way of *preparatory* work will not be neglected.

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Looking deeper into this matter of Community internal policy, and thinking of the recuperation that is needed, I cannot leave aside the problems of the agricultural market and farm policy, which in some ways forms the backbone of Community cooperation. The erosion of the unified character of the common market must be made good as soon as possible; the symptoms of breakdown that we have seen in the market in farm products, due in part to disintegration in the monetary sphere, must be kept to a minimum. The imbalances that have occurred in the management of the market must be corrected.

Continuing on the same plane, I want to look for a moment at the urgent problems of the Community energy policy. Here we are finding that because we have not made enough progress in working out an internal policy the Community is unable to negotiate as it needs to do in the external sphere. The way decisions are reached in oil supply crisis management must be improved as quickly as possible. Our energy policy itself needs to be developed further, and in this area, too, the Dutch presidency will be doing its best to help the decision-making process through the doldrums.

These points are not, of course, the sum total of the Council's agenda. It would, however, take us too far afield to look at all the individual aspects of policy. Yet I do not want entirely to pass over the matter of social policy, which must occupy an important place in our decision-making and where a great deal of work remains to be done; nor yet the question of restructuring certain sectors of industry, where decision-making at Community level lags a long way behind. Wherever possible the Netherlands, as the country occupying the chair, will work to achieve progress in these areas too.

I cannot conclude this survey of internal issues in the Communities without looking at the way the Council of Ministers itself does its work and reaches its decisions. That there are still shortcomings in the way it works is generally recognized. The very full appointments books of the members of the Council do not make it any easier to organize discussions; but an answer to this will have to be found if the Council is to be able to cope with its great responsibilities. As President, I shall not fail to do everything possible to see that the Council can operate efficiently and effectively.

This efficient and effective operation is, I firmly believe, not going to be possible if, on all minor points and in all circumstances, we cling to the unanimity rule. It is certainly not my intention to revive all the bitter controversies of the past on this point, nor is it sensible to try to alter ingrained habits and customs overnight. Yet it ought to be possible, proceeding in a balanced and wholly pragmatic way, to speed up a number of decisions by means of a

majority vote, and here the Dutch presidency proposes to continue the practice with which the Irish presidency made such a promising beginning. Where it proves possible to extend this practice, I shall naturally welcome such an opportunity.

Up to now I have been dealing in particular with the Community's internal problems, and I have deliberately given them a great deal of attention. For it is here that the Community is most threatened, by its own shortcomings and failures. Here, I feel quite certain, is where especial efforts are needed to prevent a further decline and to pave the way for subsequent growth. But this does not mean that external relations will not be getting the attention they demand during the next six months.

The world does not stand still, and the Community — difficult though its internal decision-making may be — cannot avoid responding to the many challenges it faces, and cannot stay mute in the face of the many hopes that people entertain of it. All this has a special significance for the presidency. In cases where the President has to deal with the outside world on behalf of the Community, he will make certain that he can put forward realistic and meaningful viewpoints, so that the Community can play a full rôle in international discussions. This means that we must look for coordination of our viewpoints not downwards, by seeking the minimum of agreement, but through the achievement of a positive, constructive attitude to the rest of the world. Very often the work of representing the Communities will be shared with the European Commission. I am firmly convinced of the need for the closest collaboration between the Commission and the presidency — and not, of course, merely where this question of outside representation is concerned.

Turning now to a review of the foreign-policy issues facing the Community in the immediate future, I want to draw your attention first of all to the North-South dialogue, in all its many forms. This North-South dialogue does not simply involve important immediate interests — it is going to decide the whole future shape of world economic relations. It has already become apparent that the Community, as the world's biggest trading partner and with the ramifications that the EEC and its Member States have all over the world, has a key rôle to play. In a number of instances the Community will be able to play a central, mediating rôle, bringing those at opposite extremes together for consultation. During these talks, differing groups of interests and differing loyalties (in which the Community, too, is closely involved) will have to be reconciled.

During the latter half of the year, these important North-South talks will culminate in the Paris conference. The progress made there in a variety of fields — energy supplies, raw materials, financial relations and

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development cooperation — will be of considerable significance for the whole future relationship between the industrialized world and the third world. The Community, speaking at this conference with a single voice, will need to make a substantial contribution to the decisions reached; heavy demands will therefore be made on the prior alignment of viewpoints within the Council. The presidency knows full well, bearing in mind the wide divergence of views between the Member States on some of the topics just listed, what a difficult task it has to undertake in this respect.

Reaching a Community viewpoint cannot, of course, be limited to the Paris negotiations alone. The coming talks on primary commodities in UNCTAD, with a view to implementing the plans mapped out in Nairobi, will also be casting their shadows ahead.

All of this must be viewed against the fact that the whole question of development, both in its structural aspect and in the more specific aspect of financial assistance, is becoming increasingly urgent for the Community. A forward-looking and constructive policy on the part of the Community cannot be delayed. Discussion on the EEC's development policy will receive our attention during the months ahead, and will naturally also cover more specific points such as implementation of the Lomé Convention, the provision of food aid and assistance to non-associated countries. Here, again, the presidency will try to speed up the decision-making process.

Nor must we forget that the Community is engaged in extensive tariff negotiations in GATT; a speedy conclusion to these talks will be in everybody's interests, both those of the industrialized nations and those of the third world. The Community's delegation will need to make full use of the opportunities offered by the existing guidelines.

A quite different set of problems faces us in the negotiations on the accession of Greece to the Community. I hope that an early start will be made on these negotiations and that the Council will shortly succeed in defining practicable terms of reference for the Community's negotiators. The presidency will do all it can to see that things run smoothly. Enlargement of the Community to include Greece, the cradle of democracy and the first European country to be associated with the Community, is to be welcomed in accordance with the spirit enshrined in the preamble to the EEC Treaty, and this view has been expressed both by the Council and by the Commission. Yet enlarging the number of Members to ten will undeniably have consequences for the decision-making process in the Community, consequences that we shall have to weigh up very carefully. In this connection I would refer to what I said earlier about making a pragmatic use of majority-voting in reaching our decisions.

Relations with other countries in the Mediterranean area will also be receiving the Council's close atten-

tion. The association agreement with Turkey is known not to have worked satisfactorily in all its aspects, and further thought on this seems to be called for. The limited availability of financial resources in the EEC makes it hard to arrange an entirely adequate and well-balanced collaboration with the Mediterranean countries; yet these problems, too, can be overcome if the Community is determined to continue to play its proper rôle in that part of the world.

I cannot conclude this survey of the Community's external relations in the months to come without mentioning the increasingly intense activity that is going on as part of our European Political Cooperation. Strictly speaking, this activity does not come within the scope of my statement, but we must not be formalistic about these things. Economic and political cooperation and unification have so many interfaces that it is impossible to have any meaningful policy that does not take the *whole* gamut of problems into account. The presidency will keep these interrelationships clearly in mind.

The Community is directly involved in Political Cooperation in a great many ways. I need only mention the Conference on Security and Cooperation in Europe, where — especially in respect of the Second Basket — Community interests were directly affected. As the follow-up conference in Belgrade comes closer, the amount of preparatory work among the Nine will grow. The Community, as such, will have its share in this. There is also the Euro-Arab dialogue, which in many respects can be seen as a 'joint venture' of the Communities and Political Cooperation. A second meeting of the General Commission for the Euro-Arab dialogue will take place in the autumn, while the working parties will enter on a very busy period. In these and other activities of the Community it will not always be easy for the Nine to speak with a single voice. We are, however, in the middle of a process of growth, and I have no doubt that we shall make gradual progress in this direction. I say this in the conviction that Europe has an important and constructive part to play in the world, and must seize every suitable opportunity.

Finally, I would add that I see progress in the way the Community presents itself to the outside world as bound up with the development of the Community's domestic policy. Experience has given us ample proof that internal and external policy must move at roughly the same pace, and that one must support the other. Only then will the Community be able to develop to the full the enormous potential it has within it.

I have been giving you a survey of what in my opinion will be the most important tasks facing the Council of Ministers during the next few months. As its President, I can do no more than offer you the assurance that no trouble will be too much, no effort

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too great, no agenda too full, for us to try to bring programme of work to a successful conclusion. Only the future will show how far the Council succeeds in this endeavour. We shall have to wait and see how far the *reflection* I see as necessary is, in fact, deep and decisive. It is impossible to predict how far the *recuperation* of lost ground, which the Community needs so desperately, can be undertaken and achieved. Perhaps most uncertain of all is how far *preparations* can be made, in concrete terms, for a time when further progress will be possible. What I do know is that all the Community institutions will need to work with persistence and dedication in these three directions, if the Community is to break out of its present *impasse*. This means that harmonious collaboration between the institutions is needed, and as President of the Council of Ministers I look forward especially to fruitful cooperation between Parliament and Council, in a climate of frankness and trust. Decision making in the whole Community surely gain from this.

Among all the factors and circumstances which determine developments in the Community, the presidency has only a modest place. Realizing this fact saves me from harbouring unwarranted and unrealistic hopes which might lead to disappointment and frustration. Yet, modest though our function may be, it still has its importance, and this knowledge is enough to buoy me up with enthusiasm and confidence in carrying out the task I have ahead of me.

(Prolonged applause)

President. — Thank you, Mr Van der Stoel, for the clarity and the spirit of wholehearted commitment with which you have followed the tradition according to which the new President of the Council comes to this Parliament to review the situation in the Community and offer an account of his plans for the six months during which he is to exercise this office — a period which, incidentally, appears to us increasingly inadequate if these plans are to leave any real mark on the course of Community affairs.

The way in which you have spoken of European problems in general, of institutional problems in particular and, more specifically, of direct elections to the European Parliament has surprised none of those who have had the privilege of knowing you since, between the years 1971 and 1973, you were one of the most active and most highly-regarded members of our Parliament.

Apart from our pleasure in seeing you here once more, permit me to tell you that, while we count upon you and the Dutch quality of tenacity to promote Europe's affairs, we also intend to respond to your appeal. In all your efforts, you may rest assured of our wholehearted collaboration and support.

Ladies and gentlemen, for the next twenty minutes or so, you may now put questions to the Council without, however, this giving rise to a debate.

I call Mr Fellermaier to speak on behalf of the Socialist Group.

Mr Fellermaier. — *(D)* Mr President, for the whole House to have only twenty minutes in all does not, I think, conform to parliamentary usage, since the House ought to be able to undertake a critical review of the speech just made by the new President-in-Office. If this is not so, Mr President, I shall confine myself, on behalf of my group, to congratulating the new Dutch President-in-Office, a former member of my group and of this House, and tell him that his was the speech of a European statesman.

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

Mr Alfred Bertrand. — *(NL)* I do indeed believe, Mr President, that we have insufficient time really to go into this very significant speech from the present President-in-Office of the Council, our old colleague Max van der Stoel. I will, therefore, speak only briefly. I want to thank Mr Van der Stoel for the great goodwill he has shown in his statement about the problems he will be facing. One prays that this goodwill may find its reward over the next six months; we shall be most happy if it proves so. Incidentally, is it not time that the term of office of the President was extended to a year? No President is in a position to achieve any practical results in only six months.

I should like to ask the President-in-Office to try to achieve three things during the next six months, three things that are essential in the present situation, where the current members of the executive are stepping down and where some of the member countries are in the middle of election campaigns, so that — greatly though it pains me to say so — we cannot expect any major policy decisions from the Council for the moment.

The three things I want to see from Mr Van der Stoel are these. First, I ask him to make every effort to press for direct elections to the European Parliament. That, it seems to me, is of crucial importance.

Secondly, I ask him to press the case for Mr Tindemans' proposals on the method of appointing the new Commission. I should have liked to hear from the President-in-Office whether he agrees with the Tindemans reports' proposals on appointing the members of the Commission. I mean here the president, his appearing before us in the Parliament, and his capacity together with the Member States to produce a new Commission that matches our expectations of it and the description of it so clearly given by Mr Van der Stoel in his speech.

Thirdly, I would ask the President of the Council to make an effort to find a solution to the problem of the Sixth Directive, on a uniform basis for VAT. This

Alfred Bertrand

is, after all, the basic feature giving the Community a complete guarantee of an income of its own. It was not mentioned in Mr Van der Stoel's speech. I shall limit myself to making these three points, bearing in mind that we have only twenty minutes to comment on the President's statement.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — *(NL)* Mr President, we are considering the motion about what we are going to do following the statement by the Dutch Minister for Foreign Affairs, speaking as President-in-Office of the Council. Are we going to have a debate for 20 minutes? Mr Fellermaier said that we had heard a great speech, and that he would do no more than congratulate Mr Van der Stoel; Mr Bertrand in fact entered into a debate, although we do not know what has been decided. Are we going to have a debate on this important statement, or not? Mr Bertrand started a debate; and he spoke about the Sixth Directive, which is not on our agenda at all. That will soon come up for debate separately. I am making this point to Mr Bertrand through you, Mr President, because he was quite out of order. What I am asking you now, Mr President, is: are we going to have a normal debate on the statement from the President of the Council, or are we not?

President. — Mr Berkhouwer, the procedure we are applying is the so-called 'twenty-minute procedure', with which you are already familiar.

I call Mr Berkhouwer.

Mr Berkhouwer. — *(NL)* Mr President, is Mr Van der Stoel prepared to bring a personal commitment to a number of points, as his predecessors Mr Fitzgerald and Mr Thorn have done? The President-in-Office of the Council pleaded the case for direct elections to the European Parliament. That was a sort of alibi. What are he and his Council going to do about them? What does he think about the deterioration of the European Council into such a magnification of the problem that it just cannot be coped with?

Mr Van der Stoel's predecessor, Mr Thorn, has, according to today's newspaper, criticized 'Summit diplomacy by the Big Three'. What does the Dutch Minister think of 'Summit diplomacy by the Big Three', and of the fact that four Member States went to Rambouillet and Porto Rico without the other five? I would like to have had a straightforward answer to this from the new President of the Council.

President. — I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

Sir Peter Kirk. — Mr President, I would like to express my thanks and those of my group to the Presi-

dent-in-Office. I shall not waste any time in flowery speeches. He knows that we shall support everything that he can do towards European integration.

Now, I will make one comment and ask him one question. The comment is that in his speech he may have sold the Community a little short. I got the impression that his was an over-pessimistic speech and although there is plenty that is wrong with the Community, it does no good to set out the position as if it were even worse than in fact it is. This was the impression that I got from his speech.

Secondly, may I ask him a question following on from that of Mr Berkhouwer? The installation of the European Council has given us considerable anxiety in this House, because it appears to be developing not as the spur, which I think the heads of government had in mind, but as a brake on all the decision making processes of the Council. When the President-in-Office refers quite rightly to the difficulties of decision-making by the Council, is not one of the major causes of those difficulties the installation of the European Council itself? Should it not get back to its original idea of being a spur to the other Councils rather than causing all decisions to be held up until the European Council can meet?

(Applause)

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

Mr Leonardi. — *(I)* I should like to ask the President of the Council whether he really considers that, in the present crisis situation, his speech, which is to be commended on many points and, in particular, for the criticisms which it contained and which have already been made by others, may lead to that return to, and transformation of, Community policies which we all consider essential. I feel that we spend too much time repeating the same things instead of ensuring a future for our peoples.

My second question, which is connected with the first, is whether the President of the Council does not believe that, in the present crisis situation, the Council of Ministers should commit themselves to ensuring greater Community autonomy, so that internal forces in the individual countries of our Community may express their views freely without any outside interference, seeing that this represents a vital element in the process of democratizing our Community and building our reputation abroad. In other words, does the President of the Council of Ministers not feel that the problem of Community autonomy vis-à-vis the rest of the world is today a vital issue which has been neglected in his statement?

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

Mr Bouquerel. — (*F*) Mr President, on behalf of my friends in the group of European Progressive Democrats, I should like to say that we are happy to note the action which is planned by the President-in-Office of the Council in foreign policy. Although we heard no mention of the Mediterranean policy, we welcome in advance the efforts which you will surely make to facilitate Greece's rightful accession to our Community, without forgetting to reactivate and develop the agreements which bind us to our Turkish friends.

In this spirit, I should like to draw your attention to the immediate practical concerns of our group. During your six months of office, we ask you firstly, Mr President, whether you are prepared to complete the common agricultural policy by introducing organizations of the market in particular for alcohol, potatoes and sheep; secondly, on monetary policy, what decisions you are planning to take on compensatory amounts, in order to establish for Community finance a stabilizing system which will prevent countries which devalue their currency by allowing it to float excessively from being privileged. We also ask how the Community intends to contribute to the implementation of an international monetary order, demonstrating its unity by adopting common positions in the International Monetary Fund. Finally, we ask you to make efforts to reduce regional imbalances, which rightly preoccupy the people in the less-favoured areas. On the budgetary level, does the Council intend to follow the opinions of our Parliament, does it intend to encourage the progressive establishment of a Community tax based on VAT, will it accept our just demands for the budgetization of Community loans and cooperation credits, and, finally, will it stop fighting a rear-guard action on our having the last word on non-compulsory expenditure?

These are our main preoccupations, Mr President of the Council. Those on whose philosophy we base our action had, and still have, great ambitions for Europe, but these can only be achieved if we bring what I might call our domestic policy into harmony with these legitimate ambitions.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (*D*) Mr President, I am happy to see my old colleague Max van der Stoel here again, as President-in-Office, and should like to ask him, in view of the large number of tasks he has enumerated to us and the huge amount of work he intends to undertake, whether he realizes that he has only six months to do it all in. Which of these tasks does he — and I mean him personally, not his staff — regard as a matter of absolute priority, quite apart from the question which is to be decided next Monday and Tuesday in Brussels by the Heads of Government, by which I mean direct elections?

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, what assurances are the Council seeking from the Greeks that membership of the EEC will not be used by them as some kind of a lever in their conflict with Turkey? And do we know that any such assurances will be honoured?

President. — I call Mr van der Stoel to reply to the questions put.

Mr van der Stoel, President-in-Office of the Council. — (*NL*) Mr President, I want to begin by thanking all those Members who have expressed appreciation of my statement. Their words will be an encouragement to me in the work ahead. Then, I want to take up a point made by Mr Bertrand, who asked whether it would not be better for the President's term of office to be longer, not six months but a full year. This is something that is regularly brought up, but I would point out a couple of problems that might well arise. The first is that, certainly if the Community is enlarged from nine to ten members, it would be quite a long time before any one country had its turn to occupy the chair. Secondly, I must point out that, notwithstanding the very excellent assistance one gets from officials, the presidency is a very heavy burden on the country concerned and on the members of its government; seen against this background, one must therefore look again at the desirability of changing from a six-month period to a year. I am not unmindful of the advantages mentioned by Mr Bertrand, but I do see a problem. I certainly support what he says about the need for settling at last the question of European elections. Mr Berkhouwer, too, asked whether it would be possible to do anything on this point. Obviously I cannot, as President of the Council, impose any formula on the other eight Member States; I can only do my best to promote a solution. Let me say this: I think it has become clearer within what range of possibilities a solution has to be sought, and it seems to me that, seeing the political will on the part of all nine Member States, it ought to be possible next Monday — or by Tuesday at the latest — to arrive at a solution to this problem. I would remind you in this connection that the last European Council itself made up its mind to reach a decision at the coming meeting, on 12 and 13 July, and the Dutch presidency will do everything it can to reach that decision. I say again that, bearing in mind the goodwill on all sides, it should be possible to get there.

The Tindemans report: I have already said, in my statement, that this contains a number of valuable ideas that deserve closer study in the Council of Ministers and in the European Council. It is certainly my wish that account should be taken of the ideas developed by Mr Tindemans on the matter of the new

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Commission, and the president of the Commission, and on its presenting its policies to the European Parliament. I cannot give the Community viewpoint here, since discussion on this subject has not yet been completed. But I can say, speaking now on behalf of one of the Member States and not as President of the Council, that there is certainly a great deal of sympathy for this idea from the Dutch side.

I agree entirely with Mr Bertrand that it is extremely important, precisely in order to assure the Community its financial independence, to clear up the matter of the Sixth Directive. This will, I grant Mr Blumenfeld, be one of the many tasks we shall have to deal with during the coming six months.

If I may, at the same time, pick up the question Mr Blumenfeld asked, the very pointed question, 'What are your priorities in the long list of things you've said you'd like to see?', I should like first of all to make one passing comment. Everything does not have to be sorted out in the European Council. There are points that will have to be settled in the Council of Ministers of Agriculture, of Economic Affairs and Finance, of Social Affairs, and in the Council of Energy Ministers, and this is why I would say that this list of topics ought at all events to be discussed, and that progress is needed on all of them.

Mr Kirk thought it was wrong to make such a pessimistic statement. I for my part certainly did not want to give the impression that the Community was getting into a hopeless situation; but I do not think we ought to play at being coy about things, we must all recognize that we are getting into a very serious state of affairs and are in fact at a decisive stage; the question is whether we are going to carry on stagnating — stagnation means irretrievable deterioration, and an ever more real danger of break-up and disintegration — or to break out of the *impasse* and open up new perspectives. But the present *impasse* cannot last much longer without the dangers I have described in fact coming to pass. To come back to the point just made by Mr Blumenfeld, I agree with him that a matter like the European elections really ought to be settled on Monday or Tuesday. If this does not turn out to be the case, the *malaise* will be very serious indeed, and it may have very grave repercussions on the whole future of the Community.

To take another example, the question of Turkish association, and the start of negotiations with Greece, must also be settled. And the preparing of a Community standpoint in the North-South dialogue. This is a difficult job, but it is one we simply cannot dodge; it is one we have to agree on, because we are going to have some very decisive months ahead of us in Paris. The Community has promised to speak with a single voice. It would be sad if it were to keep silent with a single voice, and by doing so to demonstrate its power-

lessness. We must find a way to agree. Similarly, we must find the courage to open up the file on economic union. It is a bulging, heavy file, and we could discuss the contents till Kingdom come. But today we are seeing the Community, and the various Member States of the Community, moving further and further apart. And as their economies grow further apart, the less chance there is of making any decisive progress on the question of integration. We must call a halt to this lethal process, and the sooner we have the courage to tackle this subject again, the better the chances we shall have of stopping the process or turning it in a favourable direction.

I would certainly not look on my list as an exhaustive one; there are many other issues — energy policy, for instance — that need to be sorted out. I could mention the jet project, I could certainly also mention the highly complex problem of fishing which urgently needs Community consultation and common Community standpoints.

I noted some concern on the part of Mr Dalyell on the subject of Greece. I must say that I naturally hope very much that the problem of Cyprus can be solved, and the countries of the Community are trying, as part of their European political cooperation, to contribute to finding an answer. But I do not see that the formal opening of negotiations on Greek accession must wait on a settlement of the Cyprus question. Nor do I see that the accession of Greece to the Community would in any way present dangers for Turkey. I can only express the hope that our Greek and Turkish friends will manage to reach agreement with each other. One hears it said, both in Ankara and in Athens, that they are in fact condemned to end up on friendly terms with each other. I hope that this viewpoint, held in the two capitals, will in fact be mirrored in deeds, and in agreement.

It seems to be, too, that Mr Berkhouwer paints the European Council in rather too sombre colours. He will not be unaware that when the European Council came into being various Member States had certain reservations as to its working methods and the frequency of its meetings, and so on. There have indeed been disappointments with the European Council, but there have been certain results to mark up as well. There has been the agreement on the Regional Fund, there has been the settling of the issue of British renegotiation. I hope very much that in a few days' time the European Council will also be able to set to its credit agreement on the distribution of seats following on European elections.

In general, though, I do agree with Mr Berkhouwer that it would be extremely dangerous if the European Council were to operate as a sort of court of appeal. The whole process of reaching decisions in the Community would then be deferred until the Euro-

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pean Council next happened to meet. This was certainly not the idea in mind when it was set up. I have always had the impression that, especially among those who put up the idea of the European Council, there was a very firm intention that this body, made up of Heads of State and their Foreign Affairs Ministers, should provide a certain impetus, a certain guidance, and that in addition the European Council should itself have a certain usefulness in that the Heads of State, at these meetings, would learn something about each other's problems. If the European Council did come to have a function like this, this would, I think, do nothing but good for the process of European integration.

Mr Berkhouwer had some bitter words to say about what he called 'Summit diplomacy' by the Big Three. He quoted my eminent predecessor Mr Thorn. I want to respond to this at once by saying that one can, of course, only see it as a good thing when contacts between the British and the French, or the French and the Germans, or the Germans and the British, are made closer, when people get to know each other better. This can only help the cause of European integration. It would be overstepping a certain limit only if people tried, in bilateral talks or in talks between three Member States, to reach agreement on matters that affected the whole of the Community. I have always understood that this was in no way the intention of the three Member States in question, and I work basically from the assumption that this is still the attitude of these three countries.

Then, finally, the matter of Porto Rico. There has, indeed, been a lot of hard and often rather harsh discussion about Porto Rico. I hope people are not going to go round nursing feelings of resentment, but will instead concentrate on looking for ways of absolutely guaranteeing, in the event of another conference of the Porto Rico kind, that the sound principle of consultation between the nine Member States will be respected, and the Community rules applied. If this could be discussed in the European Council, a number of misunderstandings would doubtless become a thing of the past.

Mr Leonardi mentioned the need for having a vision of the future of the Community more in our minds. I agree with him. Discussion of the Tindemans report offers us a prime opportunity of working out how we see the future, and it is against this background that the whole discussion on the report is so important. One can look at the Community's autonomy in a number of ways. With the Sixth Directive in mind, one can also see it in terms of greater financial independence.

For the rest, I do believe that the nine Member States agree that it is desirable to maintain close and cordial

contacts with other countries in many parts of the world, and that having excellent cooperation with other countries with whom we are on friendly terms still does not preclude us from keeping for ourselves a certain measure of independence and autonomy.

I agree with Mr Bouquerel that on agriculture, too, there is a great deal to be desired. The problem that perhaps calls most pressing for our attention is the danger of the common agricultural policy being undermined by all kinds of monetary upheavals. These monetary disturbances have already given us our complicated system of currency compensation. Fresh currency upheavals might well prove extremely hazardous for the whole CAP, and I think we must keep this danger very clearly in our mind's eye.

Finally, I would like to come back to what was said by Mr Blumenfeld and Sir Peter Kirk. In no way did I mean to look on the Community as being at death's door. What I want, rather, is to mobilize every effort to achieve a decisive breakthrough — the decisive breakthrough that we need, right now, to fend off the danger of disintegration and decline.

(Applause)

President. — Mr van der Stoel, we much appreciate the fact that you have paid particular attention to each of the speeches made and have taken the trouble to reply so fully to each of them.

I call Mr Fellermaier on a point of order.

Mr Fellermaier. — *(D)* Mr President, I very much deplore the fact, and I should like to express this in a personal statement, that because of an interpretation of the 'pink pages' the House has lost the opportunity of entering into a real political dialogue today, before the summer recess with the President-in-Office following a comprehensive speech by him. I therefore urge the Bureau to ensure in future that when a President-in-Office makes his first statement, the statement of his aims for the six months of his time in office, a political debate should be held and that more than just simple questions should be allowed. In the pink pages — there is nothing one can do about it, Mr President — it says clearly and distinctly:

'Following explanations or statements made in plenary sitting by members of the Council or Commission, the chairman of the appropriate parliamentary committee shall be given the opportunity to speak for five minutes.'

The House will surely agree with me that in a case where the President-in-Office makes a speech before Parliament on all the political questions within his competence, we do not have any chairman of an appropriate parliamentary committee and so, in my

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opinion, the pink pages ought to be amended so that we don't on the one hand say in the Kirk Report that Parliament needs greater powers and then draw the boundaries so narrowly ourselves, as in this case. We should take the first step and enter into a dialogue with the President-in-Office after his maiden speech — and this would be of interest to him as well. I therefore request that the Bureau should look at this matter at the first opportunity.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Mr President, I just want to support, with all my heart, what Mr Fellermaier has said. It is a quite impossible situation that in the middle of 1976, in this world where the Community is tottering on its foundations, we should have to be satisfied, after a statement from the President of the Council, with twenty minutes spent asking a few questions. We spend hours and days here talking about powdered milk, potatoes, figs and Heaven knows what else, but we are patently unable to have a thorough debate on the most important problems of Europe. I am, therefore, glad to back up Mr Fellermaier's suggestion that the Bureau look for ways and means of finding an answer to this problem.

President. — Ladies and gentlemen, I take note of the statements made by Mr Fellermaier and Mr Berkhouwer.

For the moment, we are bound by the Rules of Procedure in their present form. Speaking generally, when a request for debate follows a statement of this kind, the debate is held on the following day in order to give the political groups an opportunity of concerting their views and preparing their speeches.

Since the President-in-Office of the Council will not be here tomorrow, all we could do on this occasion was to try and secure from him the fullest possible indication of his intentions. This he has done to the fullest possible degree. As for an immediate debate, this would have been very difficult to organize.

The Bureau will consider this question. In the meantime, no other course is open to us.

11. *Oral questions with debate:*
Tax harmonization in the EEC

President. — The next item is a joint debate on two Oral Questions, with debate, tabled by Mr Durieux, Mr Hougardy and Mr Caillavet, on behalf of the Liberal and Allies Group, on tax harmonization in the EEC:

— to the Council of the European Communities (Doc. 187/76):

Bearing in mind that the prime objective of tax harmonization, as envisaged by the Treaty of Rome, is to create

equal conditions of competition between the Member States — goods should be taxed in the countries in which they are produced and not in those in which they are consumed —, and that the tax disparities between Member States are partly attributable to the method of financing benefits — the scope of which is the reflection of a high level of civilization and national solidarity,

1. Can the Council sustain the fresh impetus given to tax harmonization at the first *ad hoc* meeting on fiscal matters on 24 November 1975, by adopting, in the near future, the proposals for directives now before it?

2. More specifically, can we expect the Council to take early action on the proposals concerning:

— common tax arrangements applying to mergers, divisions and contributions of assets between companies in different Member States,

— the common tax arrangements applying to parent companies and subsidiaries in different Member States,

— harmonization of systems taxation that cause distortions as well as arrangements for 'at source' deductions on dividends.

Has the Council given due thought to the difficulties which will be caused by further delays in adopting these measures and the proposals still pending?

— to the Commission of the European Communities (Doc. 188/76):

The fiscal action programme for taxation forwarded by the Commission to the Council on 30 July 1975 nowhere indicates what type of harmonization should be pursued. Two trends are still apparent in the Community: in some countries (in particular Germany, Denmark, and the United Kingdom) direct taxes are quite high, whereas in others (France and Italy) the incidence of indirect taxation is considerable.

1. Although, in the short term, harmonization should not prevent the use of taxation as an instrument of national policy, does the Commission not feel that it would be appropriate to outline the type of harmonization to be pursued, since, to be effective, the action taken must be carried out at Community level?

2. To what extent can a speedier reform of fiscal systems in certain Member States in order to meet new economic and social requirements, as provided for in the communication to the Council of 14 November 1975, be interpreted as a move away from indirect taxation and towards increased direct taxation in those Member States?

Has the Commission already made proposals to this effect and does it plan to make further proposals in the near future?

3. What steps does it plan to take to remove the disparities between the tax systems of Member States attributable to the method of financing social benefits — the scope of which is the reflection of a high level of civilization?

I call Mr Berkhouwer, who is deputizing for Mr Durieux.

Mr Berkhouwer. — (F) Mr President, seven years after the implementation of a customs union, there are still considerable tax differences between the different states of the Community and the balance-sheet of the last few years can only lead us to deplore the almost complete lack of action by the Council as regards decisions on tax harmonization. It is not that the Commission has made no proposals to this end. Some are relatively recent, such as those on the harmonization of company taxation systems and arrangements for deductions at source on dividends or indirect taxes on stock transactions; but others have been before the Council for several years: the harmonization of excise-duty structures, common tax arrangements applying to mergers, divisions and contributions of assets between companies in different Member States.

Stress must be laid on the proposal for a sixth directive on the standardization of the basis for assessment VAT, submitted by the Commission in June 1973. The question to the Council does not mention it, because it appeared that it would be adopted before the first half of this year was over. This is now unfortunately, not the case. This was not due to any lack of concern on Parliament's part. On several occasions, with its resolution of 20 June 1975, its resolutions on the draft budget of the European Communities for the 1976 financial year and on supplementary budget No 3, and through its president — you, Sir, in your letter of 7 July 1975 — it asked the Council to come to a decision on this subject.

More recently still, a further letter from the President of our Assembly, dated 14 November 1975 — that is, more than seven months ago — called upon the Council to act, pursuant to Article 175 of the EEC Treaty — that is to say, the step preliminary to bringing an action before the Court of Justice.

It should not be forgotten that the adoption of this proposal is essential to allow the effective application, from 1 January 1978, of the Communities' own resources system, based on the payment of a maximum of 1% of the VAT assessed on a uniform basis.

This review is disappointing. Does this mean that after hoping that tax harmonization would get under way again, hopes which were raised in November 1975 by the first *ad hoc* session on tax problems, we shall have to abandon hopes of seeing important proposals adopted and rest content with results on the most limited of the provisions? Does it also mean that, although we hoped — from the Council's own words — that other meetings would be devoted exclusively to tax problems, these questions would, as in the past, be dealt with more or less in haste, as an afterthought to economic and financial meetings? This would be to forget that this harmonization must be considered as an aspect of Community activity

which must make progress like any other, as one of the essential measures for the realization of economic and monetary union. This is affirmed in the Council Resolution of 22 March 1971, laying down the foundations of this union. Before the end of first stage and with a view to speeding up to real freedom of movement of people, goods, services and capital and encouraging the interpenetration of economies, the Council had set the following aims: (1) the standardization of the basis of assessment for VAT; (2) the harmonization of the structure of excise duties; (3) continued harmonization of the structure of corporation tax. We have mentioned what happened to proposals on these points submitted to the Council. The differences still existing in national legislations prevent the free circulation of capital, which is one of the fundamental aims of the Treaty.

It should also be stressed that certain tax provisions cause abnormal capital movements, although capital movements should be a result of purely traditional financial considerations.

Let me say in parenthesis that the last proposal from the Commission on mutual cooperation between the tax administrations of Member States in the field of direct taxation should help the fight against tax-evasion practices which originate precisely in these tax disparities.

Tax harmonization and especially the measures on VAT should produce a situation of tax neutrality, an equalization of the conditions of competition. As the Commission's action programme puts it, the aim is to prepare the way for economic interpenetration which will be as close as possible so as to create a broad economic area having the characteristics of a domestic market.

For these reasons we submit to the vote of the European Parliament a motion for a resolution calling for a rapid adoption of the proposal for a directive on the uniform basis of assessment of VAT and the other proposals before the Council, since new meetings devoted exclusively to these tax questions can lead to progress.

Of course, we are not unaware of the difficulties which arise in this matter. In each state, taxes are used as short- and long-term economic instruments. It would not, then, be appropriate to press on too quickly with the harmonization, since they permit the states to act on short-term economic trends and the Community itself is still far from being able to use these measures to corresponding effect.

For these reasons, Mr President, the Commission action programme on taxation initially provides for measures to harmonize no more than the structures and methods of the various categories of tax. The various proposals submitted by the Commission are to be seen in this light. It is only at a later stage and with a view to further integration that measures will be able

Berkhouwer

to bear on the approximation of the rates of these taxes and duties.

It seems to us desirable, nevertheless, in preparation for this later phase, that in view of the continuing disparities between taxation structures in the Community, the respective importance in Member States of direct and indirect taxation and the methods of financing social services, a cooperation policy should be established between Member States immediately. This is necessary to ensure compatibility between national taxation policies. Certain general principles should be laid down, and guidelines drawn up, providing guidance for Member States today and later on governing the measures to be taken at Community level. As the Commission too was asked, can the Council give its views on the immediate necessity of such a policy facilitating in the long term a standardization of the rates of the various categories of tax?

Mr President, we have the honour to submit a resolution on this to the Parliament, with a request that it be adopted with the purpose of urging the Council to undertake the work necessary for implementing what the Commission has proposed and the Parliament has endorsed.

(Applause)

IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-President

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* Mr President, I should like to begin by saying that the Council finds it especially important that such pertinent questions should be asked about this question of harmonizing taxation. This is indeed in essence an extremely difficult question, which involves the national sovereignty of the Member States as well as the overall economic relations between them.

Mr van der Stoel, in his general statement, has already said that the presidency will be paying very great attention to the Sixth Directive, so as to bring in conditions for VAT in order that the system of the Community having its own resources, due to apply from 1 January 1978, can make progress during the present term of office. In this sense, I am very happy to support the ideas that Mr Berkhouwer has put forward on behalf of a number of Honourable Members, the notion of having special Council meetings during the latter half of 1976 to look at the fiscal problems, problems that certainly merit every attention. I would not want to say that up to now the Council has been practically inert. The Council is, I think, very well aware that the discrepancies between tax legislation in the Member States are harming the proper working of the common market. This is why the measures on harmonizing taxation occupy such an important place

in the resolution from the Council and representatives of the Member States of 22 March 1971, on the step-by-step accomplishing of economic and monetary union. As I have just said, taxes are a special area where there are a lot of differing factors involved. The present-day structure of the tax systems in the Member States is determined, at one and the same time, by budgetary considerations, by the competitive situation, by patterns of consumption, by legislative practices, commercial aspects and a host of other policy aspects. The difficulties we face in this sphere thus stem from the fact that it has not yet proved possible to harmonize the kinds of policy that underlie the tax regulations. Despite difficulties, one cannot talk about quasi-inertia. Despite these difficulties, the Council has not shirked the obligations the Treaty places on it. I will do no more than remind you of the First and Second Directives on turnover tax, of the directive on tax exemption for small consignments within the Community, of the exemptions for international passenger traffic, of the directive on direct taxes on the raising of capital, of the directive on taxes other than turnover tax on the consumption of tobacco products, and finally of the resolution on tax evasion and tax fraud.

The Council meeting of 24 November 1974 was almost exclusively devoted to the Sixth Directive on value-added tax. At that meeting, a number of policy options were taken, and they led to a package of measures that can lead to solutions to this problem. I want to stress once again that the object the Sixth Directive on VAT is aiming at was expressly set out at the meeting of the Foreign Affairs Ministers and at that of the Finance Ministers on 5 and 6 April last. It was expressly laid down that the unifying of the basis for VAT must come about early enough for the system of the Community's own resources to be introduced on 1 January 1978.

I would like, Mr President, to emphasize once again the very great political importance of this, leaving aside all the technical aspects of the problem. In this way the financial self-sufficiency of the Community by 1 January 1978 can become a fact. It is for this reason that I think it quite unjustified to talk about virtual inertia.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — *(I)* Mr President, ladies and gentlemen, I wish to reply to Mr Berkhouwer by saying that it is extremely difficult, considering that the harmonization of tax structures has not yet been completed, and that harmonization of taxation rates can only be taken into consideration at a much later stage of economic integration, to decide what, when fiscal harmonization is finally achieved, should be the proportion of direct taxation to indirect taxation in the Member States. That was the specific question put by the honourable Member.

Scarascia Mugnozza

In the interests of social justice, there is no doubt that direct taxes should represent a high proportion of the total. But this proportion cannot be determined in any abstract way, but only on the basis of realistic considerations. In this connection, we consider that in certain Member States, such as Denmark and the United Kingdom, direct taxes have already reached a level which cannot be exceeded, whereas in others, such as France and Italy, the level is totally inadequate.

The Commission, rather than deciding immediately on a valid model for the future, would prefer that the situation in this sector in states such as France and Italy be brought closer to that existing in other Member States. This is what the Commission wished to affirm in the communication to the Council which has already been mentioned — namely, the communication of 14 November 1974.

This idea will also be included in the proposal for a fourth medium-term economic policy programme, which the Commission intends to present in the next few days, before the summer holidays. It is up to the states concerned to carry out this reform without a formal proposal by the Commission. In some Member States, for example, the social-security burden is essentially financed from tax revenue, whereas in other Member States it is financed from special contributions which, in the Commission's opinion, have the economic characteristics of a tax. For these reasons, and since social burdens in all Member States have reached a level which is both high and comparable, there would not seem to be a case at present for harmonizing the methods of their financing.

The Commission, however, wishes to point out that this is one of the problems being considered within the framework of the convergence of social policies.

That, Mr President, is the answer which I felt I should give, on behalf of the Commission, to the part of the question which concerned it. I am, of course, at the disposal of Members for any further clarification or reply that may be needed in the course of the debate.

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

Mr Notenboom. — *(NL)* Mr President, the questions that have been put forward today at the initiative of the Liberal group are very interesting ones, although they would naturally have been even more valuable had they been discussed in a well-prepared debate. I must say that I think Mr Scarascia Mugnozza, in what he said on behalf of the Commission about the relationship between direct and indirect taxation, was very right. At this stage I do not think we, either, can as yet say any more on the subject than he has. We are at the stage where the structures are being harmonized, and there is important draft legislation under discussion. It is an excellent thing that the

Commission is now making a proposal on the structural harmonization of company taxation, one component of direct taxation, although it will be a hard job to get this proposal through this House. There are wide differences of opinion, although I believe that these also exist within the Council. The Commission must not let itself be discouraged. It must press on with further proposals for harmonization, including the field of direct taxation. There is, for instance, harmonization of the definition of profits in company taxation, which may overcome the sizeable distortions that Mr Berkhouwer has spoken about.

Now I would like to thank Mr Brinkhorst for the answers he has just given us. However, the apparently impressive enumeration he gave us actually means less than it seems to. Some of these proposals are, after all, rather meagre results; results for which we must be thankful, but which represent no really major steps forward in the area of harmonization. I am glad that, thanks to the initiative of the Liberal Group, and thanks also to the answers given by Mr van der Stoel, the Sixth Directive on VAT is getting a lot of attention today. I am very grateful for Mr van der Stoel's promise to try to get this directive through during the Dutch President's term of office.

I shall not dwell on the directives on tobacco, and the directive on drinks, on which the Council has still not come to a decision. I hope Mr Brinkhorst will not forget these; but for the moment VAT is getting our main attention.

It is near enough 2½ years since the Commission's proposals were accepted in this Parliament. Then, the Commission incorporated 26 out of the Parliament's 35 suggested amendments in a new proposal to the Council. This means that the proposal that the Council now has before it has the support of this Parliament, down to very important points of detail. From the viewpoint of democracy, too, this ought to be a spur to the Council to get down seriously to dealing with this directive.

We know by now where the areas of difficulty lie. It is evident that the meeting of the Council that Mr Brinkhorst spoke about, devoted almost entirely to the sixth Directive, did try to find a solution. From Agence Europe and from four other sources we know quite clearly where the problems lie. They seem to centre round real estate, zero rating, transport, the arrangements for small businesses and the arrangements for agriculture. These are, more or less, the points on which the Council is, it seems, unable to get any further. Now I hope the Commission will show the flexibility needed to get the Council to make a move forward. I was myself the rapporteur on the Sixth Directive, and naturally I should have liked to see the decisions democratically arrived at by this House adopted by the Council in their entirety. I can see, however, that this is not going to be entirely possible.

Notenboom

The Community's own resources, which we would so much like to see brought in fully by 1 January 1978, are of such enormous importance that I would ask for compromises to be made at this stage of the process. So I ask the Commission to do what is needed, so that by January 1978 the Community really can be financed wholly from its own resources. The Community cannot go on begging for a share of the national budgets, particularly in those countries which legitimately have to go sparingly with their resources. But alongside that I would point out to the Council that the idea of having a harmonized basis for VAT is not only that of financing the Community wholly from its own resources, but also has to do with the attempt to come one step closer to fiscal harmonization. So the readiness to compromise that I have called for should not go so far that nothing can be done to help along the harmonizing of taxation.

Harmonizing taxation serves, as Mr Berkhouwer has rightly pointed out, and I am grateful to him for having done so, to bring about the single market that we still have not entirely achieved. Strengthening this single market will make Europe economically stronger, and we shall be able to make better use of this greater economic strength for our own benefit and for that of the Third World. Mr van der Stoel and Mr Brinkhorst have been talking only about the objective of independent financing, under which the Community will have its own resources, but I want to draw attention to the fact that the Sixth Directive is also intended to bring fiscal harmonization a little nearer.

I hope that during the second half of this year the Dutch presidency will succeed in taking a big step in this direction, helped by a little flexibility on the part of the Commission.

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

Mr Nyborg. — (DK) Since the setting up of the EEC we have seen that the creation of a truly common market, with all the features that are characteristic of such an internal market, has made it necessary to institute harmonization in the field of tax legislation. Such harmonization will go well beyond the provisions spelt out in Articles 95 to 99 of the Treaty of Rome.

This is why, independently of the introduction in all the Member States of a uniform system of turnover tax and the creation of a harmonized system for taxing the raising of capital, there have for a number of years been attempts to approximate legislation in certain other areas of taxation.

A whole series of proposals for directives have accordingly been put before the Council, covering rules for parent and subsidiary companies, tax rules for mergers and concentrations, taxes on consumption, the taxing of company profits and dividends, and so on.

In every country in the world, and the Community member countries are no exception, the tax systems are the result of a whole series of factors connected with history, social structures, economic relationships and even the psychology of the population to whom they are to be applied.

I take leave to doubt, therefore, whether we are using the right name. I wonder whether it is not a mistake to talk simply about taxes, instead of — as I believe would be more correct — about income for the state, when we are concerned with taxes and duties, in the widest sense of these words, as opportunities for income flowing into the state coffers. We must consider whether as a basic principle it is right or wrong, looked at overall, to have, for example, such a thing as income-tax.

Things change all the time, and nowadays income-tax could well be looked upon as an old-fashioned system. Fifty years ago, income-tax could be justified because at that time the tax-rates were so low that the tax had little effect on the individual taxpayer's psychological approach; but the way the system has developed since then, it being not at all uncommon in certain states for taxes to account for up to 70 % of income, has had an unwelcome psychological and economic effect in that a great many people among the population of the Community feel that you get penalized for earning money at the same time as you are being praised for creating wealth. This is a wrong attitude to the economic effects of the existing tax-system.

From the ideological viewpoint it must be better to stimulate the citizen to produce and earn money without imposing the negative effects that the income-tax system has today. The best thing would be to concentrate on consumption, shifting the tax burden onto consumption.

I would suggest, therefore, that the best way of harmonizing income tax would be to do away with it, while at the same time I think it would be wholly right if, in the Community, we could bring about a harmonization of sales taxes. To close by naming an actual example, I would think it an excellent move if in the Community we could arrive at a uniform tax on coffee and that kind of product.

Harmonization, and in some instances deharmonization, of tax laws within the Community must, for the moment, be regarded as something of a fiasco, perhaps because it can be seen as dangerous to undertake measures in the tax sphere; doing this, because it is sought to bring them into force rapidly, may provoke a backlash harmful to the cause of bringing about a real European community. Nonetheless, I would urge that this question be tackled with as will and enthusiasm that will, in the end, result in rules in this area which are acceptable for the private citizen.

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

Mr Dykes. — Thank you, Mr President. I think we should all congratulate the Liberal Group on its initiative in raising this matter, and also thank both the Council and the Commission for seeming to adopt a reasonably positive stance to some of the questions posed in these two documents. It is right for us to take stock of the situation at the moment and ask questions of the Council of Ministers in this very important field. I hope that Mr Brinkhorst will be able to go to Mr van der Stoep in due course and give him a briefing on what has happened in this debate, thus demonstrating one of the practical examples of how the Community can really get together and harmonize itself.

Tax is perhaps one of the most important functional fields of all. Like Mr Nyborg, I would be very delighted indeed to do away with direct taxes. Incidentally, these do not feature at all in the Treaty and we are much more concerned with the harmonization of indirect taxes under Article 99. But, of course, it would be highly impractical to do away with direct taxes. If you only had a tax on spending, consider the obvious example of the millionaire who did not in fact spend any money of his own because of his great wealth and therefore ended up by paying no tax on his income. So that ideal has to be set aside and I hope that direct taxes will gradually and slowly be harmonized as well.

We are describing national tax systems but we have to distinguish between rates of tax and yields of tax. As was already mentioned by the Commissioner, the UK has high direct taxation, for example, as a result of having very high rates of tax, but the yield from those direct taxes is not enormous in comparison with the total yield from indirect taxes because of the incidence of special taxes, excise duties and so on. I think the distinction between these taxes therefore can become a little too academic, if only because the effect of all taxes in the final analysis is the same. There are strong arguments, of course, for reducing corporation tax in due course, if we can, and at least the Commission proposal to harmonize company taxes now between 45 and 50 % is a step in the right direction. All this takes place very slowly, and, of course, there are practical political limits to what can be done. There is also the fact that some Member States have corporation taxes to discourage distributions and others the other way round. A great deal of work is needed and, incidentally, in due course we will have to harmonize profits above the tax line, because one pound of profits in Germany is very different from one pound of profits in the United Kingdom.

May I mention too very quickly the effect and existence of tax treaties. It will be impossible to harmonize

taxes between the Member States and within the Community unless all the very complicated tax treaties are themselves rationalized and that is a gigantic piece of work of which only Mr Berkhouwer and others would, of course, be capable. It has been interesting that there has not been a Socialist speaker in this debate and I wonder whether that demonstrates perhaps their lack of interest in this subject or maybe their lack of concern for taxation in general. But insofar as taxes impinge very heavily on the average citizen in the Community Member States, I would have thought it incumbent on them to make their contribution.

Finally, Mr President, on behalf of the Conservative Group, in repeating my welcome for this initiative, may I say, I am very glad indeed that social security contributions have been brought into these two questions. But I do not think we need to concern ourselves and worry too much about unifying the various means of financing these schemes, that is to say employer versus state payments, pay as you go or funded schemes and so on. I think we should concentrate more on the harmonization of net benefits and their real transferability across national frontiers.

I am sure that the whole House is very glad that this important subject is being debated this afternoon.

President. — I call Mr Lange.

Mr Lange. — (*D*) Mr President, ladies and gentlemen, I tried to catch the President's eye not because Mr Dykes has just asked whether a socialist is going to speak on this matter or not, but because a motion for a resolution has been submitted. This means that the situation has changed somewhat, since originally we had only the two questions to the Council and the Commission, and the answers, insofar as they have been given — particularly by the Commission — can be left as they are, simply because, regardless of the treaties, tax harmonization is a necessary factor in re-establishing equal conditions of competition, but this involves very difficult questions which require a considerable time to go into.

This is by no means the first time that we have discussed tax harmonization in this House, but the crucial point is the Sixth Directive and this is the subject of the motion for a resolution. I would hope, Mr President-in-Office, that in spite of certain differences in opinion concerning details of the harmonization of the determination basis of net turnover taxes, the Council will find a platform from which it will be possible to decide on a share amounting to 1 percent of the present determination basis in each of the Member States. Afterwards it would be possible to talk about harmonization questions, whether land should or should not be included and what other things play a particular rôle in individual Member States.

Lange

I should now like to make quite a general observation. It seems necessary to me to oppose resolutely something that has just been stated here — namely, that in principle we should in future have only indirect taxes. We are in favour of direct as well as indirect taxation, and all of us have learned that it is not possible to manage without indirect taxes in an industrial society based on the division of labour. Nevertheless, it would be the most stupid thing we could do, to renounce direct taxation. The important point here is the correct relationship between indirect and direct taxes, and all previous experience on our part has shown that this relationship is a fifty-fifty one. If we are going to adopt this and attempt to introduce harmonization along these lines, then first the French must do something and then the Italians must do something, and then, if certain psychological conditions are fulfilled in the countries concerned in addition to the political, financial and fiscal ones, we can all make a fresh start on discussing harmonization.

However, for the moment, we are dealing with this motion for a resolution, and I have a request to make of the proposer.

When I look at the motion for a resolution which the Liberal Group has submitted and to which you, Mr Berkhouwer have referred, then I generally have to agree with it, with the exception of one point. It is not necessary to refer it to the committees it can simply be passed on to the Council and Commission as the repeatedly expressed opinion of this Parliament. There is no problem here whatsoever. Paragraph 4, however, ought to be deleted. No judgment is intended over any course of action which Parliament may or may not take if need be; nevertheless, it seems to me unthinkable that in this context a paragraph like paragraph 4 should be incorporated in the motion for a resolution.

I should therefore be grateful, Mr Berkhouwer, if you would promise to drop paragraph 4. Then I personally would give my backing to the adoption of this motion for a resolution without reference to committee.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) There are a couple more identical comments I should like to make on the debate we have just had. I think it was substantial encouragement to the Council to make progress on the matter of fiscal harmonization, in particular with regard to the Sixth Directive on VAT. I look on this debate as a stimulus to the Council, and I see it also as an encouragement to ask our colleagues to exert as much pressure as possible to see that the provisions of the Treaty really are observed. Secondly, I must say that I was struck by the interesting comment made by Mr Notenboom, when he spoke about the need for flexibility. I think

it is very important that, in order to get the system of the Community's own resources going, the requisite degree of flexibility should be brought to the matter of harmonization on a number of points where it is obvious that progress towards this can be made only with great difficulty.

At all events, one priority for the Dutch presidency will be to arrive at a better directive on VAT, one that will provide a basis for the system of the Community's own resources, due to be brought into force on 1 January 1978.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I should like to thank all those that have taken part in the debate and make two comments.

The first concerns the speech by Mr Lange. We have not suggested that we should concern ourselves only with either indirect or direct taxes. I spoke of the need to achieve a balance between the two systems, and thus fully share the views expressed by Mr Lange.

As regards Mr Notenboom's speech, which contained some interesting views, I should like to say immediately that my colleague, Mr Simonet, who is more directly responsible for this sector, has already contacted the authorities in the Netherlands with a view to preparing the ground within the Council, and that on no occasion — and certainly not on this subject — has the Commission failed to seize an opportunity of reaching an agreement to solve a delicate problem of this nature. The flexibility which has been requested, therefore, is reflected in the procedure adopted by the Commission to achieve its object, which is the approval of the directives.

President. — Pursuant to Rule 47 (4) of the Rules of Procedure, I have received from Mr Durieux, on behalf of the Liberal and Allies Group, a motion for a resolution with the request that a vote be taken on it immediately, in order to wind up the debate on oral question No 188/76.

This motion for a resolution has been distributed under the number Doc. 220/76.

I consult the House on whether a vote is to be taken immediately.

Are there any objections?

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I know my papers are in a mess, but I cannot find this particular document which you refer to, and I would have thought that perhaps you might read it out to the House: that might make things easier.

President. — It might make it easier but it would not be a precedent that any President would want,

President

because I am assured that the document was distributed this morning.

I call Mr Lange.

Mr Lange. — (D) Mr President, just now in the course of my speech I made an express request to Mr Berkhouwer to drop paragraph 4. If this were done, the motion for a resolution on the Sixth Directive could be adopted without being referred to committee.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — I agree to delete paragraph 4.

President. — Are there any objections to this oral amendment?

That is agreed.

Are there any objections to an immediate vote?

Since there are no objections, we shall now consider the motion for a resolution.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — Mr President, the document on which we have just voted has just been distributed to me. And I really do think it was a little rough behaving the way that the Chair did on this matter. I would say no more except to protest that it is only now that this motion for a resolution has been distributed to this part of the House. And quite frankly that is why I abstained.

President. — Mr Scott-Hopkins, I wonder if you are really seized of the point. I am assured the document was distributed this morning. Because of your complaint, it has been redistributed. If you have an objection to the way the documentation is being distributed, please let me know and I will have it investigated. But other people have claimed that it was distributed this morning. I am assured of that.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, notwithstanding your statement, I should like, on behalf of my group, to associate myself with Mr Scott-Hopkin's protest. It is quite inadmissible that a vote should be taken on a motion for a resolution which has not even been distributed. Yesterday I myself made a request for debate by urgent procedure, and there it proved perfectly possible for the groups to take note of the fact. In future, I refuse to accept this mode of procedure.

President. — I call Mr Dykes.

Mr Dykes. — I am sorry to prolong this and I do not want to delay the ensuing debate. But insofar as this House votes by a show of hands it is obviously

important that the greatest care is taken to ensure that the weight and importance of a vote is not undermined by the slightest doubt that documents have not been made available. Otherwise such votes will bring this House into disrepute and surely, Mr President, you are not anxious to see that happen. Would it not be preferable therefore to set aside that vote and to repeat the vote on this document tomorrow?

President. — Mr Dykes, there was no doubt whatsoever about the vote that was just taken I understand that one or two Members have a complaint that the document was not distributed. I will make an investigation of this, but I am assured that it was distributed.

I call Mrs Ewing.

Mrs Ewing. — I sometimes think Members who belong to groups in this House are a little bit spoiled on the question of distribution of documents and I have no difficulty getting them. If I see the reference I simply go and get them myself. And I have these documents. They were certainly distributed to me.

12. Oral questions with debate: Provisional results of United Nations Conference on the Law of the Sea

President. — The next item is a joint debate on the oral questions put by Mr Kofoed on behalf of the Liberal and Allies Group to the Council and Commission on the provisional results of the United Nations Conference on the Law of the Sea (Docs. 191/76 and 192/76):

The last meeting of the United Nations Conference on the Law of the Sea ended without agreement on several important points, notably the establishment of an International Authority for the seabed, passage rights through straits, exploitation of ocean mineral resources, etc. Moreover, at the Conference the Community Member States proved unable to adopt a common position on many vital issues, namely the problems raised by pollution and the exploitation of the seabed.

For a Community policy on fishing, it is essential for the Nine Community Member States to reach, before the Conference resumes this autumn, agreement on the establishment of 200-nautical-mile exclusive economic zones in the whole Community.

The Council/Commission is accordingly asked:

1. What is the situation regarding the ongoing negotiations between the Member States, and what are the chances of arriving at a common position on the above-mentioned problems?

2. What does it think of the provisional results of the Conference on the Law of the Sea, and what, in its view, are the chances of a positive outcome at the next session?

3. Is it prepared to make a more detailed statement on the relationships between a new Community fisheries

¹ OJ C 178 of 2. 8. 1976.

President

policy and the adoption of the new convention on the law of the sea which will doubtless be drawn up by the end of 1976?

4. What in its view would be the consequence of failure in the negotiations on the Community fisheries policy if the Conference on the Law of the Sea were to adopt a new general regulation establishing 200-nautical-mile exclusive economic zones?

I call Mr Kofoed.

Mr Kofoed. — *(DK)* The background to my asking these questions on behalf of the Liberal Group is that I want the Parliament to be kept in the picture with regard to the situation we are in in the fishing industry. I know the Parliament is keenly interested in what stage has been reached in the negotiations at the Conference on the Law of the Sea. We know here in this Parliament that the major question, the question that greatly interests some at least of the Members of this House, is the question of fishing. We all know the Commission proposals, which we regard as a sound basis for negotiations; but we also know that there are other forces in play, not only in the Common Market but internationally as well ...

Mrs Ewing. — I cannot hear for the noise that is going on in this Chamber.

President. — Will Members who wish to carry on conversations please leave the House and let us get on with our debate?

I call Mr Kofoed.

Mr Kofoed. — *(DK)* ... perhaps I have been mistaken about the Parliament's sympathy on this point, because on other occasions when we were debating fishing there was great interest, at all events among those present.

I was saying that there is in international fishing matters at the present time a tendency which I might describe as imperialistic in nature. A policy is being followed which used to be followed in previous centuries when land was being conquered. Today, people are conquering the sea's resources and the seabed, saying: 'This is mine; and I shall hand over to others only what I cannot manage to fish or get out of it myself'. This is not the sort of tendency I think we should follow in the EEC's fishing policy, although I know there is going to be some difficulty in reaching agreement. I know, too, that there are perhaps special difficulties between two of the EEC Member States, Denmark and the United Kingdom, about fishing in the North Sea. Yet I do not think these difficulties are so great that they cannot be overcome.

I think the Commission has tried in putting forward its fishery policy. I think, on the other hand, that the Council is lacking the political will to carry through the negotiations for getting the agreement that we want to achieve at the next session of the Law of the Sea Conference. This issue is a very serious one, and it

is extremely important that there should be agreement on fishing policy. If we cannot manage to agree on this, it throws doubt on the ability of the EEC common market, as such, to operate properly. It is crucially important that on this issue we should act as a community, and not as separate nations each trying to grab the sea's riches for itself. For this reason, I should be glad to have the Council's comments on, and assessment of, things as they stand at present.

(Applause)

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — *(NL)* First of all, Mr President, to the matter of how things stand with the Law of the Sea Conference. This conference is to convene again on 2 August, for a session that will last until September. Some states, I would almost say all states, look on this as the major, if not the final, stage in mapping out the broad outlines of the future law of the sea.

As you will know, the negotiations at this conference cover three main areas. First of all, there is the area involving the Community's own policies, involving matters where it already has its own competence — the problem of fisheries, for example, and certain aspects of pollution of the sea. In the second place, there are matters which do not yet come under Community policy but in regard to which the Communities quite plainly have a very special interest. And, in the third place, there are matters which lie outside the competence of the Community, such as rights of passage through straits, including the rights of passage for warships.

There is still doubt among Member States about the introduction of 200-mile exclusive economic zones. Certain Member States have their reservations, but all of them — I repeat, all the Member States — are agreed that a Community set of rules must be applied to such zones, if they are set up.

This means that there will have to be a clause dealing with the Community as a whole in any future treaty. There are other subjects, too, which fall partly within and partly outside the Community's competence and will have to be covered by Community rules.

I can tell this House that there is every hope that agreement will be reached within the near future between the Member States on an EEC clause of this kind. This agreement relates to the signing of the treaty provisions by the Community, and thus also to recognition of the Community as such by the organs of the United Nations.

And we must not mince matters. It is obvious that preparations for the negotiations by the Community are particularly complicated, since there are various viewpoints dictated by the various interests involved. There are coastal states and there are geographically-disadvantaged states, in the Community and in the rest of the world as well.

Brinkhorst

This means that there are naturally problems between the Member States that make it difficult to reach a solution. Nevertheless, I do believe that Community solidarity can be improved by applying the principle of non-discrimination within the Community. Nationals of the Member States must be on an equal footing in the way they are treated in regard to exploiting the natural resources of the Community. In the fishery sphere in particular, the establishing of exclusive zones for the Community, which is what we can expect to emerge from the work of the conference, must go hand in hand with the adoption of Community rules forming part of the common agricultural policy. This is especially important since certain countries — in particular the United States and Mexico, as well as our neighbour Iceland and not forgetting Norway, whose waters are of essential importance to our fishermen — have decided to apply the notion of exclusive economic zones unilaterally. The most difficult question of all is whether it is going to be possible to arrive at a positive result in the immediate future — that is to say, within the seven weeks of the conference. I have already mentioned the lines of demarcation that split the Law of the Sea Conference — with the industrialized nations and certain of the developing countries on one side, and coastal states and geographically-disadvantaged states (including developing countries) on the other.

Satisfactory progress is steadily being made on certain points, but with other questions it is hard to make out whether there is any chance of a consensus being reached between the participants on present-day trends. Because of the importance of the questions, the conference decided so far as possible to reach agreement *via* a consensus, and so it may be difficult to achieve this consensus by 17 September 1976. Whatever happens, the Community is determined to help towards a successful conclusion to the negotiations. This is shown, as I have already told you, in the statement on the EEC clause which is expected before long. The Community, I should like to make it quite plain, has nothing to gain from the state of confusion that would result if the conference failed, or from increasingly unilateral and uncoordinated measures. This is the greatest problem facing us in the future.

How has the Community been approaching matters, in this respect, up to now? In two ways: first of all, there is regular consultation for coordination between the Member States and the Commission on all questions of economic import during the conference, and the Council of the Communities has to find common ground in preparing its attitudes.

I want to say quite explicitly that the next meeting of the Council on 19 and 20 July will be the last time before the Law of the Sea Conference that it meets at ministerial level. It will be the job of the presidency, and a difficult job, to try to reach a common position

on a number of points. On 19 and 20 July there is a general meeting of the Council. The consultation aimed at coordination in fact covers all the subjects areas on the agenda of the Law of the Sea Conference. I should add that up to now it has proved possible to make progress on some twenty of these points; I shall not burden the Parliament with a list of them.

On the other side there is the problem of fisheries, and the repercussions that the setting up of a 200-mile exclusive zone might have for the Community's fishermen. It does seem that the Community is going, in the near future, to be obliged to set out a complete policy on the rational exploitation and conservation of its natural resources. What is involved is to some extent a conservation policy, something that is of essential concern to all the Member States. And then it is also a matter of pursuing a policy in which internal Community solutions are sought, in which there is a sharing out within the Community and where a solution is found for the negotiations with a number of third countries, in connexion with which the Commission is at this moment making exploratory contacts.

I think that I have made the fullest possible introduction to this general debate. I will stress once again that the Council will, at its meeting on 19 and 20 July, try to have one last discussion before the Law of the Sea Conference convenes at the beginning of August.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — Mr President, the question posed by Mr Kofoed and the Liberal Group is a very timely one. The next session of the Law of the Sea Conference is but a month away and it is therefore of the first importance that by the time the Council of Ministers next meets on 19 July the Community should adopt as unified a negotiating position as possible. The voice of this House, in favour of the concept of a common approach will, I hope, be an important and influential factor in the Council's deliberations.

The Law of the Sea Conference is of course, part of a vast pattern of international economic negotiations in which the subjects at issue constitute a mixture of national and Community responsibilities and the responsibilities shared between the national and the Community authorities.

The Community's and the Member States' positions in these negotiations and their eventual outcome should reflect a satisfactory balance between these interests and in particular they should preserve and further the concept of Community action. For it is only in this way that the Community can continue to radiate its international personality and enjoy all the advantages that flow from unity, and it is only by acting together and in concert that our Member States

Soames

can hope effectively to protect and advance their interests in an area as vast as this.

This why the Commission attaches such importance to the inclusion, as referred to by Mr Brinkhorst, in any international convention or treaty arising out of the Conference, of a Community clause with will enable the Community itself to be a full party, alongside the Member States, to anything that is decided. This is not just a legal necessity, it is a question of crucial significance for the role of the Community in the whole range of economic discussions which is now in train. I am glad that the Council has now endorsed the principle of seeking to negotiate such a clause. It remains now to find a procedure for putting it into effect so that we are ready on this point for the decisive session of the Law of the Sea Conference.

I turn now to the questions of substance raised by the honourable Member in his question. As Mr Brinkhorst has just said, the results of our efforts to achieve a common position in the Conference have not so far been too bad, especially at the last session. We have laid the necessary foundations, but if we are to build successfully upon them we will have to make a considerable extra effort.

That is why the Commission has put forward proposals for common position on a considerable number of the important topics outstanding: In the first we must aim to reach agreement at the Conference on the concept of a 200-mile exclusive economic zone, and the Member States must be ready to act collectively in the matter when the time comes. We must be ready to negotiate fishing rights with third countries on the basis of reciprocity when they implement their aim of 200-mile limit, whether this occurs, as we would still hope, only after a successful and agreed conclusion of the Conference on the Law of the Sea, or whether, as we would regret, their action is taken unilaterally in the absence of any such agreement.

Now, as the honourable Member points out, this in turn clearly implies that the Community must make rapid progress towards agreement on the necessary adaptations to our common fisheries policy to enable it to deal with the entirely new situation which will exist when we ourselves have 200-mile limits, for without an internal policy so adapted it will surely prove extremely difficult either to negotiate satisfactorily with third countries or to undertake the rational exploitation and conservation of the resources which lie within the Community's limits. Since Mr Brinkhorst has dealt to some extent with the fisheries aspect of the problem, and since the House debated the matter in April when my colleague, Mr Bunner, gave a comprehensive account of the Commission's views, I do not think that it would be appropriate for me to expand on that particular aspect of the matter this evening. But let me just underline the point

which is implicit in the honourable Member's question, that it is essential that our work on the revised common fisheries policy should proceed every bit as quickly as our work on the Law of the Sea Conference.

Now the second point on which the Community must aim to reach a common position concerns the continental shelf. Here we must accept the principle of the extension of legal control where the continental shelf extends in geological terms beyond the 200-mile limit. And we must adopt a common position on the introduction of a system for sharing the income accruing from the resources of the continental shelf beyond our prospective exclusive economic zone.

Third, there is the matter of the international seabed authority and of the proposed enterprise to be constituted by that authority. Here, the Commission considers it will be in our interest to agree on the concept of the enterprise and seek to obtain a major source of such important minerals as nickel, copper, manganese and cobalt, and it will come to supply a significant proportion of the world's requirements. That is why it is important that the Community should be represented from the beginning in this new institution.

The other topics on which we must reach a common position include the question of pollution, referred to by the honourable Member, and the questions of scientific research, the settlement of disputes and the rules governing overseas countries and territories.

Mr President, on each of these points I have hopes that the Community will reach a unified view. The Council has decided to set up a special group to try to ensure that a decision can be made upon the Commission's proposals on 19 July and we must hope for a constructive outcome. I am certain that the wider the area of agreement we can reach among ourselves the easier it will be for the Conference as a whole to reach a satisfactory conclusion. As the Council has said, the Community has nothing to gain from the chaos which would result from the failure of the Conference and the uncontrolled implementation of unilateral measures which would follow from failure. By the same token, I think that the Community has much to lose if we, ourselves, go disunited into this decisive and perhaps final round of the Law of the Sea Conference. We would have much to lose not only in terms of the influence which a united Community could bring to bear on the outcome of the Conference itself but also in terms of the credibility of the Community's position in international negotiations generally.

(Applause)

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

Mr Prescott. — Mr President, I find that the time within which one has to deal with an extremely impor-

Prescott

tant subject makes it difficult to determine the priorities to address one's remarks to. It is all the more difficult that disagreements among the Community nations are also reflected in the Socialist Group, as indeed, I am sure, within all our political groups. We have a study in progress and hope to produce a report within the next few weeks, but we do not yet have the luxury of knowing exactly what the group's opinion is in the areas of special sensitivity. But there are, I think, certain things on which we are in agreement.

I want to start this debate by congratulating the Commission on the report it has given us of the latest stage of negotiations at the third United Nations Conference on the Law of the Sea. It gives an excellent account of the state of play, but what we all need to recognize is that all the nations of the world have embarked upon establishing a new body of law for that 70 % of the earth's surface which is at present exempt from a systematic body of law. We, of course approach the matter from a socialist point of view, and therefore feel that the error of what we are doing is to print licences for some country to acquire considerable amounts of wealth, and in many ways 30 % of the known oil resources are beneath the surface the sea. We are therefore dealing with an area where considerable wealth is concentrated and which nations are gearing themselves to exploit, motivated in many cases by a selfish desire to maximize that exploitation of wealth. We are of the opinion that the *laissez-faire* era of the freedom of the seas has passed.

What we are embarked upon is introducing a body of law and establishing a mechanism that will allow the rational exploitation of this new-found wealth and, we feel, a re-distribution of wealth in a way that recognizes the rights of the less privileged in our world, and also takes account of the new international order which occupies a considerable amount of time in our debates here — and rightly so. We therefore welcome any agreement among nations, whether it be within the Community or indeed, within the UN Conference itself. We are particularly convinced that an international authority has to be established, and we note that there is considerable agreement among the nations of the Community on the need for an established authority, more particularly for the establishment of an enterprise board which in itself will exert a licensing effect on the exploitation of this wealth and will allow us some means of attempting to distribute the wealth of those areas outside the economic zones if so agreed by the international community.

It is important in connexion with this exploitation to recognize that the richer nations should not attempt to get sources of supply from their own back, yards whilst at the same time undermining the Third World, which produces much of the raw materials for the rich developed countries particularly in the

Western world. I therefore want to make one or two points about the 200-mile economic zone. While we welcome the fact that there is a general tendency towards the recognition of an economic zone of 200 miles, it is evident that in the exploitation of mineral wealth the principle recognized internationally, and therefore by the States in the Community, is that control by the coastal State, the principle embodied in the Continental Shelf Act, shall apply, though I note the point the Commissioner makes, that in those areas outside the 200-mile and the 200-metre limits, where the Continental Shelf Act applies, a new idea will now prevail, that of sharing, presumably, between the nations of the Community. I see the possibility of some controversy here, but I recognize the point that he makes.

The essential principle is that control by the coastal State will apply. With regard to pollution, I want the Commission to be aware that it is not just a matter of port-state control. If we want to control pollution we shall have to do something about flags-of-convenience ships that to do something about international controls, and therefore, here again, the agreement of the nations is to impose coastal-state control to solve this problem.

On the subject of fishing we have said a lot, and I also have said my piece about fishing policy, but in this area one sees yet again the question of whether we can preserve fish by means of quotas or by coastal-state control. The point in dispute between the nations, as I understand it, about the application of the EEC clause, the common clause, is whether we can agree on a common principle for the fishing policy before we can have unanimity of agreement about the EEC clause. The kernel of that discussion is whether the coastal State itself be able to maintain the principle of preservation of fish within that exclusive economic area, and I note that the application in one country is for a 50-mile exclusive area.

I finish on this point, Mr President. The point is not that we have to choose between one principle or another, it is in a combination of the two that we have to find a compromise. If we are prepared to accept coastal-state control instead of the free access that we recognize at the moment — the same principle as is applied in the exploitation of mineral wealth in protection from pollution and in allowing countries to decide who should determine scientific research — if we give the coastal States this kind of control, cannot we not find it in ourselves to extend the same principle to the much more controversial area of fishing policy, and so achieve a combination of the two principles? In this way we might progress towards that common policy that is needed, be it within the EEC or in the entire international arena.

(Applause)

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

Mr Blumenfeld. — (*D*) I am in complete agreement with the remark made by Mr Brinkhorst and Sir Christopher pointing out the great importance of the next phase of the Law of the Sea Conference in New York. There is a real lack of understanding in our countries of the far-reaching significance of the decisions to be taken at the UN Law of the Sea Conference, not only by the public but also by our parliaments and to a certain extent until now even by our governments. This is due partly to the fact that 'Law of the Sea Conference' is something of a misnomer for the present negotiations. It has nothing to do with what the legal layman understands by 'Law of the Sea' nor with the laying down by treaty of rules recognized in international law.

Its real significance can be clearly seen as soon as one compares existing conditions governing the use of the oceans with what would result if the demands of the developing countries were realized in their entirety. This conference, Mr President, is conditioned by the North-South conflict, and the East-West question plays only a minor rôle.

We agree with the Council and Commission that some important decisions now need to be taken on the following points.

The European Community must strive towards a common attitude in order to be able to play a rôle commensurate with its interests and means of action. We therefore support the attempt to include an EEC clause in the treaty — it is, of course, awfully late for such action — which would enable the Community to become a partner to the treaty.

The setting up of an international seabed authority, of which the Commission, so I have read, approves, and the foundation of this kind of seabed enterprise cannot be approved by me and my group. The experience of the effectiveness and politicization of giant authorities like the UN agencies is sufficiently discouraging for these mistakes not to be repeated. The members of the Council of Ministers and the Commission should know that while it may in the end be acceptable to create such an authority, setting up a huge new bureaucracy straight away is no panacea for these great and difficult problems. We must realize that the aim of the developing countries is to oust the main users of the oceans by means of a double strategy: on the one hand nationalization, and on the other hand internationalization, of the seas.

We shall approve an extension of territorial waters from 3 to 12 nautical miles, but in my opinion the significance of the creation of an economic zone of 200 nautical miles is not sufficiently realized. With the exception of the deposits in the economic zones of approximately 20 developed countries, the total reserves of raw materials in or beneath the seabed

would come under the control of the developing countries, which thus would receive a disproportionately large share of them. The cumulative negative effect of this seabed-cum-economic-zone régime on marine research requires no further explanation. The industrial nations would be the first hit, but the developing countries would also be indirectly affected, because they profit increasingly by the research activity of the industrial nations.

The main point, however, is that the whole of international sea transport is conducted in areas which in future will be subject to the control of the littoral states because of the extension of coastal waters and the establishment of economic zones. In practical terms, the extension of territorial waters will bring 116 straits under the sovereignty of littoral states. And this would mean — to take a clear example — that a ship travelling from a North Sea port to Australia, even without putting into a harbour mid-way, would have to pass through the territorial waters of at least 11 states possibly having different national regulations on shipping. The only navigable link with the central Baltic will in future lead through the territorial waters of the GDR — and the events of recent years, as we all know, have shown quite clearly what the GDR is capable of. New causes of conflict may well be created if rights of peaceful passage are not clearly laid out.

Mr President, as a Hamburger I feel justified in saying that Vikings and pirates in their day, several hundred years ago, navigated under easier circumstances than those to be introduced by this conference. And in conclusion, I must warn in no uncertain terms against the false hope that the great number of developing countries will one day bear in mind the importance to all of freedom of navigation.

Mr President, we are dealing here not only with eminently important economic questions but with political questions too. This means that the governments of the Member States will at long last have to draw up political guidelines: it is more important to approach these things with calm than to seek in weak compromises a means of preventing the breakdown of the conference.

(Applause)

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

Mr Nyborg (DK). — I should like to start by thanking Mr Kofod for his question and for his speech, which echoes my own feelings and so allows me to concentrate on one or two details without the risk of calling down the President's gavel on my head.

When we are setting up a sea zone with limits at 200 nautical miles, and this zone is to be common, in one way or another, to the European Community, the question arises how we are going to deal with the fishing-fleets of other countries who operate in these common European Community waters.

Nyborg

In recent times we have had people urging that firm measures be taken to keep these fishermen from other countries out of the Community's zone, which should be reserved wholly and solely for EEC fishermen. In theory this may be a perfectly correct viewpoint to take, but I do not think it would be sensible to use such forceful measures as we have heard mentioned — naval units and the like ; I think it is essential that we deal with this problem by negotiation. This means getting talks going as soon as possible with, for example, the USSR, Poland and Eastern Germany, as some of the countries who fish most in our waters, so as to sort out all the problems to do with fishing. If we do not do this, I can foresee our facing serious problems in the Baltic, where the Eastern countries will predominate in great numbers if they are pushed entirely out of their present, traditional fishing grounds in the North Sea. This might well lead to a very awkward confrontation that could do a great deal of harm, not least to the fishermen and the sizeable fishing industry based on Bornholm. This is something we shall have to take into account as a background to talks with third countries.

We all know that the situation in the fishing industry is serious, and I would recommend that these negotiations be begun as speedily as possible so as to avoid unnecessary problems cropping up in the future as and when individual states adopt separate standpoints with regard to third countries.

It would be best, therefore, if the negotiations were handled, on the Community side, from a central base ; in the present circumstances, this will be the Commission as the competent negotiating body. Though I must admit that in certain instances the individual Member States might in all probability achieve quicker contacts and results from their negotiations, it would still, taking the broad view, be best to have just one representative speaking for the whole Community. This should be done to avoid having a whole series of bilateral agreements on fishing rights for third countries in Community waters, and rights for Community fishermen to operate in the fishing grounds of third countries.

Finally, I emphasize once again that we urgently need to coordinate the positions of the various member countries on fishing matters, so as to be able, as soon as possible, to work out a common fishing policy.

(Applause)

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

Mr Fletcher. — Mr President, I too would like to thank Mr Kofoed for his question this afternoon, although this Parliament has a great facility for debating the same subjects again and again at each part-session. However, I do not think we need apologize for that when one remembers the importance of

fishing and the need for a new fishing policy, and I shall confine my remarks to that area.

The fishing industry in the Member States is in a state of crisis and cannot wait any longer for decisions regarding its future — that is, for decisions on fishing limits and catches — and the industry is looking to the Community to end the uncertainty about its future. This uncertainty operates against the best interests of the EEC for it is likely to cause bad feelings between one Member State and another. Britain and Denmark have by far the biggest catches and have therefore a great deal at stake in these negotiations within the Community, and it will require diplomatic skills of the highest possible level to satisfy the requirements of these and the other major fishing countries.

I think the Commission has a responsibility to make sure that fishing policy is not allowed to drift into a series of fish wars between Member States, which could happen if there is no fresh initiative from the Commission and if fishermen feel forced to take the law into their own hands. Within Member States, uncertainty about the future of the industry is causing nationalistic reaction in an effort to safeguard national interests in the absence of a coherent fishing policy. And so we find claims and counter claims being made to extend national territorial waters, claims which will make it more difficult to achieve an acceptable Community policy. Mr President, we therefore look to the Commission to produce a fresh initiative to restore the fishing industry's faith in the Community itself. First of all, it should make it clear that failure to reach agreement at the United Nations will not prevent the Community declaring a 200-mile economic zone for itself.

With that done we can tackle the problems within the EEC and indeed I would like to suggest to the Commission that it should look for an alternative to national fishing limits and catch quotas, not just because these are difficult to control and difficult to agree, but because they create the kind of internal frontiers that the Community was set up to abolish. At present, however, Member States are talking of creating just this kind of barrier by extending their national territorial waters. It is quite natural that the fishing industry expects Member States to solve fishing problems by resorting to national frontiers in the form of extended territorial waters, for that is all the industry hears about. The challenge for the Commission, I would suggest, is to find a solution along much more progressive lines, a solution that conforms to the principle of abolishing internal frontiers — the principle on which the Community was founded.

I would therefore ask the Commission and the Council to consider the licensing and registration of all Community fishing boats. Each Member State

Fletcher

would then have a specified number of fishing boats which would be free to fish within the new EEC pond up to the existing national territorial limits. Licensing will cause administrative problems, as there are over 50 000 boats within the Community, and numbers would have to be reduced to preserve stocks. However, Mr Lardinois will know that there are in excess of five million farms in the Community and we do have a fair lot of detail and administration to go through in trying to operate the common agricultural policy. A mere 50 000 boats should thus be comparatively simple to administer; it should be well within the bureaucratic capacity of the Community to do this.

Now this system would require a rationalization of the Community's fishing fleet. So, of course, would a widening of national territorial waters. In any case, no administrative arrangement or re-arrangement will actually increase the amount of fish in our seas. Rationalization of the fleet does create difficulties in finding agreement as to the number of boats each Member State may have, which is rather like trying to fix the number of seats in the new directly-elected Parliament. I have no desire to underestimate these difficulties, but this rationalization could be backed by Community compensation for those boats which become surplus to requirements. This is the sort of fresh initiative we would like to think the Community would now undertake because of the extreme urgency of this problem.

(Applause)

President. — I call Mr Schmidt.

Mr Schmidt. — (D) Mr President, this debate provides yet another reason for being depressed at the state of Europe. The Council representative tells us that the prospects of reaching agreement on a common position of the Member States on 19 July are good. The full irony of this has to be appreciated: the most important part of the conference is already over, important decisions have been taken, and now the Council of Ministers blandly tells us that there are good prospects of establishing a common position on 19 July — that is to say, after the important decisions have already been taken. To which I can only add that in the light of previous experience this statement is extremely optimistic.

It has again been shown that the organization of Europe, especially with regard to the structure of the Council, is an obstacle to harmonizing the divergent interests which are undoubtedly present. One comes to the conclusion that, for all its unwieldiness, the parliamentary system is vastly superior to the Council, which makes all the important decisions, since, despite all differences it eventually reaches common decisions and common positions.

This is something which the Council has so far been unable to achieve. Take, for example, the external

bargaining position adopted. At this conference, the European Community was divided as never before. At the conference the individual Member States were divided into totally different groups, and only in a very small number of points was there even a hint of agreement. That is discouraging enough, but worse still was the fact that, in addition to the inability to establish a common position *vis-à-vis* other countries, they were unable to reach agreement on international problems. This is indeed regrettable.

And there are other matters which must be mentioned in this connection. Both Council and Commission agree in substance on an international authority for the seabed. I believe we must proceed on the supposition — and I am being more realistic than Mr Blumenfeld — that this authority will be set up. We feel, however, that it must in no circumstances be a simple, overall authority but that the European Community should endeavour to see that it is essentially regional and decentralized. The Community should begin the preparatory work straight away and open negotiations with other countries.

I fully agree with Sir Christopher Soames — or was it the President of the Council or his deputy? — that we shall be more successful if we act in unison and engage in joint bilateral preliminary discussions, than if each state acts on its own. No European state should imagine that it will benefit more from national agreements than from arrangements arrived at by the Community as a whole.

I have also been struck by a number of other points. Mr Blumenfeld has repeated what his friends in the German Bundestag stated a few days ago: 'We cannot yet give definitive approval to a 200-mile economic zone. It would be much better if we employed delaying tactics or if the Bundestag rejected it altogether.' — That, at least, was the impression given. It is regrettable that what has been presented as the common heritage of all mankind, as a *patrimonium omnium*, should not be jointly administered by the heirs but divided up by them in such a way that many who expect to benefit from the division will suffer greater disadvantages that they can at present imagine.

For all practical purposes the 200-mile zone no longer depends on whether the Conference on the Law of the Sea is successful or not. I believe that we must all recognize today that the worst possibility of all would be for the Law of the Sea Conference to fail, since the 200-mile economic zone will be established in any case and it would then be imposed upon us unilaterally by certain states without the rules which could otherwise have been achieved at Community level.

Now Mr Blumenfeld said that those who derive the greatest benefit from the sea would be ousted. On the contrary, no one has given the rich maritime nations, which already enjoy the lion's share of the fishing industry and which are already in a position to extract

Schmidt

minerals from the seabed, the right to annex the sea as a whole. The idea of an 'expropriation' of the chief beneficiaries must in fact be grist to the mill of those nations who feel exploited by those who today are already deriving the greatest benefit from the sea.

I understand why those who are not in such a happy position and who do not enjoy the same advantages are trying to save as much as they can for themselves before it is too late. The situation at the Law of the Sea Conference is undoubtedly to be traced to the fact that states which enjoy these possibilities have used them recklessly and in some cases have threatened the existence of countries which are forced to derive their living from the sea.

We believe, Mr President, that the time has come for the Council to establish a uniform position both *vis-à-vis* non-Community countries and on the situation within the Community itself. Not only have we already lost too much time; we shall once again be confronted with the fact that even if we do succeed it will be too late and we cannot carry through many of the positions which Europe as a whole should have adopted at the Law of the Sea Conference.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, could I also thank Mr Kofoed for putting this matter once again on the agenda. I do not think anyone who is concerned about this industry needs to feel apologetic that the Parliament has done us the courtesy of having it on the agenda so very often. I am also gratified that we have had an answer from the Commissioner and from the Council of Ministers. I can see the advantage that Commissioner Soames preached of speaking as one voice in difficult international negotiations where there are so many voices.

I feel, however, there is some unreality in both the speech of Commissioner Soames and that of the Council representative because I come from the British Isles, and in particular from Scotland, where the inshore industry right round the islands is of such importance. It is not a question of developing new wealth or seeking particular help to remain viable. It is a question of viable areas turning into non-viable areas if justice is not done. And it would be a very strange Community that allowed that to happen. So often we are faced with the opposite kind of problem, where we have non-viable areas and we are desperately trying to look for solutions together to see how we can make them viable. But here we have a rather strange situation where we have viable fishing communities which are not seeking particular help from you. They are just seeking the old traditional right to regard the sea as the extension of their land mass and to carry on a traditional way of life and to avoid the drastic depopulation which will occur. This would be totally

inhuman and I cannot believe that this Community would permit this to happen.

The Council representative did mention coastal States very briefly, and if I noted him correctly he referred to States in a disadvantaged position. Well the funny thing is that it is the coastal States that are in a disadvantaged position. It is the coastal States which have preserved their fish and which have not been reckless that are precisely in a disadvantaged position. Now I warned this House you may remember in one of my many speeches — I am sure you are fed up with my speeches on the subject, but I have to speak on behalf of the official associations of inshore fishing industries of Britain and not only Scotland — and I warned you that the delegates at the first Law of the Sea Conference had already made their subsequent hotel bookings because they would not reach an agreement at the first attempt. Perhaps this is not surprising. They are making another attempt and we all suspect — those of us who study the matter daily — that they will not reach agreement once again, even if this Community can speak with one voice there. The North Atlantic sea-going powers are almost certainly going to declare a 200-mile zone unilaterally. Iceland has done it. Ireland has indicated its intention of doing so, so have Mexico and Canada and the United States has made noises to this effect. That apparently leaves this Community lagging, almost in the tardy manner of the Foreign Office of the United Kingdom — and that is saying something! I think we really must not let the uncertainty that has been spoken about with very great passion here last much beyond the autumn, because the matter is so important.

On the question of what Commissioner Soames said about minerals, could I ask for a distinction to be drawn between mineral wealth and fishing. The mineral wealth, in most cases, is going to create new wealth and create new opportunities and there is not the same objection to that being shared either within the Community or indeed beyond the Community. But the situation is different for the existing industries on which whole populations have become dependent. So I would ask for that distinction to be made.

Now we have already conceded the principle of a coastal preference in this Chamber. It has been conceded and I am sure it has been conceded for a good motive, namely to preserve existing viable industries, to preserve population and to recognize that behind these things there is such a thing as a way of life to be preserved. So the principle of the coastal preference has already been conceded and the only question that remains is what the coastal State preference is to be and where. Mr Peart came recently to the House of Commons and said that Mr Lardinois' twelve-mile zone is perhaps subject to renegotiation, and that there would be 12 here, 35 there and 50 in other places. In other words, already the question that I am

Ewing

raising is to be looked at again. Catch quotas, research science, as much as these are important, are no substitute — ask any fisherman — for a proper and a justifiable and a just coastal preference.

(Applause)

President. — I call Mr Jahn.

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, I have no wish to repeat what my colleague, Mr Blumenfeld, has said. I merely wish to say something about the freedom of the seas. Looking at the course of events at the Conference on the Law of the Sea, as it is called — and, as Mr Blumenfeld has pointed out, it is not everyone would agree with this name — anyone who has spent some years at sea will shudder at the restrictions which the conference has imposed on the freedom of the seas. It is a restriction without precedent!

We no longer have a 3-mile zone: we have the 12-mile zone, the 200-mile zone and the economic zone. And who can say that, for reasons of security, some state will not place restrictions on the right of passage through its zone for ships *en route* for other seas?

Then we have the question of restrictions on passage through the sea straits. This will all now be regulated on the basis of new principles of freedom which will certainly not be arrived at at this conference. Where will anyone be allowed to travel in the Mediterranean, what with 200-mile limits on the one side and on the other? And if the Baltic — which I hardly need to mention — becomes the economic zone of one side, then we shall have to discuss who can navigate it and where! Then there's the South China Sea, and anything else you care to think of! The development we are facing is such that we have no way of telling what restrictions will be placed on the freedom of the seas at this UN Conference.

And what about the international authority for the seabed? Looking at the matter closely, Mr Schmidt is right when he claims that, the way things are at the moment, until we have a regional division of responsibility on matters relating to the exploitation of the seabed, the body now being discussed will be a Loch Ness monster, a super-authority which will achieve nothing unless we create an entirely different basis from the one we have at the moment.

I wish to thank the Commission and the Council for wanting in July to arrive at a unified procedure, at a clause which will enable decisions to be reached on the basis of uniform principles during the next stage of the conference. Furthermore, I urge you to beware of allowing restrictions to be placed on the freedom of the seas which we all one day may come to regret.

(Applause)

President. — I call Mr Brinkhorst.

Mr Brinkhorst, *President-in-Office of the Council.* — *(NL)* Following on from the final comment by Mr

Jahn, Mr President, I would say that quite clearly — when we are talking about the freedom of the seas — the representative of the country that gave birth to Hugo Grotius has to grant that 300 years after his death the rule of Grotius is coming to an end, and that the theories of Selden, his great opponent in those days, are gaining the upper hand. But that is not what we are talking about today: we are not having an academic debate about history.

I want to make a couple of comments about the significance the Community ought to attach to the Law of the Sea Conference, and to progress in this field. Mr Blumenfeld has told us that this is perhaps more a political question than an economic one, but I think it is both political and economic. You simply cannot separate these aspects. It is not enough to say, as some Members of this House have done, that there has to be agreement if one does not at the same time point out when there are fundamental differences in the economic consequences which a set of fishery rules and the exploiting of the continental-shelf area entail for different Member States. Mr Blumenfeld will surely agree with me that this is a matter of crucial importance, both politically and economically.

To be honest, I do not really understand Mr Schmidt's remarks all that well. He said that you have here a representative of the Council who does not blush to tell you that decisions may be taken on 19 and 20 July. His meaning was that this is already far too late. If the Council does indeed reach agreement on a number of points on 19 and 20 July, this will certainly not be too late, because the decisive stage of the Law of the Sea Conference will start at the beginning of August and run to mid-September. So on that point I shall tell Members of this House quite firmly that some progress has been made, because the EEC clause has been accepted in principle, and this ought to form a major feature of the Community's position. Sir Christopher Soames, too, has said that there is now virtually no difference of view between the Member States. Only a beginning, of course, has been made on reaching a Community standpoint on the various issues involved; but one can claim progress, because at the same time we are showing, in the surroundings of the United Nations, that the Community wants to be a party to the conventions being discussed, as a single entity.

One quick word about the relation between internal and external policy. It is obvious that these are mirror images of each other. One cannot have pretensions about building up an extensive foreign policy if there are serious tensions and conflicts at home. This is why the Council is trying, starting from a well-balanced position in the period ahead, to arrive at common attitudes.

Brinkhorst

I shall not say a lot about the question of the international authority. Mr Blumenfeld said that this point would have to be discussed at the end of the conference. I think there is a reasonable measure of agreement between the Member States on the position of an international authority with responsibility for managing the area outside the 200-mile exclusive zone.

There is one more heartfelt comment I must make — to Mrs Ewing, who spoke about the disadvantaged position of the littoral states. I think that when we talk about conserving the riches of the sea, we are talking about something of concern to all of us. This kind of conservation is not the preserve of individual states: it is something that can be dealt with just as much by the Community. When one talks about the adverse situation of certain fishing-regions in the Community, one thinks at the same time of policy in other spheres where the Community has a job to do. I am thinking of such spheres as regional policy and social policy. The foundation on which our Community is built remains, as I have already said, the fact that Article 7 of the Treaty, stipulating that there shall be no discrimination between Member States and the nationals of Member States, is a basic rule; it is one that we cannot all that readily abandon for the sake of exclusive national points of view.

That was all I wanted to say at the end of this debate, Mr President.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — I would just like to make a couple of quick points, Mr President. I think the most valuable part of this debate is the timing of it and the fact that the Council will have heard the strong desire expressed everywhere in the House to arrive at a common position towards the Law of the Sea Conference. Mr Schmidt had some doubts and was somewhat sceptical as to whether the Council would arrive.

Well, I must say that we have got a long way to go, there is no doubt about that, and I will not pretend that we are within spitting distance or that I can say that I think it will happen. We have only one more Council to go and it is going to require a great effort on behalf of each Member State to reach a common position. Even on the Community clause all that has been decided is that everybody agrees that there should be a Community clause. Oh, bravo! *Déjà beaucoup, n'est-ce pas?* But what has not yet been agreed at all is how we should arrive there together. That, too must be decided on 19 July. The last thing that I would want to do, then is to appear over-optimistic before the House and I am very glad that this debate has taken place. I have taken note of everything that

has been said and I am sure my friend, Mr Brinkhorst, has taken note of everything that has been said, and my hope is that this will be reflected in the Council's discussions on 19 July.

Mr Nyborg said that it was better for the Community to conduct negotiations with third countries than to have a series of bilateral negotiations. In my view, there is no choice between the two; the Community must conduct these negotiations, because we are talking about Community waters, and Community fishing fleets.

The only other thing I wanted to say is that a number of points have been made which refer specifically to the common fisheries policy and that my friend, Mr Lardinois, who revels in the prospect of having responsibility for this particular policy is sitting here and has listened attentively to all that has been said.

(Applause)

President. — I call Mr Kofoed.

Mr Kofoed. — *(DK)* I feel I must offer my thanks to Sir Christopher Soames and to the President of the Council. I shall not allocate them marks, but merely say that I was perhaps more satisfied with the reply from Sir Christopher because it was rather more constructive — by which I mean that it made us really aware of what the difficulties have been. I think it is worth noting that Sir Christopher said that we are all agreed that there should be an EEC clause, but not on how it should come about or what it should say.

This reflects the problems in the Council, and here I would appeal both to the Council and to Parliament to show much greater political will. I noted that, broadly speaking, there was agreement among the spokesmen of all the groups that at the Law of the Sea Conference these problems — both those of the seabed and those of the fishing industry — should be solved at Community level. Where there is no agreement about finding solutions at Community level is, of course, in the Council, and this is why I would urge on honourable Members that we all have a responsibility to bear in our national parliaments, because when it is impossible to get agreement in the Council this is surely because the national parliaments are not agreed that this is something to be done at Community level; they would rather look after narrow national interests, and this then comes out in the Council. So I think it is up to every Member here to do his duty at home as well, and to put pressure on his government so that there is a common viewpoint and a successful conclusion to the Council's meeting on 19 and 20 July.

(Applause)

President. — The joint debate is closed.

13. *Tabling of two motions for resolutions*

President. — I have received from Mr Bertrand, on behalf of the Christian-Democratic Group, and Sir Peter Kirk, on behalf of the European Conservative Group a motion for a resolution on the results of the Puerto Rico Summit Conference.

I have also received from Mr Bertrand, on behalf of the Christian-Democratic Group, and Lord Bethell, on behalf of the European Conservative Group, a motion for a resolution on the ill-treatment of Vladimir Bukovsky.

These documents have been printed and distributed under Nos. 227/76 and 228/76.

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for these motions for resolutions to be dealt with by urgent procedure.

I shall consult Parliament on the adoption of urgent procedure in one hour's time.

14. *Oral question with debate: Violation of human rights in Argentina*

President. — The next item is an Oral Question with debate by Mr Berkhouwer, Mr Broeks, Mr Corona, Mr Glinne, Mr Knud Nielsen, Mr Radoux, Mr Schuijt and Mr Stewart to the Council and Commission of the European Communities on the violation of human rights and democratic freedoms in Argentina (Doc. 190/76):

In Argentina, the measures adopted to date by the new military junta (Dissolution of Parliament, indefinite postponement of elections, suspension of the political parties, establishment of non-constitutional legal procedures, arrests and imprisonment without trial) constitute violations of democratic freedoms and human rights and have created a widespread state of insecurity. The political kidnappings and assassinations, perpetrated by extremists mainly with the connivance of the security forces, are increasing, creating an intolerable atmosphere of terror. Furthermore a decree was promulgated on 26/3/76 authorizing the deportation of political refugees to their countries of origin, thus infringing the traditional right of political asylum in Latin America.

Does not the Council and the Commission feel that it is the duty of the European Community as an important cultural, economic and trading partner of Argentina,

1. to urge the Argentinian authorities to restore forthwith both democratic freedoms and respect for human rights in Argentina?
2. to call upon the Member States to instruct their ambassadors to Argentina to continue to shelter political refugees, despite the blacklisting of certain persons by the Argentinian authorities?

I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Mr President, I think we are witnessing a remarkable development in world society. I might go so far as to say that human civiliza-

tion is going through a crisis, because of a contradiction. On the one hand, the world and its development are coming to depend more and more on technological paraphernalia — the nuclear power-stations, the aircraft, our whole technical development — with the result that we have the finest and most complex equipment at the service of our prosperity. And over against this, we see the world being ravaged by increasingly blatant violence, by attacks upon the integrity and the liberty of human beings. This is true not only of the case we are discussing, the developments in Argentina, but is — one might almost say — a generalized phenomenon; the same is true of what we have just seen happening in Africa, with the frightful seizing and abduction of people. Everywhere there is disregard for the integrity of the human person.

I am especially pleased that we are agreed on this. This is a very remarkable turn for our civilization to take, if indeed you can at the present time use the word civilization. I promised myself to be at the head (and it more or less works out so, in the alphabetical order) of those putting forward this oral question with debate about the situation in Argentina. In Argentina today, there is a state of force and repression like that we already know in the neighbouring countries of Chile and Uruguay; so that those who flee from there are no longer safe in Argentina either. In all manner of horrifying ways men's lives are taken: I do not need to spell out the details for you, you know them well enough. We should ask the other institutions of the European Community to do whatever is possible to restore democratic freedoms and respect for human rights in these countries. It is not all that long ago that we were in Latin America with a delegation from this Parliament; and, alas, in one country after the other in that part of the world parliamentary democracy is being wiped out, and all kinds of authoritarian and military régimes are coming to power. What we are now asking — Mr Broeks, Mr Corona, Mr Glinne, Mr Nielsen, Mr Radoux, Mr Schuijt, Mr Stewart and myself — is whether the Council and the Commission will not do their duty, and the duty of the European Community as a cultural, economic and major trading-partner of Argentina, and look for ways and means of restoring democratic freedoms in Argentina.

Thank you, Mr President, for giving me the opportunity to comment briefly on this question.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, I might perhaps make one small correction. I shall reply to this question from the angle of European political cooperation, of the Foreign Affairs Ministers meeting in that setting, and it is as a representative of that gathering that I shall answer the question put to me by Mr Berkhouwer.

Brinkhorst

Because of the concern expressed by the Parliament, I am glad to offer the following comments. The organs of Euro-political cooperation have, in the light of information coming from a great many sources on the disturbing developments in the situation in Argentina, and the resurgence of accusations against the new government there, discussed the general aspects of this question in order to determine, in particular, what attitude the Nine should take towards Argentina.

When one analyses this problem, one has to take note of the following facts. In the first place, General Videla's government is emerging from a situation of total chaos, and while violence may not have disappeared with the coming to power of General Videla, the situation has got no worse. In the second place, General Videla has since the takeover repeatedly stated in public his respect for individual freedoms and human rights. He has repeated his promise that no political refugees will be sent back to their countries of origin. In the third place, the excesses being committed in Argentina do not stem from the deliberate intentions of those now in power. They result far more from a powerlessness to keep control over terrorist movements and to gain the upper hand over the extremists, from wherever they come. Having noted these facts, those involved in European political cooperation feel that steps taken with regard to the Argentine authorities ought mainly to be an encouragement to follow the path of moderation, and to respect democratic freedoms and human rights. In view of recent events, a special appeal should be made to the Argentine government to ensure the safety of political refugees who are in that country.

Finally, I would make this comment about the right to political asylum. This right is laid down in a convention between the Latin American countries which does not apply to the European embassies in South America. Consequently the ability, and the responsibility, of giving protection in an embassy fall upon the European countries, whose embassies are the ones involved. They should, in their decisions on individual cases, be guided by strictly humanitarian considerations.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — Sir, I am glad that I am following Mr Brinkhorst who has answered the substance of this question which concerns an area covered by political cooperation as opposed to Community responsibility. What I would just like to add is that again and again the Commission has said how it deplores every violation of democracy and of human rights wherever it may occur. There can be no doubt about the position taken up by the Commission on the fundamental principles which are at stake in these matters. Indeed I had the opportunity to explain our attitude to the

Argentinian *chargé d'affaires* when he came to see me two weeks ago at his request to discuss this question. I told him that although the Commission had neither the competence nor the means to investigate or prove allegations of the violation of human rights in Argentina, there was no doubt that the reports which were reaching Europe were of considerable concern, not only to the Commission but also the European public opinion at large and this was having its effect on the relationship of the Community with the Argentine. The Argentine Government can therefore be in no doubt about our attitude towards the tragic events which are evidently taking place in their country. That, I think, covers the first point in the question posed by honourable Members.

The second point was addressed specifically to their Member States and has been covered by Mr Brinkhorst. The question remains as to what action the Community should take to show its repugnance in those cases where it can be shown that human rights have been violated. Here, as my colleague Mr Thomson pointed out in replying to a not dissimilar debate in May about the situation in Uruguay, we must make a distinction, I think, between those countries with which the Community has a special and intimate relationship on the one hand, and those countries with which she has no special relationship. Mr President, as I argued in the debate which took place in the June part-session on Mr Durieux's motion, there is inevitably a gulf between the values which a society such as ours in Western Europe stands for, and those which are embodied in arbitrary totalitarianism or military or fascist governments, and also between our values and those of the countries of Eastern Europe. Nevertheless, the Community cannot act as a kind of global policeman, nor can we pose as the moral conscience of mankind in all the continents of the world. But we must be firm in asserting and defending our essential values, and those who deny them must draw the consequences from us and not look to us for special favours.

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

Mr Knud Nielsen. — (DK) I would like, against the background of the specific question that is being put to the Council and Commission, to offer one or two general comments and ask a couple of general questions.

When, today, we are to discuss the violations of human rights and democratic freedoms going on in Argentina, I get the impression we are doing so in an atmosphere of frustration, helplessness, hopelessness and defeatism.

At almost every one of our plenary meetings, as Sir Christopher Soames has said, we are presented with new dictatorships, with fresh violations of funda-

Nielsen

mental human rights and democratic rights. After a while these are seen as slightly wearisome matters, something the Parliament and the Community institutions in any case, cannot really do anything about; and I know there are many who feel we should concentrate instead on solving urgent European problems.

Without wishing in any way to ignore or minimize the importance of our European problems, I want to fight this resignation and defeatism. The Community is, I would hope, a truly democratic organization, one which, as such, has a responsibility and a duty to promote the cause of democracy in the world, and the Community has, because of its size and economic stature, the opportunity to make a substantial contribution to that cause. Our alternative is to offer a whole range of countries the choice between right-wing extremism or left-wing extremism, and to leave democracy in the lurch.

In Europe we have, over the past few years, been able to rejoice at the advance of democracy — an advance that has had the active support of the Community. I need only mention Greece and Portugal — and perhaps Spain as well.

Things are otherwise in Latin America. In that part of the world, we are seeing one country after another fall in *coups d'état*. Day by day, we see democracy come tumbling down. We see the forces of democracy being brutally decimated and liquidated.

The question to the Council of Ministers and the Commission asks whether they feel there are opportunities open to the Community to contribute towards changing this unfortunate course of developments in Latin America, and what means they could envisage using. I emphasize that this is a general question, one not limited to Argentina alone.

This Parliament has, through its annual meetings with the Latin-American Parliament, regular contacts with the South American countries. We met for our first conference at Bogota, in Colombia, back in 1974, while the second conference was held in Luxembourg in November last year. The question of the survival of democracy occupied an important place on the agenda of both these conferences. At the Luxembourg conference, the previous president of the Uruguayan Chamber of Deputies, Hector Gutierrez Ruiz, who at that time was in exile in Argentina, spoke of the precarious situation of democracy and of the refugees. He described his own position, and that of his fellow-countrymen, in succinct and striking words: 'One million Uruguayans', he said, 'have chosen exile rather than the peace of the graveyard'. Ruiz was dragged from his Buenos Aires home, before the eyes of his family, on 22 May this year, and his bullet-riddled

body was found a few days later. The same fate has overtaken 600 other political refugees in Argentina since the present military government seized power in March.

This is the background to this appeal to the European Community and to the governments of the Member States. It occurs to me, too, that the situation highlights the question of the desirability of continuing formal cooperation between this Parliament and the Latin-American Parliament.

In this connection, I would like to ask the President of the Council if he can tell us what has happened to Italo Luder, the president of the Latin-American Parliament. Italo Luder is, or was, also president of the Argentine Senate, and we were particularly impressed by his work at the European-Latin-American meetings. He seems now to have vanished without trace.

Let me finally stress that if no effective outside help is forthcoming now, then those forces in Argentina and other Latin-American countries on which a future democratic development can be built will very soon be snuffed out.

I hope that the Parliament and this organization will grasp the seriousness of the situation, and will measure up to its responsibilities and its duty.

(Applause)

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

Mr Lücker. — *(D)* I sympathize fully with the remarks made almost resignedly by our colleague Knud Nielsen regarding our inability to intervene effectively in these events and developments. We can of course, like Mr Berkhouwer, simply express our deep regret, and it is in fact a little discouraging that recently every time Parliament meets we find ourselves faced with a similar situation in some part of the world. We are of course shocked by these events, but I feel that we have little reason to be surprised at what is now taking place in Argentina.

I must admit that I was very pleased by the reply of the President-in-Office of the Council, who gave a very realistic and extremely sober account of the situation in Argentina. He started by saying that General Videla and his government wanted to find a way out of the chaos which threatened to overwhelm his country. Regrettable though they are, these are the facts of the case. We also mourn the dead. We regret in particular the fate of our colleague Gutierrez Ruiz, whom we welcomed to Luxembourg only last year and with whom we discussed the situation in Latin America. He has shared the same fate as Senator Michelin, General Torrez and many others.

Lücker

What exactly happened? At the end of the presidency of Maria Isabelita, the population found itself in the intolerable situation of being caught in the middle of a struggle between large extremist groups on the left and on the extreme right of the country's political scene — the ERB, the Montoneros on one side and the Argentinian Alliance on the other. According to UN statistics, 4 000 people have been killed since 1973, about 1 500 of whom lost their lives during the few months Maria Isabelita was president: 4 000 people killed since Peron's return to his country. And almost no prospect that the relentless struggle between right and left extremists would change anything or that there was any end in sight. Since the Guerilleros and underground groups did not exactly fight with the Charter on Human Rights or the Constitution in one hand, it is understandable that the other side should hit back hard in an attempt to find a way out of this chaos.

A good three months have passed since General Videla took over in Buenos Aires. In my opinion that is too short a period in which to decide finally whether General Videla is following the same path as Pinochet in Chile. We hope he is not. So far he has started that he does not intend to take reprisals, that he intends as far as possible, to respect human rights that he does not intend to interfere with the 12 000 political refugees in his country and that they will be allowed to remain in Argentina as long as they obey the laws of the land and refrain from taking part in any politically subversive activity. I can only hope that these are not just mere words and Videla and his government will abide by them.

What was the situation in Argentina? When one realizes that in the first 2 months of this year purchasing-power had been reduced by almost 50 % and that inflation was running at 650 % per annum, it is easy to imagine the precarious security, economic and social situation in which the people of Argentina found themselves. It is impossible not to feel sympathy for the people of Argentina. We can only regret the situation in which they find themselves at present, but to be caught in a constant struggle between left and right extremists — and I know this from many conversations in Buenos Aires and other parts of Argentina, from official conversations and personal contacts — soon becomes intolerable.

The country wants calm and peace and the people wish to go about their work without the fear that today or tomorrow they will be killed by one side or the other. This is the situation in that country.

On behalf of my group, I fully accept the ideas contained in the 2 points raised by the questioners and I am convinced that, even though we have no special relations with Argentina, it is possible for Sir Christopher Soames, on the basis of certain relations with that country, in all the conversations on official

levels, to exert legitimate pressure, even diplomatic pressure, on the government in the manner demanded by the proposers. My appeal to the Council and the Commission is somewhat similar. In Parliament we have the possibility of discussing the matter in public. We request you to use all means at your disposal to ensure that General Videla returns as soon as possible to a civilized form of democratic government in Buenos Aires.

(Applause)

President. — The debate is closed.

15. *Change in the agenda*

President. — I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — I would request the House and you, Mr President, to consider taking the last three items on today's agenda — which cannot be dealt with until 9 o'clock at the earliest, since there are many speakers listed on the previous debates on skimmed milk, unemployment and terrorism — first thing tomorrow morning.

I have done the best I can to see that this would not be too inconvenient for everybody concerned and, although I understand that there would of course be problems, I would think this is the best thing, Mr President, because after all, these are reasonably important issues, and to start debating them at 9 o'clock tonight at the earliest would not be in the best interest of the countries concerned, and in particular the ASEAN countries, several of which have sent their ambassadors and various other notable people here to listen to the debate, which they would be available to do tomorrow morning.

President. — Thank you, Mr Scott-Hopkins, for giving me notice of this.

I have a result, consulted President Spénale, and he has asked me to say that he has no objection to this proposal.

I call Mr Glinne.

Mr Glinne. — *(F)* Mr President, I am extremely sorry that I cannot support Mr Scott-Hopkins's proposal. I am obliged by Belgian political circumstances to leave tomorrow at 7 a.m. Since I cannot be back before 4 p.m. I would prefer the work to be speeded up this evening or the debate to be postponed until tomorrow after 4 p.m. As I was draftsman for the opinion of the Committee on Development and Cooperation on this matter, I should be very sorry to miss the debate.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — If Mr Glinne cannot attend, I would more than willingly undertake to put his opinion to the House, as I know what his views are, as well as his amendments.

Scott-Hopkins

Two of the three amendments are perfectly acceptable to me. I do not mind the third one; if he insists upon it, we shall have it. I do not think there is any difficulty, Mr President, and I will most certainly put Mr Glinne's point of view to the House at 10 o'clock tomorrow morning.

President. — I call Mr Glinne.

Mr Glinne. — (F) I shall just have to bow to the inevitable Mr President.

President. — Mr Scott-Hopkins proposes to debate documents 149/76, 181/76, and 119/76 first thing tomorrow morning. Are there any objections?

That is agreed.

16. *Oral question with debate: Unemployment among young people*

President. — The next item is an oral question with debate by Mr Terrenoire on behalf of the Group of European Progressive Democrats to the Council of the European Communities on unemployment among young people (Doc. 185/76):

In view of the high level of unemployment among young people, has the Council drawn up an overall Community policy giving priority to the employment of young people and expediting their professional training?

I call Mr Yeats, who is deputizing for Mr Terrenoire.

Mr Yeats. — Mr President, unemployment is always dramatic in its impact on those who suffer from it, but it can as we all know be traumatic for young people seeking their first job. It can be a bitter disappointment, after so many years of preparation, to find at the end that no work after all is available. We must therefore do everything in our power to prevent young school leavers from being unemployed over a long period. A carefully worked-out combination of policies for the purpose of combatting unemployment in general and specific provisions for the problem of young people must therefore urgently be prepared.

The key to the whole problem is to take decisions in good time and not wait until it is too late, and a complete range of measures should therefore be available to the authorities in time of difficulty. The situation I need hardly say, at present, is extremely serious. The growth in unemployment particularly amongst young people has reached alarming levels throughout Europe. At the end of 1975, it was calculated that in just two years the number of young people without employment had grown in Belgium by 64 %, in Denmark by 40.5 %, in France by 77 %, in Germany by 210 %, in Ireland by 121 % and in the Netherlands by 61 %.

This appalling situation is partly the result of the lowering of the average age of the working population. In a quarter of a century, the 15-25 age group has

doubled in size from 15 % to 30 %, and the creation of new jobs has not always kept pace with this trend. The problem is all the more serious since it entails, as I said at the beginning, psychological repercussions which are frequently long-lasting. Young people ought to be able to find a job within a maximum of some 3 months after leaving school, by the end of the summer holidays at the latest, otherwise they are only too likely to become discouraged. Their natural simmering of energy goes off the boil. Bitterness can replace eagerness. To have your allusions shattered right at the start of your working life is surely not a recipe for future success. Everything in fact must be done to avoid such situations.

Mr President, several possible solutions have been put forward, in particular the raising of the school-leaving age, or the extension of studies in general. Apart from technical education, which needs special attention, this does not seem in fact to be a practicable proposition, at least not until school curricula are geared to the needs of the economic world. It moves the problem further forward in time without solving it; in fact, it does quite the reverse. The gap between the school and work environments grows wider. The school leaver, a year or so older, still remains non-productive to begin with, and moreover this will probably lead to a further devaluation of school-leaving certificates of which we are too well aware today. This process acts to the detriment of the Community. It gives future white-collar workers the incentive to continue their studies almost indefinitely, and not only does productivity suffer, but there is no corresponding increase in efficiency. On the other hand, the acquisition of extra skills, which bear a direct relation to market needs is still the best way, not only of limiting the demand, but also of gearing it to the potential supply of jobs.

There are numerous possibilities here. They have in fact, to a great extent, either already been proposed by the Commission, or else implemented by various Member States, and they show the path which leads to the required reduction in the amount of jobs. The main possibilities would appear to be these: in the first place, one can have an increase in grants for technical studies to encourage further practical training. Secondly, one can have an extra remedial term for the under-achievers who inevitably experience greater difficulty in finding a job. This would enable them to obtain a certificate, and at the same time, would delay their arrival on the labour market until it was less crowded.

Thirdly, one can give attractive salary rates for those undergoing vocational training. Fourthly, there should be financial aid to increase mobility where regional imbalance occurs.

Fifthly, there should be a school programme designed to inform pupils of these provisions, and to encourage them to make use of them.

Yeats

In a critical period such as exists at present, there are other solutions that might be possible since they could contribute to an improvement in the situation. There is the possibility of a general application and extension of the period of social service in connection with military service in those countries where conscription exists. There could perhaps be an extension of the period of social and military or voluntary service, where young people would otherwise be employed.

Apart from efforts to gear vocational guidance to the needs of the Community, the aim must also be to encourage employers to recruit inexperienced workers — which after all is what these young people are — instead of ignoring them. However, increasing the supply of jobs at a critical period is no easy matter as we know. The prime objective is to prevent yet further reduction in the number of existing jobs. In fact, in a period of recession — and even in a period of slight recovery when the future is uncertain — industrialists and works managers tend not only to stop taking on new workers, so as to avoid the risk of subsequent dismissals, but also to cancel job offers already made, which sends the curve shooting downwards.

Very often, employers prefer adults, who have more experience. So what in fact can we do? Clearly the best solution lies in the creation and the maintenance of economic recovery which, of course, is the only real creator of jobs. Increased consumption and investment seem essential and inevitable in the more or less short-term, within the context of a policy of full employment. But this is not always achieved without unfavourable consequences; the rate of inflation which has hit and is still hitting our Member States should be an adequate reminder of this.

We are not yet out of the wood. In this context, measures designed to revive our economic life contain the risk, it is true, of bringing in their wake a swift rise in prices. This explains the hesitations of various governments, but although caution is needed, a wait-and-see policy is undoubtedly dangerous. The lesser evil is always preferable to a catastrophe, all the more so since Community solidarity should enable it to be remedied.

Even while we await the advent of economic recovery, it is possible to act, if only on a temporary basis. We should, as a matter of urgency, devise policies that would consist of a judicious mixture of various elements on the basis of economic data and according to a Community plan. These elements could include the freeing of existing jobs, that is a line for early retirement. One could perhaps create extra posts in public services which are under-staffed. As far as possible, the amount of work available might be shared over a larger number of jobs.

This would basically entail a reduction in the average number of hours worked weekly or annually. Since workers are not always interchangeable this policy could only be carried out on a sectoral basis. An improvement in the situation in one branch of activity which led to a corresponding deterioration in another would have to be avoided. Then, when conditions made this possible, steps could be taken in anticipation of the recovery.

Industrialists would have to be encouraged to take on young workers in the expectancy of an imminent recovery in the economic activity. To this end, a temporary and exceptional grant of subsidies for the employment of young workers for each job created, or each replacement on retirement, could be very useful at critical periods. Most of these measures have in effect either been proposed by the Commission or else have been implemented in various Member States and particularly, I think, in France. They are thus not revolutionary. In the fight against unemployment nothing is really new. Only the way they are or are not put into practice is important. The boldness does not lie in the newness of the action but in its rapid application and in its extent.

We have, in fact, sufficient shots in our locker.

We believe that the Social Fund, which given its meagre allocation of funds, cannot, and to be really effective, should not, concern itself with anything but precise concrete tasks, ought to be the supreme weapon in the fight against unemployment amongst young people. Furthermore we must give suitable assistance to those who cannot find work right from the time that they leave school, whatever the cost of this assistance. The Community must provide for the needs of free education. The case of the young graduates who occasionally experience great difficulty in finding employment corresponding to their qualification deserves special attention, although the public authorities generally tend to forget them.

Finally, it would be an extremely positive step to encourage craftsmen. We are, I think, in all our countries short of craftsmen. Assistance for the employment of young workers and measures to encourage the taking on of mates would contribute greatly towards reducing unemployment while, at the same time, bringing improvement to this professional class and to the consumer. In terms of the quality of life, craft trades like the small and medium-sized undertakings offer considerable advantages. There are human dimensions, the environment is better. The jobs are local ones and the craftworkers remain in close contact with one another.

(Applause)

President. — I call Mr Brinkhorst.

Mr Brinkhorst. — (NL) Mr President, this is the second time today this question of unemployment among the young has come up. The problem of unemployed youngsters has already been discussed this morning, during Question Time. I can, therefore, make my reply now a brief one.

I said this morning that it is certainly not the case that the Council is giving insufficient heed to the problem of jobs for young people. Mr Yeats has told us that a certain amount of caution is needed, but that there must not be a wait-and-see attitude. Well, the Council did, in its decision of 22 July 1975, authorize the Social Fund to give assistance to activities to promote the employment and the geographical and vocational mobility of people under the age of 25 who are out of a job or looking for one.

This is giving priority to young people who are starting, or seeking to start, on a career. I believe Mr Yeats is right in saying that this is in itself, a relatively modest programme. I understand that this year a total of between 60 and 65 million units of account will be spent for this purpose.

Yet this is an appreciable sum when seen against the total resources available to the European Social Fund.

Furthermore, the standing committee on labour-market questions, at its last meeting on 18 May 1976, discussed the possibility of Community action in the field of youth training. A scheme was discussed for a recommendation to be put to the Member States. As I understand it, the standing committee will look at this problem again in greater detail in October.

Then, paragraph 22 of the resolution from the Council of Education Ministers of 9 February 1976 provides for an urgent report on the problems encountered by young people in making the transition from school to a working existence. This resolution forms an integral part of the programme of action in the education field. Work is now under way, in connexion with this part of the resolution, with a view to studying these problems at ministerial level before the end of the year.

Finally, the social partners have, at the meeting on restoring full employment and stability in the Community, aired their views on a number of specific measures that might improve job prospects for the young in particular. These measures are being evolved to suit the circumstances in the various Member States, which naturally differ. This, too, was I think, underlined by Mr Yeats. They are discussed regularly in the institutions of the Community.

The social partners, who represent an essential component of the Community's social and economic democracy, are involved in all these matters.

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

Mr Adams. — (D) Mr President, I should like to draw the House's attention to the fact that the

problem we are now discussing is far from new. In February of last year, my group raised the matter and drew the Commission's attention to the problem of unemployment among young people. I do not wish to repeat everything I then said on behalf of my group. For us only one thing was especially important. We stated that because of the high unemployment figures we believed that action by the Member States was not enough: the Community as such is called upon to tackle the problem of unemployment, especially among young people.

On that occasion, we pointed out, together with the Commission, that the problem of unemployment amongst young people was essentially a problem of inadequate professional training, and the Commission promised to introduce measures in this area. As Members of Parliament, we expressed our satisfaction that last July the Council — as you, Mr President-in-Office, have already remarked — had earmarked aid in the Social Fund or wished to make sums available for plans to facilitate the geographical and professional mobility of unemployed young people which would give priority to those looking for their first job — I repeat, looking for their first job. We believe, however, that the Social Fund has until now done far too little and these resources have done almost nothing to help those young people, so that, as we see it, the Member States are still obliged to solve the problem on their own.

Later, my colleague Mr Hamilton submitted the same question on the problem of unemployment amongst young people. Subsequently — and you yourself drew attention to this, Mr President-in-Office —, we were informed that, the action of the Member States notwithstanding, Council bodies would investigate at Community level:

1. Educational measures to prepare young people for working life, to facilitate the passage from school to working life, to improve their prospects of finding a job, and therefore to reduce the risk of unemployment.
2. In addition, opportunities in the field of further education to enable workers and young unemployed people to improve their prospects of employment. These studies, Mr President-in-Office, should have been ready on 1 July, that is to say, a few days ago.

Today, therefore, we are obliged to note that the Council has at least failed to complete these studies on time. I still take the view — and I believe I may speak here on behalf of my group — that they are urgently necessary, even though the employment position for young people has improved somewhat.

That is precisely the case in my own country; but we know that from 1977 we shall increasingly feel the effects of years with a high birth-rate which in all probability will be beyond the means of the economy and professional training to deal with.

Adams

Do you not feel that there is an urgent need for the Community to adopt measures in this most important area to ensure better professional training for young people, not only for the sake of the young people themselves but for the economy of the Community as a whole, since it is they who will be the Community's skilled workers of tomorrow?

(Applause)

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

Mr Van der Gun. — (NL) Mr President, I should like to make a few brief comments, starting by saying that I personally am not all that happy with the question as such. I note, time and again, that there is a tendency, in national parliaments as well, to look at the problem of unemployment among the young as being totally separate from the general problem of unemployment; and, when one bears in mind the seriousness of the situation, this is in itself quite understandable. Nevertheless, I think this is the biggest mistake we could make. It is absolutely fooling oneself to think that you can solve the problem of jobs for young people independently of the problem that Europe and the whole world are battling with at the present time. And it is, in part, because of this that I am against discussing this point in isolation. I think there will be opportunity enough to talk about it tomorrow; the President-in-Office is quite right about this. The subject can be brought up under the report on the Tripartite Conference, and it seems to me that if we invariably look at this separately from the overall unemployment problem we are raising false hopes among the young that quite simply cannot be realized. We must look at this subject in its overall context, because when we say here that vocational training must be speeded up, this is not going to solve anything; we need training for jobs that are there to be filled. The problem is not that the training itself is not being given soon enough. And this brings me to the speech by Mr Adams, who spoke about schools and training and about the demand on the labour market in the short and somewhat longer term. Speeding up the training process alone will not get us out of the problem we are concerned with at the moment. I do realize that the longer-term requirements, seen from the viewpoint of labour-market policy, are not yet firmly known, and we can all understand experiments being made. And they are being made. One sees, from the survey sent to us by the Commission in connexion with the Tripartite Conference, that experiments are under way in the various Member States in relation to these problems. But we can see, at the same time, how complicated this whole business is. To take just a couple of examples: when we are talking about solving the problem of unemployment among the young, what we are talking about, it must be noted, is pensioning people off early. We talk

about a longer period of training: we talk about a shorter time at work. But at the same time the Community is setting itself the target of promoting a 5% economic growth-rate until full employment is achieved in 1980. Substantial investments, will have to be made. But, Mr President, as a way of solving unemployment among the young in fact means that *per capita* productivity is going to be lower among our populations; and this, I believe, is diametrically opposed to the final object the Community has very properly chosen. I do not want to go into this at length this afternoon, I am mentioning it merely as one example to make it clear that we are dealing here with a very involved question which we shall not be able to sort out satisfactorily if we look at it quite separately from the general problem facing us; we do indeed need to be careful. We must not lead people into the false belief that this business can be solved satisfactorily in the near future. Experiments are going on in our country, too, but we, too, have to recognize that, despite joint action undertaken by the government with full cooperation from the organized industrial world, both employers and workers, the difficulties that will have to be overcome are so great that a thorough study of this problem as part of the overall problem is needed. We must not give the impression that taking a few measures is going to clear up the problem of unemployment among the young within a short time.

What I would like to ask the President-in-Office, and the Council in general, in this connexion is — bearing in mind that the social partners did, at the Tripartite Conference, express their readiness to give full cooperation in a study of this kind — to give top priority to fighting unemployment among the young, naturally with full regard for the general problem facing us. I think, looking at things in the long term, that we should then be doing more for the young than with questions like this.

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

Mrs Kellett-Bowman. — Mr President, I do very much agree with what Mr Van der Gun has said in that we must most emphatically cure the overall problem of unemployment, but nevertheless there are certain things which are appropriate to the young which are not so appropriate to those in the older age group.

I picked up my evening paper to be greeted by the headline 'From school to dole' and, in fact, we in the United Kingdom have the largest number of unemployed school leavers we have had since the war, and I believe this applies to some other Member States as well. In London, where in the past employment prospects have always been good — it has been the city paved with gold for youngsters throughout the

Kellett-Bowman

centuries — 4 out of every 23 pupils leaving London Schools now face the grim prospect of unemployment. And in the northern and north-western parts of England, which I know even better, the position is very much worse. Unfortunately in the United Kingdom 300 000 youngsters leave school every year and seek jobs with little or no further education or training. These are the youngsters who are most at risk at a time of recession, since employers do tend to chose school-leavers who have had some form of further training and the others are therefore left without jobs. In September 1975 there were 124 000 unemployed school leavers. I dread to think what that figure will be this coming September. To be fair, the government did try to mop up some of the unemployed by job creation programmes, but in many cases these seem to differ very little from those of the 1920's and provide very little in the way of training and usually after 3 months the youngster is no further forward in finding employment. Indeed on occasions he will find himself worse off as he will by then be competing with those who have left school in the meantime and the market will be even tighter.

It is a sad fact that only 20 % of young people in the UK receive part-time education to complement their training at work, compared with 80 % in Sweden and West Germany. I do know that the Council devoted some time to this aspect at its February meeting and on July 22 authorized the use of Social Fund aid, under Article 4 of the basic regulation, for specific operations to facilitate the employment and geographical and professional mobility of young people under 25 years of age, who are unemployed or seeking employment. By the end of the year 35 million units of account had been allocated to Member States under this heading, and the Commission also made available assistance under Article 5 for operations in favour of young people within the priority regions. Nevertheless, because of the fund regulation which stipulates that fund money must be matched pound for pound by national funds, many training schemes of great value in private industry do not unfortunately qualify. In my part of the world there are very few apprenticeships and as areas of traditional high employment such as the Midlands find that they are affected not only by cyclical but also by what may well prove to be structural unemployment, apprenticeships throughout our country are becoming very scarce indeed and until the general situation improves they will remain so. I would like to see the Commission able to intervene directly to encourage firms to take on and train youngsters straight from school even though no government money is involved. I realize that this would mean an alteration in the fund's regulations but critical times require crisis measures. I would very much like to see the Community offer a certain number of EEC apprenticeships which could be taken up by any firm offering recognized training. Could there possibly, Mr President, be a better way of helping youngsters and at the same time bringing home to them the fact that

the EEC really exists and really does care about their own particular problems?

We have another problem with young job-seekers in the UK which is the exact opposite of that of the 300 000 who receive no further training once they leave school. It is the problem of young, highly trained people who, on qualifying, cannot get a job because although qualified they are inexperienced. For example, we have about 15 000 young teachers who have finished at training colleges but cannot do their probationary year and thus complete their qualifications. It is absolutely vital that we find jobs for these youngsters and I very much hope that something could be devised for them.

There is a third category of young unemployed who are particularly hard hit and these are the young disabled. All of these need special training. But even with special training, many youngsters can never take their place in open employment. It is therefore urgently necessary for the fund to be enabled to extend help to sheltered workshops so that these young handicapped people may be enabled to make the biggest contribution of which they are capable and which they are so desperately anxious to make.

But, when all is said and done, youth unemployment, as my colleague has said, is only a facet of a larger problem which is currently destroying happiness in 5 million Community homes and until we restore the overall prosperity of Member States we cannot solve this problem.

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

Mrs Goutman. — (*F*) Mr President, my dear colleagues, I think that with this question which has been tabled by Mr Terrenoire, we are raising a serious problem, which is not new — this has already been stressed in this Parliament — but a problem which concerns every country of the Community.

For several months the Communist Group has been asking for a major debate going thoroughly into the problems of unemployment and, in particular the unemployment of young people. This debate has been continually postponed.

Meanwhile, a policy has been pursued in all Member States and at Community level in line, incidentally, with the interests of American imperialism. This policy of austerity, of sacrifices, a policy which is thus going to increase unemployment and inflation for the simple reason that all the governments intend to protect the accumulation of profits and are making special efforts towards economic redeployment, which is at present one of the sources of unemployment among young people. But to demand now a solution at Community level when Member States will not, or cannot, find a solution is to be both demagogic and Utopian. Of course the situation varies from country

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to country, but there is one problem which affects all Member States. Until these countries are able to take the necessary measures themselves at national level, it is quite futile to imagine that the Community will be able to settle these problems, especially if its policy continues on the lines I have indicated. In the last analysis, the European Economic Community is in practice pursuing more a policy of assistance than a real policy to combat unemployment and to seek full employment.

Even this policy of assistance, in itself of doubtful value, is being called into question in all the Member States of the Community. All governments at present are launching a big campaign against the unemployed, accusing them of not wanting to work, and are now thinking of reconsidering the aid given to the unemployed. This attitude can be found in various countries in the Community: this campaign is being carried on in France, in Denmark, in the United Kingdom and in all the other countries.

There is a campaign against young people who, we are told, do not want to work. But young people do want to work. They want to be active, they want to participate in production, but they are not given the means. I find it rather amusing that Mr Terrenoire should support the interests of young unemployed people today in this Parliament, as his attitude in his own Parliament is quite different. He proposes a number of solutions, solutions which are not new, which we ourselves have supported. He insists in particular on the extension of schooling and the need for better vocational training. We fully agree that there should be better vocational training, that young people should have some form of vocational training, which is not the case at present; but vocational training is not the whole answer, because nowadays even those who have diplomas, are unemployed. Young people coming out of universities cannot find jobs. In France alone, more than 300 000 engineers, managers and technicians are unemployed.

Our colleague is also proposing that another economic policy should be applied, laying particular stress on investment and the increase of consumption. Here again, I find our colleague somewhat audacious in proposing such a solution, since in the National Assembly he voted in favour of the Seventh Plan, which involves a figure of one million unemployed in 1980 and is going to lead to a drop in the quality of vocational training and in the level of workers' skills in general. He voted for the Seventh Plan, which puts a brake on the growth of consumption. I think we must no longer stop at mere words, we must move on to actions and follow up the consequences. We must find solutions for the problem of unemployment, but they must be something different from these partial ones which are before us now; a policy of assistance is not enough. The only way to prevent unemployment

is to reject austerity, to free the European Economic Community from the grasp of the multinationals, to establish solidarity not through sacrifices and assistance, but by satisfying the fundamental claims of all the workers through a large-scale policy of full employment which will eventually provide jobs for all the young people who wish to work.

President. — I call Mr Evans.

Mr Evans. — Mr President, may I first of all take this opportunity of congratulating the honourable Gentlemen who have put this motion down and given this House an opportunity to discuss the terrible problem of unemployment among young people and particularly the serious and dreadful problems which exist among school-leavers? I think the only sad thing about this debate is that it is taking place so late in the evening and there is such a limited attendance, because, unlike one or two of the speakers who have spoken on this subject, I, in fact, feel that the problems pertaining to young people are rather special. Certainly in the United Kingdom unemployment among young people has remained serious over the past twelve months. It really is a tragedy that youngsters leave school at sixteen and find that the end-product of their years at school is that no one wants to offer them a job.

The other important point that should be made in any debate of this nature, Mr President, is that when there is an economic recession it is the youngest people who suffer the most, because it is so easy for the employer — and I do not use that term in any derogatory sense — to cut back in his recruitment: that is the easiest option that he has. It is so much more difficult to lay off workers, especially when there are such things as redundancy payments and wage-related benefits to be taken into account. The simplest, easiest and quickest solution is simply to stop recruiting young people.

It is not simply a question of jobs. As other speakers have emphasized, it is a question of training, of ensuring that youngsters who have finished their education have the opportunity to learn a worthwhile trade, a worthwhile craft or a worthwhile profession. I should like to make it clear, Mr President, that I speak as one who is a skilled craftsman myself. Every one should appreciate — and I assume that the position is similar in the other Community countries to that which applies in the United Kingdom — that if youngsters leaving school at sixteen do not obtain a skilled apprenticeship in the first year, they are doomed for the rest of their lives to work as unskilled labourers, because the next year's school-leavers simply catch them up and if there are any job opportunities available there is no chance for those who have left school the year before. Particularly in disadvantaged areas like the North West of England, the North of England or parts of Scotland and Wales, it

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really is a tragedy that where we have these constant problems of unemployment, dereliction of land, and a serious lack of worthwhile job opportunities, we repeat the process over and over again, for fathers who are unskilled labourers produce sons who because of the economic situation themselves become unskilled labourers.

It is time, Mr President, that we took a much more revolutionary approach to the whole question of youth unemployment and youth training. And I would pose the question whether it is not time that the state took over completely, as of right, the training of all young people when they leave school between the ages of sixteen and twenty and ensured that every youngster had, as of right, the opportunity to learn a craft, to become a skilled mechanic, or a skilled electrician, or a skilled joiner.

I would remind this Parliament, as I have reminded my own Parliament, that the state does accept responsibility for the training of academically gifted children, we do send them to universities, to colleges and to other institutions where they can further their education and obtain degrees and other qualifications. Is it not time that we applied that same approach to the sons and daughters of working-class children so that they also have the right to learn a skill, a craft or a profession? Now I recognize, Mr President, that in my own country the government has adopted certain measures which have been important and have proved useful. There are three major schemes that we have adopted. There is the recruitment subsidy for school-leavers, which is paid to employers; there is the job creation programme for young authorities; and, finally, there is the Community industry scheme which operates on behalf of those youngsters who have less academic or indeed no academic abilities whatsoever. And the question that I would ask is this: can the Commission supply us with information from the other Member States as to whether they have any programmes such as we have?

Finally, Mr President, the real solution to the problem is the reflation of our economies, we must ask the question why the young people of the Community should bear the burden of the economic mismanagement for which we, the politicians, are responsible. It is wrong, it is improper, it is immoral that they should have to bear our responsibility. Young people, as of right, should be entitled to a job.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, just a few ideas on this vast subject, which has already been considered on several occasions and will be dealt with again in the future.

I wish to declare my opposition to the simple suggestion that we should wait for the Council of Ministers to find a solution. If we did this, we should merely be

deceiving ourselves. We must not be blind to realities; the Council of Ministers can only give a few grants and allocate a few million units of account to the Social Fund. There is no point, therefore, in deluding ourselves.

Secondly, we must not embark on a witch-hunt and attribute the blame to the Americans or anyone else. We should not forget the specific problems of the free economy to which we belong, although even in countries which do not belong to this free economy — as has been shown by events in Poland over the last few days — considerable and serious problems exist.

I agree with those colleagues who have said that unemployment among young people is not an isolated issue but a part of the unemployment problem in general. Even if it is true that young people are, in many cases, victims of the economic crisis, is this not equally true for older people?

When a steel-works was built in Southern Italy, at Taranto, workers in existing iron- and steel-works thought that they would be employed in this new plant, which needed thousands of workers. Instead, in accordance with the most modern industrial criteria, all workers aged over 25 were excluded and rapid training given to young people of 20 or even 18 years old who had come straight off the land. According to the most modern systems applied by industry or, at least, by large training centres — such as Cegos in France — these criteria, which have been tested in many countries, have produced improved results.

I have said this to stress my opposition to simplistic solutions, and would like to add, Mr President, that Italy has a singular right to speak on the importance of these problems. If there is one state in the Community in which they are really serious and of long standing, it is undoubtedly Italy. When I hear my colleagues — such as Mr Evans — say that the situation is serious when young people cannot find a job in the first year or even in the first three months after finishing their education or professional training, I can only reply that, if such were the situation in Italy, paradise would be just around the corner. In Italy the problem is much more serious; the period between finishing education and starting a real job — particularly in Southern Italy, Sicily and Sardinia — is much longer.

When was this period any shorter? The answer is — during the period of great economic expansion or boom which, even if disorganized, was based on private enterprise. We are now the countries which represent private enterprise. But private enterprise cannot and must not be disorganized, it must not be allowed to cause extremely serious damage — as well as the advantages which it naturally brings. We must therefore attempt to become countries with planned economies even if, unfortunately, controlled or planned economies have often led to a loss of freedom.

Cifarelli

But on the problem of young people, we must appreciate — and I wish to stress this point — that any solution based on a system of subsidies or artificially-created jobs is detestable and immoral. It would be improper for an employer who is able to produce goods and make a profit to take certain steps for the sole reason of being able to benefit from a particular aid measure, perhaps by the Community, in favour of the employment of young people. Yet it is sadly evident that this is the immediate reaction in any changing or developing economic situation.

However, we would never deny that some measures should also be taken to help young people — but on one condition: that they should not be tainted by political favour-currying or bureaucratic corruption. During the last government crisis in Italy, it was proposed, in a programme drafted at the last moment by certain economists, to provide in the annual budget for the transformation of a certain sum into salaries for a number of young people all over Italy: the salaries in question were modest — 50 000 or 100 000 lira a month — and conditional on these young people working in a variety of capacities in the various local, regional, provincial and communal authorities. This is tantamount to political patronage and is therefore an insult to young people. It is a despicable form of charity by the modern world, as uneconomic as it is immoral.

The colleague who put the question on which our debate is based insists on the need to speed up professional training. Perhaps, ladies and gentlemen; but in my opinion the greatest problem is the choice of professional training and the need to decide on the activities for which young people should be trained.

In Italy, for example, despite the vast number of students in higher education, it was suddenly discovered in the early 1960's that there were no geologists: houses and roads had to be built and there were no specialists in geological problems. Measures were immediately taken to fill this gap and whole regiments of geologists were created — who are now unemployed.

In another field, it has been suggested that, in the interests of protecting our cultural heritage, young people should be employed in museums, or in art galleries which have been closed for lack of staff, as attendants, assistants or guides; but the unions are firmly opposed to this idea and reflect an attitude not unlike that possessed by the merchants' guilds in France, which became such narrow-minded bodies that the first affirmation of freedom by the French Revolution was to dissolve them and to consider their formation a crime.

Mr President, I have limited myself to one or two comments. Unfortunately, I do not possess a ready-made solution, but I wished to make it clear that

really serious problems cannot be solved by a superficial approach.

(Applause)

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I appreciate that my only entitlement is to give a few comments in reply to the answer that has been given to my question. But perhaps, Mr President, I might be permitted to say very rapidly to Mrs Goutmann that despite what she appears to think I have never had the privilege of either speaking or voting in the French Assembly in Paris. I belong to a different Assembly in a different country.

With regard to the reply that was given to my question, it would be a mistake to say that I was disappointed, because the reply was in fact exactly as one has come to expect. I accept, of course, that the President of the Council is sympathetic. I accept completely the sincerity of his sympathy. But one can only regret that his sympathy, which certainly exists, is not translated into more drastic action to deal with an emergency situation.

I do not think there is any need to think in terms of priorities of unemployment of young people or of unemployment of older people. The fact remains that the young people have particular problems. There are problems of lack of training. There are problems of the disillusion which comes to them when they leave school without being able to get a job. There is the problem that they can so easily become unemployable. For these reasons, therefore, one feels that they should be treated as a special emergency problem.

The President of the Council pointed out that some 50 million units of account were made available this year for youth unemployment. I think that in the light of the Community's population of 250 million and the very high proportion of those who are between 15 and 25 years of age, 50 million units of account is really rather small. I can only regret, therefore, that in spite of the fact that it has been pointed out in this debate that this matter has been dealt with over the last couple of years at least, so little real practical effort has been made to treat it as a genuine emergency.

We still have the situation that in some places, for example, in my country, nobody even knows how many young people are unemployed. The figures are not even available. Under those circumstances what can one expect to happen?

President. — I call Mr Brinkhorst.

Mr Brinkhorst. — *(NL)* Mr President, I should like to offer a few comments on a couple of the points raised. First, I believe there is wide agreement about the need for the fight against unemployment among the young to go hand-in-hand with the battle against

Brinkhorst

unemployment in general. This was one of the important conclusions of the Tripartite Conference, which thus clearly endorsed what Mr Van der Gun, for instance, had to say.

Secondly, I should like to say that when one talks about budget priorities, it is the Parliament, with budgetary rights over the Social Fund, that must draw up clear priorities. We shall now be dealing, during July, with the budget for 1977, and this is not just something for the Council — it is for the Parliament as well, and a question of priorities for honourable Members as well. If there is insufficient money, one needs to fix priorities, and here there is obviously a shared responsibility. That is something I would point out to the Parliament.

President. — The debate is closed.

17. *Motions for resolutions*

President. — I shall now consult Parliament on the two requests for urgent procedure.

I consult Parliament on the adoption of urgent procedure for the motion for a resolution on the results of the Puerto Rico Summit Conference (Doc. 227/76). Are there any objections? The adoption of urgent procedure is agreed.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution on the ill-treatment of Vladimir Bukovsky (Doc. 228/76).

Are there any objections?

That is agreed.

I call Mr Glinne.

Mr Glinne. — Mr President, I would remind you of the proposal that urgent procedure be adopted pursuant to Rule 14 for the motion for a resolution on Argentina.

President. — I have received from Mr Berkhouwer and others a motion for a resolution in respect of the democratic freedoms and human rights in Argentina with a request for urgent debate under Article 14. That has been distributed as Document 229/76. I shall consult Parliament on this request for urgent procedure tomorrow morning.

18. *Change in the agenda*

Mr President. — I call Mr Van der Gun on a point of order.

Mr Van der Gun. — (NL) Mr President, I have asked to speak not as spokesman for the Christian Democrats, but as chairman of the Committee on Social Affairs. It has been found that tomorrow there are likely to be difficulties in discussing the Meintz

report. I have talked matters over with the rapporteur, and we would suggest to you not to have the Meintz report debated tomorrow but to put it off until the part-session in September. In particular, Mr Hillery cannot be here tomorrow, and we feel that the member of the Commission responsible for this subject ought to be present when we deal with the report. This is, I feel, a difficult matter, but on the other hand we must bow to facts as they are at this moment. It is, of course, a little strange that the annual report for 1975 should be discussed in September 1976, but I do know that the Commission has done its best to hurry things up. This is, nonetheless, another step backwards. I propose, therefore, that the report should not be debated until September.

Mr President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I consider the matter is so urgent that it should be debated now or at least tomorrow, Mr President. It is not possible for someone to stand in for Mr Hillery in this regard?

President. — I am construing that as opposition to the proposal. I will put the motion, to postpone this item to the vote.

The motion is carried.

19. *Oral question with debate:*
Skimmed-milk powder

President. — The next item is the oral question with debate by Lord Walston, Mr Hansen, Mr Espersen, Lord Bruce of Donington, Mr Broeks and Mr Frehsee to the Council of the European Communities on skimmed-milk powder (Doc. 186/76):

In view of figures given by Commissioner Lardinois that the interest and storage costs together for holding 1 million tons of dried skimmed-milk powder for one year amount to over 80 million units of account, will the Council take immediate steps to dispose of at least ½ million tons at concessionary rates, or as free gifts to the starving peoples of the world? Thereby not only making a major contribution to the fight against malnutrition, but also saving the Community over 40 million units of account annually.

I call Lord Walston.

Lord Walston. — We have debated this problem of skimmed-milk powder on very many occasions in this House already, and Members may be wondering why I have put down this question so that we can speak about it yet once more. There are three reasons why I do so. The first is that we still have over a million tons of skimmed-milk powder in stock. The second is that Commissioner Lardinois, in answer to a question put by you yourself, Sir, some two months ago, gave the actual figures of the cost of storing this skimmed-milk powder and the interest charges on it, amounting to

Lord Walston

the staggering figure of 80 million units of account per annum for a million tons. The third reason is that, to the best of my knowledge, this is the first time that a question on this subject has been put direct to the Council of Ministers rather than to the Commission. And so for all those reasons, Mr President, I hope the House will bear with me in bringing this up once again.

I may seem somewhat peculiar that earlier on today we were discussing measures to relieve the hardships caused to farmers by the persistent drought throughout many parts of the Community and we heard there — and many of us know it from our personal experience — of the devastating affect which the drought is having upon milk production in many milk-producing areas. There is no doubt about it that milk-production at the present time is far and away below what is normal at this time of year. But in spite of that, in spite of the shortage which we heard of from our Italian friends of milk in their own country, we are still left with this huge surplus. It is still with us in spite of the drought, and there is no getting away from it that the structural imbalance remains and it is only what one might almost call ironically the good fortune of the drought which has caused this temporary alleviation. Surely, Mr President, this is a reflection upon the way we are organized in our economic life and in our agricultural life. This is no specific reflection on the common agricultural policy, but it is a reflection upon our organization that we should look upon an act of God which causes less food to be produced as in many ways relieving us of embarrassment. When there is so much starvation and malnutrition in the world, it must be right to produce as much food as possible and to be unhappy and worried if nature makes the harvest less bountiful than we have reason to hope. So for all those reasons, Mr President, it is right, I believe that we should look once more at this problem.

Now basically of course, as I have said, it is a long-term problem. We heard this morning from Commissioner Lardinois of some of the measures that he is going to propose to deal with this structural imbalance. It would not be right for me to anticipate the debate we are going to have and to widen the scope of this particular debate by touching on any of the points that he raised. I mention them only to emphasize the fact that whatever we do at the moment with our existing surplus we must not forget the structural imbalance which must be tackled at the same time.

There is one particular way in which skimmed-milk powder, and indeed all food surpluses, differ from other forms of wealth — and, after all, food should be looked upon as our main source of wealth. Our mountain today is not like the mountain of gold which the

miser hoards and looks at lovingly when he is alone. Gold is of no value unless it is used to buy other goods from other people as a means of exchange. Milk is of value as a food in itself. Gold does not deteriorate however long it keeps: in times of inflation it indeed increases in value. Milk, in this form, deteriorates and is enormously costly to store year after year. I have already mentioned the 80 m u.a. that it costs us in storage and interest charges. Now, surely, it is only right, simply in order to save ourselves, to save the Community the expense of 40 m u.a., that we should count our losses now, as all good shopkeepers do when they find themselves saddled with something they cannot dispose of. We should cut our losses and dispose of this as quickly as is feasible. Now, of course, accountants may say that you are not effecting any saving because the capital has already been spent, but because this is unsaleable it has no value at all excepting as a food; it has no cash value that can be put in the books of the company and shown on the balance-sheet. It stands there as a nil value, and so in real terms the gesture even of giving this dried milk away cost nothing at all and would, in fact, save the storage charges. And that is quite apart from the huge benefit to the health of millions of underfed children.

Now I know full well, Mr President, as I think all those present who have studied this matter know well too, that it is not a simple problem to dispose on this, it is not a question of going out into the highways and by-ways giving it away and having it gratefully received. There are dangers in distributing this. Some of the skimmed-milk powder needs vitamin enrichment, otherwise you will get trouble with the eyes of the undernourished children: that is a well-known medical fact. Unless it is already endemic. So this operation must be carried out as a well-thought-out affair, in full consultation with the public-health authorities and the medical authorities of the countries where it is to be given. There is also the problem of distribution, the physical handling of it. I am not in any way underestimating these problems. But they can all be overcome: there are plants, simple plants, mobile plants, cheap plants, for reconstituting this dried-milk powder in an acceptable way. There are organizations capable, and they have proved themselves over the years capable, of dealing with these matters. This Parliament, Mr President, has discussed this matter often and it has shown itself in full agreement with the need to dispose as wisely as possible of this mountain of skimmed-milk powder. The Commission has the expertise and the willingness to do it. What we are asking for now, Mr President, is that the Council should give a lead and instruct the Commission to bend every effort to dispose of this half-million tonnes as rapidly as possible.

President. — I call Mr Brinkhorst.

Mr Brinkhorst, President-in-Office of the Council. — (NL) Mr President, I have, of course, listened with interest to the outline of the problem just given by the honourable Member. As President of the Council, I would answer the question he has asked in this way. The Council is certainly aware of the problem of the considerable surplus of skimmed-milk powder in the Community. The Council is also ready at all times to study measures that would help to dispose of these stocks, in particular by using a certain amount of the skimmed-milk powder for the food-aid programme. I would, however, point out that in the cases to which this oral question refers, the Council reaches its decision on a proposal from the Commission. The Commission has put up to the Council a package of proposals aimed at putting matters right in the milk sector. These include a proposal on processing 400 000 tonnes of milk powder into cattle-feed. In March 1976, the Council passed a regulation on this, increasing the amount of milk powder for the food-aid programme for 1976 from 55 000 to 200 000 tonnes. This means, as you will see, a sizeable increase in the amount being disposed of. It occurs to me that the extent of food aid cannot be increased solely because there are large surpluses. Account also has to be taken of things like the actual requirements of the third countries concerned. I think this demand is at the moment no greater than the amount the Community is offering — that is to say, about 200 000 tonnes. Then there is the absorption capacity of the organizations and countries concerned — things like storage space in the ports, the railway infrastructure, the distribution network and the like.

These aspects are undoubtedly involved in the case of skimmed-milk powder, because this product — as the honourable Member himself has very properly pointed out — is suitable for human consumption only under the right conditions. If no account is taken of this one only ends up, as Lord Walston rightly said, making matters worse instead of better. Naturally it does demand a special effort by the authorities of the countries benefiting from this aid, to organize distribution of the skimmed-milk powder properly, and to pass the aid to the final consumer.

When considering the desirability of disposing of extra quantities of skimmed-milk powder, thought also has to be given to the need for avoiding possible disruption of local production in the developing countries, and of the normal pattern of world trade.

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

Mr de Koning (NL). — Mr President, I should like to start by saying that the idea behind the oral question from Lord Walston and his friends also wins a lot of sympathy from me and my group. And yet I think I must make a number of critical comments on the ideas developed by Lord Walston.

In the first place, about the motives. Lord Walston has said that the interest and storage costs for one million tonnes of skimmed-milk powder come to more than 80 million units of account, and that because of this the amount made available for food aid should be increased.

This seems to me to be basically the wrong motive. We have always said that what counts is the need for food aid, not the stocks available. Development cooperation is not a waste-bin for the common agricultural policy.

In the second place, there is the question whether it is technically feasible to step up food aid to such a major extent within a short time. I am entirely on the side of those who question this, and consequently endorse the negative reply just given by the President of the Council.

In the third place, I think Lord Walston has taken too little account of the costs such an operation would entail. He says that it will cost nothing, because if we just let the stuff lie there, that too is costing us money. This is simple reasoning, but in practice it means of course, that putting Lord Walston's ideas into effect will necessitate a very substantial increase in the budget for development aid and the Commission's food aid; I would ask Lord Walston and his fellow signatories if they are prepared to defend such a substantial increase in the food aid programme — not just here, but in their national parliaments as well.

In the fourth place, I have just said that regular food aid is more important than an occasional *tour de force*. When I look at the report being prepared by the Committee on Development and Cooperation on the communication from the Commission to the Council relating to the second instalment of 95 000 tonnes of skimmed-milk powder forming part of the food aid programme for 1976, I see 95 000 tonnes instead of the half-million tonnes Lord Walston is asking for. Very rightly, in my opinion, it is emphasized once again in the final paragraph of the resolution that food aid cannot depend on the vicissitudes of the common agricultural policy; for humanitarian reasons it has to be guaranteed, and must thus form a firm and integral part of the Community's overall development policy. For years this has been the unvarying attitude of this Parliament, and I am very sorry indeed that Lord Walston did not take account of that fact when drafting his question. But I would call the Council's attention to my belief that the potential of private organizations, of a more extensive and efficient provision of food aid via these private organizations, is not being used to the full. These organizations have a great deal of experience. They have a widespread distribution network, they have the expertise needed to ensure a responsible use of skimmed-milk powder as food aid, and I think that the Council and Commission should make greater use of the opportunities these private organizations offer.

de Koning

I would ask the Council whether it will support the Dutch government's move to set up mobile factories in the developing countries to process skimmed-milk powder; I think there are sound arguments to support this initiative, and it could in fact contribute in a substantial degree to larger amounts of milk powder being used in food aid. I would like to ask the Council whether it is in fact true that the private organizations are unable to make full use of their potential because the money needed for transporting the skimmed-milk powder is not being made available. If this is so, I think it is madness to expend large amounts to earmark 95 000 tonnes of skimmed-milk powder, or rather 200 000 tonnes in a year, for food aid while doing nothing to help in transporting it. In closing, I can also associate myself, on behalf of my colleague Mr Laban, with the answer given by Mr Brinkhorst, speaking for the Council.

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

Mr Gibbons. — Mr President, there is hardly any Member of this Parliament who could not accept the general principle of giving food milk of which we have an embarrassment, in this case skimmed-milk powder, to people who require it, to people who are starving. Obviously, we must support that idea.

I notice that when the Minister was replying there appeared to be a certain element of buck-passing in that he said that the formulators of policy were the Commission and the execution and the final decisions rested with the Council. Now, the very existence of this enormous mountain of skimmed milk powder is evidence enough of the failure or inadequacy of the policies that we have been implementing, but I do suggest that a quest for a scapegoat is of no value whatever. What we should try to do is to learn the obvious lesson that the policies that we have been pursuing in the control of milk production, have been inadequate and that we must amend and correct them. Earlier today we had Commissioner Lardinois announcing what I would consider to be draconian measures for this purpose. I would reject them totally but I would recognize at the same time that there is a large problem to be dealt with here and that the methods that have been exercised in the past to deal with this problem have been *ad hoc*, short-term measures which have not really dealt with the situation at all.

Now there are certain obvious aggravating features that we allow to continue. One is the vexed question of huge imports of dairy products from third countries, admittedly some of them under the Accession treaty.

As well as that there is the enormous importation of protein, which is used directly and is being used at this moment in the absence of grass on the mainland

of Europe, for the production of milk and maintenance of milk yields. I would suggest — and it is not the first time I have suggested it in this House — that there should be an in-depth analysis of the Community approach to the whole question of protein-nitrogenous substances and their conversion into food. Lord Walston evinced a hope that the present weather would have a depressing effect on the rate of growth of the mountain. I am afraid that this will not be so. It is necessary to say of course that the livings of thousands and tens of thousands of Community small farmers depend on its maintenance and also depend on the existence within the Community of vast stocks of imported protein. Now it is in this area and a long-term basis that I would recommend that the Community look to the development of the resource that it does have, the development of grass-based feeding of dairy livestock.

There are difficulties posed by the distribution of skimmed-milk powder as food aid. My country has been very successful in marketing dairy products in third countries, and has hardly had to resort to the intervention mechanism at all. Of the mountain that exists, both in butter reserves and in skimmed-milk powder reserves, the Irish contribution is a mere 60 000 tonnes, and there is no Irish butter in intervention. But our dairy board discovered when marketing in India that we were in competition with EEC food aid which had found its way into the commercial market.

Mr President, there is a very pressing need for an examination first of all of the Community policy on protein, examination of the advisability of the importation of protein for immediate conversion into milk and, bearing in mind what the Commissioner said earlier today, there is a dire need to remember that the livelihoods of hundreds of thousands of the smaller farmers of our Community are totally dependent and I speak literally — totally dependent on the production of milk. I would recommend that the Community consider the progressive and long-term development of a secondary herd, a herd of beef cattle that would be secondary to the dairy herd and that would absorb dairy producers who found that it was desirable or somewhat less laborious to go into the production of beef. But what is certain is this, that in the production both of beef and of dairy products there is total disorganization at the present time, and that, more than any other factor, has given rise to the situation that we find ourselves in today.

Now, I would recommend very strongly to the Minister, that he consider first of all that the livelihoods of many tens of thousands of small farmers depend totally on the production of milk and its sale, and the measures adumbrated by Commissioner Lardinois here this morning, in my opinion, spell impending ruin for people like that. I assure the

Gibbons

Minister that it would be to us quite intolerable. There is another way although it is difficult to find. I do not consider myself an expert in any way, but I say, first of all that we should have a look at our protein policy generally, at what I would consider to be the folly of importing protein from third countries and converting it immediately into milk. I say that the milk yields of cows in the parched pastures in the mainland of Europe at the present time being maintained by the use of this very protein. And again I say we should examine the resource that we do have, the capacity, principally in my own country and in Great Britain, to produce high-quality protein in very large quantities from our own grass. I would suggest that any policy for restriction of production should be very flexible in nature and that it should take account of the social implications. Lastly I would ask the Minister to bear in mind that in each of the nine Community countries the part played in the national economy by the dairy industry varies greatly. In my country, it happens to be the biggest single factor in the national economy, and restraining measures, penal measures for the purpose of controlling the production of milk, would have an extraordinarily exaggerated effect on the whole economy of the country.

President. — I call Lord Walston.

Lord Walston. — A very brief reply Mr President to the direct questions Mr de Koning put although I cannot speak for those who signed this question with me.

He asked me if I would be prepared to support in my own Parliament extra expenditure for food aid. The answer to that is yes, and I would emphasize the fact that we must in any food aid, have it as an ongoing programme and not simply a means of disposing of our own embarrassing surpluses. The Council originally decided on 50 000 tonnes. Under pressure, it put up to 200 000 tonnes. None of these figures is mystical or the last word. I am now urging them to increase it still further to half-a-million tonnes, spread over 2 years if necessary. But do not let us fool ourselves into thinking that the figure we now have — 200 000 tonnes — is the last and final word. Thank you.

President. — The debate is closed.

20. *Measures to combat international terrorism*

President. — The next item is the motion for a resolution tabled by Mr Aigner, Mr Behrendt, Mr Berkhouwer, Mr Bersani, Mr Blumenfeld, Mr Boano, Lord Castle, Mr Cousté, Lord Gladwyn, Mr Lange, Mr de la

Malène, Mr Normanton and Mr Patijn on measures to combat international terrorism (Doc. 222/76).

I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, the situation which inspires this resolution is sufficiently well known for it to need no comment. All the political Groups have agreed that there is no need to discuss it but simply accept it in order to show what Parliament thinks of these events.

Mr President, I merely request that this motion for a resolution be adopted.

President — I call Mr Laban.

Mr Laban. — (NL) Mr President, may I ask that the four paragraphs of the motion for a resolution be taken separately in the vote?

President. — That will be done.

Does anyone else wish to speak?

We shall now pass to the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

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

The resolution is adopted.¹

21. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Thursday, 8 July 1976, at 10 a.m. and 3 p.m. and possibly in the evening, with the following agenda:

- Oral question, with debate, to the Commission on EEC-US trade relations;
- Report by Mr Scott-Hopkins on the delegation to the ASEAN countries;
- Report by Mr Klepsch on commercial relations with Iran;
- Oral question with debate, on the Tripartite Conference;
- Oral question, with debate, to the Commission on Italian control regulations;

¹ OJ C 178 of 2. 8. 1976.

President

- Report by Mr Liogier on the effects of the drought ;
- Report by Mr Howell on the processing of agricultural products ;
- Report by Lord Walston on the reform of agriculture ;
- Report by Mr Liogier on tomato concentrates ;
- Report by Mr Früh on hops ;
- Report by Mr Hansen on wines from Turkey (without debate) ;
- Report by Mr Jahn on a common environmental policy ;
- Report by Lady Fisher of Rednal on the quality of surface fresh water ;
- Oral question, with debate, to the Commission on the European Regional Development Fund.

The sitting is closed.

(The sitting was closed at 8.45 p.m.)

ANNEX

Questions to the Commission which could not be answered during Question Time, with written answers

Question by Mr Kavanagh:

Subject: Mutual recognition of teaching diplomas.

Can the Commission give details concerning the developments in relation to mutual recognition of teaching diplomas and qualifications and state what its attitude to recognition of service abroad for purposes of recognition of total length of service would be?

Answer:

In the European Community, there are about two million teachers at primary and secondary level. That is about 2 percent of the working population. The profession is one in which prospects of employment depend on population fluctuations. At present, many teachers are unemployed; there are 6 000 Teachers registered as unemployed in both Belgium and the Netherlands and about 5 000 in the United Kingdom.

What has this situation to do with free movement of teachers in the Community? It is connected in two ways. On the one hand, fear of competition from abroad may mean that the professional opportunities for foreign teachers — if they exist at all — may be restricted. On the other hand, a European employment market for teachers could make it possible to re-establish equilibrium in the supply of teachers for certain subjects.

In addition to these reasons for the free movement of teachers, which are based on economic considerations, there will always be certain groups of teachers for whom working abroad is more suitable. I am thinking of female teachers — and most teachers are women — who marry foreigners and would like to continue working in their new country of residence. I am also thinking of teachers from the country of origin of migrant workers who give the migrant workers' children instruction in their native tongue. Thirdly, I am thinking of language teachers who teach their native tongue as a foreign language in another country.

The Commission considers it important to encourage exchanges of teachers and to enable teachers to pursue their occupation in another Member State sometimes for a fairly long period. This not only improves teachers' professional opportunities, it also brings schoolchildren who are taught by foreign teachers nearer to the reality of the European Community.

The Commission also recognizes the importance of enabling teachers to work in other Member States without suffering personal disadvantages. One aspect of this is that years of service abroad should be included among the total time of service in the teacher's own country — with all the consequences for promotion and pensions.

What is the position now? It is more favourable in the case of a short period of work abroad, such as an exchange lasting for less than a year, than that of a longer term. To give a single example, in the 1975-1976 academic year 129 British and German teachers went to France as part of short exchange programmes. 119 French teachers went to Germany and the United Kingdom. Suitable arrangements can usually be made for short periods of residence abroad, particularly for language teachers.

The problem of long periods abroad is a more difficult one. There are two obstacles: first, several Member States reserve teaching posts in State schools for their own nationals. Second, diplomas and certificates of ability of the foreign teacher must first be recognized.

International organizations such as UNESCO and the Council of Europe have not yet solved the problem. There are individual bilateral agreements between Member States of the Community on the mutual recognition of teaching diplomas (e.g. Belgium and the Netherlands).

At Community level, the Council of Education Ministers considered the problem last December. It decided on an action programme in the field of education. It is stated in the action programme that the possibility was being considered at Community level of teaching staff spending part of their career in a Community country other than their own.

Some preliminary steps have now been taken. We must admit that at present we do not have a comprehensive picture of the situation as it exists and the possibilities and difficulties of teachers working abroad. We have therefore sent a questionnaire to Member States, asking about the appropriate provisions concerning the recognition of teaching diplomas and qualifications which are in

force. We are trying to find out how many teachers have actually worked in other Member States in the recent past. Finally, we have asked about difficulties and obstacles which arise in practice.

We are just receiving the first answers. In Autumn, the Commission is to draw up a report on teachers working abroad, on the basis of the questionnaire, and hold talks with experts from Member States. We will also have to face up to the fact that the free movement of workers — which has been a reality since 1968 — does not apply to occupations in public administrations, under the terms of the EEC Treaty.

In any case, our aim is to take practical steps to ensure that it is made easier for teachers in the Community to teach in schools in other Community countries.

Question by Mr Lenihan

Subject: Irish economic position within the Community

In view of the Irish Government's failure to obtain a wages agreement satisfactory to the European Commission and in view of Ireland's handling of the consequences of the implementation of equal pay, what measures does the Commission propose following its study of the Irish economy to improve Ireland's economic standing within the Community?

Answer

Recommendations and suggestions concerning the Irish economy are put by the Commission for the benefit of Ireland itself and not in order to satisfy the Commission or any other institution.

- The Commission in its recent quarterly report suggested that the basic problem facing the Irish economy was a choice between more employment or higher nominal wages for those presently at work. While the implementation of equal pay for women has had a certain upward effect on wage rates in some particular industries it is not felt that its impact on the national wage bill as a whole has been substantial.
- In the latest Communication to the Council on economic policy to be followed in 1976 and in the budgets for 1977, the Commission recommended that Irish budgetary policy in 1977 should aim, in conjunction with an appropriate incomes and prices policy at a strict limitation on salaries, social transfers and other current expenditure together with possibly a modest increase in taxation.
- These guidelines are in line with those approved by the Council when fixing the conditions for economic policy in connection with the Community loan to Ireland. This loan demonstrates the Community's willingness to alleviate the Irish short term economic problems.

If some guidelines will not be followed — here I am specially thinking of the pledge for an incomes and prices policy — other measures will need to be adopted if employment and the balance of payment shall not be jeopardized.

The Community has and will in future by way of loans and subsidies contributed to solving structural problems in Ireland. The Commission is presently together with the Irish authorities studying the problems in order to fix priorities for the financial assistance.

Question by Miss Boothroyd

Subject: Award of public works contracts

In view of the fact that the number of public works contracts advertised pursuant to EEC Directive 71/305¹ between 1 August 1972 and 31 March 1976 by Italy was 8, by France 818 and by West Germany 1 500 whereas since 1 July 1973 Denmark advertised 107, Ireland 68 and the United Kingdom 2 536, and that this Directive is causing administrative delay and expense in tendering, without achieving its objective of achieving freedom to provide services, will the Commission —

¹ OJ No L 185 of 16. 8. 1971, p. 5

- (a) raise the value of contracts covered by the Directive substantially above the present level of 1 m.u.a. ?
- (b) ensure that it is strictly observed by Member States ?

Answer

The main reason for the differences in numbers of published tenders is to be found in the fact that certain countries offer to tender large contracts whereas other countries subdivide big contracts into numbers of smaller ones. The difference is in the number of tenders publicized, and consequently a difference in the application of the directive.

For that reason it would be disturbing the balance of rights and obligations of Member States to increase the threshold, although an increase might later be considered in the light of inflation.

As stated in the last session of Parliament the Commission will do everything in its power to ensure correct and full application of the directive, for example our legal action against Italy.

Administrative costs involved in the public tenders are not to be exaggerated.

You will get new figures which will demonstrate the proper functioning of the directive later this year.

Question by Mr Bangemann

Subject : Cooperation agreements between European and American aircraft manufacturers

Is the Commission aware that negotiations are being held with a view to the conclusion of cooperation agreements between European and American aircraft manufacturers ? If so, how does it view this development ? Does the Commission not see a contradiction between its 'Action Programme for the European Aeronautical Sector' (communication and proposal from the Commission to the Council of 3 October 1975) and the efforts of the aeronautical industry to find cooperation partners in the USA ?

Answer

1. Yes, the Commission has been informed by industry representatives of exploratory talks aimed at cooperation between European and American aircraft manufacturers. The Commission will shortly receive further information from Member Governments on the various discussions and proposals for cooperation.

2. The Commission believes that a series of bilateral agreements between separate European aircraft companies and the US industry could lead to a division of the European aircraft companies and the US industry could lead to a division of the European industry on projects competing with each other, could weaken Europe's bargaining power, and damage existing European programmes such as the Airbus.

If on the other hand, Member Governments and industry can agree on a common strategy for the main promising sectors of the market, cooperation between the Community as a whole and individual American companies may form a useful complement to European joint projects. Such an approach would be in line with what the Commission has proposed in its programme.

Question by Mr Früh

Subject : Organization of the market in alcohol

Why has the Commission still not introduced emergency measures — pursuant to Article 43 (2) subparagraph 3 of the EEC Treaty — to deal with the intolerable situation on the alcohol market, pending the introduction of an organization of the market in alcohol ?

Question by Mr Schwörer

Subject: Emergency measures for agricultural alcohol

Does the Commission not propose to respond to the unanimous demands from European farmers (COPA), the European alcohol and spirits producing and processing industry (European Alcohol Union) and the governments of the Federal Republic of Germany and the Netherlands for emergency measures for agricultural alcohol?

Combined Answer

I am sorry indeed that I can, in answer to the questions from Mr Früh and Mr Schwörer, add very little to what I said scarcely three weeks ago in reply to an oral question without debate from, among others, Mr Früh on exactly the same subject.

I will repeat, therefore, that it is the Commission's opinion that the problems raised here can be solved only by the speedy bringing into being of a market organization for alcohol.

The Commission further believes that temporary measures that have been suggested, other than those taken by the Commission in April this year on the basis of Article 46 of the Treaty, would offer an unacceptable obstacle to the free movement of goods.

Question by Mr Klepsch

Subject: Adjustment of trade monopolies

What is the Commission's reaction to the fact that one Member State has repealed previous protective measures following the decisions of the European Court of Justice of 3 and 17 February 1976 on the adjustment of trade monopolies, thereby plunging its alcohol industry into severe difficulties, while another Member State has maintained protective measures of a similar kind?

Answer

As guardian of the Treaty the Commission can only approve if a Member State, after the Court of Justice has declared one of its State monopolies to be incompatible with the Treaty, takes prompt action to remedy the situation.

Conversely, if another Member State possessing a similar monopoly fails to put its house in order in accordance with the Court decision, the Commission must then take appropriate action, using the powers which the Treaty gives it.

In point of fact an infringement procedure in accordance with Article 169, EEC was opened by the Commission on 12 April 1976 by the sending to this second Member State of a letter inviting it to submit its observations. The Member State replied by letter dated 3 June and the Commission, finding the reply unsatisfactory, will be delivering the reasoned opinion as prescribed in the Treaty infringement procedure, in the very near future.

Question by Mrs Caretoni Romagnoli

Subject: Symposium on 'Women and the European Community'

What action has the Commission taken, or does it intend to take, on the proposal made by Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, at the end of the symposium on 'Women and the European Community' held in Brussels last March?

Answer

I am grateful to the Honourable Member for putting this question because it enables me to tell you what has been done and is being done to implement the guidelines which emerged at the Symposium on 'Women and the European Community' held last March (which despite the comments and constructive criticisms which it aroused and which we shall bear in mind, seems to us to have been highly successful).

As regards the particular problem of the employment of women and of equality of working conditions, Parliament has been informed of the intentions of my colleague, Mr Hillery and of the Commission as a whole.

At a more general level, the demand has been formulated at the symposium for better information of women's organizations on the Community and for the promotion of information exchange among the women's organizations of our countries.

To meet these twin demands I have entrusted to those persons within the Directorate-General for Information who had been responsible for organizing the Symposium the task of promoting these activities.

In practical terms this means that, in addition to the actions already undertaken some time ago in regard of the women's press, we are now organizing, through our Press and Information Offices in the capitals of the countries concerned, a series of working sessions, either with the women who had been invited to the March symposium (whether they actually attended or not) or with other representatives of organizations and circles representative of female public opinion. Such meetings have already been held in Copenhagen and in Paris, one is being held today in Luxembourg; in London and Dublin meetings are planned before the summer break, and in September they will be held in the other countries.

Many other activities are being undertaken on the initiative of the women's organizations themselves, such as meetings of experts, etc. and we are actively collaborating with these.

One of our projects concerns setting up a multi-lingual bulletin to ensure liaison between the various organizations so that they can be better informed and be in a better position to make adequate preparations for the next European Symposium in 1978.

I myself intend, towards the end of the year, when the present series of meetings will have been completed, to arrange meetings in Brussels with a selected number of information specialists from each country in order to sum up what has been achieved so far and decide on future action.

We are aware, and this has been confirmed by the debates on the press, that the present initiative has stimulated a whole series of interests and ideas so that it can now be seen that the next Symposium should be conceived on different and entirely new lines.

SITTING OF THURSDAY, 8 JULY 1976 :

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IN THE CHAIR : MR BORDU

Vice-President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Procedural motion*

President. — I call Mrs Kellett-Bowman to speak on a point of order.

Mrs Kellett-Bowman. — I am very concerned about a matter which was on the agenda for today when the agenda was agreed at the beginning of the week. I refer to the Meintz report, which should have been discussed today. This was postponed from the last part-session; it is a report on the social situation in 1975. In his report Mr Meintz said that a report on a period now ended — in this case, the year 1975 — can say little about the current situation. Now if that was so, Mr President, in May, surely it is so today and it would be even worse if we postponed the matter until September. The reason we were given for the postponement of this item was that the Commissioner was unable to be present today and that the rapporteur also found it difficult. In my view, Mr President, the Commissioner's duty is to be here. He has known

for ten days at the very least that this matter was coming up today. He has known since the last part-session that he could have found a substitute. But I regard this — and many of the ordinary citizens of this Community regard this as a vitally important question and it would be regrettable if they thought that a report on a matter that touches their homes, their happiness and their jobs could be postponed indefinitely.

President. — I call Lord Gladwyn.

Lord Gladwyn. — I might add to what Mrs Kellett-Bowman has so rightly said that I also have prepared a speech on this subject. This of course cannot now be delivered. I would further emphasize a point made by the last speaker — namely, that this report should have been on the June agenda. It was put off till now. And it will now be put off till September. It will probably be too late to discuss it then, though, personally, I hope that it will still be on the agenda. Broadly speaking, I think it is an extraordinary way to run a Parliament to change the agenda at the last minute like this. Nobody was told, and if Mr Hillery could not be here, surely the Commission is a collegiate body and his speech could be read out by somebody else. Perhaps the member of the Commission who read it out would not be able to reply to questions entirely adequately. Nevertheless, he could give the general view of the Commission on a great subject such as this. Sir Christopher could perhaps read out the speech of Mr Hillery? I would in any case like very vigorously to protest against the withdrawal of this item from the agenda.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — In answer to Mrs Kellett-Bowman, I much sympathize. I know what pains she has taken in this matter but really must come to the defence of my colleague Mr Hillery. He was perfectly prepared to have been at the disposal of the House all this morning, but he does have to be in Brussels for a meeting of the Economic and Social Committee this afternoon. This was already arranged and the original plan was that this matter should have been debated first thing this morning. That was the plan.

Now I was in the Chamber when Sir Geoffrey de Freitas, who was in the Chair, proposed to the House that, because there was so much business yesterday, the last three items on the agenda should be held over until this morning. The House agreed. In view of that and the fact that these will be important debates of some length, something had to give. And it was decided that the three items from yesterday should be considered first, which meant that the debate on the Meintz report could not take place before Mr Hillery had to be back in Brussels. He was certainly prepared to have been at the disposal of the House for the whole of this morning as planned.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — The House unfortunately was not told at that particular time that this would mean that Commissioner Hillery would not be available. I think the House is grossly under-informed, if I may say so. And I would very much like this item to be put back on the agenda for today and our very competent Commissioner to answer for Mr Hillery.

President. — While noting the protests that have been made, I must point out that the decision to defer this item was a sovereign one made by this Parliament.

3. Documents received

President. — I have received the following documents :

- report by Mr Früh, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1975 harvest (Doc. 221/76);
- report by Mr Liogier, on behalf of the Committee on Agriculture, on the motion for a resolution tabled by Mr Liogier, on behalf of the Group of European Progressive Democrats, on measures to be taken to alleviate the effects of the drought (Doc. 223/76);
- report by Mr Liogier, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation amending

Council Regulation (EEC) No 1930/75 laying down special provisions applicable to trade in tomato concentrates between the Community as originally constituted and the new Member States (Doc. 224/76);

- report by Mr Hansen, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a Council Regulation extending for the fifth time the system of partial and temporary suspension of Common Customs Tariff duties applicable to wines originating in, and coming from Turkey provided for in Regulation (EEC) No 2823/71 (Doc. 225/76);
- motion for a resolution tabled by Mr De Clercq, Mr Terrenoire, Mr Houdet, Mr Berkhouwer, Mr Baas, Mr Durieux, Mr Giraud, Mr Cointat, Mr Della Briotta, Mr Premoli, Mr Cousté, Mr Liogier, Mr Concas, Mr Clerfayt, Mr Rivierez, Mr Yeats, Mr Brégégère, Mr Marras, Mr Meintz, Mr Bangemann, Mr Pintat, Mr Bourdellès, Mr Krall, Mr Durand, Mr Achenbach, Mr Delmotte, Mr Leonardi, Mr Laudrin, Mr Bouquerel, Mr Rosati, Mr Klepsch, Mr Vandewiele, Mr Lücker, Mr De Koning and Lord Bethell, pursuant to Rule 25 of the Rules of Procedure, on Greece's application for membership of the Community (Doc. 226/76).

This document has been referred to the Political Affairs Committee.

4. Presentation of two petitions

President. — I have received

- a petition from Miss Oonagh Hartnett and 15 other signatories on public-funded help with home responsibilities, and
- a petition from Mr Walter Braun and 9 other signatories on the right to vote of European citizens.

These two petitions have been entered under Nos 8/76 and 9/76 respectively in the general register provided for in Rule 48(2) of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

5. Decision on the urgency of a motion for a resolution and inclusion in the agenda

President. — In accordance with the announcement made yesterday evening, I now consult the House on the request for urgent procedure on the motion for a resolution on the violation of human rights and democratic freedoms in Argentina (Doc. 229/76).

Are there any objections?

That is decided.

I propose to place this item at the end of Friday's agenda.

President

Are there any objections?

That is decided.

✓ 6. *Oral Question, with debate:*
EEC-US trade relations

President. — The next item is the oral question, with debate (Doc. 149/76), tabled by Mr Herbert and Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities on the deterioration in EEC-US trade relations:

Over the past year, the United States authorities have been increasingly critical of the EEC. They have made serious allegations against our agricultural and industrial exports to the US market. The trend is such that it is now reasonable to predict increasing difficulties of an economic nature between the European Community and the US.

1. Would the Commission agree that the statements expressed above are correct?
2. Does the Commission consider that the United States is justified in adopting an attitude critical of the Community and in taking measures which affect Community exports to the US market?
3. Will the Commission outline the reasons behind the current attitudes of the US with particular reference to the balance of trade between the Community and the US?
4. Does the Commission consider that present European Community-US relations may deteriorate further, leading to an economic war which would be detrimental to both economies?
5. What policy is the Commission pursuing at the moment on this matter and what action does the Commission propose to take to rectify the measures already taken by the US authorities?

I call Mr Herbert.

Mr Herbert. — Mr President, in tabling this question my wish is to stimulate debate on an issue which is of vital importance to the European Communities. The issue to which I refer is the worsening of trade relations between the EEC and the United States over the past 12 months. The importance of this issue must be obvious to all. A worsening of EEC-US trade relations would not only have economic consequences but might also be accompanied by serious political consequences which could indeed be very difficult to resolve.

Over the past 12 months the United States have been creating problems for EEC exports to the US. They have taken measures which affect those exports and they have also been very critical of many EEC policies. Well, Mr President, the United States have every right to protect their interests, but I at least find the extent of these measures unacceptable, the manner in which they are carried out objectionable and the general attitude which the United States have adopted undesirable.

The most obvious source of these problems is the implementation of the Trade Act by the US authorities, which permits anti-dumping legislation to be investigated on the mere submission of a complaint by an interested lobby. The ease with which this legislation can be activated makes for uncertainty amongst our exporters and in my opinion is jeopardizing their future. Of the long lists of products that have been investigated by the US Treasury, some have led to much comment and controversy.

Perhaps the most controversial concerns the export of cars from the EEC to the US, which is worth 2 1/2 billion dollars; EEC manufacturers were accused of dumping their cars on the US market to the detriment of the motor-car industry. This allegation was proved to be grossly untrue and indeed the question should never have arisen.

The US authorities have also investigated a multiplicity of EEC products, amongst them exports of Irish beef. In this case countervailing duties were levied on exports of Irish beef to the US, applying to a mere 800 tonnes of beef, so we see that the quantity involved is very small and most unlikely to damage the US beef industry. Besides being a small country, Ireland is also a traditional exporter of beef to the US, and the imposition of these countervailing duties has now forced Irish beef out of the US market. This action by the US authorities was totally unnecessary and has led to resentment amongst Irish beef exporters and producers.

The action of the US in this case and in several other cases has led many people to believe that the US is reverting to a policy of protection. This would indeed be a very retrograde step in American trade policy and would have disastrous effects on world trade developments. It is difficult, Mr President, to understand the current attitudes of the United States. The United States and the EEC have been allies and partners in promoting world trade and world peace. It is essential to both that good relations are maintained at all times. As the EEC is their biggest and most profitable trading partner, the United States should have no reason to rock the boat and create unnecessary difficulties leading to a worsening of relations.

Events, however, over the past year tend to indicate that this is what is happening. This is not only regrettable but unacceptable to the European Community. However, over the past few weeks there have been positive signs that problems of our car and shoe exports seem to have been resolved. This has eased the tension and has paved the way for further solutions leading to a return to normal trade relations. Let us hope that this is the case and that we shall continue to see further expansion in trade between the US and the EEC for the mutual benefit of both.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — Mr President, I welcome the opportunity to debate the present state of trade relations between the European Community and the United States. I doubt if there is any relationship in the trade field, or indeed any other field, which is of greater importance both to the United States and to the Community. And if it is seriously considered, as the terms of this question make one believe that it is seriously considered, by the honourable Member and his group that we run the risk of economic war, then it certainly is high time we debated it in this House.

The Community and the United States are the two most powerful economic and trading entities in the world; there must inevitably be points of difference between us, for the very size of our Community, which gives us so much more leverage and influence than any of our Member States would have by themselves, also imposes upon us a heavy responsibility to see that we use our power rightly. After all, the fact that we are a Community and we are so big, the fact that we do 40 % of the free world's trade as a Community, means from the point of view of the outside world that we are as much a single market where trade is concerned as is any nation-state. Yet we do 40 % of the world's trade, which is more than any other country could ever conceive of arriving at.

It is therefore inevitable that as we bind the balance of our relationship together with another entity the size of the United States we should run into difficulties from time to time, as we are still so young, yet so powerful. I think it is very healthy that we should air these difficulties, and where better to air them than in this House? Let us all appreciate that it is absolutely vital to both of us that we do get our relationships right and that our degree of intimacy should be such that we can discuss them openly together and freely.

Now if we are to get them right we must start by recognizing the fundamental identity of views and interests which exists between the Community and the United States in commercial, economic and other matters. The basis of this identity of views lies in our shared commitment to the expansion of international trade. Over the past two years, however, we have had to face the effects of the worst recession since the 1930's on both sides of the Atlantic, indeed throughout the open-market world; this shared commitment of our governments to the philosophy of trade expansion has been tested and challenged by the painful consequences of recession and notably by its consequences on the level of employment.

With unemployment running at an unacceptably high level, the forces working for further progress and the removal of trade barriers are inevitably weakened and powerful pressures develop to reverse that trend. But because the Community and the United States share a common philosophy and a common interest in the

expansion of international trade, our governments and our leaders must find the will to resist protectionist pressures in hard times and to work consistently together for a more open world trading order. This surely must be the starting-point of any assessment of the present state of our commercial relations and for the prospects for the future. Perhaps that is why so much anxiety has been expressed—in my view rightly—in this House from time to time recently at the signs that are within the United States. The principles and practices upon which a liberal world trading order depend may now find themselves called into question.

Now this is not just a matter of the temporary coincidence of recession-induced pressures for protectionist action with a prolonged electoral season in the United States. It goes much deeper than that. The difficulty stems from a twofold root — in the first place it goes back to the balance which seems to be emerging following on the 1974 US Trade Act, to which the honourable Member referred, between American national or sectional interests on the one hand and the international responsibilities of the United States of America on the other. Any country's system for the regulation of external trade must, of course, reflect a balance between national and sectional interests and international responsibilities. No democratic country could ever afford to undertake international responsibilities which ran counter to its own long term national interests and which ignored the needs of its own people and its own economy. However, it is equally true that in this increasingly interdependent world no country can seek to impose the primacy of its own national practices and positions, regardless of their effects, on its trading partners without wreaking havoc among the internationally-agreed order and disciplines which provide the essential underpinning of world trade.

The trouble is that in the United States the question where that balance of interests and responsibilities lies, where that balance should be struck in the field of external commercial policy, has been caught up with another difficult question, that of a proper balance within the United States between the various branches of the government—the executive, the legislative and the judiciary.

This great theme is, of course, a matter of American domestic politics and in this House we cannot but admire the efforts of the great American democracy to resolve the permanently intractable problems of accountability and openness in government and decision-making. However, in the field of external trade policy at least, it must surely be admitted that there is an immense difference between a policy which represents a mere aggregation of domestic sectional pressures and one which represents a coherent all-round view of the delicate balance between economics and politics and between domestic and international possibilities.

Soames

So, to be more specific, I hope the House will join me in recognizing that the administration has given certain demonstrable proofs of its continuing attachment to the principles of open international trade by its recent decisions not to permit recourse to protection in the shoe industry and to discontinue the procedures in the car-dumping case which, as the honourable Member said, affect such a high proportion of the Community's exports to the United States. Nevertheless, it is still true that there continues to weigh upon the trade relations between the Community and the United States the question whether the machinery of the Trade Act is capable of yielding such a balanced view consistently and in the long term.

The special steel case, which led to the President's decision to impose on the United States' main trading partners the unacceptable choice between orderly marketing arrangements on the one hand or quota restrictions on the other, is an important case in point. We must also take account of those issues which are, or have been, in dispute between the Community and the United States, where American domestic legislation makes possible and even requires the imposition of countervailing duties without any previous proof that injury is being committed to United States industries.

This is the second root, I think, of the present difficulties in transatlantic commercial relations, a root which is nourished by American misgivings about the effects upon the open world trading system of the growing importance of the State in the management of the various economies which go to make up the world system. There is, of course, a real problem here; we know from the long history of our efforts to expand trade with the State-trading countries of Eastern Europe how fundamental to the functioning of our Western economic system is a certain transparency of marketing and pricing policies, and how difficult it is to promote trade where the operation of State monopolies obscures that transparency. However, let us not lose our sense of proportion. In democracies — and certainly in the democracies of Western Europe, with their special social and political traditions it is simply not possible to leave the painful processes of structural economic change to work themselves out without assistance and support from the wider society to those particularly affected. This is the very essence of the conception of the mixed or social market economy — what Mr Tindemans called the other day 'economy at the service of man.' This conception includes a degree of active governmental contribution and encouragement to entrepreneurship.

To a greater or lesser extent, all of the industrial societies of the West have embraced this philosophy of interventionism, whether for social or economic or indeed for strategic and military purposes. These are

matters which lie at the heart of their domestic politics, but there is no reason why a degree of State participation in the operation of our domestic economies, should be incompatible with our continued sharing of a commitment to a liberal world trading order. On the contrary, it is essential that we should ensure that it is compatible, for while there are indeed good social and political reasons for the continuance of State involvement there are equally powerful reasons why that involvement must be subject to the basic disciplines of our international commitments.

What is important here, I think, is that the greatest possible degree of transparency should exist and that the effects of State intervention upon international trade should be subject to a test freely negotiated and based on the principles already provided by the general agreements on tariffs and trade — namely, whether a specific intervention is injuring competing industries in other countries by distorting the flow of international trade.

Now of course it is right that State aids designed to meet important domestic social or economic needs should not be such as to have injurious side-effects on international trade. On the other hand, where there is no such injury there can be no warrant for unilateral action which has the appearance of striking at the domestic, regional, industrial or agricultural support policies of one's trading-partners. It is this which makes it both depressing and disquieting to continue to hear from the other side of the Atlantic from time to time root-and-branch criticisms, for instance of the CAP and suggestions that it is somehow an attainable and desirable objective of United States policy to undermine it.

Now I do not want in this debate to go into a detailed defence of the external implications of our agricultural policy. Suffice it to say that, like other people's agricultural policies — and I have known one or two — it has its good points and its bad ones. But the simple fact is that it is a policy which reflects the political, social and economic situation of the Community and as such it is not internationally negotiable.

Mr President, these are the underlying anxieties that we in the Community feel about American trade policy. I hope that the House will agree that I have been frank in stating them, but I am sure that the House understands very well that this candour is intended to give hope. It is certainly not intended to give currency to talk of economic war or of an endemic conflict in our relations with the United States. It is rather an expression of my confidence that our relationship is healthy and intimate enough to bear such plain speaking.

Mr President, there are many signs that the world economy is now emerging once more from the dark tunnel of recession. In every one of the Western countries, the shoots and buds of renewed growth are begin-

Soames

ning to appear. Although unemployment continues at an unacceptably high level, the forces of recovery and expansion that will reduce it are already at work. At Geneva and elsewhere, next year should be a year of further progress in the reduction of long-standing barriers to the further growth of international trade. It should be a year of renewed progress towards a more open world economy. The industrialized countries have together borne the heat and burden of the day without much damage so far to our open trading system. No one can put themselves entirely in a white sheet, but on the whole we have got through it without doing much damage to the system on which we know we must rely to rebuild our own prosperity and the prosperity of those who look to us and depend upon us, those less fortunately endowed than ourselves.

On the whole, I feel that both the Community and the United States have so far come more or less satisfactorily through the test of our resolve which the recession has imposed. I know that a large majority in this House agrees with me that if an open world trading system is to survive and prosper the transatlantic partnership between the United States and the Community is and must be of primordial importance to us both. Over the past few years we have made a great deal of progress together by giving a new definition to the relationship between the Community as such and the United States. Consultation and cooperation across the Atlantic have developed apace, and I welcome the thought that it is appreciated on both sides to be more extensive and intensive than ever it has been before.

In the conduct of our mutual economic relations over the past year, neither the Community nor the United States has an immaculate record. Neither of us is in a moral position to address the other in a language of truculence, nor can either afford to adopt a belligerent tone towards the other without seriously risking damage to the long-term interests of both. That is why I would like to make it clear that I do not, in fact, share the assessment of the inference of this question on the agenda to which I have tried to address myself, and therefore, unsurprisingly enough, I do not come to the same conclusion as does its author.

The partnership between Europe and the United States has always worked best when it has been guided both by a lofty understanding of our joint purposes and by pragmatism and flexibility with regard to the implementation of those purposes. And that is the approach that the Commission has been at pains to urge upon our American partners again and again in all our dealings, and this is also the approach which I should urge upon this House in this debate today.

(Applause)

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

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, my group has made a very thorough study of trade relations between the European Community and the United States. While it respects the feelings of anxiety expressed in the oral question by the Group of European Progressive Democrats, it does not share these fears. We feel that any talk of a trade war should be dismissed out of hand.

I should like to offer my especial thanks to Sir Christopher Soames for setting this problem in the context of the world economy and of international trade, and at the same time for pointing out that a Community such as ours, which accounts for 40 % of the world's export trade, need not fear right away that developments are now going to take a disastrous turn, even if here and there certain tensions may arise.

The USA is, and remains, the Community's main trading partner (the two economic blocs expanded at an unusually rapid rate. In our view, this expansion can be attributed to two causes: the high rate of economic growth of both trading partners, with the corresponding effects on demand and the dismantling of trade barriers, and the Community's liberal tariff policy with a progressive lowering of the Common Customs Tariff.

Throughout its existence the Community, as Sir Christopher has pointed out to us, has been a dynamic and rapidly-expanding market, particularly for American goods. It has shown a constant, usually substantial trade deficit; in 1970 the US export surplus *vis-à-vis* the Nine was almost 3 000m u.a., and in 1975 it broke all records at almost 7 000m u.a.

I should now like to take up a clear-cut position on a matter raised in this House. I refer to agriculture. Although the United States often reproaches us with pursuing a protectionist policy in the agricultural sector, it should be noted that the EEC takes 25 % of its total farm exports and provides the largest outlet for American agricultural produce. There are therefore no grounds for such criticism. Between 1968 and 1974, American agricultural exports to the Community increased threefold. The US surplus in agricultural trade with the European Community has varied over the last three years between \$ 3 300m and \$4 200m.

I wanted to make this point, as we shall then know exactly where we stand when the subject of protectionism comes up for discussion between us and the Americans.

Allow me to raise another point, namely, motor vehicles. We have witnessed a development in the production and export and import of cars which led in 1975 to a considerable contraction of the market in Germany and another European countries, and which aroused great anxiety in the USA. In 1974, American

Jahn

imports of motor vehicles — 1975 marked the low-point of the recession — amounted, as you know, to \$7 500m, namely \$ 3 000m from Canada, \$1 700m from Japan, and \$2 500m from the European Community, of which \$1 900m came from Germany. Motor vehicles account for 12 % of the Community's total exports to the United States, and we are delighted to note that at the beginning of May — that is, after Mr Herbert and Mr de la Malène had tabled these questions — the Americans put a stop to investigations into alleged cases of dumping by foreign car manufacturers.

The case of special steels is another point, and one gone into by Sir Christopher Soames. This is undoubtedly a problem which we must tackle jointly. It is not the case, as we are told, that agreements on quota restrictions already exist between us and Japan, and that we are therefore bound to run into difficulties. Such an idea should, I think, be dismissed out of hand.

As we have so little time left, I should like to wind up as follows. Here and there in America the myth is going the rounds that the establishment of the Common Market has damaged American commercial interests in Europe. This is a view we are constantly running up against in discussions in that country. Statistics on trade between the USA and the European Community show that the contrary is the case. It is therefore unreasonable for the United States to adopt such a critical attitude towards the Community as it has done since 1975 in a number of industrial and trade sectors. This, however, was a development which we all experienced during the recession, and one which — and here I share Sir Christopher's view — we believe is now behind us. It is to be hoped that we have emerged from the tunnel.

No measures that did serious damage to the Community's exports to the United States were taken. However critical we may be, this is something we must accept. The fall in EEC exports to the USA in 1975, and the resulting deterioration in the Community's balance of trade with that country, cannot be attributed to import restrictions imposed by the USA but to other causes. With a simultaneous improvement in the EEC balance of trade, it would then have to be attributed to the pursuit by the Americans of a dumping policy, and that in fact is not the case. In the three sectors of the greatest importance for EEC exports, the United States government has resisted protectionist pressures. There can be no doubt that the tensions in trade relations between the two partners are being greatly reduced by the decisions taken in the footwear and motor-vehicle sectors.

Although the problem of special steels has only a slight bearing on the value of EEC exports, it remains in itself, and from the ideological point of view, of crucial importance. Given the decisions taken by the

United States on special steels alone, we Christian Democrats regard countermeasures as both conceivable and possible. Coming on top of the worldwide economic crisis, any restriction on the free movement of goods would constitute a breach of the promises made at Rambouillet. The industrialized States cannot afford to revert to the ill-judged practices of the past, and I do not think the Americans are going to do so. We look forward to a continued improvement in relations between the Community and the United States and to a continuance of the expansion of these relations achieved over the last five to six years.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I too would like to join with Mr Jahn in congratulating and thanking Sir Christopher Soames for the way that he has dealt with this question. His words were not only very frank but they were also extremely sensible — to use a rather weaker word than I mean.

I think the really important thing on the broad question is that of course there must be no question whatever of going into any kind of trade war with the United States. If between the two of us on each side of the Atlantic — the two great trading partners in the Western world — if we cannot come to an arrangement to deal with this amicably, then indeed something is wrong. But I am quite certain that we can. We have to keep a sense of balance here.

Now I do not intend, Mr President, to discuss the agricultural points made by both Mr Herbert and Mr Jahn. I would like for just one brief moment to concentrate the House's attention on the question of special steels, which was mentioned by Sir Christopher in his speech. It is particularly relevant to my part of the world near Sheffield, where there is a great industry in special steels, and it is particularly disappointing that at this time the United States should decide to impose these quotas mentioned by Sir Christopher. I am not saying for one minute that they are not generous. Indeed they are, although if you look at the actual figures which are being imposed upon the Community, in comparison with those for the other trading partners of the United States they do not look very good. They are much smaller than those for the Japanese and even the Swedes for that matter. Looking at the level of imports into the United States of these special steels, which constitute an extremely important industry not only in Germany, as Mr Jahn has said, but also in the United Kingdom and particularly in my part of the world — and an awful lot of people depend on it — these quotas are a disappointment. Last year 28 700 tons were imported from the whole of the Community into the United States. And the average over the previous 5 years was 29 000 tons. It is true that what has been allowed by the United

Scott-Hopkins

States is 32 000 tons in the year 1976-77, going up by 3 % over the 3-year period for which these restrictions have been imposed. You may well say that this is more than we had exported from the Community during 1975-76. True — but we are now beginning to see the light at the end of the tunnel after one of the most difficult periods in the Western world since the last World War. There has been depression, there is an unacceptably high level of unemployment, but we are beginning to move out of that period into an area of expansion, and what really worries me is that the United States should have decided at this time that it was right to impose these quotas. I am remarkably glad that the car and the shoe problems have been solved. But if I may say so, the reason the car problem has been solved is that the car industry in the States is thriving and therefore exports from the Community to the United States are not of as great significance as they were. If the States were going to impose these quotas, surely the time to have done it, if they really felt that the protectionist lobby was so great, was not at a time of expansion but of recession.

And so I hope that common sense will prevail here and that we shall see the United States relaxing this particular restriction. I think it is terribly important that, when Europe, and the United Kingdom particularly, is just beginning to pick itself up off the floor and move forward economically again and industrially, this basically important industry of special steel should not be hamstrung and should not be in a position where it will not be able to expand its markets in the United States because of restrictions for the next 3 years. And remember: it is not just 1 year but 3 years and this is what is so damaging. And so Mr President, in conclusion, one cannot but ask Sir Christopher, after all that he has said to us and all the good work that he has done and that the Commission is doing, what he can do now to help ease the problem. One understands all the difficulties of election year and so on, but what can he do to ease the problem, not immediately, but over the next 3 years, so that we shall not have this restriction of 33 900 tons at the end of the 3-year period? I would beg of him and the Commission to use their very best efforts, in the amicable relations I know exist between him, the Commission and the United States Administration, to try and get a relaxation of this quota system in the climate of economic expansion which I hope we are all going to see over the coming 3 years.

(Applause)

President. — I call Mr Lange.

Mr Lange. — Mr President, ladies and gentlemen, before putting a question such as the one now before us, we should ask ourselves what measures we

ourselves have taken, as a Community and as parts of the Community, during the worst economic recession of the second half of this century. We ought therefore to do justice to our partner — the United States — and I think Sir Christopher has accurately analysed the situation. His analysis is something we cannot but endorse. To this, strictly speaking, there is nothing to add; but I am averse to our assuming, as Europeans, an attitude of self-righteousness and behaving as though only others made mistakes.

We must try to understand the Americans, just as each one of us tries to understand his own country and his own government, which, during the economic recession, attempted to master the crisis by national means, although everyone realized that these are ineffectual within the Community. Naturally the Americans acted in the same way. With our oft-repeated protestations of faith in a free economy and free external trade relations — I am disregarding state-trading countries as a special case — we must therefore all try to fight off the trends towards restrictions and protectionism that have emerged here and there. This is what is important. The Commission, virtually the executive of the Community, has, so far as I can judge, fully discharged its task in this respect.

We should avoid talking about trade wars and such things. I find this talk out of place and hardly calculated to improve relations. From talks between delegations from this Parliament and delegations from the US House of Representatives, as also from talks in the Atlantic Alliance Assembly between members of this House, as members of national parliaments, and their American colleagues, I know that real scope exists for coming to an understanding; that our American colleagues — that is, the parliamentarians themselves — have rejected the original ideas of Mr Mills, which would have given the Trade Act a highly protectionist flavour; and that in the event these ideas failed to gain acceptance. A basis for further negotiations therefore exists.

I agree with Sir Christopher that, as we have observed on previous occasions, our common agricultural policy cannot be the subject of discussion and negotiation between States, but that with all its merits and shortcomings, it is something we must cope with on our own. The Americans, however, have repeatedly levelled a serious criticism at us. They maintain that our system of taxing added value — through VAT — favours European exporters and distorts competition at the expense of the Americans. We have recommended our American colleagues to study our value added system and to try to introduce a similar system themselves. Now that it has been largely adopted in Europe, this would prove highly useful, and the Americans would then enjoy equal chances.

Lange

However, they could, of course, themselves think up one or two fiscal measures of equivalent effect. There would thus be no objection to their easing the pressure on their own exports by taking measures similar to VAT. This is something which perhaps Sir Christopher, too, could discuss with his partners in the United States. We, at all events, have spoken on the subject with our partners at parliamentary level.

I think that even the sectoral problems raised in this House will lose in significance now that not only the end of the tunnel is in sight but a marked upward trend is apparent in vital parts of the Community as well as in the United States and Japan. Naturally this circumstance, provided — and we must be quite clear on this point — there is no overheating of the economy, disposes almost automatically of problems such as those that have been raised during discussion of specific sectors. All I wanted to do was to make one or two basic comments on the subject.

When I recall that on two occasions — even if here opinions may differ on one point or another — when considering the participation of the Community as such in these talks, the industrialized countries, with an eye on subsequent economic developments, planned to act in unison in combating unemployment and pursuing a policy for stability, I feel that this is also a reliable sign that the process now setting in can continue and will almost automatically sweep away the difficulties caused by the economic recession. We must bear in mind, however, that any such difficulties that may arise can in fact never be surmounted without the requisite political nature. Nothing happens of itself, even though we hold fast to the principles that have been ours up till now — namely, to keep our economies open and allow external trade relations to develop freely, unencumbered by protectionist measures.

Mr President, I wanted to draw attention to these matters and once again to beg all who complain of troubles to ask themselves how far they themselves have contributed to them through their own measures, and to what extent their partner can be blamed for things they would themselves have done under other or similar circumstances. Moreover, we should drop this talk of a trade war between these two major trading partners, to whose relationship no more unfortunate description could be applied.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Sir, I am really most grateful for this debate. I hope that the honourable Gentleman who opened this debate will acknowledge what I think has been said by all speakers — namely, that to talk of the situation between the US and the Community as being one approaching a trade war is really overstating our problems to an unacceptable degree. And I hope he will perhaps agree with that when he speaks himself.

Mr Scott-Hopkins referred to the special steel case in some detail, and I know the great interest he takes in that because, as he said, it affects so many people who live in his part of the world. Now let me make this clear: we made it known to the United States Administration straightaway that we thought this decision economically unjustified; we didn't think it could stand up. We have therefore reserved our rights in the GATT. We have not yet taken any action; but the decision is unjustified even at the moment, and in our view, as the world economy picks up, if such a restriction is maintained it may have an explosive effect. Mr Scott-Hopkins said that he hoped that we were looking to the Americans to relax this restriction. I am looking for more: I am looking to them to lift it. My hope would be — and the case has been made out, I think — that as the world economy recovers and the demands for steel increase, we shall see this completely lifted and brought to an end. The United States Administration will, we hope, no longer see any need for such restrictions. I don't know when this will happen, but I cannot help feeling that the situation will become such as to enable this to be lifted. We certainly feel that it is going that way. That is our view; and we hope that it will be soon the view of the American Administration.

Mr Lange referred to VAT. I agree very much with the gist of his speech and of what Mr Jahn said and indeed the general attitude. I think we share common ground here in our general attitude towards the United States in trade matters. And I am grateful to them both for what they said.

On the specific matter of VAT, the House will remember that the United States Administration decided against the request of US Steel to regard VAT as a subsidy or bounty. This was of the highest importance to us. They decided the right way, in our view, because if VAT on steel — it was US Steel that made this complaint — were to be acknowledged — well what would not flow from that? It would involve all our exports from the Community to the United States. The Administration is standing up against it. US Steel is taking them to court: they are persisting with their complaint in the courts and the US Administration are opposing them in the courts. So we and they are on the same side in this and we have confidence that it will come out right in the long run.

(Applause)

President. — I call Mr Herbert.

Mr Herbert. — Mr President, I did not use intemperate language in my opinion; I did not use the term 'trade war' during my speech; I simply warned the Parliament that any further deterioration in US-EEC trade relations might well indeed lead to serious economic difficulties for both. At the end of

Herbert

my speech, I did say that tension was easing and I hoped that this would continue to the mutual advantage of both trading blocs. However that may be, Mr President, I am pleased that my group's question stimulated a healthy debate and I am thankful to the Commissioner and to this House for their contributions.

President. — The debate is closed.

7. *Welcome*

President. — The ambassadors of ASEAN have taken their seats in the official gallery. On behalf of Parliament and myself, I extend them a cordial welcome and wish them a fruitful stay in our midst.

(Applause)

8. *Mission of the European Parliament to the countries of ASEAN*

President. — The next item is the report (Doc. 181/76) by Mr Scott-Hopkins, on behalf of the Committee on External Economic Relations, on the outcome of the mission of a delegation from the European Parliament to the countries of the Association of South-East Asian Nations (ASEAN) and on future relations between the European Community and ASEAN.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — Mr President, it is really a most happy moment for me to be able to take the floor of the House and to talk about the visit which I and my colleagues, led by our President, Mr Spénale, paid to South-East Asia just under a year ago. I am delighted to have the opportunity of expressing my appreciation of that extremely interesting and, I hope, fruitful visit.

I would like to make one comment at this stage: I think it is a pity that we have had to wait a year before having an opportunity of debating it, although in my own mind the events that happened a year ago are as fresh as though they had happened yesterday, because the impression was so great. It is nevertheless quite a long time ago that the visit took place, and I unhappily feel that in some areas there may have been changes in movements which render some of the things in this report and in what I am to say out of date. But so be it, this is the way that Parliament works; it grinds extremely slowly, but nevertheless it does grind well and properly.

As you know, Mr President, we were invited from this House to go and visit the five countries of the ASEAN and we followed in the footsteps of Sir Christopher Soames, who had been out there a little earlier dealing with trade matters and negotiations with these five countries. I think the first thing one must say is how glad we were to find that these countries — Thailand,

Malaysia, Singapore, Indonesia and the Philippines — had already united to form a similar economic trading arrangement to that which exists here in Europe. It is interesting to see, of course, that the two groupings — the Community and ASEAN — have very similar population levels, about 250 million.

Of course, where the difference comes — as the House will be more than aware — is the level of development of these two trading blocs. As far as civilization is concerned, I am not quite sure which is the furthest ahead. I know which is the oldest — and it is not us — and we had a great deal to learn about the culture of these particular countries, which was wonderful to see during our visit there. However, the purpose of my speech is not to describe the splendid time that we had in all these various countries and the tremendous hospitality that was shown us, the opportunities of learning and listening, the fascinating culture of these countries, although I could take up a whole hour in describing the various events which took place; it is really to tell the House what my impressions were of the development in these countries and what we can do as a European Community to help them forward, not in a patronizing way at all, but to meet the challenge of a rapid industrialization and to meet the challenge of being able to hold their place in world trade.

We all know the problems which have existed inside South-East Asia, that they have fought wars more recently than we in Europe — fortunately for us and unfortunately for them. However, a remarkable development is beginning to take place in Thailand, even after the débâcle of Vietnam and Cambodia and Laos, in Indonesia — with all its problems, one hopes, behind it — Malaysia, Singapore and the Philippines, development is taking place very rapidly. The first thing that obviously came to mind — knowing what the main articles of trade between the Community and ASEAN are — was the fact that they were trading at a certain disadvantage. We here congratulate ourselves, as everybody in this House knows, on having negotiated and put into practice the Lomé agreement with the African, Caribbean and Pacific countries. Now that is an agreement, but of course it does mean that other countries that are not part of the ACP, when they are trading with Europe, find themselves at a certain disadvantage. One cannot, of course, extend the ACP agreement to every single developing country throughout the whole of the world, yet there is undoubtedly in these ASEAN countries — in Malaysia in particular and to a certain extent in Thailand — a feeling of unease that the products on which they mainly depend for their exports to the European Community trade at a disadvantage when compared to exactly the same products from ACP countries. I refer to such products as pineapples, palm kernel oil and coconut oil, three-ply and multiply wood.

Scott-Hopkins

Perhaps these do not seem to us sitting here to be terribly important products, but they are important to those countries which are exporting them to the Community, particularly Commonwealth countries which had trade preferences for exports to the United Kingdom. When these countries suddenly find that the preference exists no longer and that they are competing against the Lomé ACP countries at a disadvantage, it is understandable that there should be a certain amount of dissatisfaction. I am sure that Sir Christopher and the Commission are fully aware of this problem and that they will be able, under the general agreement on tariffs, to work with the representatives of these countries and come to a more satisfactory conclusion with them for the expanding of their trade.

But that is not all, Mr President, that we in this House should be doing. As I said when I started, I think the ASEAN countries are beginning — and they have got quite a little way along the road — to form a parliamentary union such as we have here, and quite obviously we want to do everything we can to strengthen the links, not only in trade but also at Parliamentary level, and between the Community and our friends in the ASEAN countries.

They are several things that could be done, Mr President. Obviously the first thing would be to send an invitation — this has already been done, I understand — to the parliaments of the five countries to send a delegation over to us on a return visit. I believe that there is a meeting at the beginning of August in ASEAN to reach an agreement on the number of members from each parliament of the five countries and the most suitable time for them to come and visit us here in Europe. I confidently hope this House will sincerely welcome the idea that we should have this return visit, and we should do our best to return the lavish hospitality which we as visitors to their countries received last year.

Another point which is important is that an information office should be set up somewhere in the ASEAN to provide information on the activities of the Communities. Here, of course, one comes up against the problem that ASEAN covers an enormous area from Thailand in the west to the Philippines in the east. Many thousands of miles, many thousands of islands and over 250 million people are involved.

It is difficult to see, Mr President, where one could set up a single office which would be able to serve properly the whole of the area, which is not like the United States or Canada, or anywhere else where we have set up information offices, since there are greater problems of communication. Of course, the ideal solution would be to set up an office in each one of the five countries, perhaps in Manila, in Djakarta, Singapore, Kuala Lumpur and Bangkok. But we are still going through a period of financial strain and I do not

expect that this House, or indeed the Commission, will forward costly proposals for an office in each of the five countries.

Nevertheless, I think a small step forward at this stage would be a good move even though it might not be as effective as we would like. I therefore hope that the Commission will agree; the choice as to the location of this particular office would have to be theirs, although I do understand that the secretariat of the ASEAN parliamentary body is going to be in Djakarta, so one would assume that the Commission's office would be sited nearby, perhaps in Djakarta or Singapore, which is only 40 minutes' flight away from it.

There is another thing that we can do, Mr President, which is of obvious importance for the ASEAN developing countries; we can provide financial support from the Community. Now the form that this financial support should take — whether loans or grants from the European Investment Bank — is not a matter that this House can decide in detail. That must be left to the Commission and indeed the European Investment Bank itself to decide. What is important, however, is that the priority for the ASEAN countries should be clearly established and the Commissioner should state that it is the intention that applications for grants and for loans for the development of this area should receive priority from the European Investment Bank.

There is a great distance to go, Mr President, in developing these countries, and the potential there is enormous. Somebody said to me recently that they are a little short on techniques and technology in South-east Asia but they have a great deal of experience and manpower, and this is true. They all have the ability to expand rapidly. They have natural resources. One of the things that struck me and my honourable friends when we were in Indonesia was the tremendous amount of natural resources waiting to be developed there; indeed they are developing, but only slowly. The same applies to Thailand and to the Philippines as well as to Malaysia and Singapore.

It is surely here, Mr President, that our interest as a Community lies. We have a great interest in promoting trade and stability in an area as important and as large as South-East Asia, and anything that we can do to help in this field must be to our mutual advantage. I hope the House will have realized, from the few words that I have said, something of the tremendous reception which we received, the enormous interest which we had in going round these ancient and lovely countries and our tremendous feeling of excitement at the development that was there, and the potential that exists in these countries for development, and expansion which needs a little help from Europe, perhaps a guiding hand in the technological field and in the industrialization field.

Scott-Hopkins

Above all, however, I do believe that if this House can welcome, and ask the Commission to pursue with the utmost vigour, the negotiations between our two trading blocs, then indeed it will be to the advantage of us all. And so, Mr President, I would conclude on behalf of all my colleagues — including yourself, Mr President — by thanking our hosts for this visit of a year ago. To our hosts I would say that I am sorry you had to wait for a year to hear from us of the interest and delight we had in our journey round the countries but I can assure you that we will do all we can — and I am sure the Commission will join me in this to help your development and to give you the stability you want, which is bound to be to the mutual advantage of both the European Community and the countries of ASEAN.

(Applause)

IN THE CHAIR : MR SPÉNALE

President

9. *Welcome*

President. — I welcome the presence in the official gallery of Mr Fanfani, who has just been re-elected President of the Senate of the Republic of Italy and who, during a brief stay in Luxembourg, is honouring us for a moment or two with his presence. On behalf of Parliament and myself, I extend to him a cordial welcome and wish him an agreeable stay in Luxembourg.

(Applause)

10. *Mission of the European Parliament to the countries of ASEAN (contd)*

President. — We resume the debate on the report by Mr Scott-Hopkins on relations between the European Community and ASEAN (Doc. 181/76).

I call Mr Berkhouwer, draftsman of the opinion of the Political Affairs Committee.

Mr Berkhouwer, draftsman of the opinion. — *(NL)* Mr President, as the draftsman, it is my privilege to present orally the opinion of the Political Affairs Committee. I shall also be speaking on behalf of my group. In this way we shall save time.

I read recently in a literary review that Rudyard Kipling is enjoying a new wave of popularity. In one of his poems Kipling wrote: 'East is East and West is West and never the twain shall meet.' I believe that the visit which you led to this remarkably varied region gives the lie to Kipling's words. We established contacts which were extremely important. Perhaps we were even able to throw a bridge between a part of our continent and that immeasurably vast part of the world.

I gladly endorse the words of appreciation we have already heard at the overwhelming reception we

received there, just one year ago. Mr Scott-Hopkins said it was a pity that we should have allowed a year to pass by without discussing this matter. Mr Scott-Hopkins knows the Far East, and I too know it a little; he will surely agree that in the eyes of our friends in the Far East, a year is a short span of time. Let us remember how in Indonesia political consultations are conducted on the principle of 'mushawara', characterized by great patience. We in West are often in too much of a hurry to show that patience.

I shall turn now to considerations of a more political and economic nature. ASEAN is a recent association of peoples imbued with a spirit of enterprise. Let us not forget that it is an association of widely varying factors and trends. But the aim is to establish constructive homogeneity out of these heterogeneous elements. What general impression does a visit to this part of the world where the nations are joined together in ASEAN, leave on us as politicians? On the one hand, the impression that this region and association of peoples have a vast potential, based in particular on their practically unlimited natural resources; and, on the other, the fact that they have to contend with almost overwhelming problems due in particular to the demographic and geographical characteristics of this part of the world. Indonesia and the Philippines are experiencing a population explosion almost without equal anywhere else in the world. Then there is this enormous archipelago with thousands of islands; the sheer extent of it creates vast communication problems. In both technology and family planning, I am convinced that we can provide important assistance.

In the interplay of world political forces — between Japan, the Soviet Union, China, Europe and America — ASEAN is a new and developing factor. All the countries belonging to ASEAN have one thing in common. They are engaged in a process of reassessment and reorientation of their position and role in that part of the world, especially after the American disengagement in South-East Asia. The result is that positive and negative factors are being weighed up against each other and the result is a kind of trend to establish new ties with Europe. I emphasize the word *new*. It is not a matter of restoring old ties. Those must be forgotten once and for all. And the new ties will be established on a basis of complete equality, unlike the situation we knew in the past.

These ties can be established all the more easily as ASEAN and our Community have certain things in common. By chance the total population of the nations which belong to ASEAN is roughly the same as the population of the Community, with some 250 million persons. A second point in common is that ASEAN is seeking to become a factor of equilibrium in South-East Asia, an area which has been torn by strife, while the Community is also aiming to establish equilibrium in Europe. United Europe wishes to be a balancing factor in the world of today and tomorrow.

Berkhouwer

Moreover, neither ASEAN nor our own Community has any aspirations to become a super-power after the pattern of the great military powers in the world today.

I wish now to look for a moment at point 5 of the motion for a resolution, which urges the establishment of an information office of the European Communities similar to those in other parts of the world. If there is any one part of the world where the Community should have an information office, it is surely here — in one of the most closely-integrated regions of the globe. Naturally, we should consult our partners in South-East Asia, as the choice of the location of this office must not be made unilaterally.

That was the economic facet of my opinion. Points 6 and 7 look in greater detail at the political level of our cooperation, and I welcome the initiatives now under way for the creation of an ASEAN-EEC inter-parliamentary body. I believe that this can be a means by which we may show a vigilant interest in the development of a genuine parliamentary democracy in other parts of the world.

Perhaps it is not superfluous to remind you in passing how parliamentary democracy is losing ground in all parts of the world. Scarcely a sitting of our Parliament passes at which we do not protest against one occurrence or another. In doing so, I believe it is proper for us to show no discrimination of any kind. Let there be no question of privileged criticism or protest directed solely against events in certain regions.

Of course we cannot read the law to the whole world — our possibilities are limited. However, in my view we can be vigilant partners in the new inter-parliamentary body. We must place that body in the service of a dialogue which is an expression and proof of the increasing inter-dependence in the world today. Our friends in the Far East need us, but we need them just as much. I hope that the formation of an inter-parliamentary body will give expression to our awareness of this situation.

Mr President, I am grateful to you for giving me the opportunity to present orally the opinion of the Political Affairs Committee. I was also speaking on behalf of the Liberal and Allies Group.

(Applause)

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

Mr Lagorce. — *(F)* Mr President, ladies and gentlemen, may I first present to you the apologies of our colleague, Mr Glinne, who was a member of the European Parliament's mission to South-East Asia and greatly regrets being unable to attend our debate today; I was therefore asked at the last minute to deputize for him and explain the amendments he has tabled on behalf of the Socialist Group.

We support all of Mr Scott-Hopkins' report and the conclusions reached in it. Quite clearly, it will stand

to the credit of the European Community if it helps to the limits of its ability and in every area, the countries of South-East Asia to develop and — while safeguarding the irreplaceable contribution of their extremely attractive and original civilization to the cultural heritage of mankind — to modernize their structures so that their peoples can attain in new-found peace the level of prosperity which is their right.

Mr Scott-Hopkin's report puts forward particularly interesting suggestions on this subject, but we consider that it may perhaps require completion on two points. The first concerns a better mutual knowledge of the countries of South-East Asia and the Community, and the improvement of future relations between the Community and ASEAN; that is the aim of our two first amendments to point 5 of the motion for a resolution.

The second point which received the attention of the Socialist Group concerns the political situation in that part of the world, and especially the problem of political prisoners. We consider that the European Parliament cannot remain insensitive to violations of the rights of man, wherever they occur. Scarcely a session goes by without our engaging in discussion on this point. Yesterday, for example, we debated this topic in relation to Argentina. Our colleague, Mr Glinne, wanted to stress what has become a habitual and normal preoccupation of our Assembly by tabling an amendment to point 6 which I shall have the honour to introduce and support in a moment. But I wish to repeat that, with these two reservations — which are not even reservations in the strict sense of the term — the Socialist Group fully endorses the conclusions reached by Mr Scott-Hopkins whom I wish to thank personally for the interesting report he has submitted to us.

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

Mr Früh. — *(D)* Mr President, ladies and gentlemen, you will grant that I am placed in a somewhat difficult position by having to express an opinion on this report after Mr Scott-Hopkins and Mr Berkhouwer. As I noticed we have practically the entire delegation here — including the President — and it is really difficult to talk about this mission without dwelling on our experiences.

I should like to thank you warmly, Mr Scott-Hopkins, for three things. First — and the same goes for you, Mr Berkhouwer — for being a tower of strength when difficult situations cropped up on the mission. The impression one received was that you knew your way around. There were times when you were able to get your ideas across to our partners in your native language, when we felt that nothing could go wrong and that we could leave matters safely in your capable hands.

Früh

I must, however, also thank you for this report and for the introduction, which says all that needs to be said. My only regret is that the report was so long in coming out. We are delighted, however that it has now done so, and it has made a profound impression on me. I prepared myself very thoroughly for this mission and consulted an expert, who — if you will allow a personal digression — said to me: 'Get out there as soon as you can. The time is not distant when you will no longer be able to do so.' I need say no more about this counsel, which was given to me immediately after the events in Vietnam. What surprised me more than anything was that the five countries visited, difficult though their situation was, were not prepared to await developments in a mood of fatalism, but were putting up resistance, wanted to create a zone of peace and stability — all this despite the wide racial, economic and other differences that existed between them — and boldly placed their faith in their own future, for which they were busily preparing themselves. Although here and there — and at this point I must recall Mr Glinne's remarks — things have not proceeded exactly along what we regard as democratic lines, I feel we ought to bear in mind that democracy is largely a matter of education and that in this sphere those countries have made outstanding efforts, far greater, measured against their economic capacity, than ours. This personal impression of mine has also, I think, been confirmed by the reports submitted to date.

The tremendous trust displayed towards us in all these countries, and the serious way in which we were welcomed and treated during discussions, was for all of us a moving experience. My mind goes back to the day we spent in an immense, but fortunately air-conditioned, bank building, where the entire cabinet of the country put pertinent questions to us from morning till night. It was hard going but it was worth it, and it created a strong spirit of mutual trust.

One thing I perhaps may add. I entertained at the time some misgivings, for the impression I received was that in these countries the European Community enjoyed a higher reputation than it strictly deserved. Anyone present during the address given by the new President of the Council, or at least during the introduction, can hardly have been overwhelmed with joy. I can only hope that this introduction was deliberately designed to spur us on to greater efforts to improve the situation. In other words, I am beginning to wonder whether the Community, when this delegation in its turn comes to visit, us can present itself to these Asian countries as they presented themselves to us. This is a worrying business, and I hope that you, Mr President, will find some way of ensuring that the return visit you have spoken about is carefully prepared, and that the delegation will be given the same sort of treatment in the individual Member States as was extended to us.

I do not want to go into details, this being hardly called for here. One point — to which Mr Scott-Hopkins has already alluded — I should, however, like to bring up, and that is the anxiety so often felt by these countries at no longer forming part of the Commonwealth and, or so it appeared, of having to cool their heels, following the Lomé Convention, in the ante-rooms of the EEC. I should like however, to mention an experience which filled me with satisfaction. We hear a great deal about the wealth of raw materials possessed by these countries. During an extremely lively conversation I had with a young and forceful minister responsible for his country's economic affairs, I understood him to say that raw materials could be used as a means of blackmail. You are familiar with the argument. In the ensuing discussion we succeeded in convincing each other that partnership is the best answer for both sides. It proved, therefore, a worthwhile conversation, and one that was not without its effects.

Perhaps you would allow me one more comment. The progressive development of the economies of these countries is of crucial importance. For this they are dependent on our aid, on our investments. Not, as Mr Berkhouwer has pointed out, that we were there to hand out advice and that sort of thing. Something, however, that struck me again and again was that when the conversation turned to investments, rather too many ideological considerations would crop up here and there. One always tended to gain the impression that the prevailing attitude was that the flow of foreign capital ought to be checked, perhaps even to the extent of depriving it of any scope for expansion, and that the requisite sense of security and trust was perhaps somewhat lacking. That is why I feel it is of crucial importance to dispel this atmosphere of mistrust and to ensure — and this, at bottom, was the purpose of our visit — that these countries come to see in the European Community a really novel development free from any taint of past imperialism, recognizing us as a Community which is stretching out to them a helping hand and which, with its wealth of technical knowledge, its culture and its industrial capacity, has much to contribute to the development of these countries.

I can only repeat that the mission was for me a tremendous and overwhelming experience, as, I feel sure, it was for the entire delegation. We met with so many splendid examples of the kind of cooperative activity that is possible out there, and I came back with a good deal to say to our own cooperatives on the subject.

Finally, I have just one request. I believe that the members of Parliament's delegation to the ASEAN countries ought to be kept informed of the continuous contacts which, as can be seen from this report,

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are maintained by the Brussels Asian Committee, and that when the delegation from those countries comes over here we should also be given an opportunity of meeting these gentlemen so that we can renew our thanks, a year later, for this highly informative visit.

(Applause)

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

Mr D'Angelosante. — *(I)* Mr President, ladies and gentlemen, please excuse me if, instead of the speech I should have liked to have made but could not, as I arrived only yesterday evening and did not know the agenda had been amended, I have to confine my contribution to this interesting debate to an account of my own experiences; for I, too, was a member of our Parliament's delegation to the ASEAN countries.

As regards the relations existing between us and those countries, my first impression was how very difficult it was to reduce them to something approaching a common denominator, given the wide diversity that exists, especially from the economic point of view, in the scope they have for trading with other parts of the world, which in turn determines the importance for them of relations with the EEC. There can be no doubt, for instance, that Singapore's interests are wholly different from those of Thailand or of Malaysia, or that the position of Indonesia, closely linked as it is with other areas of the world, hardly requires such close links with Europe as are desirable for other countries in that area.

I agree with what many colleagues, particularly Mr Berkhouwer, have said about the political significance of the time of our visit to that part of the world following the end of the military presence of American imperialism in Vietnam.

I should at once point out that, whereas in those countries the end of the Vietnam war was, or tended to be, welcomed and some important statesmen such as the foreign ministers of Thailand and Malaysia actually looked forward to Vietnam's entry into ASEAN, members of our delegation were inclined to regard the American defeat and the victory of the Vietnamese people as a tragedy, a feeling they were surprised to find the ASEAN countries they were visiting did not share. Some of our colleagues even launched an appeal for the infusion of fresh life into the alliance with the United States. If I am not mistaken, it was Mr Berkhouwer himself who asked the foreign minister of Thailand where he stood on SEATO. The reply he received was that for Thailand's government SEATO had had its day; the alliance was for his country devoid of interest and one with which his government no longer knew what to do.

What I am leading up to is that our discussions did not, in my view, exactly suggest that we hailed

the liberation of those governments and their peoples from the last traces of oppression. Once again, as has so often happened in the past, instead of coming forward as representatives of a Community that has a great deal to tell the world, we came as advocates of a third party, of one of those superpowers referred to a short while back by Mr Berkhouwer, whose mind at the moment seems to be elsewhere.

As regards economic relations, as I said before, the widely differing situations are reflected in the diversity of views. For example, proposals put forward by the ministers of Thailand and Malaysia were, if I remember rightly, rather more precise than those made to us by other countries. I shall not, however, dwell on these proposals, as they aimed at preserving a number of privileges arising from membership of the Commonwealth. In Malaysia, for example, the feeling was that to some extent they were being discriminated against both under the Lomé Convention, which links to the Community under favourable terms a large slice of the underdeveloped world, and as regards participation in the system of generalized preferences.

As regards that system, when we were last discussing in committee the requests received by us from the Malaysian representatives, the Commission official told me that those problems had been solved. I hope that this was in fact the case. I too wish to endorse what was said by preceding speakers regarding the establishment of equitable economic and political relations with countries in that part of the world, where there are unmistakable, even if diverse and ambiguous, signs of a desire to shrug off a recent, unpalatable past.

There exist, however, political problems in this House. I am prompted to speak about them by Mr Scott-Hopkin's report, to which I shall return by and by. One fact, for example, astonishes me: for years, whenever we discuss generalized preferences, authoritative members of this Assembly have maintained that oil-producing countries ought to be excluded from this system.

I find no specific mention of the most important oil-exporting country and member of ASEAN — Indonesia — in either Mr Scott-Hopkins's report or Mr Berkhouwer's opinion. I do not want to see us, in our arguments with oil-exporting countries, suiting our action to the political choices of those countries. It would be ridiculous if we were to exclude certain oil-producing countries from the generalized preference system, not because, as is argued, they are rich, but because their politics do not suit our tastes. In that case, I should have to conclude that the politics practised by Indonesia are congenial to you, and would have to ask you why.

It was indeed while we were in that country that I read in a newspaper — I have not brought it with me but, as I said earlier, I did not know that this subject

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would come up for discussion today — a report to the effect that a member of the central committee of the Indonesian Communist Party arrested in 1966 had been tried in July 1975 — that is, nine years later — and sentenced to death. Similarly, a few months earlier, Indonesian courts had tried four women members of Left groups and sentenced them to twenty years' imprisonment, without taking account in that sentence of the fact that they had been held in custody for eight years before they were tried.

I detect traces of this tragic aspect of our experience out there in the amendment tabled by Mr Glinne, but not in Mr Scott-Hopkins' report. Moreover, I find that Mr Scott-Hopkins, going somewhat beyond a rapporteur's rights and committing, putting it bluntly, a palpable error, goes so far as to say in point 28 of this report (and I would ask him to attend closely) that it should be noted that formulae of direct democracy as developed for instance in the Indonesian system of 'Musjawarak' (debate leading to unanimity) have aroused keen interest among members of our delegation.'

Here he commits a twofold error: an error of fact, for we saw with our own eyes how unanimity is reached in Indonesia and the methods employed to convince the unconvinced. On one island are incarcerated fifty thousand opponents of the régime — intellectuals, writers and others. Sentences and persecution are the order of the day. But Mr Scott-Hopkins may not agree with this. Indeed, this situation may perhaps be welcomed by him. He may feel that something may happen in once place, and something else in another.

Nevertheless, he cannot get away with saying that this so-called system of direct democracy aroused keen interest among members of our delegation. This is simply not true, for I was one of them, and so were Mr Glinne and other colleagues who held earnest, and at times tough, discussions with the Indonesian representatives, challenging this fable of a discussion leading to unanimity. And you cannot maintain, Mr Scott-Hopkins, that the delegation as a whole evinced a lively interest in a state of affairs in which some members of the delegation not only showed no interest at all but went away with the entirely opposite impression.

I have already warned at an earlier meeting, at which we were discussing this document, against the tendency to express forthright political judgments of this nature. Our rapporteur, however, has seen fit to go even further. Let everyone shoulder his responsibilities: in the Valley of Jehoshaphat each of us will arrive on his own and have to account for himself. What I should dislike is to be enrolled in Mr Scott-Hopkins' army. I belong to another army, and others in this Assembly serve in different armies from his. He therefore has no right to say that we are all in agreement — unless, of course, he has invented a

formula for inducing agreement in those who disagree based on a 'Musjawarak' technique of a European instead of an Indonesian brand.

Admittedly it is not for us, when we enter into relations with countries of certain parts of the world, to give lessons in parliamentary democracy, even if our attitudes and ideals spring from that concept. But neither can we, in the name of humanity turn a blind eye to grave facts such as those indicated in Mr Glinne's amendment No 30. We should very much concern ourselves with attitudes which constitute a serious threat to peace, such as the act of aggression committed by Indonesia on the Republic of Timor and the swallowing up of that republic in the Indonesian system.

Given our mission and our duty to make our voice heard throughout the world, we must say something of this kind. I realize that the external affairs representative of the Commission, Sir Christopher Soames, may not perhaps occupy himself with these problems. But we are a parliament. We are here to outlaw any system under which unanimity is reached by the expedient of shooting one's opponents. We cannot use the language of diplomacy, because if we do we shall remove any justification for our existence.

Not that I want to deny the importance of our mission or the attraction exerted in these countries by the European Economic Community as a great economic — though not military — power. But this is precisely why there is just as much need in the world, alongside expanding trade and rising economic standards, to defend and foster the ideals of democracy, of parliamentary democracy.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, ladies and gentlemen, allow me to make a number of brief comments.

First, as I was not a member of the delegation and as I am the first to speak on this subject without that experience, I should like to confine myself to underlining once again the constructive role that delegations from our Parliament play in opening up new scope for the collaboration and international solidarity to which our Community has been dedicated from the start. I maintain that this way of honouring our political commitments ought to be consequently stepped up and improved because, in my opinion, it has once again proved its efficiency and its real worth.

Secondly, I should like to repeat what I said yesterday during a colloquy between our committee and certain ASEAN representatives — namely, that two circumstances — apart, of course, from that important international event, the end of the Vietnam war, to which a number of colleagues have alluded — facilitated this encounter.

Bersani

The first is that these five nations set up an international association. The second is that EEC policy towards the third world has gradually passed — not only conceptually but also in practice — from activities confined at regional level mainly to relations with African countries, and now also with the Caribbean and Pacific countries, to a broader and more global vision. There has been a radical change in political outlook, and one in which our Parliament has on various occasions played an important role. I would say that we are the driving-force behind this change in the course of the Community's policy.

We must, I feel, recognize that as a result of this specific responsibility we have taken on, this change in outlook is being progressively put into effect as the various situations develop. It is within this global context that this closer dialogue between the EEC and ASEAN which has good prospects of becoming institutionalized, should be seen.

We should welcome this state of affairs, at the same time putting forward a number of observations thereon. The first is that the Lomé agreements, with the defence of the Community patrimony maintained through the various Yaoundé Conventions up to the current Lomé Convention, do not in themselves run counter to this broader global approach. It was this approach that paved the way for the change in our political course; because of its advanced regional character, it is intended, not to wind up this experiment, but to prepare developments such as those now under consideration. Moreover — and this is something we must bring home to our ASEAN friends as we did a few months back in this House to our friends from Latin America — it is not a discriminatory but a global policy that is gradually taking shape, unfolding step by step with developments, in ever new forms of solidarity.

In this trend, of course, can be seen the structural organization of this dialogue on the one hand, and the adaptation of its economic, social and financial cooperation aspects on the other. I believe that it was indeed the work done by our delegation that prepared the ground for an organized partnership by making provision — and I fully agree — for an information office and by advocating the setting up of an inter-parliamentary body. These are no less important than the organization of trade, and will raise our dialogue from the level of mutual understanding and good intentions to that of more specific participation.

As to the practical aspects, some must certainly be reviewed, while other will depend on an improvement in joint collaboration. The generalized preferences referred to by many speakers have proved a disappointment for the ASEAN countries (and also for us), not least because many ambiguities have bedevilled this first phase of what is a very specialized experiment, but above all because of the delay in bringing into

application a whole series of technical instruments and procedures. In this connection, I feel we should do a great deal more to help our partners, seeing that this is without doubt one of the truly characteristic aspects of our cooperation. Similarly, many arrangements regarding food, trade, tariffs, etc., ought to be improved.

There can be little doubt that the interests of the two sides are complementary. This is the case at the general political level, because these countries want organized relations. In this respect the European Community is certainly a welcome partner, for it is not an imperialistic power and does not exacerbate the world situation with aims in that direction. At the economic level, this complementarity of interests is borne out by the fact that in return for the technological knowledge and skills we can pass on, and the commercial interests, we shall be getting wide access to raw materials and semi-finished products. In this sense, to aim for better and more efficient cooperation reflects not only an idealistic and necessary vision of that international solidarity on which our external relations policy is based, but also a practical and down-to-earth coordination of the mutual interests of the two groups.

I should like to wind up by saying to Mr D'Angelo-sante that, aside from systems — and of systems, alas, there is no lack in this world of ours — and aside from persons who are forced to pay so directly and so unfairly for their political choices, we cannot depart very far from what the report has proposed to us.

On the basis of that report, we hope to act in a suitable sphere of indirect but really effective influence, aimed at demonstrating the need for restoring and safeguarding political freedom, representative democracy and the fundamental human rights. With an approach of this kind, we could not end up practising any form of interference whatever. We must confine ourselves to forms of indirect pressure, but sparing no effort in the process. This, I believe — and I am also thinking of all the experience so far gained with the other associations and with third parties — is the only answer that is politically feasible for a Community such as ours. The problems that have been spoken of here are grave ones. There is no denying that massive and intolerable pressures have long been, and continue to be, exerted on countless citizens — particularly in certain other countries well known to us. What we must find is the most suitable course of action. This ought, I think, to be the one that we have so far pursued, encouraging to the best of our ability — while refraining from direct interference in the political choices of others — those ideals of genuine freedom and international solidarity that alone can lend a human dimension and a historical perspective to the life and actions of our Community.

(Applause)

President. — I call Mr Molloy.

Mr Molloy. — This document is both interesting and informative and, what perhaps is more important, may prove the basis to herald in a new, civilized, chapter in relationships with this continent and what we call in the document the ASEAN nations. I therefore welcome the document very much. I should also like to comment that the cold words it contains were brought to life by the very warm description we received from Mr Scott-Hopkins and then from Mr Berkhouwer. They put life and greater meaning into the document. I found particular delight in both those contributions, coming as they did from a Conservative and Liberal and having as their basis a democratic socialist approach to a grievous world problem.

(Laughter)

I believe too that the recommendation which I wish to refer to a little later will be given the serious attention it deserves.

I should also like to comment on the speech made by Mr D'Angelosante that whilst I agree with him that there are many evils in this part of the world which must be eliminated, that the past actions of our European forefathers in that part of the world are anything but Christian, anything but decent, and were based on vulgar exploitation, I believe that our generation should take encouragement from this document, from the speeches we have heard from Mr Scott-Hopkins and Mr Berkhouwer, and on this basis tell ourselves that we should not let the roaring of the past drown the whispers of the future. I therefore regard the recommendations of increasing aid and trade as both sensible and civilized. Nevertheless, we have got to realize that there is still a battle to be fought in all parts of the world where deprived and humiliated nations exist, that we cannot conquer these evils simply by aid or by trade. Somehow or other we shall have to tackle grievous problems of ignorance, disease and hunger, because, so I happen to believe, the millions of people in the countries enumerated in this document will have a much great appreciation of us, the ordinary people of Europe, when we can cure them of the things that afflict them, of the miseries they have to endure, for this will bring us much closer to the peoples in these parts of the world than merely establishing a few bank branches here and there. Let me say immediately that I too acknowledge that these have a role to play, but I believe that they must not trade on aid by itself, must not obliterate the fundamental idea that what we in Europe, in this economic community, wish to do is to uplift, enhance and enrich the lives of ordinary people in these countries. There is so much in this Europe of ours that must make us blush but, on the other hand, Europe's inventive genius and, if I may say so, the initial feeling this Community had for peoples overseas can make more than good some of the elements of the past. This document and the speeches we have heard this morning,

particularly from the rapporteur, may well guide us on how we can do these things, because much of the world's science and technology found its origin in the Member States of this European association of ours. It is on the continent of Europe that so much was discovered that has helped mankind. It is all very well, you know, to quote Rudyard Kipling, but Rudyard Kipling is almost like the Bible: you can select from him whatever you want to enhance your case. I would say that one could list the great Europeans in science, technology or medicine from whom all mankind has benefited, for it is their example that we want to follow, and I believe that the document we are discussing this morning gives us an opportunity to do just that. However, whilst the science and technology of Europe can aid tremendously to raise and enrich the standards of life of ordinary people in these countries, we must not lose sight of the fact that there is another European value — our European freedom. This is also something that we have got to export. We must let people see for themselves when they visit Europe that it is these things that together have contributed to the richness of life in this particular continent, which people in the less fortunate continents can emulate. We should assist them in so doing, because in this way we can really show what the ordinary people of Europe feel and can do.

I would also say — and here I mean no offence to Mr D'Angelosante — that far too often in the past, certainly in my country, we have had a yen to send out lawyers everywhere or to get lawyers from the developing nations to our countries. This to me has always been an absurdity, and I say this with the greatest of respect to the legal profession. It would be far more beneficial to all concerned if the sort of people who came here were not merely lawyers or politicians but people who can understand and perhaps later appreciate the really great skills of Europe — the skills of our artisans, craftsmen, electricians, engineers, fitters and so on. These are the sort of people that I believe we can encourage to go overseas under any programme that might evolve to assist in this way. And I also hope, with regard to the recommendation enunciated by Mr James Scott-Hopkins, that people visiting us from these countries will not only see the parliament buildings or the law-courts of our various countries, but they will meet the ordinary people, representatives of the trade-union organizations, representatives of the great professions and above all representatives of the great artisans and craftsmen of Europe. Therefore I would say in conclusion, Mr President, that what we can embark on today, by way of translating into reality the fundamental principles enunciated in these documents and in the supporting speeches, is to say to these nations that we recognize and will try to do something about the fundamental idea — namely, the brotherhood of all humanity.

(Applause)

President. — I call Mr Albertsen.

Mr Albertsen. — *(DK)* I just have one brief observation to make on what Mr D'Angelosante has said, since I and several other of today's speakers had the pleasure of taking part in the delegation mentioned on several occasions. During the discussions which, as Mr D'Angelosante said, we had with representatives of the parties in the Indonesian Parliament, there were it is true various points that some of us found very strange and less attractive seen from the point of view of the democratic traditions we have in Western Europe.

This view is also expressed in the report drawn up by Mr Scott-Hopkins, and I therefore find it rather difficult to see Mr D'Angelosante's reasons for criticizing the report's author. My understanding of it is that there was general agreement about the criticisms some of us made during the discussions because there were things that obviously struck us as strange in the Indonesian Parliament and in Indonesian democracy, and I believe — and I think most of my colleagues will agree with me — that it is only right, when we are with people of other views, to put forward our own views without insisting that they should be adopted by the other party. We should be allowed to criticize them just as they should be allowed to criticize us.

I feel that the views we have expressed here are reflected in the amendment tabled by Mr Glinne on behalf of the Socialist Group. It states our basic views not on democracy in the countries mentioned, but on the special situation that led us to comment on the question of the upholding of human rights, especially in Indonesia. The amendment expresses our view and clarifies our attitude and I therefore feel that the criticism that has been directed against Mr Scott-Hopkins is unreasonable and unjust. In my view we could agree in general on the subject.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, *Vice-President of the Commission.* — This most useful report suggests, I think, that we should think about the Community's relations with ASEAN under three main headings. First of all what ASEAN means to its own Member States, secondly what it means to the Community, and thirdly what the Community means to ASEAN. And it is these headings that I would like to use making a few comments on the report itself.

Now for its members ASEAN has a double value. It is both political and economic. It has an important political role to play both as a framework within which difficult issues between its Member States can be resolved, and as an instrument by which they can pursue their collective interests in the world outside. The existence of ASEAN has undoubtedly contributed a great deal to the political stability of the region. As the communiqué of the recent meeting of ASEAN

foreign ministers in Manila showed, the Association is aiming to contribute to a wider reduction of tensions in South-East Asia. Now this is all the more important because of the progress which the ASEAN countries are now beginning to make in their economic cooperation. In the economic field the ASEAN countries labour under the handicap that, in contrast to the European Community, their economies are more competitive than complementary. And it is in this light that I feel we must understand the difficulties which ASEAN has met in its efforts to establish a preferential market, difficulties to which the report draws particular attention.

Now it seems quite clear that the best basis for economic cooperation within ASEAN lies in the formulation of a common approach to economic developments, and this is what they are now attempting to do. At the Bali Summit in February, the ASEAN Heads of State defined the main fields within which economic cooperation should be developed. At a meeting in March in Kuala Lumpur, the economic ministers decided to set up 5 industrial plants which would have the whole of the ASEAN region as their market. The 5 plants are to be put up in different parts of the region and would have the whole of the region as their market. This is just a beginning. And in their meeting recently in Manila, the foreign ministers announced that they had concluded agreements about mutual preferences and emergency sharing of rice and crude petroleum. Now this is good progress in the right direction.

I now turn to the question of what ASEAN means to the Community. The answer is that the ASEAN region is of much greater economic importance to the Community than many of us realize. The figures in the report speak eloquently of our existing trade with the area. What it does not perhaps sufficiently bring out is the extent to which the Community is still not fulfilling its potential economic role in South-East Asia. The region is one of the world's richest sources of raw materials, but in practically all lines of exports from the area, the Community takes third place to the United States and to Japan. And, compared with those countries, I am afraid that we play a relatively insignificant role in joint ventures and long-term contracts for the exploitation of their natural resources. We are also still a long way from making the sort of impact we should upon the rich and expanding market of about 250 million people, by coincidence demographically about the same size as our own Community, as Mr Scott-Hopkins and Mr Berkhouwer pointed out.

Now this is why the Commission attaches so much importance, not only to the various efforts we are making to provide assistance to the ASEAN countries — notably there is our food aid, there is trade promotion and help with their regional integration — but also to the joint study group which we have set up

Soames

between the Commission and the ASEAN organization and which will hold a second meeting in Manila in the autumn. It is only as these meetings go on and take place at regular intervals that we shall be able, really, I think, to come to grips with these problems. And I hope we shall be able to begin to talk about specific prospects of cooperation in which the Commission considers itself, as it were, as a broker between ASEAN and the Community or even as a participant. In this connection I would also like to pay tribute to the work of the ASEAN Brussels Committee, the ABC, which has played such an important part in developing the dialogue between the Community and ASEAN since it was established in 1972. This has been useful, I think, not only in the context of relations between the Community and ASEAN, but also in the wider international context, where we have both found ourselves sharing the same view about the necessity of avoiding confrontation and the desirability of pursuing a cooperative approach to the problem of reform in the world economy.

Finally, Sir, what does the Community mean to ASEAN? Here I think the report is right to emphasize that the members of ASEAN do not view the relationship between the Association and the Community in exclusively economic terms. They see the Community as something of a model upon which they can form their own approach towards regional development and integration. Mr D'Angelosante spoke at some length — although I notice he has not bothered to hear what has been said since, because he has left the Chamber — and launched a great attack on what he called the American Imperialists. Well it so happens that the United States are the most important partner for ASEAN. And they certainly value the American capital, the American assistance, and they also realize that they are not going to get anything from Russia or her COMECON allies. They realize that full well, because they realize that their political system has not put those countries in a position to be able to help them. And that is the truth of it.

(Applause)

And so the importance, I think, in the relationship between the Community and ASEAN is that as a Community we are big enough, we are substantial enough, we are rich enough and we have the economic strength to be able to provide a satisfactory extra opinion for the countries of South-East Asia, which we could never have done as individual independent Member States on their own. We can be an extra opinion to the United States and to Japan. And there is great goodwill within the countries of ASEAN towards Europe. I really do not think that we need say that everything that our forefathers did in those countries was bad, but the Community, of course, is a new Community. It has no past. With all the disadvantages

that that brings of having no past, of having no precedent on which to fall, there are also the advantages that the Community has no colonial hangup. We have no anxieties or worries in that respect, and as, Mr Berkhouwer said, it is a new relationship which the Community can create with ASEAN, something which could never have been done by our individual Member States. And it is for us to realize this and to do it. I sometimes wonder whether our peoples realize that what we, as a Community, can do with and for others in the world and the contribution that we can make in this part of the world politically and economically and for their own development and well-being, is enormous. We could never have done it on our own and I sometimes wonder whether, particularly in my own country, these advantages of the Community are appreciated.

The best way that we can build upon the goodwill which exists on both sides between ASEAN and the Community lies, I think, in the expansion of trade.

I am sorry that Mr Glinne could not be here because of the timing of the debate, and I am grateful to him for having agreed to this debate to this place this morning. I know the importance that he attaches to having a Community office in South-East Asia. This was mentioned, I think, by Mr Scott-Hopkins and Mr Berkhouwer. At the moment the Commission has few offices in the outside world. There is no doubt that, when we come to consider extending the number of areas or countries in which we should have offices, ASEAN will be of a very high priority. There will certainly be, I think, sufficient work for such an office to do, especially as the study-group gets going and we get joint ventures going and the like. This is a matter for the future, but something certainly to which I attach importance. But I think that what we can do now is go for the expansion of trade, and this in turn means a programme of economic and industrial cooperation.

In addition, it means that the ASEAN countries should exploit the generalized scheme of preferences to the full and we are giving them every encouragement to do so. Every year since the scheme was introduced in 1971 we have made improvements to it, so that in the proposal for 1977, which the Commission has now sent to the Council, the total coverage will be raised from some 3 billion dollars in 1975 to some 8 billion dollars in 1977. I hope the House will agree that this is a not unsatisfactory figure; it certainly compares exceptionally well with any equivalent figure offered by any other country in their generalized preference schemes. And the operations of the GSP has, of course, been tailored to some extent to the very requirements of ASEAN countries as part of the fulfilment of the Community's obligation in the joint declaration of intent.

Soames

The development of the Community's international personality is leading it into new relationships with many different countries in many parts of the world. They are new relationships because the Community is new.

They are fresh relationships and they are relationships which can contribute a lot to prosperity and peace in the world. I am thinking of Africa, South America, the Middle East and the South Asian subcontinent. One of the most important of the new relationships which we are forging is that with South-East Asia. My first long visit abroad when I came to this job in 1973 was to South-East Asia; and I went back there again the next year; we have now set up this study-group and have progressed quite a long way along this road; I am glad to feel that, to judge from the speeches that have been made in this debate, the House shares the Commission's realization of the importance of the contribution which the Community can make in our relationship with ASEAN. The connections we have already established are, I think, something of a model for our relationships with developing countries outside the ACP. And with the support of this House, which is evidently forthcoming, as this debate has shown, we can go on developing this relationship in ways which may well be of the greatest benefit both to the Community and to ASEAN.

(Applause)

Mr Scott-Hopkins, rapporteur. — It has been a fascinating debate and I am very grateful to honourable Members who have taken part in it. With one exception, the feeling I have received from the House is that they welcome the visit we have made and they welcome the report and the progress which is being made. It is particularly heartening to hear Sir Christopher Soames say the things that he did about progress and the wish of the Commission to see progress made with trade with these ASEAN countries. I don't intend to make another speech, Mr President, but one thing I must say. I was personally attacked by the honourable Communist Member, Mr D'Angelosante, and it is considered courteous in most parliamentary venues that I know that when you make a personal attack on somebody you stay there to hear his reply. In fact, of course, he hasn't and none of his Communist friends have stayed either, and I take very hardly the things that he has said because he was utterly wrong in almost every single thing that he said, not only about my report but about his visit as well. His memory must be as faulty and as bad as the words that he used. I hope that at some time in the near future he will take the opportunity not only of apologizing to me, who don't matter, but apologizing to this House as well.

Sir, I think this has been a worthwhile debate and I hope that the House will be able to accept the proposals that I put forward. Perhaps if I can shorten things, I can tell Mr Lagorce who is standing in for Mr

Glinne, that I shall have the opportunity, I hope, of recommending to the House that they accept the amendments that he is putting forward. Thank you.

(Applause)

President. — Ladies and gentlemen, from the Chair I cannot take part in the debate, but, having had the honour of leading the delegation that went to visit the countries of the ASEAN, I wish to associate myself with everything that has been said by the rapporteur and by other speakers on the welcome we were given in the five countries of South-East Asia. I am thinking not only of the hospitality accorded to us, but also of the frank, considerate and constructive approach which marked all our meetings, both at the level of Heads of State or Government and at the parliamentary level.

I wish to take advantage of the opportunity presented by the presence in the official gallery of the ambassadors of the ASEAN countries to convey to them a public expression of our gratitude, to repeat to them our wish to receive here, in return, a delegation from their parliaments and to express once more the hope that these meetings will promote the development of our relations in a spirit of mutual regard and active solidarity to the common benefit of the peoples we represent.

(Applause)

We shall now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 4 to the vote.

The preamble and paragraphs 1 to 4 are adopted.

On paragraph 5, I have Amendment No 1, tabled by Mr Glinne, deleting the following words:

'whilst exploring the possibility of opening European Community information centres in South-East Asia';

Logically, and if there are no objections, we should at the same time, because these two amendments are complementary, consider Amendment No 2, also tabled by Mr Glinne:

'After paragraph 5, insert a new paragraph 5a worded as follows:

'5a. Takes the view, in this connection, that a Community Information and Liaison Office should be opened in one of the countries of ASEAN';'

What is the rapporteur's view?

Mr Scott-Hopkins, rapporteur. — Mr President, I agree with them.

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

I put paragraph 5, thus modified, to the vote.

I put to the vote Amendment No 2.

Amendment No 2 is adopted.

President

I put to the vote paragraph 6.

Paragraph 6 is adopted.

After paragraph 6, I have Amendment No 3 tabled by Mr Glinne :

'After paragraph 6, insert a new paragraph 6a worded as follows :

'6a. Hopes, in particular, for a rapid, humane and democratic solution to the problem of political internments in Indonesia ;''

I call Mr Lagorce to move the amendment.

Mr Lagorce. — (*F*) Mr President, the problem posed by the amendment is too serious to be passed over in silence in the motion for a resolution now before us. The report points out that the delegation from the European Parliament took a keen interest, during its mission, in the fate of the political detainees and in the application of normal judicial procedures to them ; it also interested itself in the status of parliamentary oppositions. Mr Glinne is of the opinion that the Community could indirectly exert its influence in the search for a solution to the problems linked with the restoration of respect for the rights of man and fundamental rights in a representative democracy.

May I also remind you that these problems arose before 1965. Mr Redert, in his book *President Suharto of Indonesia*, point out, on page 8, that the last organized opponents of Sukarno's autocratic régime, the Islamic 'masumi' party, the democratic socialist party PSI and the democratic league, were banished by presidential decree in 1960. Moreover, this decree was not publicly opposed at the time by the other parties and military forces, because 'national unity was at stake.'

The *International Herald Tribune* of 22 June 1976 also points out that the document drawn up for the BIT annual assembly this year includes a paragraph concerning Indonesia and rejecting a letter from the Indonesian government in reply to accusations that the government had compelled political prisoners to do forced labour. Following this rejection, the Indonesian delegate consulted his capital and then gave an undertaking that Indonesia would settle this matter by the end of 1978 by holding trials or freeing all the remaining prisoners.

We see this as a welcome sign, and that is the hope Mr Glinne wished to formulate in this amendment, which we now ask you to adopt.

President. — What is the rapporteur's view ?

Mr Scott-Hopkins, rapporteur. — I am sorry, Sir, that the mover of this amendment had to go into such depths unnecessarily, I would have thought. It is not the place in this House to debate the internal problems that have arisen in past years in a country which is friendly towards us now ; nevertheless, be

that as it may, there is of course a situation which is difficult in Indonesia. This is accepted, we know this, and in point of fact it was mentioned in the explanatory memorandum. Certainly, until Mr Lagorce spoke I was more than willing to accept this amendment. Now I feel that the House must make up its own mind concerning the validity of putting it in. I, myself, shall abstain.

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

I put paragraph 7 to 10 to the vote.

Paragraphs 7 to 10 are adopted.

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

The resolution is adopted.¹

I thank our rapporteurs, particularly Mr Scott-Hopkins, who has done an excellent job in conveying to this House our sentiments during the course of this useful and fruitful mission.

11. *Economic relations between the EEC and Iran*

President. — The next item is the report (Doc. 119/76) by Mr Klepsch, on behalf of the Committee on External Economic Relations, on economic and commercial relations between the European Community and Iran.

I call Mr Klepsch.

Mr Klepsch, rapporteur. — (*D*) In view of the late hour and the fact that a further debate is still to follow, I shall introduce my report very briefly.

Its preparation was prompted by Parliament in the light of the visit of its delegation, headed by Mr Berkhouwer, to Iran. Parliament based its decision on the fact — and the Committee on External Economic Relations has made a careful study of this matter — that the last agreement between the Community and Iran expired on 30 November 1973. We realized, of course, that there could have been no question of a follow-up agreement, given the radical change in the situation.

First, I would point out that it is of crucial importance for us to take steps to fill this gap. We know that the Commission, too — I shall return to this later and Sir Christopher Soames will, I am sure, explain the position to us — is doing all it can to arrive at a result. I would refer you to the written report and will refrain from going once again over all the points it raises. I should like to mention merely one or two. There can be no doubt that Iran is, and will remain, a partner

¹ OJ C 178 of 2. 8. 1976.

Klepsch

of special significance. Its importance has been growing steadily over the years and will continue to do so in future. This is not only because of its wealth of mineral resources, more particularly oil, to which we attach so much weight, but also because of the pace of Iran's development and the immense efforts it is making to bring its infrastructure and industries fully into line with modern conditions. Unlike other countries of the Near and Middle East — most of them oil-producers — Iran has an exceptionally large population. Special considerations therefore apply to this trading partner which should not be neglected.

While on the subject of Iran's importance, I should like to add that it is playing a special rôle in the establishment of stable and peaceful development in the world, and by no means only in the economic sphere.

What we must decide is on what basis we can reorganize trade relations with Iran so as to adapt them to changed conditions and the general pattern of development. In the process, we must bear in mind that the rapid expansion that is taking place in relations between the Community of the Nine and Iran is a result of the pace at which the two economies are complementing each other and becoming intertwined. The committee had to review very carefully what had been done to date to arrive at a new type of agreement covering trade relations between Iran and the Community. It did not overlook the fact that until new arrangements were established there would be an increasing trend to resort to bilateral agreements, a development which the committee would deplore and which could hardly be regarded as desirable from the Community's point of view.

In our search for models, we had to take the ideas of our Iranian negotiating partner into account. Since we are facing a situation thrown up by a change in the pattern of development, which I have tried to explain to you, it was extremely difficult for us to fall back on something which, in the normal run of things, would have been available.

I should like to offer my warm thanks to the negotiating committee which the Commission sent out, and particularly to Mr Gundelach and Sir Christopher Soames, for the immense efforts they have made to find some common ground which could be used as the basis for an agreement between Iran and the Community.

We realized that the Community has to honour its commitments in GATT, in the same way as other commitments entered into in its trade relations with other countries. We knew that we had to find some way of setting up a wider framework than that of mere bilateral cooperation agreements. We therefore feel that the recommendation adopted by the Committee on External Economic Relations in the report now before you provides the most suitable means of establishing the Community's relations with Iran on a

sound and durable basis. Throughout, we attached particular importance to ensuring from the outset a certain degree of flexibility and practicality.

Furthermore, the committee wanted also to take account of a number of aspects which normally are not brought to the fore. Given the fact that Iran is a trading partner with a large population, and the complementarity of interests I have referred to, perhaps we shall at last have a chance in our trade with that country to do something more for the agricultural sector than is possible with many other partners. This is why the committee was particularly anxious to bring this matter up.

Mr President, ladies and gentlemen, I think I have now covered the points we felt we particularly wanted to raise. For practical reasons I must, however, now turn to the two amendments tabled by Mr Scott-Hopkins on behalf of the European Conservative Group. I feel that these amendments can certainly be incorporated in the motion for a resolution as they do not, in my view, conflict with our desire to submit a balanced report; indeed, they make a number of highly pertinent points. As rapporteur, therefore, I have no objection to the adoption of Amendments Nos 1 and 2.

I would add, Mr President, that the fact that the main emphasis is to be placed on the committee's recommendations as to the type of agreement to be sought, and that we have backed this report unanimously, offers perhaps a satisfactory basis for the exchange of views with the Commission and Council.

President. — I call Sir Christopher Soames, who will not be able to be with us this afternoon.

Sir Christopher Soames, Vice-President of the Commission. — The Commission has once again good reason to be deeply grateful to Mr Klepsch for an excellent and comprehensive report on the Community's relations with Iran. Moreover, this report comes at a most timely moment in that the Council is even now considering the proposals which the Commission sent forward in March for the negotiation and, we hope, the conclusion of an agreement on economic and commercial cooperation with Iran. The Commission welcomes the resolution put forward by the Committee on External Economic Relations, and I hope that the House will support it.

Western Europe's historical ties with Iran go deep, but until quite recently our economic relations were exceedingly limited in scope. And although Iran was the first country, incidentally, to conclude a trade agreement with the Community, it was, as Mr Klepsch points out, essentially an agreement about carpets, apricots, dried raisins and so on. So it was totally unsuited to Iran's present and future development. That agreement is now quite outdated; indeed, it no longer exists. It is quite unsuited to our relation-

Soames

ship, which has been transformed in the past decade as Iran has begun to lay the basis of a modern industrial economy and our mutual trade has expanded in leaps and bounds. So the Community and Iran have each been seeking an entirely new and forward-looking basis for an agreement which would reflect and encompass the sort of continually developing relationship we both wish to see evolving over the years ahead. The search for such a basis has not always proved easy. But I believe we are now set on the right road, and I am therefore all the more content that the report approves the options we are now proposing.

The basis of any new approach had to be our recognition of the increasing economic interdependence between the Community and Iran. It is in the interests of us both that the unfolding pattern of this interdependence should develop coherently. Iran needs a broad international base for her economic development. She looks largely to the Community for this, and we see it as being in the Community's interest to assist her in providing such a foundation to the extent that we are able and with due regard to our general and other international obligations.

What should be the Community's aim? The Commission considers that the scheme at which we should aim should be a comprehensive outline agreement providing for extensive economic and trade cooperation. Our basic conception, one which both reflects mutual interests and also takes account of the Community's international responsibilities, is of a privileged but non-preferential relationship. The agreement should be for an indefinite period, leaving open the possibility for an eventual renegotiation of the trade arrangements in order to adapt them progressively to changing economic and political circumstances. The reciprocal granting of MFN treatment should be one of the elements in the agreement. For Iran, which is not a contracting party to the GATT, this will be important; and it should be important to the Community, for Iran would undertake in this way not to discriminate at all against imports from the Community. In the case of tariff and related problems, we should seek solutions pragmatically, bearing in mind the close relationship which we are aiming at.

In respect of economic cooperation, our aim should be to add a new Community dimension—the theme of so many of our thoughts and discussions in this House — to the existing bilateral relationships between a number of our Member States and Iran. Our purpose must be to make it possible to mount economic cooperation projects of a type which cannot for one reason or another be carried out under the existing bilateral arrangements or which it is felt could be most satisfactorily carried out on a Community basis. As part of this pattern of growing economic cooperation, the Community should also seek assurances that Iranian raw materials, particularly in the energy sector, are supplied to us on a non-discriminatory basis.

Iran is a country straddled between two worlds. Her society and her economy are developing rapidly, and she is a much-sought-after market for the manufacturers of the industrial world. But at the same time her level of economic development still ranges her with the developing countries. An agreement between the Community and Iran should be designed to bring an effective contribution from our side to the rapid development of the Iranian economy, and it should support the further expansion of the Community's external trade. At the same time, the political significance of our new relationship should be recognized, for the work we achieve together in the economic field will certainly have political implications. Not least, we should acknowledge the way in which our agreement will demonstrate the presence of the Community in a vitally important part of the world and mark a new and important step in the development of the Community's international personality.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Would the right honourable gentleman say whether he objects or not to the amendments which I shall be moving at a later stage? The House, I'm sure, would like to know, because they won't have the benefit of his advice this afternoon.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Well, Sir, it is not for me to go into great detail on this, but I would personally see no objection at all to the honourable gentleman's amendments.

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

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR : MR YEATS

Vice-President

President. — The sitting is resumed.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins.— Sir, I do apologize for bothering you with this matter right at the beginning of the sitting, but I have just about had enough of these wretched lifts in this House. There are a whole mass of them and yet it is almost impossible for Members to use them because they are always absolutely full. Is it not a fact, Sir, that service lifts were installed at the end of last year? Yet what we find is that the lifts in the front foyer spend most of their time going up and down with coffee and being used by the various services of this House. All I would ask, Sir, is whether two or perhaps three lifts could be reserved exclusively for the use of Members. Would it not be possible to do that, particularly in the mornings?

President. — Mr Scott-Hopkins, while I agree completely with the sentiments you have uttered, nonetheless I do think it a matter that perhaps ought to be raised with the Bureau, which is primarily responsible, but in any event I will ensure that the administration is apprised of your views, with which, I may say, I wholly agree.

We now resume the debate on the report drawn up by Mr Klepsch on relations between the Community and Iran.

I call Lord Castle to speak on behalf of the Socialist Group.

Lord Castle. — I do not think that this debate is to be compared with the one which preceded it. We are at the beginning of a movement towards an understanding with a nation with which, of course, we ought to come to terms, not a poor nation at all but a nation which has known poverty, has known regression, but is now, we are glad to see, becoming richer and richer every day. In that case I believe there is a special function for this Community. We know from our own national experience that we have had trading and other relations with Iran and that they have been profitable to both sides, and I am encouraged to believe that if we can extend them to the Community level it will be to the benefit of both parties. There are no political undertones at this moment. It does not mean to say, of course, that we are endorsing the constitution of Iran; it does not mean to say we believe that that country represents the optimum in democracy or anything of that kind, but simply that there is mutual advantage to be gained by recognition of the fact that we have a contribution to make and they have a contribution to make towards us.

Really the effect, I believe, of this motion is to give a spur to the Council. Now it is not unusual in this Assembly for speakers and for parties to direct their darts at the Council. But here, I think, there is patently a case where the Council has shown lassitude in its approach to the problem. The last agreement ended in 1973, since when, of course, the progress of Iran has been remarkable and we know the reasons. The agreement then dealt with woollen carpets, sturgeon roes, raisins and dried apricots.

The fact that those things do not figure very large on our horizon at this moment is an indication of the tremendous change there has been in that part of the world. But the moves towards getting an agreement with Iran have somehow or other been held up, as far as we can understand, in the Council. At Council level there does appear — although we can have no official information on this — to be a difference of opinion on the kind of agreement we should ask the Commission to start thinking of and negotiating towards.

The French, we are told, have ideas about preferences, while other nations believe that an agreement similar

to that which we have reached so successfully this week with Canada is much more applicable. The Iranians themselves, I must say, of course, have not helped us very much in this, because they have been pressing for an agreement on a preferential basis similar to the treatment applied to the ACP countries. Now ACP countries are an entirely different proposition from Iran, from this growing, adolescent, shall we say, or adult nation. The ACP countries deserve entirely different treatment. Now what I want the Council to do as a result of the recommendations in this report is to request the Commission to get on with the job of entering into negotiations with the Iranians on the lines of the Canadian agreement. I think nothing but good can come out of that. If, however, we are diverted into the idea of simply a preference scheme, tariff preferences and so on, then I think we shall be setting a very bad precedent for that part of the world, because what is going to be good for Iran is going to be good for other countries in that area and at a similar stage of development. I hope that the Council, as a result of representations from this Assembly and as a result of support from the Commission, will agree that these are the lines upon which we should approach this matter.

This, as I said at the start, is only the beginning; we are not committing ourselves to very much at this moment. But we are committing ourselves, surely, to a whole-hearted attempt to come to an agreement which cannot be of any harm to anybody and will be of great benefit to both sides. I hope that the Council will not add this to its list of unfulfilled promises, or unheeded requests. I know most of our good advice has been like champagne on a duck's back up to the moment, but I do believe that the unanimity on certain fundamentals of this agreement which exists among all the members of the committee, and between the Assembly and the Commission, should be effective in bringing the right conclusions as far as the Council is concerned.

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

Mr Brøndlund Nielsen. — (DK) Mr President, it is only natural that the Community should seek a special agreement with Iran. The development of Relations with Iran has been marked by the situation created by the energy supply problem. Iran's economy is currently in a difficult situation because of inflation. The Government is therefore trying to reduce economic activity by imposing import restrictions and measures to curb price increases. Oil earnings have not come up to expectations because of over-estimating demand and of the increase in the price of petroleum products nevertheless, it is likely that imports will increase in the coming years. It is estimated that there is a potential economic basis for 30-35 % increase in 1976/1977.

Nielson

The Community can therefore expect Iran to develop its marketing potential at the same time it is only natural that Iran should seek an agreement with the Community to ease the sale of its goods, especially processed petroleum products. The Community must therefore show that it is ready to conclude economic and trade agreements that take reasonable account of Iran's wishes and the development of economic and technical cooperation.

The agreement proposed by the Commission is a natural and logical one since it respects the agreements the Community has with other countries in the Third World and also takes account of Iran's special problems. The Liberal Group supports Mr Klepsch's report in principle since it presupposes that Iran is entitled to special treatment in agreements. Iran does already benefit under the system of generalized preferences for imports to the Community from countries in the Third World, but it also wants a special agreement with provisions corresponding to those in agreements with the Mediterranean countries. For legal and political reasons, however, it is scarcely possible to draw up a comparable agreement.

We therefore feel it is justified to make special arrangements with Iran in addition to those traditionally applied to a third country with special favoured status. We agree with the rapporteurs' proposal to set up joint ventures between the Community and Iran and to provide specially favourable treatment for products from such joint ventures. Although this is out of the ordinary, we feel that such an exception for Iran would be justified in view of the situation? The Liberal Group also agrees that it would be advisable to investigate the possibility of long term agreements for the export of agricultural products from the Community to Iran as is already the case in a bilateral agreement between France and Iran. It is also important that Iran should not have any part in common measures that discriminate against the Community or create difficulties in the export of petroleum products to us.

I would also point out that there are difficulties for Community undertakings that want to establish themselves in Iran. There are a series of administrative obstacles and industrial and trade rules. An agreement should make terms easier for investors in Iran at practical and administrative level. We feel that something along these lines should be included in the agreements. This could be done — and in our view should be done — by setting up a joint committee to work on these problems.

The question of cooperation with Iran is not merely an economic one. Iran has foreign policy and security policy interests in common with West Europe because of its history and geographical location. There is therefore every reason for the Community to help Iran to strengthen its position and increase its freedom and independence.

(Applause)

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, I would just like to say that my group welcomes and supports Mr Klepsch's report. If I may follow on from the speech which Sir Christopher Soames made earlier, we are glad that we are at last approaching an agreement, one hopes, with Iran. I think Lord Castle was a little bit hard on the Council, and indeed the Commission for that matter, for dragging their feet in this issue. There have been great differences of approach with the Iranian Government in its desire for trade negotiations with the Community: it wanted preferential treatment, while the Commission and the Council felt it was better to have a cooperative agreement with Iran.

Nevertheless, this now seems to have been resolved, and steps forward have been taken after what seem to have been rather laborious negotiations between various Commissioners and representatives of the Iranian Government. One looks forward now to seeing the next phase, which is the conclusion of a satisfactory agreement with the Iranians on trade between the Community and Iran.

Mr President, perhaps I might take this opportunity to refer very briefly to the amendments I have tabled. I am very grateful to Mr Klepsch for accepting and taking them over. Obviously, the first one is purely explanatory, but it is an interesting fact that the government of Iran has stated quite clearly that in its view Iran's reserves of oil are liable to be severely depleted by 1991. That is simply a statement of fact from the Iranian Government itself, but in this connection we wish to be quite certain that there will be no preferential treatment against the Community during the years ahead with regard to our supplies of oil and oil products, and we feel certain that Iran will honour her obligations in that particular field.

The one other point which has been made quite clearly by Sir Christopher, and indeed by our rapporteur Mr Klepsch, is that we are hoping not only for an increase in trade between the Community and Iran, but also for an increase in joint ventures to take place in Iran. These are developing rapidly, and they need a great deal of capital and a great deal of expertise. It is to this field, in particular, that I would draw the House's attention, and the point of the second amendment is to strengthen the hand of the Commission when it is negotiating on our behalf. What is extremely important is that firms in the Community should have confidence in the future as far as their investments in Iran are concerned. As the House will be aware, the Iranian Government recently decided that there would only be a 49 % participation of

Scott-Hopkins

foreign capital in joint ventures and that the other 51 % would have to be Iranian-controlled. So be it, Sir, but one wants to be quite certain that there will not be any rapid moves suddenly in the future, which will have a detrimental effect on any investment which has been made in Iran by Community firms, such as the watering-down of their capital by the injection of other Iranian capital, reducing their control of the substantial amount of capital involved in a joint venture. I am quite certain that the Iranian Government would see the good sense of entering into firm commitments in this particular field and one hopes that the Commission, in its future negotiations with the Iranian Government, will see to it that a clause is inserted underlining the necessity, which will only be too obvious to everybody concerned, of avoiding these sudden changes in the level of participation of Community capital compared with Iranian capital in the years to come.

As I have said, Mr President, it is the confidence which can be given to European business, to European firms, which will encourage them to invest in this rich and expanding country. But without that confidence, without the certainty that they will not be arbitrarily done down in the future without due notice, or even with due notice, they will not do so. I therefore hope that the House will agree to these amendments, which have been accepted by our rapporteur and by Sir Christopher Soames and that, they will be incorporated in the report by Mr Klepsch, which my group supports.

President. — We shall now consider the motion for a resolution. On the preamble, I have Amendment No. 1/rev., tabled by Mr Scott-Hopkins on behalf of the European Conservative Group :

Add the following new indents to the preamble :

‘— noting the Iranian estimate that by 1991 extensive inroads will have been made into Iranian oil resources, and that 23 % of Iran’s present oil exports go to the Community,

— noting the Iranian commitment to industrial development.’

This amendment has already been moved, and I understand that it is accepted by the rapporteur.

I put Amendment No 1/rev. to the vote.

Amendment No 1/rev. is adopted.

I put the preamble, so amended, to the vote.

The preamble, so amended, is adopted.

I put paragraphs 1 to 5 to the vote.

Paragraphs 1 to 5 are adopted.

After paragraph 5, I have Amendment No 2, tabled by Mr Scott-Hopkins on behalf of the European Conservative Group, inserting the following two new paragraphs :

‘5a. Believes that the Iranian Government will honour any future Community-Iran agreement designed to prevent discrimination against the Community and not to hinder the export of hydrocarbons to the Nine ;

5b. Emphasizes that if economic cooperation with Iran is to develop, it is essential that Community firms should

have confidence in the security of their investment in that country ;’

This amendment has already been moved, and I understand that it is accepted by the rapporteur.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraphs 6 to 8 to the vote.

Paragraphs 6 to 8 are adopted.

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

The resolution so amended is adopted.¹

12. *Oral question with debate :*
Tripartite conference of 24 June 1976

President. — The next item is the Oral Question, with debate, put on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities, on the outcome of the Tripartite Conference of 24 June 1976 (Doc. 194/76) :

With reference to Parliament’s Resolution of 17 June 1976 (Doc. 168/76), the Commission is asked to inform the Parliament of the outcome of the Tripartite Conference of 24 June 1976 and in particular to indicate whether the Conference confirmed the aim developed on the basis of the EEC Treaty of achieving a Community based on stability and growth, and whether it supported the Community strategy which was to be the subject of discussion.

Mr Van der Hek. — (NL) Mr President, as chairman of Parliaments’ Committee on Economic and Monetary Affairs, I wish to make a few observations on the joint declaration of the conference which bears the official title ‘Towards the restoration of full employment and stability in the Community.’ In my view it is useful for the governments, employers and workers to meet not only in their respective countries but also at Community level to discuss those problems which are of deep concern to us all namely, the restoration of full employment, economic growth and greater prosperity for all, and we have studied the declaration of the conference from this angle. This Parliament had already adopted a position before the conference was held, and I do not need to repeat it now. Our purpose now is to assess the results obtained with the Commission and see how further progress must be brought about in this area.

To begin with the results: our committee sees a number of positive points but also certain ambiguities. A positive factor is that far-sighted governments, employers and employees from all the Community Member States recognize that full employment, economic growth and prosperity can only be restored if they all cooperate, in each Member State separately and at Community level. But I have the impression that the provision for Community cooperation

¹ OJ C 178 of 2. 8. 1976.

Van der Hek

remains vague — and this gives us grounds for concern, Mr President. In the declaration we constantly read about what should be done in and by each of the Member States; but what the Community itself can or must do unfortunately remains vague. It is a fundamental shortcoming that the Community as such has no single appropriate instrument to attack these problems as a Community. In the light of this declaration, we therefore note that the Member States must themselves seek solutions to our joint problems in a manner which does not make it impossible for their partners to solve the problems facing them. If measures are taken to restore employment, economic growth and stability in one country, this must be done in a manner which does not hamper the efforts of other Member States.

This is the only practical conclusion, but, if I have read this declaration correctly, there is as yet no mention of a common policy. That is curious. It is curious in the sense that precisely at the time when the Community has to contend with serious problems, each of them Community problems because they concern social and monetary cooperation, the Community must stand by powerless while at the same time speaking of such far-reaching objectives as European Union. I am simply pointing this out; my aim is not to pass judgment.

I note that this debate is being held in a European Parliament which is still powerless and not yet directly elected; this question is being dealt with by a committee which has no powers and is not equipped with the necessary instruments, while the Council of Ministers consists of statesmen who are resolved to maintain the maximum freedom of manoeuvre at national level so that their political future is not jeopardized. The Economic and Monetary Affairs Committee takes no pleasure in pointing this out; the one feature which it notes with satisfaction is, I repeat, the gradual realization that nothing can be achieved by individual countries in isolation, although those countries do not yet know how to work together.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, may I begin by thanking the entire Parliament for making this building and its chamber available to the tripartite conference. We devoted the whole day to this task on 24 June. The Parliament made an important gesture out of an awareness of the political context and political significance when it placed this chamber at our disposal. The participants in the tripartite conference would certainly have expressed their gratitude even more willingly and loudly if the Parliament had also been able to make the air-conditioning equipment and technicians avail-

able as well. That was not the case, and we sweated it out for twelve hours. Perhaps things will be better next time.

Despite these external difficulties — and it was, after all, the first time I have seen 150 people together in this house for a whole day — important political work was done here. Let me begin by commenting on the concern expressed by the chairman of the Committee on Economic and Monetary Affairs; I share his concern. This conference was equally unable to achieve something which none of us — you, the European Council, or the Council of Ministers — have been able to do as yet namely, to equip the Community with instruments to deal with its difficulties.

At national level, too many of the things to which Mr Van der Hek referred with such concern are also impossible. In the individual countries the social partners are independent and we respect their independence; it was not for the conference to encroach in any way on their independence.

The delay on the part of the Member States in setting up a communal policy or the possibility of such a policy is another problem. We have often spoken of it here, especially in the last few years of recession. I must say in all sincerity that I am happy that we have managed to develop a policy which is to some extent complementary and that our economic and monetary policies are not too contradictory. The fact is that essential features of this policy will continue in the near future to be determined nationally, because we are not being given the necessary resources at Community level.

At the level of the national governments, budgetary policy and policy on money supply — this also involves the central banks — will play an important rôle; but you know as well as I do that all the governments and central banks have so far refused to give the Community the slightest power in these matters. There is no point in our repeatedly lamenting the fact here. Perhaps you in your national parliaments can persuade your governments to do what in my view is necessary but is not in fact being done either nationally or in Europe.

The conference adopted a position on a number of points to which I shall be returning later and in respect of whose implementation the next six months will be particularly important. I hope, and am convinced, that the President of the Council, who yesterday described the lamentable state of the Community so clearly, will take the initiative — at least on a number of points — to bring about a common policy in the next six months, and I am also convinced that the Dutch finance minister, Mr Duisenberg, will play a particularly active rôle in this respect.

Haferkamp

As regards the conference as such — you are familiar with the conclusions reached — I, like all the other members of the Commission, consider it important that all the participants at the conference determined a number of important objectives for the development of the economy in the immediate future and in the years up to 1980.

In its preparatory work and documents, the Commission placed the emphasis on full employment and stability. To achieve these aims, it is essential for us to have substantial economic growth in the next few years. We need growth to overcome unemployment and provide jobs for the two to three million young people who will be coming onto the labour market in the next four to five years and who need training facilities and job openings. We need this growth to bring about structural change — change which will inevitable result from the new world economic order of which we hear so much and from the shifts in our own national economic structures. We have often spoken of this aspect. In the light of these aims, the first important result, which I should like to stress, is the agreement reached at the conference on the need for growth in stability and not growth at any price, because one of the great risks facing us in this period of recovery is a new round of inflation. We can already see that the tendency of prices to increase has accelerated. The first four months of the year show — in a projection for the year as a whole — that a rate of price increases for the Community overall of 13 % is likely, as against 9 % in the second half of last year. This is a dangerous process, and the accelerating rate of inflation may have a serious effect on economic recovery. We need that recovery and we must consolidate it to provide a basis for the solution of our medium-term problems. The Commission therefore attaches particular importance to the fact that the tripartite conference came out in favour of growth and stability rather than growth at any price — at the price of inflation.

Secondly, the aim of growth with stability involves the need (a) for emphasis on stronger investment levels, and (b) for an accompanying moderation of the growth-rate of private consumption in real terms.

The conference accepted this too. It emphasized the need for a more than proportional rise in investment activity in conjunction with growth. In connection with the aim of moderation, it went on to indicate, and this was particularly difficult for the unions, a readiness to control the development of incomes in the light of objective economic criteria subject to there being a parallel discipline in the fixing of prices by enterprises.

The conference went on to stipulate the need for closer participation by the workers and their representatives in the process of development; it indicated for the first time at Community level that the govern-

ments and social partners must make serious and rapid efforts to find solutions to the problems of asset formation and participation.

The governments entered into commitments in respect of budgetary policy, money-supply policy and a labour-market policy, which must be pursued logically to solve the problems in the employment sector which we cannot solve simply by general economic recovery, for reasons which include the demographic trend and the structural changes to which I have already referred.

These aims, which have in part also been quantified and to which the conference participants expressed their commitment, seem to us a particularly important step forward. It is the first time that this step has been taken at Community level.

As you know, the results of the conference were well received by the governments, the European association of trade unions, representatives of the employers. UNICE and the liaison group. Certain press reports were less positive, especially in countries where unions like the French CGT are active which rejected the conference out of hand. I do not see this as a negative feature, since one important political aspect of this conference was that it enabled positions to be clarified.

The Commission proposed a strategy which can only be implemented through cooperation. It is vital for us to know who accepts such cooperation and who rejects it. The CGT went further and called upon the other unions at the conference to join it in rejecting the results. In so doing the CGT isolated itself. It even left the conference before the end. A number of other unions also did so, but they did not join the CGT; equally they did not take part in the final vote. However, I must make it clear that the European trade union association as a body officially approved the results of the conference and we assume that this approval is valid for all its member unions, as the President of the association stated at the conference. He added that any differences of opinion were an internal matter for the organization.

We place our confidence in the democratic process of opinion-forming and in the democratic conclusions of the organizations, and we shall continue this strategy of cooperation. Those who do not want to cooperate will automatically exclude themselves from the process.

The Commission began immediately to put this cooperation into effect. We have already opened talks with the unions and employers' organizations on topical economic issues, questions of short and medium-term economic policy and, of course, also social matters in the Committee on Employment Questions. We take the aims of the conference — firstly, cooperation and, secondly, growth with stability — perfectly seriously and shall seek to put them into effect. We shall report

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to Parliament on the progress we achieve, and we hope that the mobilization of this political resolve and of the social forces will also influence the divergent policies of the national governments and bureaucracies.

(Applause)

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

Mr Albertsen. — (DK) I should like to start by thanking Commissioner Haferkamp. I know that he put his heart and soul into the work before the Conference. What he said today was a very level-headed assessment of what can certainly be called relatively poor results and I think I can say — without putting Mr Haferkamp on oath for it — that what came out of the discussions in this building less than a month ago did not quite come up to his own expectations.

If we assumed that speeches made and programmes drawn up about the employment problem in the European Communities could solve problems, then today they would in fact be solved. But unfortunately despite various discussions, despite many participants, despite the wholehearted commitment of some and the less wholehearted commitment of others, the result is certainly not what we could call satisfactory today.

It was generally agreed that the eight points put forward by the Commission should be accepted, and there were even optimists who thought that the possibility of making specific arrangements was within reach, but the five million people in Europe directly affected by what we are discussing had a rude awakening up when they saw what was the outcome of the eight points put forward and what was finally said in the final communiqué.

There are some positive things that I would very much like to stress. Obviously there is no reason for being negative on this subject, and it is certainly not in my nature to be so, but what is good is that the Conference could take place at all, that it was better prepared than expected and that some of the goals set were reached. If we look closely at the wording we see that full employment should be achieved by 1980 at the latest. Yes, it is a nice thought — 'shall' has been changed to 'should' — and besides the Commission's original proposal that conjunctural unemployment should be done away with before then has been omitted. But how can one expect the employment situation to return to the 1960's peak? We are told that the yearly growth rate — and this is agreed on — should be around 5% in the period 1976-80, investments should be larger and inflation should be gradually reduced to a maximum of 4-5% in 1980. These are the concrete proposals. Who could disagree with them? As the Commissioner observed, we can obviously

point to the past six months and regret that in fact nothing has been achieved along these lines in that short period.

The other gratifying thing is that there was agreement that workers should have more say at production level. It was gratifying that all parties could sign the final document but that is as far as it goes. The Commission document emphasizes the economic upswing but the social policy, which should have a prominent place in a period in which experts agree that unemployment will continue for years, is only referred to marginally.

My group has repeated time after time that social policy should not be complementary to economic policy but should have priority if the fine words about the human face of the Community are to be believed by the people. Everyone acknowledges that the crisis is not merely conjunctural, but structural, and this also emerged from what Mr Haferkamp said.

The final document is rather depressing to read since it says that special attention should be given to structures and regional problems. It was obviously not possible to reach agreement on how this attention should be converted into action when structuring and remedying regional distortions. The prospect of increases in the social and regional funds, that have frequently been discussed in this Assembly is not good as was recently reflected in the fact that the Council reduced the Commission's proposals. If there is no change and if no agreement could be reached on this occasion on a change, the outlook is pessimistic. The main point at issue at the Conference was whether one wanted to restrain wage demands or, in other words, whether one wanted an incomes policy. But is it reasonable that the workers should pay for the crisis and what guarantee is there that the sacrifices demanded will result in new jobs? If the workers make such sacrifices there should also be some *quid pro quo*. Some comments have been made about this but no clear solution has been given.

An attempt has been made to implement the Commission's specific proposals. Interest in the economic upswing is so predominant that there is general blindness to the fact that there is a need for an immediate and drastic reduction in and solution to unemployment now. Not all participants at the Conference were able to vote for the final document and some abstained in order to show their good will.

My group would certainly, had it been able to exercise any influence, have adopted a similar attitude since the valuable dialogue for which the scene has been set must not be interrupted; but disappointment over the lack of specific proposals was so great that we must today strongly recommend that the Commission should first make the various delegates at the Conference keep to their promises and then propose new

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action in response to the cry for help of five million unemployed.

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

Mr Van der Gun. — (*NL*) Mr President, may I begin by thanking the Commission for the initiative it has taken and the documentation made available by it. I have myself had occasion to express criticism, but all those who have followed this development closely and even, as I did, had the pleasure to attend the tripartite conference and to see the documentary material made available by the Commission can, in our view, only express their appreciation of what was done.

But what about the results of the tripartite conference? Our assessment will naturally depend on the expectations we had placed in it. There is also of course a strong tendency for everyone to judge the matter from the angle of his own experience, his own Member State and national relationships between governments and social partners. I can then suppose that there may be reason for some disappointment. What was the actual intention of the conference? I accept the statement by Mr Haferkamp that the least that we can, and must, expect of such a tripartite conference is that it will draw up a kind of action programme for the combating of unemployment and inflation.

Mr Haferkamp has already drawn attention to the objectives and there is no need for me to repeat them. I believe that everyone will agree on the enormous extent of the task we have taken upon ourselves. I personally consider it a great advantage that organized industrial interests and the governments in fact subscribed to the objectives defined at the conference. The question now is how serious the agreements reached during the conference in fact are. On 1 April the Commission published a paper after consulting the social partners, and it followed this up with another document on 2 May. And then a joint declaration was issued at the end of the conference; the declaration was to some extent watered down. I must say that point 6 of the paper of 2 May speaks in much more concrete terms of the demands to be placed on organized industrial interests than point 10 of the joint declaration, although here too organized interests speak out, if in more vague terms, of a moderate development of wages and prices in the context of something resembling an incomes policy. But an incomes policy is something other than a moderate development of wages and prices, because attention then centres always on workers whose legal position is determined by collective labour agreements. It is, however satisfying to note the reference in this connection to joint sacrifices by all income categories, which will thus make a real contribution to the achievement of aims.

I agree with Mr Albertsen that if sacrifices of this kind are demanded of workers there comes a time when something must be offered in return. The formula chosen, namely that 'the governments and social partners will take appropriate measures for assets formation etc...' does not in itself make a very strong impression. I do not consider this the strongest point in the papers we have received.

I must also say, not now as an old union man but as the spokesman for the Christian-Democratic Group, that I would have expected a rather more spontaneous attitude by the undertakings to the problems of worker participation, especially in respect of investments. After all, it is the sacrifices made by workers which enable large investments to be effected. I should have expected a little more spontaneity. Mr Van der Hek inquired just now into the European dimension of this whole affair. That dimension was for the most part lacking — this in itself is disappointing. However, I shall end on a positive note. Comparing the mood of the conference with the reactions a few years ago, when I introduced the report on incomes policy here, I find that we have certainly made progress. We have not yet come to the end of the road, but we have taken a step in the right direction.

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

Mr Bangemann. — (*D*) Mr President, it is always very difficult to sum up the work of conferences of this kind, because not infrequently the prevailing impression is that nothing tangible has come of them. This is not, however, how I feel we ought to judge this Tripartite Conference. The fact that, as Mr Haferkamp pointed out, a number of realities were recognized at the conference appears to warrant our pronouncing it a success.

What are these realities? Admittedly, we have no specifically European instruments, and we could spend hours discussing the usefulness of having these available. Perhaps we may even finally acquire them. But of what use would they be if all Member States, and all political movements, parties and trade unions in these Member States did not agree as to the nature of economic necessities? For even if we here were in a position to decide jointly on an employment policy, or on an economic policy, of what help would that be if we were not agreed as to the facts underlying such economic growth and stability? Only one thing — and this strikes my group as crucial — became clear at the conference, and that is that a large part of the social, political, trade union and employers' movements is quite alive to these underlying necessities. A smaller part does not want to accept their existence. This alone, I feel, shows the conference to have been not only necessary but also successful. A simple

Bangemann

comparison can be made, and I would ask my Christian-Democrat and other colleagues to make it. The attitude towards these basic economic facts varies from Member State to Member State. For example, take the view expressed by Mr Albertsen when he asked why it had to be the workers who suffered from inflation. If inflation there had to be — he argued — why at the workers' expense? This is one way of looking at things. However when we draw the conclusion from such an attitude — and after the passage of years this is something we can do — we find that, despite all the studied efforts made to avoid harming the interests of the workers, it is they after all who have been hardest hit by inflation. In other words, a policy making for stability, though often suspected of being a reactionary policy in favour of enterprises, benefits the workers in the long run. This is something that certain European trade unions ought perhaps to bear in mind; it would be much better for the workers if they did so.

To sum up, what my group sees as a noteworthy achievement of the conference is that a number of these findings — based as they are on plain facts and in no way coloured by the attitude which I perhaps may be adopting from a party point of view — are breaking new ground.

This can only be to the advantage of all of us, and it is for that reason that we welcome the conference.

We, too, draw from it the same conclusion as Mr Haferkamp. If we want to start up some sort of action in the Community, we need something more than this shared knowledge. We need wider scope for Community action, particularly in the important area of structural changes. For there can be no doubt that the root of the problems does not lie in transient difficulties, to cope with which we have also submitted action programmes such as that covering unemployment among the young. The root of the problem lies in the fact that the average wage-level in the Community is relatively high and that we can preserve this wage-level, which in turn is the basis for our general level of prosperity, only if the structure of our economy affords us scope to export on competitive terms and to act within the framework of the world economy. This is to say that we can maintain our high wage-level only if we carry out the necessary structural changes in our economies. For this purpose, the Community in particular needs the appropriate instruments, as this is not a problem that can be solved by individual Member States acting on their own.

So far we have discussed only the rudiments of a number of industrial policies. I would remind you that this week we have made a few general observations about the aviation industry. It would be as well to do the same for the remaining areas of industrial policy. We are faced with the alternative of either tolerating inflation and accepting a decline in general

prosperity, or recognizing the need to pursue this industrial policy on structural changes jointly with all concerned, that is, with the trade unions, employers' organizations, political parties, and the Community as such. If we are successful — and I believe the Tripartite Conference was a first step in this direction — we shall have solved the problems of the years to come.

(Applause)

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, we do not consider that the sole merit of the second tripartite conference was the mere fact that it was held at all. Neither do we believe that it achieved all the aims it had set for itself or lived up to all the hopes placed in it. Even if there was no unanimity on the part of the trade unions, it is quite certain that the adoption by all the parties present of the joint declaration on restoration of full employment and stability in the Community was a desirable step.

At the end of last year, in our group's memorandum on a policy for full employment in Europe, we stated that unemployment is a very serious problem. The definition of a policy of full employment is therefore not without value and importance. This presupposes two basic principles: firstly, the right of each individual to work is fundamental; secondly the economy must be in the service of man instead of man serving the economy. That is why the Group of European Progressive Democrats unreservedly condemns any economic system which requires a large body of unemployed to guarantee prosperity.

This profession of faith is still topical now that the second tripartite conference is over. The important paragraphs of the declaration relate to price policy and the way of maintaining stability. In adopting this text, all the parties concerned therefore accepted the moral obligation to fight together to redress economic situations and improve employment. We have already pointed out that the growth we experienced in the last few years is a thing of the past. We are witnessing a process of redistribution of the world's wealth; the problem of the division of labour on a world scale is now with us, as is the question of determining needs.

Our attitudes must therefore be reviewed accordingly. European policy certainly has its trump cards to defeat the crisis, but only united action will give it the necessary weight on the international scene and effectiveness at home because of the high level of interdependence of its members. Moreover, an economic policy of full employment based on European incentives can only be pursued through national policies; this implies constant coordination and close cooperation. We also know that the unemployment of young people is particularly disturbing and dramatic.

Liogier

Apart from economic recovery, which can alone create new jobs but must be accompanied by measures to restore confidence and avoid an inflationary surge, immediate action is still possible. Mr Alain Terrenoire, our rapporteur in the group's memorandum, indicated a number of measures; incentives to early retirement, an overall, contractual reduction in weekly working hours in periods of low economic activity, attractive household allowances for mothers, and incentives to mobility within the Member States individually and the Community.

These ideas seem essential to us, but other actions are no less indispensable. A wide range of measures are available to the authorities to combat unemployment, but their success is closely bound up with two factors: overall Community action and participation by the persons directly concerned; this only serves to underline the importance of the contractual policies, to which the Group of European Progressive Democrats attaches the greatest importance. This explains our interest in this tripartite conference. Of course it did not solve all our problems, but we continue to believe that regular meetings between the social partners, the Council, the Commission and the Parliament must bear fruit. The Group of European Progressive Democrats is therefore convinced of the need for a Community social policy and in particular for a policy of full employment.

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

Mr Dykes. — In this brief we have had a series of very punchy economic speeches. Mr Liogier reads very well in French as well; he must have created a record for the speed with which he read his economic treatise. But I feel, like other Members, that one is bound to agree with most of what he said.

I hope I am not injecting a note of disharmony in this; of course, to some extent the Conference was a success, as Mr Bangemann said, but it does inevitably leave a lot to be desired. This is really a reflection of the frustration of the Community in respect of overall economic policy, that it really is very difficult for the Community to take seriously unto itself any exclusive responsibilities in the economic field. There is no strategic economic budget to speak of, the Community budget itself is very small, unemployment remains intractable at over five million people. One notices again that there is no spokesman or observer for the Council of Ministers here during a debate including the subject of intractable unemployment, and the Community is bound to feel frustrated, as is the European Parliament, that we really cannot do very much.

It would, however be churlish indeed not to welcome the initiative of the Tripartite Conference. Inevitably, the Community's employment policy is only a reflection of the sum total of the employment policies of all the Member States, and this is going to continue for a

long time into the future. Clearly, therefore, whatever Commissioner Haferkamp and his colleagues and whatever the Council can do to try and coordinate policies is going to be of increasing importance in the future although I am bound to admit a high degree of scepticism, Mr President, in this respect. What we are all doing now is busily waiting for the economic recovery, which is taking place at a different stage in the cycle in all the Member States and hoping that unemployment is going to come down. As previous speakers have said, there is precious little sign that that will, in fact, happen for half a dozen good structural reasons.

On behalf of the Conservative Group, I very much welcome the Commission document and the statement therein that the lynchpin of any strategy for full employment and stability must be the realization of a collective discipline on incomes and prices. And for once the United Kingdom, which has produced a lamentable economic performance in recent years in comparison with virtually all the other Member States, is showing the way in quite an unusual and striking fashion right now. Also on behalf of the Conservative Group, I welcome the Commission's examination of the implications of lowering the retirement age. But once again, too, this remains theory rather than fact, for I would have thought, even a long-term future and we all know how costly and expensive it would be, in fact, to reduce the compulsory male retiring age from 65 to 60, for example, in the United Kingdom and the other larger economies.

I would say this in conclusion, Mr President: it is really up to the European Parliament to fulfil its task and responsibilities, to ask whether people in the Community want or expect the Community as such to intervene to help solve the employment crisis. And if that is so, it is just not enough for us all to make pious statements about how evil and pernicious unemployment is. What we need are specific, concrete proposals, even if they are very tiny in comparison with the totality of the problem. And, of course, I am sure Commissioner Haferkamp would dance with joy if the Social Fund were larger, in order to try and deal with some of the problems, and not least perhaps, because we all know, the Germans would be paying for any increase in the size of that fund, as they are already doing. But he and I know full well that, for example, if we were to give every unemployed worker in the Community 200 u.a. a year as an additional unemployment payment, enough for Commissioner Haferkamp and myself to buy our beer and cigarettes, that would represent something like 20% of the Community budget as a whole as it was before the latest increase this year.

So all this, therefore, is in the realms of fantasy and self-imagination until the Community gets bigger, more important, more cohesive and better organized. But perhaps between that objective and now, we can try and make some progress, even in a modest

Dykes

fashion. I would suggest too that what we need is not merely some kind of Community posture on unemployment but a Community industry policy, plus the appropriate specific aids to create new jobs, ease the closing down of old factories, deal with some of the structural problems and speed up the modernization of existing plant. Gigantic tasks, but let's begin!

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

Mrs Goutmann. — (*F*) Mr President, ladies and gentlemen, I am grateful to Mr Haferkamp for the details he has given us on the tripartite conference which was held on 24 June last at a crucial point in the crisis.

You stated, Commissioner, that the conference was held in a context of recovery, but the recovery is brittle, deceptive and artificial; capitalist profits have recovered, but unemployment is still with us and inflation is gathering momentum. There has been no recovery for the workers. Sacrifices have been demanded of wage-earners because of the crisis. Today new sacrifices are being demanded because of the recovery. In short, no matter what the economic situation may be, profit and sacrifices are the favourite words of economists.

Because of a refusal to denounce those who are genuinely responsible for the crisis or to recognize its structural nature, there is a campaign to find the guilty parties, a campaign which tends to put the employers, governments and workers on an identical footing, side by side. But let us make no mistake about it: the workers are not responsible for the crisis although they, and they alone, are being penalized and will be so even more in the future.

The Commission's document which was presented to the tripartite conference was highly significant from this angle. It says that popular consumption must increase more slowly than investments and that a strategy of full employment and stability must stem from recognition of the fact that collective discipline in respect of prices and incomes is a paying prospect in the medium term. The wage discipline thus recommended will result in a deterioration in the purchasing power of workers, an attack on social benefits coupled with higher income-tax, an increase in social contributions and a reduction in social benefits — all this without any remedy to the problem of unemployment and inflation. It will be accompanied by an intensification of work and deliberate attacks on union rights, collective liberties and individual liberties in several Member States.

But this discipline does not affect the employers, since, according to the financial experts, the profits of undertakings are increasing and will increase still further. And it is the employers who claim they can

give a lesson and talk about morality! For example, the UNICE press-release which you quoted welcoming the position of the employers, this press-release, published on the eve of the tripartite conference, uses the terms 'wage discipline', 'responsibilities of the social partners', 'appeal for solidarity', 'search for a social consensus' more than ten times. This communiqué is very eloquent.

The Commission, Council of Ministers and employers wish to use the tripartite conference to obtain unilateral acceptance by the workers of sacrifices and their integration into the policy of the multinational companies.

But this is not all: the anxieties, reservations and opposition reflected in the struggles developing in all the Community countries were expressed strongly during the conference. In attacking the CGT, Commissioner, you found it difficult to hide your pique at the fact that this social consensus could not be achieved. But even if in certain Member States the unions are going along with this policy, it is becoming increasingly difficult to gain their support, and the CGT is after all not alone in stating its opposition — the CFDT, CJIL and FGDB did the same; a large number of unions thus indicated their refusal to see workers paying the price of the crisis. The workers are not willing to be duped and serve as the victims of the appetite of the multinationals.

If the Commission does nothing and as long as the European Economic Community is the docile political instrument of the demands of big business, the anger of the workers and working population will make itself felt. You can rest assured that the social consensus will not hold; you will have to accept that fact. We therefore call upon the Commission to take effective measures to meet the demands of the workers, to put an end to unemployment and inflation and ensure that workers can lead better lives.

President. — I call Mr Artzinger.

Mr Artzinger. — (*D*) Mr President, please allow me to add a few remarks — strictly on my own account — to what has already been said.

First, I should like to renew our thanks to the Commission and to congratulate it warmly on what I regard as the highly successful outcome of the Tripartite Conference. We in this House know the pains Vice-President Haferkamp went to over the preparation of the conference with a view to arriving at a consensus among the parties concerned. Although Mrs Goutmann does not think a consensus was achieved, I would point out that it was endorsed by the Vice-President of the European Trade Union Confederation. Admittedly it cannot speak for all trade unions, but the fact remains that this leading trade-union organization at European level has joined in this consensus.

Artzinger

We welcome the emphasis again placed in this discussion on the need, not for unlimited economic growth, but for growth at a rate consistent with stability. I thank my colleague Mr Bangemann for the lucid way he explained the situation. Stability is not everything, but without it everything becomes pointless. This is why we feel that the renewed tendency for prices to rise more steeply than we care for — a phenomenon to which Vice-President Haferkamp has referred — is a warning to us to see to it that they are rapidly brought under control.

Mr Van der Hek, vice-chairman of our committee, spoke of the lack of a European dimension in the final communiqué of the Tripartite Conference. This can be accepted, but I would point out that the Treaties provide for nothing more than coordination. This coordination, which is of a very thorough kind, is referred to in points 6 and 12 of the final communiqué.

I realize, Mr President, that opinions can always differ about conferences of this kind, and I am the last to hail it uncritically as an unqualified success. But there are always people who prefer to say that a glass is half-empty rather than half-full. Although both statements are right, in this case I am certainly to be found in the ranks of those who consider the glass to be half-full.

If it is asked what successes have been achieved over the last six months, I would sum up the position as follows. The economic situation has improved to an extent we did not dare to hope for six months ago. This did not just happen, and the Commission too played a part in the process through its unflagging efforts at coordination. This is why I feel that the picture painted yesterday by Mr Van der Stoel, acting President of the Council, has shed some of its gloom in the light of the results of this Tripartite Conference.

Not everyone, of course, joined in the consensus reached between the parties, nor dare I hope that those who stood aside from it will one day change their mind.

I know too well that some people much prefer to talk about the crisis than about what should be done about it, because such an attitude has a more immediate popular appeal. To do something about a crisis is always harder than to bring it — and its consequences — into the public eye. I believe that with this conference we have taken the first step on the right road.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, I should like to say something merely on one point, one that underlies all economic debates and all technical questions, whether they relate to the economic situation or to structures. I refer to the political situation. We should all clearly grasp that this is what matters here most of all. Mrs Goutmann said that she wanted the workers to lead

better lives. I think that we can claim to share her wish, and would add that we are doing more to help the workers to lead better lives by facing hard facts and not resorting to tricks, like many self-styled representatives of the workers, for to demand 30 % wage-rises and pay for them with a 35 % rate of inflation is not to improve the workers' lot. To fiddle indices, to send prices sky-high and sap competitiveness in the world markets is to destroy jobs, and this can only harm the workers.

We have reached a point here when we must enter into a debate on what is really in the workers' best interests. At this conference the *Confédération Générale du Travail* criticized the German trade unions — with which I happen to have some familiarity, having exercised active responsibility in that area for seventeen years — for holding back too much, so that employers would be able to make excessive profits at the expense of the workers. In no other country over the past thirty years has the worker had it better than in Germany. Nowhere can you find a better system of social security or worker participation than that created by the German trade unions.

This, of course, does not fit snugly into the plans of those who wish to destroy this system; any progress in this direction detracts from their demagogic appeal. This is something that we want, and ought, to make clear again and again.

The workers will not lead better lives when inflated nonsense is broadcast in their name. Significantly enough, those who take up this attitude always seal their ears to any mention of responsibility; and yet the responsibility assumed under this system is part and parcel of what must be done for the workers by the trade unions, parliaments and governments. What was of crucial importance to us, as I explained at the conference, was to explain that this system of ours, which has proved its worth during the recession and is now enabling us to climb out of it, can be corrected and updated by constant reforms and improvements; and that this is better than destroying the system which over the past thirty years has brought for the European masses benefits of which we would not have dreamt a hundred, fifty, or even forty years ago — the sort of progress which other systems, sometimes held up here as models — would not dare to claim for themselves in the newspapers, let alone accomplish. This is what it is all about.

Mrs Goutmann refers to a number of trade unions which have not accepted this conclusion. All I can say is that I regret that they did not have the courage to stay on until the final vote had been taken but voted with their feet and left the Chamber. Courage, too, is essential, and we demand a sense of responsibility towards the public. One cannot just say one was not there at the time. Moreover, this incident affects us less than it might have done, because, officially, the trade unions signified their agreement, and we shall keep them to their word. But we shall not absolve the

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others from their responsibility to put forward practical proposals for bettering the lives of the workers — and not, incidentally, merely in motions for resolutions but also in practice.

(Applause)

President. — The debate is closed.

13. *Oral question with debate:*
Italian control of currency movements

President. — The next item is the Oral Question, with debate, tabled on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities, on the effects on integration policy of the Italian control regulation concerning foreign exchange and currency movements (Doc. 195/76):

Since Spring 1976, the competent authorities of the Italian Republic, pursuant to Article 77 (2) of the Italian Constitution and for an indefinite period, have been penalizing contraventions of the foreign exchange regulations (Decree No 31 of 4 March 1976, published in Gazette No 60 of 5 March 1976, and Law No 159 of 30 April 1976).

Will the Commission provide information on the following points:

1. In what way do the controls introduced under this legislation affect the free movement of private individuals?
2. How does the Commission view the application of these regulations to foreign businessmen and holiday-makers, in the light of the integration policy?
3. What measures does it intend to take to assist such people who, owing to the failure of the appropriate border authorities to explain the regulations adequately on their entry into Italy, suffer heavy financial losses and restriction of their freedom of movement when they leave the Italian Republic?
4. What effects do these regulations, which have now been in force for three months, have on payment transactions within the Community (cash deposits required for payments due for goods or services from abroad and repayments to foreign creditors)?

I call Mr Van der Hek.

Mr Van der Hek. — *(NL)* Mr President, it is really rather strange that immediately after our debate on the restoration of full employment, economic growth and stability, we should now be dealing with a question relating to an area of Community cooperation, the sector of capital movements, which seems to typify the way in which the Member States deal with one another when they, or at least one of them, have serious internal difficulties. This is the case here: we know that the Italians have to contend with serious economic difficulties — we know that Italy is forced to take national measures to combat these difficulties — but we consider that Italy should do so in a manner which enables it to meet its commitments as a member of the European Community. In return,

Italy can count on a sympathetic hearing and support in overcoming its difficulties of a financial, economic and social nature. But now something serious has happened, as is apparent from our question. In 1976, a law was brought into force in Italy whereby certain transactions, capital transactions with other countries, are made subject to a deposit requirement and obligations are placed on Italian citizens in respect of establishment abroad, maintenance of assets abroad and the possession of real estate abroad, while such stringent sanctions are applied that these Italian citizens will certainly think twice before falling foul of the law. However, the question arises as to whether the Italian government and the Italian parliament, in adopting this law and taking these measures, have not taken upon themselves the risk of undermining the operation and further development of the Community in one of its fundamental areas namely, the free movement of goods, services and capital. We felt it necessary to point out that a number of the statutory measures taken by Italy certainly conflict with the spirit of the EEC Treaty and are often difficult to reconcile with specific articles of the Treaty.

We should like to hear the views of the Commission on this situation. Firstly, we should like the Commission to tell us how it views this Italian legislation in the light of the Treaty and the regulations on movements of capital. We should also like the Commission to say what measures and steps it is taking, in particular in its dealings with the Italian government, to make sure at all events that these measures retain their temporary character, that the Italian government determines in consultation with the European Commission the need for further application of the measures and that it also takes the decision, in consultation with the Commission, to abolish them when they cease to be necessary in order to bring certain financial and economic developments in Italy under control. We should like the Commission to take these steps, not least because it is being repeatedly asked to submit proposals to the Council providing for financial and economic support to the Italian government. In my view, if Italy, or any other Member State, asks the Community for assistance in solving its difficulties, the Commission and Community must in turn be able to call upon the Member State concerned to act in conformity with the Treaty.

These were the questions which the Committee on Economic and Monetary Affairs wished to put. I would stress again that when there is cooperation in the Community between the Member States and Community institutions to overcome certain financial and economic problems, especially in this crisis situation, it is not justifiable for a Member State to dissociate itself from Community solidarity to such an extent that, as Mr Haferkamp has put it, the foundations of the EEC Treaty are shaken.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, ladies and gentlemen, there can be no question of the Italian authorities' having broken the rules of the Treaty. Had this been the case, the Commission would naturally have taken the appropriate measures.

I should like to base my remarks first of all on the oral question put to us with Document 195 of 28 June.

On the first question, I would say that the Commission is at present unable to assess all the effects that the Italian regulations on currency entering and leaving Italy are having on the free movement of individuals. However, the Commission has received several complaints from tourists about the way the regulations in force are being applied at the Italian border. It appears that tourists are not in all cases aware of the obligations arising from these regulations. In a number of cases, however, it seems that Italian customs and financial authorities are enforcing these regulations with excessive zeal in their dealings with inadequately-informed tourists.

And now to the second question. The Commission is aware of the difficulties Italy is at present experiencing over currency, particularly in view of the familiar problem of the illegal export of capital, etc. The Commission therefore appreciates the need felt in that country for exercising control of currency exports. The Commission is also of the opinion — and I want to stress this point — that this aim can, and indeed must, be attained through the application of control measures calculated to cause the minimum disturbance of free movement into Italy. We uphold the principle that the common market should be disturbed as little as possible. Such freedom of movement should, moreover, be in the best interests of Italy itself.

To the third question I would reply that the Commission has already made a number of approaches to the Italian authorities. The last occasion was on 28 June. We wanted to obtain all the relevant information about the way these regulations were being applied and about the faults committed in the control and confiscation of currency that led to the complaints mentioned in the question. The Italian authorities have in the meantime started up official inquiries into these incidents, and have told us that the sums confiscated have been restored to their owners except where attempted fraud could not be ruled out.

At the last meeting with the Italian authorities, the Commission pointed out that raising the maximum amount of currency that could be re-exported out of Italy — without tourists' having to apply for prior authorization — would facilitate freedom of movement within the Community. These discussions with the Italian authorities were attended with success. On 2 July, only a few days ago, Italy issued Instruction No 373 permitting the export of currency not

declared on entry up to a sum equivalent to Lit 200 000. This represents a substantial increase over the amount stipulated in the original regulations.

In the meantime, the Italian authorities have also taken appropriate steps to familiarize foreign tourists with the Italian regulations on the import and export of currency. This information will be furnished mainly through banks, in and outside Italy, which are consulted by tourists regarding currency exchanges. I believe that in this respect we have made substantial progress and secured considerable concessions, especially during the holiday season, when many citizens of the Community cross the borders of nation-states.

As to the fourth question, on the cash deposit, I would remind you that this applies to currency purchased by residents, that is, people based in Italy. The measure has been taken for a specific period. It applies not only to payment for imported goods and services, but also to capital exports and sums made available to residents for travel purposes. The main purpose of the cash deposit is to skim off liquid resources in the country, particularly those deposited with banks.

Since its introduction, this measure has had a remarkable stabilizing effect on the rate of the lira. Another result of the introduction of the 50 % deposit has been to reduce substantially advance payments for imports, which, particularly in the previous quarter, were largely speculative.

I feel that, given the general situation, the measures taken and the way they have been adapted to everyday experience show that we can keep down the measures necessary to what we feel will do the least damage to the common market. We very much hope that the general development now taking place will help to render such measures superfluous in the foreseeable future.

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, on behalf of my friend Mr Mitterdorfer — a German-speaking Italian member — I should like to make one or two comments.

Mr Haferkamp, we are grateful to you for the information you have given us, and above all for pointing out that there are signs that things are starting to get back to normal. Excuse me, however, if I point out that Lit 200 000 are DM 630. Who is going to travel to Italy with DM 630 in his wallet if he wants to spend some weeks there? That is too paltry a sum.

What, however, bothers me more is the somewhat irregular practices at the Italian border, at least at the start. We know of cases where sums in German marks, were confiscated without a receipt being given. How are the victims — amounts of several thousand German marks are involved — going to substantiate their losses? It is good to know that the Italian government is ready to refund these sums, but the milk has

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been spilt and you yourselves know, if — as I have no doubt — you read the German papers, how much this topic is being played up just now before the holiday season begins. I do not think this sort of thing reflects the true Community spirit.

I should therefore like to ask you, Mr Vice-President, and the Commission, to continue to keep a watchful eye on these problems, and to hold out as far as possible for still further concessions.

President. — Does the Commissioner wish to say anything more?

Mr Haferkamp. — (D) Mr President, just one more word, please. Obviously any traveller is absolutely free to import and export any sum he likes provided it is declared on entering and leaving the country. The sum of Lit 200 000 I referred to has since been exempted from any declaration either on entering or leaving; moreover, it applies also when the traveller returns from his holiday.

President. — I call Mr Van der Hek.

Mr Van der Hek. — (NL) Mr President, thank you for giving me this opportunity to make one more observation. I am grateful to Mr Haferkamp for his reply. I consider it rather a pity that he did not follow my effort to view this matter in other connexions than that of tourist traffic.

At the end of the day, the amounts carried by tourists across the Italian border are generally only small. Of course incidents do occur. But what particularly interests me is the fact that the Italian legislation influences the free movement of capital, services and goods between Member States of the Community. We shall have occasion to return to this later. I believe that the Commissioner will at all events have seen from this short debate that we should appreciate the Commission's keeping a close check on the practical implementation and duration of this Italian legislation and we hope that, when the time comes at which the financial and economic situation in Italy again allows a liberalization of capital movements, the Commission will be the first to remind the Italian government of its duty if it fails to act. Should the Commission not do so, the Italian case is liable to become a dangerous precedent for cooperation in the Community.

President. — The debate is closed.

14. *Measures to alleviate the drought*

President. — The next item is the report by Mr Liogier, on behalf of the Committee on Agriculture, on the motion for a resolution tabled by Mr Liogier on behalf of the Group of European Progressive Democrats on measures to alleviate the effects of the drought (Doc. 223/76).

I call Mr Liogier.

Mr Liogier, rapporteur. — (F) Mr President, ladies and gentlemen, on behalf of the Group of European

Progressive Democrats I tabled, on 16 June 1976, a motion for a resolution with a request for consideration under urgent procedure, on the measures to be taken to alleviate the effects of the drought; my colleagues, Mr Martens and Mr Brégégère, also subscribed to the motion.

At its sitting of 18 June 1976, the European Parliament rejected the request for an emergency debate and referred the motion to the Committee on Agriculture, which considered it at its meetings of 22 June in Paris and 5 and 6 July here in Luxembourg.

In the light of these discussions, the Committee on Agriculture, on the initiative of its chairman and with the support of a very large majority of its members, decided to take this motion over under its own name.

After making a number of amendments or additions, it adopted the motion by 16 votes in favour, with one abstention.

The Committee on Agriculture therefore now submits the following motion for a resolution to the European Parliament:

Motion for a resolution on measures to be taken to alleviate the effects of the drought.

The European Parliament,

— having regard to the motion for a resolution tabled by Mr Liogier on behalf of the Group of European Progressive Democrats,

— having regard to the referral made by the European Parliament at its sitting of Friday, 18 June 1976,

— having regard to the report of the Committee on Agriculture,

— recognizing that the persistent development of the drought in many parts of Europe and its disastrous consequences are an unprecedented catastrophe, firstly, for the farmers, who are its main victims and, secondly, for the consumers, who are already facing — and will continue to face on an increasing scale in the near future — price-increases and even supply difficulties;

1. Invites both the Commission and the Council to mobilize forthwith all possible resources to aid the persons concerned in the disaster areas, and to keep a close watch on developments;
2. Considers that, in addition to the national measures which have already been taken or may yet be taken, suitable instruments of the common agricultural policy must be used to the full in order to limit the damage suffered by farmers and consumers;
3. Calls upon the Commission in particular to take measures to alleviate difficulties in securing supplies of fodder;
4. Invites the Commission to give especial attention, in the context of agricultural structural policy and regional policy, to measures aimed at achieving a balanced water-supply, so that the damage caused by future catastrophic climatic conditions can be lessened.

Liogier

In spontaneously taking over this motion for a resolution, the Committee on Agriculture convincingly demonstrated that there is no dearth of sympathy in our Parliament and that we cannot remain collectively insensible to the misfortune of the victims of this disaster — a disaster which is unprecedented in our lifetimes, since we have to go back to the year 1727 to find a similar calamity.

The unanimous and active solidarity shown on this occasion through the support of all the political groups without reference to nationality and political views — testifying to our deep union when the common good is at stake — must serve as an example to us and generally encourage us to pursue our task with a greater strength of persuasion, to develop the actions necessary for the cohesion and development of our Community, to exclude sterile egoism and unfounded suspicions and, in the last resort, to get to know one another better so that we can work more effectively together in unison for the prosperity of Europe. That is the great lesson we have to draw.

I shall present my explanatory statement very briefly, because it is sufficient to look around us, wherever we may be, to realize the extent of the present disaster. Whole areas of the Community have had no rain since May. In May, cattle could still find grass in the pastures but that is no longer the case today. The grass has been scorched bare in the space of a few weeks. All that remains is a sparse, yellow straw which the cows disdain with a resignation worthy of cattle in the Maghreb. A few scattered storms will not change the situation to any great extent, since the soil has become impervious.

The increasing scarcity and the final disappearance of grass in the fields has led to a drop in milk production. A cow which used to give 25 litres of milk a day now only gives 10. Cattle-farmers now have to feed their animals on the reserves of grass which they had put into their silos last spring in preparation for the winter. But the stocks will be used up by September. Until the autumn, cattle will therefore live on reserve fodder stocks or chopped straw. And the situation will become dramatic if these stocks cannot be reconstituted before the winter.

Under these conditions, it seems perfectly normal for the Community to offer to buy in, at a guaranteed price, the cows which milk producers can in any case no longer feed and are obliged to deliver to the slaughterhouses at very low prices because of the excessive level of supply — and this at a time when inflation is gaining ground again. But we must look further. The current fall in prices may cause the producers to panic, thus provoking a collapse of the market which will gradually extend to all categories of cattle and even threaten breeding-animals. So far the cattle sector has been the only one to benefit from EEC compensation in respect of the drought. But the damage to cereal crops is equally apparent. The height

of spring wheat and barley in the parched fields is only between calf- and knee-level! The anticipated yield is at most 20 quintals in the case of wheat instead of 50, and 10 quintals of barley instead of 30! As for maize, it has not even germinated in many areas and half the fields are as green as a motorway construction site. Cattle and cereal farmers will therefore see a substantial fall in their incomes.

The same applies to the beet sector, since the most optimistic forecasts for French production alone suggest a deficit of more than one million tonnes. Here, too, the consumers are directly affected, since a level of self-sufficiency will be impossible to achieve and this product will have to be imported at prices well above the current levels.

This example in itself suffices to show how the interests of producers and consumers coincide and amply justifies our inclusion of the latter in our motion for a resolution.

However, although the producers are hard hit by the consequences of the drought and must be helped to overcome their despair, it must not be forgotten that there are degrees of misfortune. We are thinking here in particular of the smallest of our farmers in the least-favoured parts of the Community, especially in mountain areas, which have already been affected by the flight from the land and may become nothing short of deserts. Often their meagre resources are derived solely from milk and cattle-farming; most of these farmers are now obliged to sell some of their cattle. It is in this area above all that aids must be selective and effective if we are to prevent an even stronger flight from the land, which would be harmful for everyone.

You will no doubt have noted that our motion for a resolution does not look in detail at the forms of Community aid which could be applied in specific cases, with the exception of fodder supplies, to which absolute priority must be given. This is not an omission but a decision stemming from our desire to see the Commission and the Council mobilize all possible resources from every source; such action is justified by the extent of the disaster.

But it appears that the climatic conditions of recent years differ somewhat from those of the past; this leads us to fear that in future there may be persistent droughts and serious shortages of water for irrigation as well as drinking-water, due to exhaustion of the ground-water or climatic conditions in which drought alternates with floods. Point 4 of our motion is an attempt to remedy this shortage; it proposes for the future a rational water-policy, enabling both wastage and pollution to be avoided and the available reserves increased as far as possible through the construction of retaining dams on our rivers or hill lakes capable of holding torrential rain-water.

Yesterday, Mr Lardinois made a statement — for which we are most grateful — on the measures which

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the Commission has decided to submit to the Council. Even if some of these measures, relating in particular to the absorption of dairy surpluses, are likely to give rise to a number of observations on our part (and we shall be returning to this problem in September), we are grateful to him for dealing first, if a little rapidly, with the drought problem. By doing so, he showed that the Commission is willing to give this matter maximum priority in order to obtain the rapid introduction of forms of Community aid designed to support the measures now in force in each of the Member States and to extend the area of application of the premium already granted to France for milch cows. We particularly appreciated his views on the measures which should be taken by each Member State to achieve the maximum possible effectiveness.

In this misfortune, which has struck not only Community producers but also consumers — since the latter are bound to suffer the consequences in the near future — it is no small consolation for us to see that a chain of solidarity has been created, showing clearly that everything possible will be done to provide effective aid to the victims of the drought.

(Applause)

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

Mr Martens. — *(NL)* Mr President, ladies and gentlemen, up to now the drought has been considered mainly as an exceptional occurrence which has broken a great many records. It is now realized, however — perhaps rather late in the day — that this drought will have serious economic and social consequences. Clearly the trade will be affected first by this situation, but in a few weeks or months consumers will also know what the drought means when they go to their shops to buy various products which are normally available at reasonable prices. Yesterday Mr Lardinois said that two-thirds of the Luxembourg harvest had already definitely been lost. I am shocked, although not surprised, by this. Last Saturday and Sunday I was out in the fields, and what I saw there was very bad. I cannot yet say that two-thirds of our own harvest is lost, but it is certainly already clear that the damage will be enormous.

We must try to ascertain as quickly as possible the extent of the damage to our agriculture. We must do so to avoid the panic of which Mr Lardinois has spoken. Panic can be aroused by exaggerating, but also by taking no action at all. I would urge the Commission to set up as quickly as possible an information network in all the Member States to determine, week by week, how the situation is developing. This network should cover not only each Member State but also various sectors of activity.

Mr Liogier has already quoted figures for cereal crops. Perhaps the winter cereals can still be saved in some places. On the whole winter barley was fairly good, but in some cases the situation was bad. I am afraid, however, that the harvest will be very poor in the case

of crops sown later or fertilized late in the season. I am also disturbed about the yields of industrial crops: sugar-beet, flax and hops. To the best of my knowledge, flax has been almost a total loss in Belgium and in the beet-fields which I visited last weekend the bottom leaves of the plants are already parched and the soil is cracking. Green vegetables planted in the open air are expected to give little or no yield, and I have not even mentioned the situation regarding the potato-crop. In the big warehouses in Belgium, stocks of canned or preserved products are practically unobtainable. I was told today that in fact everything has been sold out. Last Sunday, I was able to see the situation in the orchards. At this time of the year, apples are generally 7 to 10 centimetres in size, but the figure now is barely 4 to 5 centimetres. If the weather continues like this, in a few weeks' time the whole crop will fall to the ground. As for the fruit yield, the harvest is likely to be a total failure. But the situation is worst in the pastures. I know that in some areas the pastures are still in a reasonable condition, but in extensive regions where cattle are the principal source of income the situation is very serious. I do not even expect things to be much better in those pasture areas which have the benefit of good water-supplies. Even if the rain begins to fall now, it is not at all certain that the situation can be remedied. We are in the month of July. Fodder maize, which is enormously important on our lighter soils for winter feeding, is likely to give a disastrous harvest unless the rain sets in at once and lasts for some time. If the maize harvest fails, I shudder to think what will happen in the winter. Last week a letter was read out to us in the Belgian Senate from a young 29-year-old farmer who has a 50-hectare farm with 180 head of cattle. He writes that last year he had 10 000 bales of hay and this year only 2 000. Calculating on the basis of the present price of hay, this means a loss to him of 600 000 Belgian francs. At the same time he is getting 400 litres of milk less each day with the same number of cows. At a price of 6 to 7 francs per liter, this means a loss of 2 500 per day. At present farmers in our country are being driven to distraction by this problem. I would like you to consider in particular how the situation in the cattle sector is likely to develop.

At the end of June I spoke to representatives of the cattle-fodder factories, and they told me that the sale of force-feeds for milch cows had fallen by 30-40 % in comparison with the month of June 1975. And the difficulties are only beginning. I should like to say a word now about the slaughtering of cattle, which must also be taken into consideration — I have referred already to the loss of milk production and to the enormous rise in the cost of cattle-feeds, but we must allow too for the loss in weight of cattle. I am afraid that a general survey will show that we really are in a terribly difficult situation. I did not react yesterday to your proposal, but I shudder to think what will happen in September if the farmers are told that in future they will have to bear joint responsibility, at a time when they have suffered such heavy losses.

Martens

Of course we shall have to wait until April 1977 to assess the situation completely, but I still hope that when you draw up your new price proposals you will have a pretty good idea of what has happened and that you will take account of this exceptional situation. I also wish to put a question of principle, because I have heard it said in some quarters that the drought must be viewed as a normal operational hazard; I should like to know whether such phenomena are to be treated as a normal hazard, because if that is the case we shall have to change the basis on which our cost prices are calculated.

Finally, a word about the repercussions of the shortage on consumer prices for all kinds of food products. Lately we have heard a great deal in this chamber about the costs incurred by agricultural policy because of the surpluses. I am curious to know what the scarcity will cost as the year progresses. If we look at the situation in the potato sector last year, we can gain some indication, and if all the figures are worked out I am afraid that the shortage is going to cost us a great deal. When we have surpluses they are generally confined to between 5 and 10 per cent of production. But when there are shortages, the price-rises affect in practice 80 to 90 per cent of production. That is one more reason for the Commission to consider carefully what action to take in face of these problems — which I do not seek to conceal; the fact is that allowance will one day have to be made for unforeseen circumstances which may arise.

I willingly support Mr Liogier's resolution, but I feel bound to express my concern at the consequences of this situation, whose full implications are not yet known. I am afraid that even if rain sets in soon, the losses will still be enormous.

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

Mr Laban. — (NL) Mr President, it has never been my habit to repeat what previous speakers have said when I am able to agree fully with their observations. I certainly agree with Mr Liogier's explanatory statement on the motion for a resolution tabled by the Committee on Agriculture. However, I would not wish silence on my part to give the impression that the Socialist Group is not deeply concerned at the fate of farmers in the areas of the Community which are seriously hit by drought, and concerned too at the consequences which this drought will have on the cost of living for consumers. I therefore repeat emphatically that we fully support this resolution and hope to see adequate measures taken by the Commission to limit the damage as far as possible.

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

Mr Kofoed. — (DK) Mr President, I shall not repeat what previous speakers have said, but I agree with

both Mr Liogier and Mr Martens in their comments on the drought. I am sure that the Members, who come from different parts of Europe, are aware of the extent of the drought. I know that once past the Lüneburger Heide one enters a desert landscape quite uncharacteristic of the region. One has to sympathize with the farmers who are dependent on the crops from those fields.

And now, we as politicians are faced with a completely new situation. In the time I have been in the European Parliament we have only had to discuss problems related to surpluses. There has been no limit to the strong words used about the dreadful situation of surpluses. In debates here I myself have said that surpluses are no catastrophe. Politicians here in Parliament have often tried as have the mass media, to make a catastrophe out of the problem of surpluses. Surpluses are no catastrophe and will never cost very much money, but we are on the threshold of a shortage which is far, far worse and it is impossible for us to foresee now how things will develop.

I hope that these drought problems will not have the worst imaginable consequences. But I agree with the previous speakers that the problem cannot be fully appreciated now. The problem will arise, as Mr Martens rightly said, this winter, and in the spring and summer of 1977. Then if the worst should happen we will know what shortage really is. Please do not misunderstand me, but there are perhaps some people in Europe who have criticized the agricultural policy who could well benefit from the shortage situation; we could perhaps take a rather more kindly view of the advantages of the agricultural policy that were forgotten when we were in a permanent surplus situation. What can we do about these problems? I refer you to the report by the Committee on Agriculture. That tells you what the Community can do. We can express our feelings about what has happened or we can say that the initiatives the Commission has presented us with are what we can do now.

I would also emphasize what Mr Martens said, namely that we should keep an eye on developments in coming weeks to assess the extent of the catastrophe so that we do not end in a panic situation, for when politicians have to take decisions in a panic, the results are seldom very good. We must also ensure that there are fixed common rules about certain national aid arrangements so that we avoid any distortion of competition. We must remember that there are differences; fortunately the drought does not stretch over the whole of Europe. We do not want to have aid arrangements in some countries that give a greater advantage to the same type of farmers in other countries where the catastrophe situation does not exist.

I believe I can state on behalf of the Liberal Group that we support the report as presented by Mr Liogier and we hope that the Commission will take sensible

Kofoed

steps to alleviate the worst problems. In conclusion let me say that the worst problems as far as Parliament, the Commission and the Council of Ministers are concerned, have not yet arisen but will probably only arise in winter and spring.

(Applause)

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

Mr Spicer. — May I first of all apologize to Mr Liogier: I was unavoidably detained and was not here to hear his opening remarks.

There is no doubt that our group welcomes this report. We welcome the emergency debate that took place in the Committee on Agriculture following on our last meeting; we give the matter our very fullest support and, of course, our sympathy to those parts of the Community that are hardest hit.

We had a very dry summer last year and it is no exaggeration to say that this present drought, following as it does upon that dry summer, constitutes an almost unprecedented emergency and disaster for the Community. At the moment we can only follow the lines the Commission has already pointed out to us regarding the areas that are hardest hit, but day by day as this drought continues so other areas will be hard hit, and we shall eventually reach the point when our producers of food within the Community will have a struggle to survive next year and what is, as important, as Mr Laban has said, when the consumers of food within the Community will be facing massive price increases in the autumn and winter of next year.

In the United Kingdom, the position at the moment is not too bad. I have an up-to-date report which I received from our National Farmers' Union. They say that the overall picture is better than last year. Production of most commodities will be higher than last year even if there is no more appreciable rain. As compared with last year, there is a large acreage of winter corn which went in in very good conditions, and the spring cereals have made a good start. So even if there is no more rain it should still be better than last year. Early potato yields were higher than last year. Yields of grass have been good so far and the situation up to date is better than last year, but how it will turn out in the end is still difficult to assess. Milk production should be 6% up on last year. Provided there is even the smallest amount of rain, it is hoped to get average yields of sugar-beet, but if the drought continues it will be difficult to say what will happen. Certainly therefore, so far as the NFU is prepared to commit itself we are the fortunate ones and are not facing the problems confronting some other areas in the European Community.

Mr President, it is of course absolutely no use our trying to pretend that we can do anything about the weather. We cannot. I know there is one particular

man in my own part of the world who works for one of the water boards, who apparently went out and bought himself a prayer mat and every morning went out to pray for rain. He has been doing that for the last 3 months: it has had absolutely no effect at all. But what we can do is to alleviate the effects of this drought as best we can and then to prepare for the future by making certain that we are better equipped in the months and years ahead to face the problems of drought which may occur at any time and we can never know when.

At our last plenary part-session I raised the subject of water with the Commissioner, and I make no apology for raising it yet again, because I believe that we have left undone a great deal that we ought to have done in terms of water-storage. Even now, as we approach the autumn and winter of this year, if we looked ahead we could dramatically change the position and find ourselves next year very much better equipped to face the problems of another drought. There is no shortage of water within the Community. Every day thousands of millions of gallons of water pour off the land and into the sea and are thereafter wasted. I am thinking not of massive storage projects which take perhaps five or ten years to complete with concrete dams and great reservoirs, but of small operations involving just a couple of acres of land where, by the judicious placing of an earth barrier, one could store up to a million or more gallons of water without any trouble whatsoever. At home, our own waterboards have been pursuing a policy of being extremely tough on the extraction of water from streams, but I believe that now all that is changing and I am quite certain that they are prepared to cooperate in any way that they possibly can. I have made enquiries of my own Wessex Water Authority and of my own local NFU and they have welcomed the proposal I have put to them that we should hold in the early autumn a conference to discuss the problems of water in the South-West. I would invite Mr Lardinois or one of his representatives to come to that, since I think we might get very worthwhile results in the form of perhaps thousands of small dams that would come into being and would give us an adequate supply of water. In my estimation, it is not just the storage of water that is important, it is the effect of that water-storage on the water-table round about: the effect is felt not just 10, 20, 30 yards away from the storage area, you raise the water-table and greatly increase the water-holding capacity on the land and you also hold back on the land-water that we need to go up into the air to produce the rain when the clouds pass over. I make no apology for this, Mr President, I have a bee in my bonnet about this. I think it is a subject that we must consider as a matter of urgency.

May I say in conclusion that in this House we are all grateful to the Commissioner for what he has said and

Spicer

for the measures that he is taking already. He can only do what is possible at the moment, but we are quite certain that he will do more than is possible and what is difficult he will do at once — the impossible may take a little longer. I know he is well aware of this critical situation and will do all he possibly can to alleviate the suffering that will come to both the farming community and to the consumers of the Community.

(Applause)

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

Mrs Goutmann. — *(F)* Mr President, dear colleagues, I am glad that the consideration of a motion for a resolution provides us with an opportunity to hold here a debate which we were not allowed to have in our own Parliament — despite the fact that France is particularly affected by the consequences of a drought which is now reaching the proportions of a national disaster.

It is the farmers who are first to suffer from this calamity. They are all the more vulnerable to it because French agriculture is in a dramatically parlous state as a result of the European Economic Community's Agricultural policy. 'The green Europe', the agricultural common market, has meant for the French peasants a drop of over 20 % in their purchasing-power between 1973 and 1975. Struggling with enormous difficulties and dangerously in debt, our peasants are no longer able to cope with a situation which the drought has made significantly worse.

Of course, there is no one to blame for climatic phenomena which are virtually unpredictable, but it cannot be denied that the dismantling of our agriculture is making a disaster out of a natural calamity which a prospering agriculture would have been better able to support.

Mr Kofoed referred to the problem of surpluses. When there are surpluses, producer prices fall. But now there is a shortage and the farmers are facing the same difficulties. It seems to me that the whole tenor of agricultural policy needs to be reviewed.

Today, while the French Government refuses to debate the matter in Parliament and, above all, refuses to take the steps which could save our agriculture and save the thousands of peasants on the brink of ruin, appeal is made to the Commission as if the Commission could produce the miraculous solution which the Member States affected by the drought cannot, or will not, themselves apply.

One gets the impression — and it was obvious yesterday, during the debate on unemployment among the young — that in the face of the national governments' inadequacies, the Community is

expected to do everything. To believe that is to forget that the Community is part of the capitalist system; it is to forget that the Common Agricultural Policy has led French farmers into bankruptcy; it is to forget also that the Community is not there to make up for the deficiencies of the Member States and that this is not what a policy of solidarity and cooperation means.

In any case, how could the Community change its policy today? What is going to happen is that, as in the oil crisis, an external event will be used to justify a particular policy. All that will be done is that the nefarious consequences of the present agricultural policy will be disguised by being attributed to the drought, which is already said to be expected to continue. The drought will be an excellent alibi, and it is already being so used by the French Government, to explain the shortage of beef, of cereals, of sugar, etc. The Community will thus be able to continue the same policy behind the cloak of a few derisory and sporadic aids which will turn the peasants into public-assistance cases.

The fact is that if no one can be blamed for the drought, the drought has pointed up the harmfulness of a policy made in Brussels which is causing French agriculture to stagnate. It brings out the need for a very different agricultural policy, a policy which instead of playing the Member States off one against another, will allow a modern agriculture to develop in a broad spirit of cooperation and which, putting an end to the waste and the destruction, will create an agriculture serving the needs of Europe's peoples.

President. — I call Mr Howell.

Mr Howell. — There is no doubt that this is a major catastrophe and I, too, want to say how deeply we are resolution. particularly for the producers in France who are obviously worst affected. I wish to withdraw the amendment which Mrs Kellett-Bowman and myself put down after the committee meeting last night. There was a slight misunderstanding. Although we were as sympathetic to those who are suffering as we are now, we were trying to make the point that it is difficult to draw lines on maps and define the drought area and that it would be a good thing if ways could be found for giving help to those people who are on the type of land and growing the type of crops which are more seriously affected. The new text fully meets the point which we were trying to make, and therefore I wish to withdraw the amendment in our names.

(Applause)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, may I first thank the rapporteur for his report and the motion for a resolution. I have no diffi-

Lardinois

culty in approving this resolution. As I mentioned already yesterday, we are facing quite an exceptional drought in major parts of the Community. In certain areas the situation is even critical, or at least so it would seem at the moment.

I should like to outline the situation briefly if I may. There was quite a serious drought last year, particularly in the northern parts of the Community, in Ireland, Central and Northern England, Denmark and parts of Northern Germany. This year, however, it is these areas which are enjoying the best weather. The crop situation is excellent, particularly in Northern Ireland, Scotland, Northern England and Denmark, and is expected to remain so. In other areas such as Northern Germany, Eastern and Southern Holland and Southern England, the situation is deteriorating but could still be saved if sufficient rain were to fall soon. The areas further South, i.e. Belgium, Luxembourg, part of Germany and a large part of Northern and Western France, however, face an extremely serious situation. The Po Valley is still green but there is already a water shortage. To the South of Rome, on the other hand, there is a tremendous water surplus and crops are threatened by diseases which had hitherto never been considered a particular danger. This applies among others to the vineyards in Southern Italy.

Now, half-way through July, durum wheat in Sicily cannot be harvested because it is too wet, an unprecedented occurrence in the history of that Island. In short, the atmospheric picture is extremely varied, and certain areas face a genuinely critical situation which could have serious consequences, and not only in the agricultural sector, as Mr Martens has already pointed out. The cost of living can easily rise as a result of the increase in price of a number of non-agricultural products. What happened last year in the potato sector can quite well happen again next year; the same applies to other products such as vegetables, fruit and the like. Prices should not increase, however, for basic commodities such as bread, meat, milk and sugar, thanks largely to the Community's stocks of these products. But there will be other consequences. In large areas of the Community we must expect additional unemployment in a number of industries closely connected with the agricultural sector: sugar refineries which will be unable to operate, canning factories which will have to close prematurely, producers of artificial fertilizers who will have no more, at least far fewer customers, and so on. Even grain warehouses have nothing to store and their staff no longer go to work. The dairy industry is expected to have less work. The slaughterhouses on the other hand, will probably have a great deal of work in the next few months, and possibly far less work than usual at the end of the Winter. Even the engineering industries will undoubtedly suffer a drop in next year's output in areas affected by the drought. So you see, it is evident that consequences will extend beyond the agricultural sector. I certainly do not underestimate

the effects and side-effects of all this, but at the same time I feel that we should not paint too black a picture of the situation. A number of products will benefit from having a dry year. We face for instance at the moment no problems with vegetable or fruit surpluses, which have to be put into intervention or destroyed. When the weather as it is everything is being eaten fresh and, if anything, there is a vegetable and fruit shortage. All sorts of existing surpluses will be considerably reduced. We know, too, that what is still growing is of exceptionally high quality, and although the hay harvest in some areas is only half the usual amount, this hay is generally of a better quality. And cereals which are being harvested now have such a low percentage of moisture that the farmers can save on drying costs, which in the past always meant that part of their harvest was lost. Straw, which is usually burnt every year in huge quantities, will this year constitute an additional source of income for those who can sell it. In other words, it is difficult to give a true picture of the situation. Although it is genuinely serious in many areas, it must be considered fairly from all angles.

As Mr Martens has already pointed out, we must have all the true facts. Mr Martens asked me whether we could not set up an information network for the whole Community which would assess and report weekly on the situation in respect of each product. I would like to tell him that three weeks ago I set up a working group for this purpose in the Commission. I receive this information every week and, in the case of unusual developments, every day. I see no reason why this information should not be published since it helps to provide a true picture of the situation. I promise Parliament that we shall not withhold a single detail. We shall be as open as possible and do our utmost to help the agricultural sector, as is our obligation. We must maintain meat prices which are at the moment in danger of falling as a result of the mass slaughter of livestock in certain areas. This is why we have taken the necessary measures, which came into effect on 1 July, to ensure that an additional 100 000 tonnes of beef is taken off the market and stored until after 1 January, when we shall almost certainly need it. I agree with Mr Martens that we should not neglect secondary products, which are just as important. Here too, we must keep up with the situation. In the case of flax, for instance, both the farmers and the millworkers will be affected this year. I do not think that the sort of disaster we are facing this year can be compensated simply by adjusting prices. If there was ever a time for certain Member States to take additional measures, and socially oriented measures in particular, that time is now. Of course, this does not mean that the Community as such does not have any obligations in the circumstances, on the contrary. I explained yesterday that the most important problem was prices. It is also vital for production to be spread as far as possible over an entire season, production being what is in fact available.

Lardinois

I agree with Mr Martens that one of the few advantages of surpluses, even for the average citizen, is the fact that in the event of an emergency, there is always a reserve, a buffer stock. This is why I always maintain that these stocks constitute the necessary reserves and that we can only speak in terms of surpluses when the necessary reserves grow too large. Half our skimmed milk powder stocks, for instance, constitute a genuine reserve, which we need, and only the other half is a surplus, in spite of the drought.

I have little to add to what Mr Kofoed has already said. We must indeed wait and see what the winter brings. There is, however, one point which I should like to make: the harvesting season is only half-way through, and cereals will have to be brought in earlier than usual. If the weather were to change, it would be possible to grow huge quantities of coarse fodder on the stubble fields once the cereals have been harvested. This is why our farmers and the retailers must be fully prepared to sow as quickly as possible if the weather does change, so that in October or November farmers can bring in a second harvest particularly of grass fodder and products which are absolutely essential for beef production.

Last year, after a dry summer in the North, and Great Britain in particular, nature was kind to us in that the autumn lasted with magnificent weather more than a month longer than usual. In Ireland, in fact, the weather was so good that in large areas the dairy cattle did not even have to be brought in in the winter. And this was even followed by very good weather in the spring. So we should not despair too soon; instead we should be ready to do what we can when the opportunity comes. We must also be in a position to reassure the farmers.

Mr Spicer asked me whether I would answer his questions in English. This I will gladly try to do, although my English is far from perfect. However, I hope to be able to give him a reasonable answer in his language.

Well, Mr President, I am in complete agreement that indeed water supply is a very important thing. In the fifties and sixties we had, generally speaking, more years with a lot of rain than dry years. In the fifties and sixties everywhere we did a lot of work on drainage and not very much on irrigation. I expect that the seventies will be quite dry. There are strong indications that until 1980 or 1981 in the northern hemisphere we could have many more dry years than wet years. Therefore I am of the opinion that with our intensive farming systems, it is necessary to do all we can for simple water storage arrangements in the land. Therefore I also agree totally with Mr Spicer on this point, and I am also of the opinion that, in particular for these simple but very efficient arrangements we must be prepared to help the farmers and the regions to help themselves with some financial aid from the

Community. And I or one of my colleagues will attend the conference that he mentioned.

Mr President, Mrs Goutmann is no longer present. As usual, she was critical of the common agricultural policy. I can only say that in spite of the drought I do not expect our consumers to suffer the same fate as consumers in the Soviet Union did last year as a result of their drought. I expect our system to provide a better solution to the problem.

(Smiles, Applause)

President. — I call Mr Früh.

Mr Früh. — *(D)* Mr President, I am tempted to reply to Mrs Goutmann, but it is certainly not for me to do so. However, Mr Lardinois, I would like to ask you a question which is somewhat related to the problems we have been discussing.

I have just read that a member country has been trying to import feeding-stuffs from Eastern Europe, where the weather has been more favourable and green-crop yields satisfactory. Now as far I know, certain people in our countries, and certainly in France, were on good terms with Eastern Europe in matters of butter surpluses and the like. The question arises, then whether we could make use of these good relations to import feeding-stuffs in return, or is this not a real possibility at all?

President. — I call Mr Lardinois

Mr Lardinois, Member of the Commission. — *(NL)* There is at the moment too much water in Italy, south of Rome. The Balkans, too, are experiencing the same problem. And the same applies to the Soviet Union, where too much water is doing considerable damage in rich, fertile areas. But other areas of Eastern Europe such as the major part of the GDR, Hungary and Czechoslovakia are experiencing the same drought as we. I therefore do not expect much in the way of grass fodder imports from Eastern Europe this year.

President. — We shall now consider the motion for a resolution. On paragraph 1, I had Amendment No 1, tabled by Mr Howell and Mrs Kellett-Bowmann:

This paragraph to read as follows:

- '1. Invites the Commission and the Council to release immediately all possible funds to provide assistance selectively to those producers adversely affected within the drought-stricken areas and to follow closely the development of the situation;

As Mr Howell has withdrawn this amendment, I put the resolution as a whole to the vote.

The resolution is adopted.¹

¹ OJ C 178 of 2. 8. 1976.

15. *Regulation on the processing and marketing of agricultural products*

President. — The next item is the report (Doc. 162/76) drawn up by Mr Howell, on behalf of the Committee on Agriculture on the

proposal from the Commission of the European Communities to the Council for a regulation concerning common measures to improve the conditions under which agricultural products are marketed and processed.

I call Mr Howell.

Mr Howell, rapporteur. — Mr President in presenting this report I would point out that the Committee on Agriculture was first asked to consider these proposals in October 1975 and since that time a great deal of thought has been put in by our committee not only on the original proposals, which we felt were rather limited and somewhat inadequate, but also to broaden our line of thinking to see in what ways we as a committee of this Parliament could suggest ways of improving our marketing and production planning.

This report should have been considered at the last part-session but owing to the amendments tabled by the Committee on Budgets it was decided to refer it back. We have since met and have been able to accept, with a very minor change in one case, the proposed amendments. As I said earlier, the Commission's proposals represented a very limited step. There was to be no increase in appropriations to restructure processing and marketing concerns. In fact there was to be some reduction. And furthermore we considered that the aims of these proposals were somewhat confusing. The terms were to be less favourable to the beneficiaries inasmuch as they would have to contribute 50 % rather than 30 %. The main purpose of the proposals are to provide for the continuation of Community action in the processing and marketing sector, for individual projects, and secondly to establish Community criteria for the grant of aid. Aid will only be granted to projects put forward within multiannual programmes.

Now, as I said, we decided that, having waited for so long for some more constructive ideas on marketing to come forward, these proposals really were not adequate to fulfil our expectations. We therefore put into our report suggestions for broadening production and marketing planning. We felt that the time had come when it was necessary for the Commission and for the common agricultural policy to be more than a fire brigade. We have just been talking about emergency measures and of course a very important function of the Commission is to act as a fire brigade when such emergencies as are with us at present occur.

It seems that we have been jumping from surplus to surplus and then trying to deal with it after some

considerable delay had occurred, and I feel that we are right to include in this report our suggestions for more forward planning and for ensuring that we make the fullest and most satisfactory use of our great agricultural assets. To arrive at our decisions we held meetings, with all the interested parties including COPA, food processors, food traders, consumer organizations and the farm workers' unions. This took a considerable time and I think it was a very worthwhile exercise.

We have come to the conclusion that it would be a good thing if the Commission were to make a study of the more advanced and more satisfactory organizations within the Community for production, planning and marketing. As a result too, of our consideration of these proposals a visit was made to the Milk Marketing Board in Britain and a very useful and worthwhile report was written by Mr Laban, following that meeting.

I think that we could help ourselves a great deal if we were to recognize that it might be to our advantage to consider whether it would be better for the Commission to delegate responsibility to a body which would be looking after each commodity for the full 365 days of the year. It seems to me that the Commission is trying to do too much, and that there is not enough continuity of thought in respect of each commodity. Maybe this is wrong, maybe we shall hear from Mr Lardinois that this is an unfair thing to say, but nevertheless, from the point of view of the farmer, of the producer, he is unable to identify as well as we think he might the people who are permanently in charge of any particular sector.

Mr President, I know that the House will not want to be delayed any longer than necessary, and I therefore recommend this report to the House, at the same time, I would like to thank the secretariat of the Committee on Agriculture for the great amount of work which it has put in to the preparation of the report.

(Applause)

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

Mr Früh. — *(D)* Mr President, since the rapporteur has kept his introduction so short, I shall try not to take up too much of our time. I wish to thank Mr Howell most warmly for the excellent and difficult work he has done. I think this report is going to be another milestone in agricultural policy, because it proposes a regulation of the markets and also some organization or stabilization of producer incomes and related economic factors.

The next endeavour should be to reduce the distance between producer and consumer. Processing, pack-

Früh

aging and distribution have become increasingly lengthy, tedious and costly. Naturally, there are many solutions in the different regions of this vast Community. More highly-developed societies, in which producers often live far from the urban agglomerations which they supply have studied this problem intensively and worked out satisfactory solutions; but in other regions of the Community a lot no doubt remains to be done to rationalize the distributive channels between producer and consumer as far as possible.

I welcome in particular the report's call for an investigation of ways to rationalize, shorten and perfect the marketing channels which link producers to consumers, and here we have to find out where investments for producer-groups are needed most urgently.

I have one misgiving I would like to discuss. In my country, there are two systems of distribution, both quite well developed: on the one hand, a cooperative system which is broadly similar to the producer-groups as described here, and on the other, the private services sector. If a country has developed extensive distribution systems, I think the best and most logical method is to let both systems, rationalize themselves on a basis of genuine and fair competition. Attempts have been made in certain areas to set up a third system, but they certainly can have only initial success. The actual results of such measures is an increase in the farmers' expenditure and no additional rationalization — this, at least, is my impression.

I have one request which I would like to address to Mr Lardinois in particular. I think we should call an end to long discussions and sittings at which legal arguments are piled up in an attempt to force existing institutions into this paragraph or that of the Commission's provisions in order to entitle them to a grant. I have participated in long and tedious sittings on this subject. Some of the cooperative organizations discussed corresponded, in my opinion, exactly to the Commission's wishes. They did not merely develop from a Commission proposal; instead, they grew out of their own historical and regional context. We should let such organizations be if we are convinced that they fulfil the purposes of the agricultural policy, which are to pay the producer as much as possible and to supply the consumer at the most reasonable prices. If these conditions are met, we should not try so often to cast everything in a mould of paragraphs. This is a bed of Procrustes: if you don't fit, you don't get anything. Consequently, the affected organizations are often forced to resort to manipulations to get any aid at all.

One last word, Mr Howell. I must table an amendment. I regret this and I am sure you know why. Your Milk Marketing Board is a marvellous agency which I could not quite understand at the beginning, but first-

hand experience has clarified its operation to me. However, it was precisely my visit to your country which gave me the impression that this instrument, effective as it may be, has given rise to hopes which in my opinion overestimate the possibilities of the present proposal for a regulation. Your countrymen's opinion is that the proposal together with this marketing organization, could help solve the very complex problem of regulation supply and demand. In my view, this is being unduly optimistic. I do not think that this Marketing Board could serve as an element or instrument of market regulation. It is effective in dealing with small surpluses or shortages, but structural surpluses cannot be remedied without measures of another order. Instead of justifying my proposal again later on and so losing time. I would like to ask you now to adopt my amendment, which proposes the deletion of the detailed provision contained in paragraph 6 (b). Thus, the words

'independent bodies, whose principal concern would be to regulate on a day-to-day basis, under the general supervision of the Commission, the conditions for the marketing of produce within each major agricultural sector'

should be deleted. The remainder of this paragraph could remain unchanged. I should be most grateful if you could approve my request. I think it would simplify the text and, above all, make it easier for other countries to accept this regulation.

President. — I call Mr Lange to give the opinion of the Committee on Budgets.

Mr Lange, chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, it is a pity that difficulties of a technical nature force me to speak again. If my understanding of the rapporteur's introduction is correct, the Committee on Agriculture has accepted all but one of the proposals of the Committee on Budgets; but as I said, technical reasons, and technical reasons alone, have pretended the incorporation of the changes in the committee's proposals. Consequently, these proposals will have to be put to the vote for purely formal reasons. So far the Committee on Budgets, whose concern is only with budgetary law and budgetary policy and not with agricultural policy, has no objections.

However, we still have misgivings about one point. We recommend the deletion of the ninth recital, which mentions both ten years and 400 million, as well as the deletion of paragraph 3 of Article 18, which also specifies 400 million. If I understood Mr Howell correctly, he as well as the committee are prepared to delete paragraph 3 of Article 18 in accordance with the wish of the Committee on Budgets. If this is the case, we shall be satisfied. However, allow me to repeat the committee's reasons for deeming this

Lange

change necessary. We know that the Council's position on expenditure necessarily resulting from regulations is intransigent, notwithstanding recent minor concessions. Such expenditure is classified as obligatory and so escapes Parliament's control. There is no need to dwell again on the familiar dispute over obligatory and non-obligatory expenditure. For this reason we have requested the Commission, on previous occasions, to refrain from specifying financial sums in proposals which introduce certain policies or political measures. The Committee on Agriculture agrees with us on this point, and paragraph 3 of Article 18 may thus be deleted. However, the Committee on Agriculture is still insisting on *some* mention of financial intentions or magnitudes in the text.

A regulation is legally binding, but it is an open question to what extent recitals are to be considered part of the regulation and thereby legally binding too. We could agree now to withdraw the amendment deleting the ninth recital without further legal discussions, but only if it is clearly understood that the Council cannot base any claims to rights or powers on the recital, as it could on the rest of the regulation, and that Parliament maintains its authority in respect of the future development of this issue. In that case, there would be no need for another dispute over obligatory or non-obligatory expenditure as defined in the Treaty. If we all come to the conclusion that the ninth recital cannot have the legal effect that Article 18, paragraph 3, could have, then the Committee on Budgets can withdraw its amendment deleting the ninth recital. It is crucial that at least this House should be clear on this point and agreed on it, if we are to avoid a weakening of our position before the Council. If this is the consensus, to which we would rally, we shall withdraw the first amendment.

This is a compromise I am suggesting. If the Committee on Agriculture itself says that the inclusion of an estimate would be legally binding, then I cannot withdraw the amendment and it will have to be put to the vote. However, we should then be in a difficult position if confronted with the Council. If opinions on the financial and consequently legal implications and over the respective powers of Parliament and Council are so diverse or even contradictory in this House, we should, in my view, refrain from bringing up the dispute today. In spite of certain legal misgivings, which are certainly justified and which I share, we should agree on the arrangement I have just outlined in order to defend a single view before the Council. In that event, Mr Howell, we would withdraw the first amendment deleting the ninth recital, but all the other amendments which you have accepted would have to be put to the vote.

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

Mr Kofoed. — (DK) Mr Howell's report is very interesting in many ways and it has been extremely inter-

esting to take part in the work of the Committee on Agriculture. I think special attention should be given to the wealth of technical information in the report which gives an excellent picture of the production and marketing situation, in Europe. Many will obviously have reason to take a second look at it.

As noted in the explanatory statement, the difficulty with the Community agricultural policy is finding a balance between supply and demand. It is difficult because the Community's agricultural structures are so different; it depends where in Europe you are. In some parts of Europe, production, processing and marketing are organized cooperatively and in other parts of the Community they are just not organized at all. In these parts it is — or seems to be at least — the producers that are the losers whereas they are less the losers in areas where they themselves control the processing and marketing organs. There one has the impression that the decline in the market has less effect on producers prices. I therefore think we should attach importance to those points in the report that call for greater processing and marketing cooperation.

I personally am not entirely convinced that the English system of Milk Marketing Boards is entirely suited to the European market. No one should belittle the success of the Milk Marketing Boards in England but it should not be forgotten that they produce only about half of the food they need so that they have always been able to regulate through imports. It has therefore been easier to guide production and marketing through the Milk Marketing Boards but it is not certain that this system would suit the European food market which is almost self-sufficient.

I do not want to draw out the debate, but I will just say that it is essential for the Commission to emphasize in its structural policy that these groups of producers should be given the opportunity to operate. I think it will be very difficult to lay down policy guidelines — at least in detail — for how they should be organized. That depends on the traditions of any particular area since if the farmers do not feel it is to their advantage to be organized exactly as they want to be it will not be possible to introduce a policy.

As far as the proposed amendments are concerned, the Liberal Group agrees with those tabled by Mr Durand on behalf of the Committee on Budgets. We have also discussed this in the Committee on Agriculture.

In conclusion, I hope that this report will provide inspiration to the European agricultural organizations so that it is understood that if European agricultural market is to be controlled it can best be done by the producers themselves, in other words, producers should have joint responsibility and joint influence. I would be very nervous about any central control of production and marketing in the European market. In my view, the most positive thing in the report is that

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should have more decision-making power and control of the production and marketing of their own products.

(Applause)

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

Mr Liogier. — *(F)* Mr President, dear colleagues, I too should like to thank the rapporteur for the excellent report laid before Parliament. It deals with an important change to the EAGGF proposed by the Commission. The Commission has been playing an important rôle in this field through the subsidies granted by the EAGGF to finance development, promotion and modernization of the agricultural processing and marketing sector in the EEC. This has proved a successful enterprise and has resulted in the creation of a number of jobs in the agricultural regions, increased production of higher-quality goods for the consumer and greater diversification of outlets for agricultural produce.

The 'Guidance' section of the EAGGF is still responsible for these activities and, we hope, will continue to be so under the new system we are considering today. One of the principal features of the new proposals is the financial security and stability it will introduce into the Community budget. So far, subsidies for individual products were granted from the balance remaining under the 'Guidance' section after common actions and specific actions, such as the directives on the modernization of agriculture and on hill-farming, had been implemented. The system worked well enough, because a number of the common projects were not, in fact, realized. This is no longer the case now, and projects of this type represent an increasing burden on the budget of the EAGGF 'Guidance' section. Under the new system of Community aids, measures to improve the conditions under which agricultural products are marketed and processed represent a separate budgetary item and will be regularly included in the annual appropriations. Clarity will thus be brought to a situation which has been uncertain in the past, since the level of expenditure on common projects and specific actions had not been defined.

As to the actual amounts unfrozen under this new proposal, the Commission envisages that over the first five years these should be of the order of 400 million u.a. This is the estimate in the financial statement annexed to the Commission's proposal, which envisages that 80 million u.a. will be made available each year. It need hardly be said that this amount will not be sufficient to finance all the projects laying claim to Community aid. The figure of 80 million u.a. per annum has been calculated on the basis of experience with the existing system, a system which, because of the shortage of resources, has proved incapable of financing all the projects which deserved such aid. Moreover the Commission's estimate takes no account

of the present escalation of costs in capital investment, an escalation which will continue. If Community grants cover only 20-25 % of capital investments, they are likely to aid even fewer projects than under the old system.

This would be intolerable, and it is essential therefore that the resources available for a Community intervention system which has already proved its worth be allocated more generously. The fate of Community action financed by the EAGGF 'Guidance' section depends therefore on the appropriations available being increased. The times when we could be content with 325 million u.a. for the whole of the EAGGF 'Guidance' section are past. By the same token it would be neither wise nor fair to rely on the Mansholt reserve for financing additional expenditure. It is time we got out of the habit of entering 325 million u.a. in the budget each year. We need a much more realistic amount that would reflect the budgetary requirements of the actions to be financed by the EAGGF 'Guidance' section.

Under this new measure, the Commission makes a number of fundamental changes in the conditions for granting aid. We must ensure that none of these modifications create a situation less favourable than before for the agricultural producers at large.

One of the innovations is that individual projects are not to be eligible unless they fall within the framework of an overall regional programme to improve a particular sector. In effect then, only specific multi-annual programmes aimed to improve the marketing and processing of one or several agricultural products in the Community as a whole, or one of its parts, will be eligible for this aid. This seems a reasonable approach which we should support, particularly at a time when for some agricultural produce the surplus situation is becoming critical. It is not, and never has been, a good idea in business terms to promote by means of subsidies the output of a merchandise of which there is already a glut on the market. The multi-annual programmes should therefore be aimed as far as possible at eliminating the danger of aggravating structural surpluses.

Another change under the new system seems less attractive. It concerns the minimum financial contribution to the cost of the project by the beneficiary. Under the old system still in force, the beneficiary must provide 38 % of the cost if he wants to benefit from Community aid. Under the new system, he would have to provide at least 50 %. This at first sight — and I stress that this is the first impression — seems a much more severe requirement, and so less favourable to the beneficiary. It should however, be recognized that in most cases, in view of the number of demands made upon them, the Member States limited their own contribution to 10 %, which meant in effect that the total of the subsidy was 25 + 10 = 35 % and the beneficiaries had to provide not 50 but 65 %

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Nevertheless, it would be advisable for more substantial aids, both national and Community, to be allocated both more flexibly and more generously — perhaps with the help of the Regional Fund — especially when they are for projects in marginal agricultural regions, such as hill areas, which are heavily disadvantaged and which are unable to attract any kind of industrial investment.

If this were done, the effectiveness of the changes proposed by the Commission would be even greater, while control over national aids would in no way be diminished. Besides, experience shows that direct subsidies for investment — which until now have generally been 35 % of the total, possibly rising to 50 % if the Member State can match the Community contribution, but with no certainty that it will do so, since there is no obligation in the regulation to that effect — put a heavy financial burden on the beneficiary. The result has been that, to meet that burden, he dips into his own resources, certainly, but in fact almost invariably has to resort to large-scale borrowing, particularly since most agricultural processing and marketing enterprises require the farmers they supply to settle quickly. In these conditions, farmers have to turn to the capital market and pay steep interest rates, often exceeding 15 %, which make a hole in their own pocket, increase production costs, and sometimes imperil the survival of even well-managed undertakings if, as this year, they have to face additional difficulties due to weather conditions.

I should like the Commission to appreciate that for the survival and development of such undertakings this problem is even more important than that of subsidies for investment in buildings and installations. Careful examination must therefore be given to enabling the food and agricultural processing industries to obtain from either Community or national agricultural loan establishments secured loans at reasonable rates of interest, such as producers' associations, established as agricultural cooperatives, are able to obtain in France.

With these reservations, Mr President, I support the Commission's proposals. I hope that the Council of Ministers will adopt them without difficulty, and thus ensure the continuity of this extremely efficient instrument of Community action. As I have just said, this system creates employment in agricultural areas, and offers advantages to both producers and consumers.

With these reservations, my group is willing to vote for the motion.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Of course, my group is more than delighted to support my colleague, Mr Howell, and indeed to congratulate him and the secretariat on producing the document they have.

Ever since I can remember, Mr President, farmers and politicians have been trying to solve this problem of

how to improve their marketing systems. There are so many different ones, in my country and in the European countries. The variety is enormous: I shall not go into the details of them here. I think the debate we have had today, and particularly the report, with all the enormous amount of factual information it contains, will go a long way to help us in dealing with the proposals from the Commission.

I should like to see in writing the compromise which has just been offered by Mr Lange, although I trust him implicitly when he says that it is in the interests of Parliament for our two committees — those on budgets and on agriculture — to work together. Of course I take his word, but I should like to study carefully what he has said.

In the round, Mr President, I hope that what is in this report will help us. Some of the issues are, I think for the future, but whatever steps are being proposed will, I am sure, help in the end to improve the marketing situation. Farmers have always been weak marketers, and they always seem to have the wrong end of the stick. Any help that can be given through the Guidance Section of the EAGGF and through the Commission's proposals are to be welcomed as a first step along a very difficult path. Therefore my group supports Mr Howell's proposals.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, may I first thank the rapporteur, Mr Howell, on behalf of the Commission for his excellent report. I know how hard he and the Committee on Agriculture have worked on this matter, and I am pleased that the Commission's proposals have on the whole met with his and the committee's approval.

There are a number of points on which I would like to comment, but I will confine myself to essentials. We too should like to release more than 400 m. u.a. for these measures.

However, it should be realised that we already do a great deal for processing and marketing via direct contributions to producer organizations and that we are in fact contributing for the so-called three-year period. I feel that contributions should be required not only of the Community but also of the Member States; we should not allow a situation to arise in which Member States make little or no contribution. It would even be advisable to ask Member States for a higher contribution to those projects approved by the Community. At least we could be sure then that Member States were supporting projects approved by us and consequently had fewer funds left over for projects which might run counter to the common agricultural policy, as is sometimes the case. I do not always approve of the way in which funds in the budgets of national ministries of agriculture are used; considerable amounts are allocated to projects which

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have little to do with the objectives of the common agricultural policy but which cannot be said to run absolutely counter to it.

And only if the latter is the case can we intervene. So if more money is to be allocated to these projects, greater contributions should be required of the Member States; that money at least would not be put to uses which we do not approve.

The rapporteur also raised the matter of national organizations; I assume that he meant national boards such as the Milk Marketing Board and the Hop Marketing Board. Mr Früh even tabled an amendment on this point. May I point out once again that I have nothing against Boards. Indeed they are often highly effective institutions, although many too have failed, even in Great Britain. Of course nobody mentions this fact any more. In any case, it is generally the fault of the people and not the products if something goes wrong. But we cannot as a Community endorse organizations which hold a national monopoly. I am reminded in this connection of debates with Mr Lange in this Parliament in which he drew attention to his country's experiences in this respect. I was amazed that such a man as Mr Früh should give the impression that he was in favour of national monopolies for certain products. I cannot understand him, or perhaps I did not grasp his meaning correctly. I was perfectly in agreement with him when he said that we must give cooperatives and producers organizations a chance, but private undertakings too should be given a chance, and free competition, above all, should be maintained. But how he could then propose an amendment advocating national market organizations is a mystery to me.

Mr Früh, you cannot mean this. Such an organization would be wholly monopolistic. I wish to point out once more that the Commission, acting in the spirit of the Treaty, has always maintained that producers must be given a greater say in both marketing and processing, but that this must not result in monopolistic organizations in individual Community countries or in the Community as a whole. In our view, free competition is essential. Although these organizations have hitherto always held a monopolistic position, we consider that they could relinquish this position and enter the market to compete freely with others in the Community.

I believe I can agree with what Mr Kofoed said about Boards. We seem to share the same opinions. As regards the funds available, I hope that Mr Liogier can share my views and will agree that more national funds should be made available for these projects. Mr Lange spoke on behalf of the Committee on Budgets on expenditure under the Guidance Section of the EAGGF. He pointed out that this was not compulsory

expenditure, a view not shared by the Council and the Commission. Unfortunately, there is little I can do at the moment. If we could get rid of the term compulsory expenditure, we would be able to do a good deal more in this sector, with the cooperation of the Parliament. This is all I have to say, Mr President. I congratulate the rapporteur once more on his report.

(Applause)

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

On the ninth recital of the proposal for a regulation, I have Amendment No 1, tabled by Mr Durand on behalf of the Committee on Budgets, deleting this recital.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — *(D)* A little while ago I said that if the Committee on Budgets' other amendments were adopted, we would withdraw this one. On the basis of this understanding, please consider Amendment No 1 as no longer necessary.

President. — Amendment No 1 is accordingly withdrawn.

I call Mr Howell.

Mr Howell, rapporteur. — Mr President, I don't know if it is possible at this moment, but the Committee on Agriculture would have liked to insert the words 'at least 400 m u.a.', which would go some way towards meeting the Committee on Budgets' suggestion. We are happy with the agreement we have made with the Committee on Budgets, but I am wondering whether it would not be better if the text could be worded as follows:

Whereas aid from the fund over a period of ten years and totalling at least 400 m u.a. for the first five years should be sufficient to enable problems concerning the improvement of the conditions for marketing and processing agricultural products to be solved.

President. — Are there any objections to this oral amendment to the ninth preamble of the proposal for a regulation?

I put this oral amendment to the vote.

The amendment is adopted.

On Article 13 of the proposal for a regulation, I have Amendment No 2, tabled by Mr Durand on behalf of the Committee on Budgets:

Paragraph 1 of this article to read as follows:

'1. Applications for aid from the Fund shall be submitted to the Commission each year before 31 May. The Commission shall decide on the merits of such applications before 31 January of the following year.'

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) I have no further comments to make, seeing that Mr Howell has said he is prepared to adopt it.

President. — What is Mr Howell's view?

Mr Howell, rapporteur. — We are prepared to accept the amendment.

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

On Article 15, I have Amendment No 3, tabled by Mr Durand on behalf of the Committee on Budgets:

Add to this article a new paragraph 2 worded as follows:

'2. Priority shall be given to projects falling under categories (b) and (c) of paragraph 1 of this article.'

What is the view of Mr Howell?

Mr Howell. — We are prepared to accept this amendment, Mr President.

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

On Article 18, I have Amendment No 4/rev., tabled by Mr Durand on behalf of the Committee on Budgets:

In this article, delete the old paragraph 3 beginning with the words:

'The total cost of the common measures...'

What is Mr Howell's view?

Mr Howell, rapporteur. — We accept this amendment, Mr President.

President. — I put Amendment No 4/rev. to the vote.

Amendment No 4/rev. is adopted.

On Article 23, I have Amendment No 5, tabled by Mr Durand on behalf of the Committee on Budgets:

Paragraph 1 of this article to read as follows:

'1. Within two years following the execution of a project, the relevant beneficiary shall forward to the Commission through his Member State a report stamped with the endorsement of that Member State on the economic effect of each project having received aid from the Fund.'

What is Mr Howell's view?

Mr Howell, rapporteur. — We accept his amendment, Mr President.

President. — I put Amendment No 5 to the vote. The amendment is adopted.

We shall now consider the motion for a resolution.

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

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6, I have Amendment No 6, tabled by Mr Früh on behalf of the Christian-Democratic Group:

Sub-paragraph (b) to read as follows:

'6 (b) The organization of producers in the major agricultural sectors on a long-term contractual basis, adapted to national requirements, so as to provide the basis for a more continuous adjustment of supply to demand and to improve the quality of agricultural produce to the consumer'.

I call Mr Früh.

Mr Früh. — (D) Mr President, I had not intended to say any more, since it was only a little while ago that I attempted to explain this amendment. However, now that Mr Lardinois has seen in my amendment a complete contradiction, I should like to say a few more words.

Evidently Mr Lardinois was so disturbed by the phrase 'basis adapted to national requirements' that he thought my aim here was to promote a national monopoly. That is definitely not the case. I merely said that we were convinced by the performance of the Milk Marketing Board in this connection, and I wished to remove from this sub-paragraph all the difficult conditions it contained. However, if it is so misleading, I would now like to withdraw the amendment and propose that the whole of paragraph 6 (b) be deleted and 6 (a) worded accordingly.

President. — Amendment No 6 is accordingly withdrawn.

I call Mr Laban.

Mr Laban. — (NL) Mr President, I was about to suggest the same thing as Mr Früh. I therefore ask for subparagraphs (a) and (b) of paragraph 6 to be voted separately.

President. — I call Mr Howell.

Mr Howell, rapporteur. — Mr President, I think this is rather odd. We adopted these paragraphs unanimously in the Committee on Agriculture and I would particularly like to keep both these sections in. I cannot really understand Mr Laban at this late stage, and I wonder why he didn't put down an amendment to delete sub-paragraph (a). I feel that, as drafted, these two sub-paragraphs are vitally important to the suggestion which we are making. It is nothing more than a suggestion: there is nothing dangerous about it. If the Commission or the Council don't wish to act on what we are suggesting, well that's that. We have thought about this for a long time and I think that no harm can be done by holding on to these two sub-paragraphs as approved unanimously by the Committee on Agriculture.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I think Mr Howell is entitled to an explanation. In the light of Mr Früh's amendment we considered the matter again and

Laban

concluded that Mr Früh's version was less acceptable to us than sub-paragraph (b) in the motion for a resolution. However, it is a question of cooperation between Parliament and the Commission. One should be open to persuasion, and Mr Lardinois has persuaded me. This is why I endorse Mr Früh's suggestion that sub-paragraph (b) be deleted and I ask once again for sub-paragraphs (a) and (b) of paragraph 6 to be voted separately.

President. — It has been requested that we vote separately on sub-paragraphs (a) and (b) of paragraph 6.

I put sub-paragraph (a) to the vote.

Sub-paragraph (a) is adopted.

I put sub-paragraph (b) to the vote.

Sub-paragraph (b) is rejected.

I put paragraphs 7 and 8 to the vote.

Paragraphs 7 and 8 are adopted.

After paragraph 8, I had an Amendment No 7, tabled by Mr Liogier and Mr Gibbons on behalf of the Group of European Progressive Democrats :

After paragraph 8, insert the following new paragraph :

'8a. Considers that an appropriation of at least 400 million u.a. for an initial period of four years is necessary to ensure the success of these measures;'

I also had an Amendment No 8/rev., tabled by Mr Gibbons :

After paragraph 8, insert the following new paragraph :

'8b. Believes that the minimum financial contribution of the beneficiary should be reduced from 50 % to 40 % of the investment;'

These amendments, however, have been withdrawn.

I put paragraphs 9 and 10 to the vote.

Paragraphs 9 and 10 are adopted.

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

The resolution as amended is adopted¹.

16. Inclusion in the agenda of an oral question

President. — At today's meeting, the enlarged Bureau decided to propose that Parliament place on Friday's agenda the Oral Question, with debate, tabled by Mr Fellermaier, Mr Bertrand, Mr Durieux, Mr de la Malène, Sir Peter Kirk and Mr Leonardi on behalf of their respective political groups concerning the sentence passed on Mr Stanley Adams. I therefore propose that this item, which has been distributed as Document No 230/76, be taken at the end of Friday's agenda.

Are there any objections ?

That is agreed.

17. Change in the agenda

President. — We now come to the problem that faces us this evening in view of the hour and the extensive agenda still before us. The question has been raised in particular of the Oral Question, with debate, by Mr McDonald and others to the Commission of the European Communities on the European Regional Development Fund (Doc. 189/76). As this particular item, so it would appear, is likely to excite a certain debate, our prospects of finishing it this evening do not appear to be good. If Members are agreed, I would suggest that we could make it the first item tomorrow morning.

Are there any objections ?

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Why stop there ? Why not take a few more off and put them on tomorrow morning ? Wouldn't that be more satisfactory for the House ? You know as well as I do, Sir, that there are pressing engagements this evening for many people who, I am sure, would not wish to miss them. And I am sure that Mr Lardinois with his usual courtesy to this House will be here tomorrow morning, and so we can get through very quickly the items which concern him. Not that I wish this House to rise very quickly, but it does seem that if you are going to move one item off you might just as well move the rest as well.

President. — I am sure, Mr Scott-Hopkins, that such an excellent parliamentarian as you are would not wish us to cancel our business because of engagements.

(Laughter)

I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* Mr President, I would be sorry if item 177 were postponed until tomorrow. On the other hand, if I remember rightly, we did not have the necessary papers, yesterday and Document No. 215/76 has not yet been distributed but, Mr President, it would be very inconvenient not just for me but for others too if the item were postponed until tomorrow.

I therefore ask you, Mr President to ascertain when the paper will be distributed, since it will perhaps not be ready this week.

President. — Well, Mrs Kruchow, I have it on my file here. That is all I can say. It has been distributed at least in the English language.

I think that we ought to attempt at least to complete the agenda as far as and including the report by Lady Fisher. There are not many speakers listed, and I think if there is general cooperation with regard to the length of speeches there is at least a possibility that we might finish them.

Are there any more objections ?

The change in the agenda is agreed.

¹ OJ C 178 af 2. 8. 1976.

18. Directive on the reform of agriculture

President. — The next item is the report (Doc. 204/76) by Lord Walston, on behalf of the Committee on Agriculture, on the

Proposal from the Commission of the European Communities to the Council for a directive amending Directives 72/159/EEC, 72/160/EEC, 72/161/EEC, 73/131/EEC and 75/268/EEC on the reform of agriculture.

I call Lord Walston.

Lord Walston, rapporteur. — Mr President, I shall do my best to cooperate with you and not detain you or the House any longer than is absolutely necessary.

This is a relatively short report and, by the standards of this House, a relatively unimportant matter. I will remind the House very briefly what it stems from. Some 4 years ago the Commission proposed, and the House approved, the expenditure of certain amounts of money under the Guidance Section for improving the structure of agriculture. In 1972 this was done on April 17. Subsequently, on 15 May 1973, further directives of this nature were approved, as they were again in January 1974 and in April 1975. There is no need for me to remind Members of this House that since that time, and more particularly since 1972, there has been a very great inflation of costs. It is therefore becoming apparent that it is quite impossible to fulfil these directives adequately with the amount of money which was then agreed upon. Now various complicated calculations have been made by the Commission, with the assistance of national governments, which suggest that this problem could be overcome if the quantities which were agreed in April 1972 were increased by one-third, those agreed in May 1973 by one-quarter, and those agreed in January 1974 by 15%. I have not felt myself qualified to examine whether these figures are in fact right, but I am perfectly prepared to accept them, bearing in mind the impossibility of achieving complete accuracy in these matters.

That is the main part of this proposal, Mr President, but there are one or two other matters which arise out of this. It is perfectly clear to all of us — even the most optimistic — that inflation is going to continue in the future, and it is therefore important, I would suggest, that we should be in a position to look annually at the amounts which have been approved so that they can be revised, taking into account such inflation as has taken place in the previous period. Now, this does not mean that there should be anything approaching indexation, that there should be an automatic increase to keep pace with inflation, but rather that this House should have an opportunity, because of inflation, and for other reasons too, to look annually at the amount that has been expended under these directives, and I would also suggest under future directives, so that we can ensure that the wishes of the House and the intentions of the Commission can in fact, adequately be carried out.

There is a further point that should be mentioned that is, the need to revise the ceiling of the Guidance Section of the EAGGF. It is quite clear, without wearying the House with too many figures, that the ceiling which was agreed, by 1981, will be exceeded and there therefore is a need to look at this very seriously again. In fact, I think it is doubtful whether it is feasible even to fix a ceiling in view of the present situation, and it is something which ought to be looked at frequently without actually fixing a long-term ceiling as has been done in the past. Mr President, we are always pressing in this House, and quite rightly, for greater efforts to restructure agriculture. The directives which we are now discussing were agreed upon as a move in this direction, albeit a very modest move. Because of inflation, they cannot now achieve their purpose — which has, as I said, already been approved by this House — unless these increases are agreed to. I therefore hope the House will agree to them, and since inflation is still with us, I hope it will also agree to the request made in this document for annual revisions in the future, not as I say, automatic increases, but an opportunity to look again at the situation as it arises.

President. — I call Mr Lange to give the opinion of the Committee on Budgets.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I am glad that the rapporteur of the Committee on Agriculture has expressly stated on behalf of his committee that there should be no question here of indexation or anything of that sort. This is appreciated by the Committee on Budgets, since it is opposed to indexation and the like.

I would refer Members to the Committee on Budgets' opinion submitted by Mr Cointat. Much of the committee's discussions was taken up with the relationship between the Guidance and Guarantee Sections. We feel that if we are shaping structural policy, then we should do so in such a way that adequate resources are earmarked for it. This raises the question of the 325 million u.a. ceiling; it raises the question, as the Committee on Agriculture noted in the person of Lord Walston, of so reviewing the situation from year to year that the activity of the Guidance Section can be increased, in which connection it has further to be considered to what extent structural policy in the rural areas reaches beyond the agricultural into the commercial sector and signifies structural policy pure and simple, which must be supported by the Community.

These were the points I wished to raise, Mr President, and I would also commend the Committee on Budgets' opinion to the special attention of fellow members and the Commission.

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

Mr Kofoed. — (DK) Mr President, I have only a few comments to make on the report. I agree with the rapporteur and am pleased to see that he does not want these amounts to be automatically indexed. It would be best to review the development sector; whether at one- or two-year intervals is not important. I feel it is right to increase these amounts, for if the common agricultural policy is to have any meaning this money must not be eroded by inflation, otherwise we will be hindering the developments that are the aim of our agricultural policy.

When voting for this increase in the development sector, I would like to ask Commissioner Lardinois whether he is so sure that there is a willingness to increase the corresponding amounts in the national budgets so that benefit can be gained from this money at national level. I have the impression that the national governments want to get all the money they can from the Community and avoid making further contributions at national level. Is there any guarantee that there will be the same indexed price increase at national level?

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

Mr Liogier. — (F) Mr President, dear colleagues, my group is in favour of the Commission's proposal which is the subject of Lord Walston's report and of the present debate. It is concerned with the four basic directives on the reform of agriculture in the EEC on which the Community's policy for improving agricultural structures is based. It is thus of fundamental importance for all the farmers in all the Member States.

The Commission's new proposal makes no changes to the essential content of the directives. It does, however, have one aspect of particular concern to the beneficiaries. This is the amount of aid which may be available to them. Since these directives were formally adopted and implemented — and, unfortunately, this is not so very long ago because of the delays caused by the Member States — inflation and price increases have appreciably outstripped the aids granted under these directives. Price increases in the various Member States are now of the order of 28 to 53%. The Commission proposes to alleviate the effect of this by raising the level of aids available and thus to restore the former effective rates for these money incentives. Because this measure was indispensable, it must, of course, be welcomed. Inflation has hit the economies of the Nine very hard in these last few years, and measures must be taken most urgently to control it and re-establish equilibrium. Some Member States have suffered more than others. Inflation has the injurious effect of reducing the amount of aids granted under the directives on agricultural structures and thereby reducing their chances of success.

Raising the aids will increase the burden on the resources of the EAGGF 'Guidance' Section, which at

present has an overall budget of 325 million u.a. The constancy with which this figure recurs in the Communities' annual budgets constitutes a dangerous precedent. It is already evident that the amount is insufficient and must be replaced by a more realistic figure. The directives on structures are now being implemented, and additional resources will be needed once the maximum aid amounts are paid out. We can still fall back on the Mansholt Reserve, but it is time to decide what long-term measures are to be taken. We support Mr Cointat's recommendations contained in the opinion of the Committee on Budgets. He proposes either that the 325 million u.a. ceiling should be removed when the need for greater resources becomes felt and after the Mansholt Reserve has been exhausted, or that in the next budget this upper limit be removed for the 'Guidance' Section while the Mansholt reserve is abolished and the necessary appropriations made. That is a realistic way to tackle the problem. If we refuse to look at things in this way, we shall find the Member States juggling with the budgetary entries and with Community funds right up to the eleventh hour, when a politically expedient but obviously inadequate decision is finally taken.

Data supplied in the Commission's proposal show that payments vary between the Member States. The differences are there because the matter is treated far too flexibly. While some Member States may pay in the maximum amount, others only pay the minimum, and this has two results. In the first place the farms benefiting under the scheme get much more in some Member Countries than in others, and that in itself is a form of discrimination; secondly, the Member States who pay the highest amounts have the best chances of achieving the object laid down in the directives. There are also other aspects of the matter, which would have better discussed in a debate on a revision of the methods of implementing the directives: we shall return to them at the appropriate time. However, the causes for these differences are related to the reasons which induced the Commission to put forward the present proposals — and both are connected with inflation and its effect on the economies of the Member States. It is quite striking that the Member States who grant the highest aids are the ones who also have the healthiest economies — that is, those who have managed to contain inflation. And so another injustice occurs: the financial nature of these directives is such that the more a Member State spends on implementing the directives, the more it can recover from the EAGGF. Once again, then, the disadvantage is with the weak economies, which, precisely because they are weak are unable to provide the maximum amounts of aids envisaged by the directives.

These Mr President, are some points which we should consider when examining the directives on the reform of agriculture. In conclusion, I wish to signify our

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group's support for the motion for a resolution put before this House on behalf of the Committee on Agriculture.

President. I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, may I first thank Lord Walston for his excellent report. I should also like to thank the chairman of the Committee on Budgets, Mr Lange. I am very pleased that these committees approve on the whole this proposal; the Committee on Agriculture, did, however, ask whether the situation could in future be revised annually. I have every understanding for this request but would prefer such a revision to be effected every two years. If the rapporteur can agree to this, I can adopt his suggestion, Mr Kofoed in fact said that it was unimportant whether these revisions took place every year or every two years, provided they occurred regularly. I do not feel that we should have this type of debate every year. It would merely overload the Committee on Agriculture, the Committee on Budgets and the Parliament. I hope that Parliament will agree to regular revisions every two years. Finally, may I thank all speakers for their contributions.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote. The resolution is adopted.¹

19. Regulation on tomato concentrates

President. — The next item is the report (Doc. 224/76) drawn up by Mr Liogier, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1930/75 laying down special provisions applicable to trade in tomato concentrates between the Community as originally constituted and the new Member States.

I call Mr Liogier.

Mr Liogier, rapporteur. — (F) Mr President, much time has been devoted by the Committee on Agriculture to examining this matter and, as the issues involved are somewhat complicated, I must, I am afraid, make a few explanatory remarks — which will not, however, take up more than a few minutes.

The Community market in peeled tomatoes and tomato concentrates is in serious difficulty. There are large surpluses, which may well amount to approximately 200,000 tonnes in the case of peeled tomatoes and 60,000 tonnes in the case of concentrates at the end of the present marketing-year. To cope with this situation, the Commission has already taken steps in

three directions: to increase exports to third countries, to give greater protection to Community production against low-price imports from the Mediterranean countries and to boost trade within the Community itself.

The first step taken by the Commission, then, was to increase the amount of the refunds granted on exports of tomato-based products to third countries. It then introduced special arrangements including a minimum price of 640 u.a. per tonne for third-country exports of tomato concentrates to the original six Member States and 480 u.a. per tonne for such exports to the three new Member States. Greece, however, one of the Community's main suppliers of this product, was not included in these arrangements and was therefore the sole supplier outside the Community which did not have to observe the minimum price.

On 27 February 1976, however, the Commission decided that Greece should also be made subject to the minimum price, which was fixed at 550 u.a. per tonne for exports to the Community as originally constituted and 355 u.a. per tonne for those to the three new Member States. On 29 June 1976, the Commission increased the minimum prices applicable to Greek exports to the original Six and the three new Member States to 587 u.a. and 440 u.a. per tonne respectively.

Thirdly, in order to facilitate the sale of Community products on the markets of the three new Member States in accordance with Regulation No 1930/75 of 22 July 1975, a system of compensatory amounts was introduced for trade in tomato concentrates between the Community as originally constituted and the new Member States.

The object of the Commission proposal now before the European Parliament is to increase the volume of future sales on the markets of the three new Member States of tomato-based products produced in the original Six. For this purpose, peeled tomatoes will be brought under the system of 'accession' compensatory amounts which previously applied only to tomato concentrates. These amounts are a form of subsidy for exports of Community products to the three new Member States and therefore help to offset the considerable difference in price between Community products and those from third countries.

Furthermore, the rate of reduction of the compensatory amounts for tomato concentrates will be more gradual. From 1 July 1976, these amounts were to have been reduced from 60% to 40% of the export refund. Under the present proposal, however, they will be 50% of the refund (instead of 40%) for the 1976-77 marketing-year and 25% of the refund (instead of 20%) for the following marketing-year.

In actual figures, since the export refund has been fixed at 200 u.a. per tonne, the compensatory amount for 1976-77 will be 100 u.a. per tonne instead of 80 u.a. per tonne, and 50 u.a. per tonne instead of 40 u.a. per tonne for the following marketing-year.

¹ OJ C 178 of 2. 8. 1976.

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As to quantities, the Commission proposes 6 600 tonnes for the 1976-77 marketing year and 4 000 tonnes for the period July to December 1977, i.e. up to the end of the transitional period applicable to the three new Member States.

As for peeled tomatoes, the compensatory amount is fixed at 20 % of the refund for the 1976-77 marketing year. The quantities proposed are 75 000 tonnes for the first marketing-year and 37 500 tonnes for the period July to December 1977.

The cost to the EAGGF, Guarantee Section, is estimated at approximately 1.29 m u.a. for the 1976 financial year and 2.39 m u.a. for 1977.

The Committee on Agriculture feels bound to make some comments on these proposals. First of all, it is questionable whether the measures now proposed will alone be sufficient to boost sales of the products in question on the markets of the three new Member States. While regarding these measures in a positive light, the Committee on Agriculture considers that they will not in themselves suffice to effect a substantial reduction in present stocks, the present high level of which is attributable to abnormal economic conditions. Community action will thus be necessary on several levels, including, where appropriate, adjustments to the export refunds, reference prices and minimum prices. Only in this way will it be possible to prevent the Community market from being seriously disrupted by the sale of products imported from certain third countries at prices which are exceptionally low and at times even lower than production costs. Strict supervision will thus be necessary to ensure observance of the reference prices, which as a protective mechanism are not always satisfactory.

As is known, the tomato concentrates problem has also been the subject of discussion during in the recent negotiations between the Community and the Maghreb countries, particularly Algeria and Tunisia. Agreement was finally reached with these two countries on a 30 % reduction in the customs duties, but only from a date and for periods to be determined by means of an annual exchange of letters between the contracting parties to establish the implementing provisions. It is to be hoped that in these exchanges the Community will bear in mind the particular situation of the market in these products, which represent an important source of income for many southern regions amongst the least favoured in the Community.

In conclusion, while it approves the Commission's proposal in paragraph 1 of the motion for a resolution, the Committee on Agriculture expresses the hope in paragraph 2 that the problem of tomato concentrates and peeled tomatoes will be dealt with in a comprehensive manner and that measures will be taken both to strengthen protection against imports from third countries and to promote sales on Community markets and exports to third countries.

President. — I call Mr Lange to give the opinion of the Committee on Budgets.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, ladies and gentlemen, Mr Liogier's report states that the Committee on Budgets' opinion will be given orally. The committee will deliver no opinion. The committee refuses to deal with such things in a hurry. The committee will deal with the matter during the budget debate.

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

Mr Della Briotta. — (I) Mr President, honourable colleagues, the problem with which the Commission's proposal is concerned and on which our colleague, Mr Liogier, has drawn up a report argued with his usual competence, is not a new one. It is how to deal with the situation resulting from the existence of considerable surpluses of peeled tomatoes and tomato concentrates, the quantities of which Mr Liogier puts respectively at 200,000 and 60,000 tons. I suspect, however, that these figures err on the side of modesty.

The situation, as I have said, is not new, and has already in the past prompted the Commission to take measures directed, as Mr Liogier has just reminded us, towards three goals: exports to third countries; protection of Community output against imports from third countries; and increasing trade within the Community. Viewed in the light of the overall Community interest, the first of these three measures, that aimed at increasing exports to third countries, arouses the fewest objections. There are, however, practical limits to its efficacy, determined by the world markets' capacity for absorbing this product and the product's own ability to compete on these markets, where prices are extremely low owing to very low production costs.

The remaining two measures, which are certainly more important, do raise objections, because they are injurious to some interests and represent a burden on the Community or on the consumer. Nevertheless, if we accept two of the basic tenets of the Common Agricultural Policy, the observance of Community preference and the unity of the market, we have to proceed towards them by fixing for imports from third countries minimum prices which are as close as possible to prices obtaining in the Community and by the compensatory amounts mechanism, which encourages trade within the Community and helps us to approach equilibrium.

Two problems arise here. The first is that of the treatment to be accorded to imports from Greece, which originally were not subject to the uniform price system and subsequently were exempted from the minimum price fixed for imports from other countries. The second problem is that of the compensatory amounts on exports to the three new Member States, which represent a kind of export subsidy. The Commission's proposal deals mainly with the second problem, partially eliminating the price difference between products originating in the Community and those originating in third countries.

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The proposal is on the right lines and should therefore be accepted, but several reservations arise as to the suitability of the measures proposed. The level of the compensatory amount would be fixed at 100 u.a. per ton for 1976-77 and at 50 u.a. per ton for the second half of 1977 for tomato concentrates, while it would be 24 u.a. per ton, decreasing to 12 u.a. per ton, in the corresponding periods for peeled tomatoes. It is feared, and I share this concern, that these measures are not likely to increase the sales of this product in the three new Member States.

There is also the problem of the minimum price for imports from third countries and of the reference price, which has not been dealt with, but which is in fact the key to the problem, given that *production costs* in Italy and in France are higher — and considerably so — than the prices at which the same products originating outside the Community are *sold*.

The rapporteur has drawn attention to these facts and I should like to emphasize them too. With these comments, I declare that the Socialist Group will vote in favour.

(Applause)

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

Mrs Kellett-Bowman. — Mr President, I am afraid I dislike very much having to disagree with Mr Liogier on this very important matter, but the European Conservative Group is not in sympathy with this particular motion for a resolution, particularly with regard to the tomato concentrates.

As Members may know, the bulk of tomato concentrates in our country goes to Heinz for use in their very famous tomato ketchup. Now, they have their production lines very carefully geared to a certain type of tomato which is grown in Portugal. If this resolution were to be adopted today it would not help the Italian producers who are over-producing at the present time because Heinz would go on importing their tomato concentrates from Portugal. What it would do is put up the price to the unfortunate housewife in the United Kingdom who is already quite sufficiently hard-pressed on her budget. For this reason, we in the European Conservative Group are by no means enamoured of this proposal and indeed we shall be voting against it.

With regard to peeled tomatoes, Mr Della Briotta doubted if the measure would be sufficient to increase sales to the three new Member States. Well, the tomato producers in the United Kingdom, Mr President, feel themselves to be at a distinct disadvantage. We lack the delightful climate of the Continent, we have very high fuel costs indeed, and we do not get a fuel subsidy. I would very much like the Commissioner to tell me what progress he is making towards

the phasing out of the fuel subsidy throughout the Community, because, of course, peeled tomatoes compete with low-grade fresh tomatoes and are therefore undercutting the market to the British tomato-grower. I think these matters are of some importance, because many of our tomato-growers are, in fact, being forced out of business. And we shall also be voting against this part of the motion.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, may I express my warmest thanks to the rapporteur for his comprehensive report. I would also thank Mr Della Briotta who spoke on behalf of the Socialist Group. Mrs Kellett-Bowman, on the other hand, has expressed certain objections which I cannot understand. I do not understand her when she says that our proposal for tomato concentrates will result in higher prices for British consumers. I do not understand how these prices will rise if we subsidize the British market; in my view this should cause prices to fall and not to rise. I really cannot understand her reasoning. The British Ministers who meet in the Council are always rightly attentive to implications for consumers, yet I have never heard such reasoning from them. I hope that Mrs Kellett-Bowman will be able to clarify her statement. I admit that I am baffled by her allegations.

Mrs Kellett-Bowman is also against the regulation on peeled tomatoes, this time not because of the consequences for consumers but for producers. I do not believe for one moment that these tomatoes can really compete with fresh tomatoes. It is true that fuel subsidies are no longer granted and have not been granted in a single Community country since 1 July 1976. In other words, the subsidy which we had granted to compensate for one-third of the rise in fuel prices since 1973 expired on 1 July 1976.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — The point that I was making, Mr Commissioner, is that the British housewife has a very pronounced liking for a particular type of tomato ketchup and the market tries to satisfy this and in order to do so it imports this particular type of tomato. These tomatoes will be more expensive because of this particular provision and this will put up the cost of the ketchup to the British housewife. I am sorry that I did not make that more clear to begin with, Mr Lardinois, but I was trying to be brief.

(Laughter)

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President. If I understand her correctly, Mrs Kellett-Bowman is saying that although Italian tomatoes will become cheaper in Great Britain, the British

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industry will go on buying Portuguese tomatoes, from which it makes ketchup. But why should Portuguese tomatoes become more expensive if Italian tomato concentrates become cheaper? Her reasoning escapes me.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, for once I cannot agree with Mr Lardinois although I am surprised at the arguments put forward by Mrs Kellett-Bowman. But it is a fact that a competitive advantage is given here to Italian and French peeled tomatoes and tomato concentrates — principally against Greek tomato concentrates, and it is purely as a protection against Greek tomato concentrates that an export subsidy is provided for. I should like to reassure Mrs Kellett-Bowman a little by pointing out that the Greeks, who work very hard at exports — which is why French and Italian tomato-producers and dealers are having such great difficulties and are saddled with 200 000 tons of peeled tomatoes and 50 000 tons of tomato concentrates — will naturally fight for the UK's small import quota. That means, and this I can say as someone in close sympathy with the consumer: this competition between Italian and Greek tomatoes may prove advantageous to the British consumer, since the Greeks will try to undercut this EEC subsidized export-price.

Mr President, may I take this opportunity to oppose Amendment No 1 which calls for the export subsidy for peeled tomatoes or the compensatory amount to be increased to 50 % of the export refund. Mr President, here we have an export subsidy within the Community, a subsidy on tomato exports from Italy and France, where they are produced to the new Community Member States — 'new' is not quite the right word, since they are now old Member States — so let us say instead, the three acceding States in particular, the United Kingdom. Here we have an intra-Community export subsidy which is to be introduced in the case of peeled tomatoes. The Commission has given an inch, the amendment wants an ell.

Mr President, I doubt whether this 20 % export subsidy, which is now for the very first time to be applied to peeled tomatoes from Italy and France principally intended for the United Kingdom, will have the effect of easing the tomato stocks in Italy and France. I have serious doubts. Nevertheless, this is a question of financial solidarity. This is where it comes into play.

I should also like to support the Commission's proposal, as Mr Della Briotta explained on behalf of the group, on these same grounds of financial solidarity. I am not speaking for everyone, since, looking at Mr Lange, I doubt whether he supports the proposal. We

thrashed this matter out in the Committee on Agriculture. It is, as they say, a fair compromise and it is true that the Italians do not get much from the EAGGF. All this must be taken into account. So we have a new 20 % subsidy, but immediately 50 % is demanded; not an inch, but an ell. I fear that this is money thrown out of the window. We ought not to do that.

I appeal to you all to reject this amendment, which really goes further than is possible, to adopt the Committee on Agriculture's motion for a resolution on grounds of financial solidarity and to adopt the Commission's proposal.

President. — The general debate is closed.

We shall now consider the proposed regulation.

On Article 2, paragraph 2, I have Amendment No 1, tabled by Mr Ligios, Mr Boano, Mr Premoli, Mr Girardin, Mr Vetrone, Mr Rosati, Mr Leonardi, Mr Pisoni and Mr Della Briotta:

This paragraph to read as follows:

'2. The compensatory amount for peeled tomatoes shall be equal to 50 % of the export refund referred to in Article 1. The compensatory amount shall be reduced in two stages.

The two reductions shall be such as to reduce the level of the compensatory amounts to 25 % and 0 % respectively of the said refund and shall be made on 1 July 1977 and 1 January 1978.

This amendment has already been moved and spoken in favour of.

What is Mr Liogier's position?

Mr Liogier, rapporteur, — (F) The amendment which has been moved is identical to paragraph 3 of the original motion for a resolution. I withdrew this point because it did not meet with the approval of a majority of the Committee on Agriculture. Since, however, it has been reintroduced by way of an amendment, as rapporteur I leave it to this House to decide whether it should be adopted.

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

We shall now consider the motion for a resolution.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, may I request a vote item by item?

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

The preamble is adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

President

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

The resolution is adopted.¹

20. *Regulation on aid to hop-producers*

President. — The next item is the report (Doc. 221/76) drawn up by Mr Früh, on behalf of the Committee on Agriculture, on the

proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of the aid to producers for the 1975 harvest

I call Mr Früh.

Mr Früh, rapporteur. — (D) Mr President, as time is getting on, I shall be very brief and begin by thanking the Commission for submitting so comprehensive a document, divided into three parts: a report on hop production in 1975, a proposal for a regulation fixing subsidies and a proposal for a regulation on special measures.

I don't think I need go into the report on 1975 production and marketing. Its findings are unexceptionable and anyone interested can consult it. Furthermore, everyone knows roughly what the situation is? On proposal No 3, for special stabilizing measures, I have only one question, Mr Lardinois. As far as I am aware, this third proposal has been withdrawn. There are various possible reasons for this. Could it be that the situation has so improved because of increased beer production — that would be another positive aspect of the drought — or are there other factors to be considered? Here and there one hears it said that still other forces on the market have had the effect of rendering unnecessary this third proposal, which — I must admit quite frankly — met with objections at the first reading and was then given a very rough reception in the Committee on Budgets. So it was a good idea to withdraw it.

It only remains for us to debate the hop-producer subsidies for 1975. It was not very long ago that we discussed the general situation on the hop market in this Parliament and, as I believe, made positive alterations to the organization of the market. I would merely point out that this time the subsidies for the individual varieties are not so diverse: we no longer have this wide range from 100 up to 750 u.a. This means that they are now restricted to crop-producing areas, and no longer cover newly-planted areas. They are more or less balanced. The main considerations, notably that of stabilizing producers' incomes to a certain extent — prices are falling — without encouraging an extension of the land under cultivation,

seem to have been taken into account. But you know as well as I do, Mr Lardinois, that it is always extremely difficult to apply a different rate to each variety. I would therefore ask you to read very carefully the last sentence of the explanatory statement and to consider whether you can comply with the request it contains. This sentence reads as follows: 'At the same time, the Commission should give careful consideration to the possibility of making minor adjustments in the case of specific varieties to avoid discriminating against certain groups of hop-growers.'

I would very much appreciate it, Mr Lardinois, if this point could be given especial consideration. I ask the House to adopt the motion for a resolution.

I would add that the Committee on Budgets has approved the Commission's proposal.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) Mr President, may I first thank the rapporteur for his report and the Committee on Budgets for its opinion. I have been asked two questions. Firstly, why did we withdraw the proposal relating to special measures to stabilize the situation on the hop market, and the non-harvesting of hops.

I will be frank with you. I myself encountered considerable problems with this proposal. Then there was the drought, and finally the Committee on Agriculture and the Committee on Budgets took their time over the matter. The drought, in fact, made it impossible to implement such a measure since it accelerated the ripening process. When the experts told us that (a) we should run up against difficulties in Parliament and (b) the ripening process was progressing too fast, I said that the proposal should simply be withdrawn and that we should hope for a rise in beer consumption. But if this is not the case we shall have to take certain measures. I had my doubts about this proposal right from the start. Our proposals are not always perfect and the Commission was not particularly happy with this one. We hope, however, that we shall be able to take a few other measures to reduce stocks. We cannot say precisely at this stage what we intend to do, but in any case we shall not propose again the non-harvesting of hops. We hope to be able to avoid this.

In his introduction, Mr Früh asked whether we could make a few slight changes in respect of certain minor varieties. I do not know exactly what Mr Früh means, but in subsequent consideration of this proposal I shall bear his request in mind.

President. — I call Mr Brøndlund Nielsen.

¹ OJ C 178 of 2. 8. 1976.

Mr Brøndlund Nielsen. — (DK) Commissioner Lardinois says that the proposal to regulate production has been withdrawn because it was put forward too late, since the drought will now make the harvest earlier. I would like to ask whether it would not have been possible to put forward the proposal earlier so that it could have been dealt with and have led to results. There have after all been imbalances in the hops market for several years.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission. — (NL) Of course it is possible to take precautions against exceptional atmospheric conditions, but I should be very surprised if anyone did so this year.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote. The resolution is adopted.¹

21. Regulation on wines from Turkey

President. — The next item is a vote without debate on the report (Doc. 225/76) drawn up by Mr Hansen on behalf of the Committee on agriculture on the

proposal from the Commission of the European Communities to the Council for a regulation extending for the fifth time the system of partial and temporary suspension of Common Customs Tariff duties applicable to wines originating in and coming from Turkey, provided for in Regulation (EEC) No 2823/71.

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

22. Council resolution on environmental policy

President. — The next item is the report (Doc. 215/76) drawn up by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection on a

draft Council resolution on the continuation and implementation of a European Community policy and action programme on the environment.

I call Mr Jahn.

Mr Jahn, rapporteur. — (D) Mr President, ladies and gentlemen, what we are concerned with here is not a motion for a resolution on tomato ketchup but a Community policy and action programme which is submitted only once every four years. Nevertheless, I shall try to ensure that the entire discussion does not take much more time than we spent on tomatoes.

As the title of the document indicates, we are concerned with the continuation of the European Communities' action programme of 22 November 1973 on the environment, on which we have expressed our opinion in altogether three reports. For brevity's sake, we refer to this continuation as the 'Second Action Programme on the Environment'.

To begin with, this Second Programme covers the years 1977-81, thereby tacitly extending the Action Programme of 22 November 1973 (First Programme on the Environment) by one year in view of the fact that considerable delays have occurred in the implementation of this programme because of the limited staff and materials available.

There is no getting round the fact that there has been a delay of one whole year in the implementation of the First Action Programme on the Environment. The responsibility for this must be laid at the door of the Council, which so far has adopted no more than fifteen of the thirty-five proposals from the Commission which have been approved by this House, leaving twenty still pending. We therefore have no option but to call on the Council once more to intensify its activities in the field of environmental protection in order to meet the commitments which it entered into of its own accord.

It goes without saying that the Second Action Programme is organically linked with the First, so guaranteeing the necessary continuity. Although much of it concerns the continuation and completion of projects contained in the First Programme, the Second Programme also makes provision for additional tasks such as measures to reduce waste and increasing the attention paid to environmental questions in cooperation with developing countries. The Commission rightly lays especial emphasis on measures for setting up the machinery for preventive action, particularly as regards pollution, the use of land and the management of waste. This accords with the general principles defined in the First Programme, which stated that 'the best environmental policy consists in preventing the creation of pollution or nuisances at source, rather than subsequently trying to counteract their effects.'

We agree with the Commission that the protection of fresh and sea water should take priority in the reduction of pollution and nuisances. New developments are required in the field of noise abatement. Finally, the protection and more rational management of space, the environmental and national resources deserves especial attention.

We note that, in the draft resolution which precedes the Second Programme, the Council undertakes to act on the proposals within 9 months of their submission by the Commission, and we expect this undertaking to be carried out.

¹ OJ C 178 of 2. 8. 1976.

Jahn

The Environment Committee noted with regret that the Commission has insufficient staff for the implementation of the Second Programme, so that there is a danger of delays, and we therefore request the Council to create the staffing and financial conditions necessary if the Commission is to work properly in the field of environmental protection. Of course, it falls to the Commission to include sufficient permanent established posts and funds in the preliminary draft budget for 1977. Only then will the European Parliament be able to give the Commission effective support in its efforts to build up its environmental services. Perhaps a certain improvement could be achieved by transfers of staff within the Commission. This should be considered; when I recall the remarks of the new Council President, it seems to me that that might be possible.

Ladies and gentlemen, I should now like to enumerate briefly the main items in this Second Programme, while referring you for details to the exhaustive explanatory statement contained in my report. Mrs Kruchow pointed out that, although two preliminary reports had been drawn up, the final report was not yet available. This is the fault, not of this House, but of yesterday's strike, which unfortunately delayed the business of printing; however, all the observations made in committee are fully represented in this oral presentation and reflected in the motion for a resolution.

The new programme embraces an objective evaluation of the risks to human health and to the environment from pollution, the question of preventing and reducing the pollution of fresh and sea-water, atmospheric pollution, measures against noise, actions specific to certain industrial sectors and to energy production, measures relating to certain products, the non-damaging use and rational management of space, the protection of flora and fauna, the protection and management of natural resources, the assessment of the impact on the environment, the economic aspects of environmental protection, the dissemination of information relating to environmental protection, research into environmental protection, the promotion of public awareness of environmental problems and of education, the European Foundation for the Improvement of Living and Working Conditions, the improvement of the working environment, measures to ensure compliance with environmental protection regulations, action by the Community and its Member States in international bodies and organizations and cooperation with non-member countries, the special case of cooperation with developing countries, and the question of financial resources.

As you see, the Second Environmental Programme contains a mass of potential projects which must be materialized in the coming years. It goes without saying that all these things cannot be achieved at once

and so we have to fix certain priorities. Consequently, paragraph 9 calls upon the Commission to give priority to certain measures and submit appropriate proposals by 1977 at the latest, since their implementation is urgently necessary for the protection of public health and the environment. These measures include the recycling of waste materials, limiting the absorption of nutrients by ground and surface water, limiting the use of chemical pesticides and encouraging biological or integrated cultivation methods in agriculture.

On the last two of these measures our committee is in agreement with the Committee on Agriculture, asked for its opinion, which also considers that these measures should be given priority in view of their importance for human and animal health protection.

With regard to the economic aspects of environmental protection, the Commission rightly proceeds from the view that an environmental policy does not stand in the way of economic development. At the same time, it repeatedly points out that this development cannot take place to the detriment of either the natural environment or that created by man himself, which affects his way of life. Consequently, an environmental policy will influence economic development insofar as it imposes restrictions or introduces reasonable and coherent structural changes.

We welcome the Commission's intention to continue the activities begun as part of the execution of the First Environmental Protection Programme and to give the following tasks priority: evaluation of the costs of anti-pollution measures and the benefits resulting from improvement of the environment; means of applying the 'polluter pays' principle; the promotion of measures to improve the environment; the examination of possible procedures for estimating extraordinary expenses arising from damage to the environment in order to be able to incorporate such expenditure, in appropriate form, in the national accounts and the gross national product; and the development of a common procedure for classifying and describing measures for combating pollution.

Our committee agrees in principle with the Council Recommendation of 3 March 1975 on the apportionment of costs and intervention by the public authorities, containing directions on the practical application of the 'polluter pays' principle, but takes the view that this principle must be more clearly defined, its mode of application laid down and certain exceptions provided for which arise from the connection of environmental policy with other policies.

In paragraph 25 of the motion for a resolution, we call upon the Commission, pursuant to Point 8 of the Annex to the Council Recommendation of 3 March 1975, to honour its obligation to submit to the Council at an early date all the necessary proposals regarding the harmonization of instruments for admin-

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istering the 'polluter pays' principle and its specific application to the problems of transfrontier pollution.

I come now to the committees asked for their opinions; these, so far as they have already been submitted, are annexed to my report. We wish to thank these committees and their draftsmen — Mrs Kruchow on behalf of the Committee on Energy and Research, Mr Frehsee on behalf of the Committee on Agriculture, and Mr Lange on behalf of the Committee on Budgets — for work they have done. The main points made by them have been taken into account in the motion for a resolution.

The Opinion of the Committee on Agriculture rightly indicates that in future the European Parliament should continue to be consulted at the proper time on all proposals of the Commission designed either to promote the positive effects of agriculture on the environment or to restrict the negative ones which it causes. This committee believes that in each individual case a compromise must be considered which always takes equally into account the objectives of active environmental protection and the resulting economic disadvantages to the farmer concerned. Finally, it rightly points out that meaningful and convincing results can only be achieved in the agricultural sphere when they are worked out on a joint basis of theory and practice. Our committee supports these views, and reproduces them in paragraph 17 of the motion.

The Opinion of the Committee on Energy and Research is naturally concerned with those aspects of environmental protection which touch upon energy policy. The committee attaches special importance to the environmental protection research programme, particularly with regard to air pollution and the effects of nuclear power-stations on the climate. The demands with which this Opinion concludes may be summed up as follows: the Community should (a) make the best possible use of all vehicles and forms of energy available; (b) pursue a policy of rational energy exploitation; (c) intensify research in the sphere of pollution and damage to the environment; (d) in the siting of nuclear power-stations, take due account of considerations of economy, security and environmental protection and also bear in mind the aim of the common energy policy; (e) issue suitable regulations on the emission of sulphur compounds and thermal discharges; (f) create an agency specializing in the transport, storage and disposal of radio-active waste, and also carry out stricter supervision and an extensive information campaign.

We must note the fundamental fact that every source of energy entails hazards for the environment which yet can and should be considerably reduced by the use of appropriate measures, that to forego the use of these sources would, in the last resort, restrict economic and social progress, and that the regulations

currently in force regarding nuclear power-stations allow the use and development of nuclear energy.

Our committee agrees with these conclusions, which are reproduced in paragraphs 15 and 16 of the motion for a resolution.

In view of the length of time assigned to me, I must, despite the fact that we are here dealing with a programme which for four years will be the subject of many resolutions and regulations of Commission, Council and Parliament, refrain from dealing with any further points: these you will find in my written report.

Finally, I would point out that I have endeavoured, in the relatively long motion for a resolution, to do justice to the points raised by colleagues: these were discussed very thoroughly by the committee, and gone through, point for point, in the presence of the Commission. The result is a document which, I hope, will receive your approval.

The Christian-Democratic Group has authorized me to state that it supports the report and the motion for a resolution.

(Applause)

President. — I call Mr Frehsee to give the opinion of the Committee on Agriculture.

Mr Frehsee, draftsman of an opinion. — *(D)* Mr President, in view of the advanced hour and the number of people now present, I am loath to ask for the floor, and if I do so it is for three reasons: first, this second programme on the environment to be drawn up by the European Community is indeed an important document which deserves to be discussed and not given short shrift; secondly, I have been specifically asked by the Committee on Agriculture to deliver its opinion; and, thirdly, this is all the more necessary in so far as this opinion is nowhere available in written form.

This opinion was adopted on 21 and 22 June, and here I must correct the rapporteur. Document 215/76 states:

'The opinions of the Committee on Agriculture, the Committee on Energy and Research and the Committee on Budgets are attached to this report';

in fact, however, nothing is attached. For technical reasons, the opinions have not been made available in written form. All we have is this piece of paper, on which is written: 'Jahn report, Doc. 215/76. The complete report, including the explanatory statement and the opinions of the committees consulted, will be published later.'

I shall not waste any time protesting. Doubtless the Parliament's administration was also a little taken by surprise when it was decided on Monday, in response to a request by Mr Jahn, to deal with the second programme on the environment today. However that

Frehsee

may be, I have given you the three reasons why I have asked to speak in order to add a few remarks of a general nature.

This programme contains once more a section headed 'Measures relating to rural areas', a section which concerns the Committee on Agriculture and in which this Committee has taken an especial interest. Among the objectives restated in this document, I would draw especial attention to that of

'ensuring the sound management and avoiding any exploitation of resources or of the natural environment which causes significant damage to the ecological balance',

for this is directly connected with agricultural policy. Here a conflict of aims is conceivable *vis-à-vis* an agriculture organized on modern principles, in particular based on the exploitation of all technical resources, and aimed at optimum yields, in so far as modern production methods in agriculture may be harmful to the environment. This apparent conflict between modern agricultural methods and active protection of the environment must be resolved by finding a compromise that does justice to *both* sets of interests.

The programme points out that agricultural activities exercise both desirable and certain undesirable effects on the environment. An example of the positive effects may be found in the modernization directive, the most important of the three structural directives, which states that when an agricultural undertaking is wound up some of the land thus made available should, among other things, be used for afforestation or placed at the public's disposal for purposes of recreation and health. This would serve the dual purpose of modernizing structures and at the same time improving what one might call the environmental function. This idea, which, in conjunction with the modernization of agricultural structures, assumes a somewhat subordinate character, is carried further in the proposal for a directive on the promotion of forestry measures, which, according to the explanatory memorandum to this directive, can contribute to the beauty of the landscape and to its enjoyment by those seeking recreation and relaxation, as well as contributing to the preservation and improvement of the soil, of flora and fauna and of surface and groundwater management. In connection with the debate on the motion for a resolution on the drought, this point in the Second Environmental Programme and the reference to the proposal for a directive on the promotion of forestry measures, which unfortunately has not yet been accepted by the Council — if I might take this opportunity of recalling the fact once more — are of the greatest interest. According to the explanatory memorandum to this directive, such measures may also contribute to the quality of the air and water. Finally, the directive on hill-area agriculture provides for measures in support of disadvantaged

agricultural regions which are designed to ensure the continued pursuit of agricultural trades and so guarantee either the future existence of a certain minimum population density or the protection of the countryside in the areas concerned.

These examples show how agriculture may exercise a positive influence on environmental conditions which consequently has to be encouraged. The Committee on Agriculture wishes to draw attention to such references both in the Programme and in these other documents of the Commission, and it welcomes them.

The Commission has brought in a number of research projects to establish the negative effects of agricultural activities on the environment: to these the rapporteur, Mr Jahn, has already referred at length. Particularly worthy of mention are the research projects to establish the legal measures necessary to reduce the excessive use of pesticides. In this connection, I must state for the record that my committee urges that these measures, taken together with harmonization of the national provisions concerned, should be implemented as a matter of urgency because of their importance in protecting the health of men and animals. These measures relating to pesticides are referred to specifically in the opinion of the Committee on Agriculture.

With regard to the other problem, that of existing sources of pollution which accompany intensive stock-breeding, the Committee on Agriculture took the view that the Community should not necessarily take action in a problem of such a limited nature which has to be treated differently from one region to another. Since the problem of dealing with waste water from farms with intensive stock-breeding requires solutions that vary according as the land affected is tilled or pastureland, it should perhaps be left to the Member States.

On the other hand, we were of the opinion that, not only in the interests of protecting the environment and public health but also for reasons connected with competition, minimum requirements for the harmonization of conditions in intensive stock-breeding should be laid down at Community level.

Finally, the Commission intends to draw up a balance-sheet of the changes to the natural environment which go hand in hand with the introduction of modern methods of cultivation. With this, too, we are in full agreement.

The continuation and extension of the Community's action programme on the environment — this Second Environmental Programme, as Mr Jahn has called it — leaves the impression that initial experience has led to a realistic assessment of the difficulties and possible solutions. When the First Programme came out, we were all concerned that things might be carried too far and that too little account would be taken of agricultural requirements. We are extremely

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gratified to note that the Second Environmental Programme has proved these fears to be unjustified. Following the useful impetus provided by the first Club of Rome report, 'The limits to growth' (even if the latter did pay insufficient attention to the role played by man himself as a natural regulator in relation to his environment), a sober and practical basic approach to environmental policy appears to have established itself — precisely the approach, in fact, which clearly characterizes the action programme.

The over-used slogan, 'Ecology before economy', appears to have given way to the recognition that ecology is impossible without economy. This slogan is equally applied to agriculture and to industry. The Committee on Agriculture is gratified to see that, before final measures are decided upon, every effort is to be made to draw up as comprehensive and careful a diagnosis of the individual problem areas as possible. It assumes — and this point has already been made by Mr Jahn — that Parliament will, as in the past, be consulted on all legal provisions designed either to promote the positive effects of agriculture on the environment or to restrict the negative ones which it causes. The Committee on Agriculture believes that in each individual case, a compromise must be considered which always takes equally into account the objectives of active environmental protection and the resulting economic advantages for the farmer concerned. The schematic and undifferentiated application of theoretical overall solutions must not be allowed to exclude practical solutions geared to individual cases where these take due account of all the interests involved.

A programme on the environment might be defined as follows: preservation of a natural environment and development of new methods which permit economic progress without unduly endangering the environment.

The Commission's programme appears, in its approach, to meet this dual requirement. We therefore give it our wholehearted support and — so far as I can speak for the Committee on Agriculture — we shall vote for this proposal.

(Applause)

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

Mr Suck. — *(D)* Mr President, ladies and gentlemen, speaking for the Socialist Group in the absence of Mr Müller, I should like to express this group's reaction to the environmental programme proposed by the Commission for the years 1977-81. First of all, however, I would offer my sincere thanks to Mr Jahn for his excellent and exhaustive report and for his oral presentation.

One cannot speak in support of this Second Environmental Programme of the European Communities without at the same time taking a backward look at the First Environmental Programme which is now

running out. This first programme, of 21 November 1973, was originally conceived as covering a period of two years — 1974 and 1975 — and although the Commission should have proposed an extension of this programme at the beginning of 1976, it failed to do so. Instead, we found ourselves confronted with a tacit prolongation of the 2-year period to include the year 1976.

The programme now proposed for the period 1977-81 is entitled by the Commission 'Continuation and implementation of a European Community policy and action programme on the environment'. An examination of the title chosen for this programme by the Commission makes the following clear to an unprejudiced reader. First, the First Environmental Programme, despite its extension by one year, could not be completed, and those projects that were not carried out are to be carried over into the new programme and implemented. Secondly, the formula 'implementation of a policy on the environment' signifies the Commission's desire to turn its back on definite commitments and dead-lines such as were contained in the First Programme. The conclusions to be drawn from this can be resumed in the simple statement that the Community is experiencing difficulties in the practice of environmental protection and its development. The ambitious programme of 1973, which aspired to place economic expansion in the service of man by creating for him an environment with the best possible living conditions and reconciling this expansion with the increasingly urgent need for preserving the natural environment, is clearly encountering difficulties. This solemn aspiration stands in wild contradiction to the hectic developments in the supply of raw materials and other spheres of the economy, and in the wake of oil crisis — whose effects I shall not attempt to list here — particularly grave difficulties have made their appearance. For all this, of course, the Commission is not responsible, any more than it is to blame for the fact that, of the 35 measures it proposed by way of implementing the First Environmental Programme, so far only 15 have been accepted by the Council.

If therefore, quite apart from the difficulties that have appeared in the economic sphere, slowing down or even blocking the measures that had been planned, further obstacles have arisen in the way of this programme, we can but put the Council of the Communities in the dock. Despite all the efforts of its representatives in the committees concerned during all phases of the preparatory work on these directives, its leisurely, protracted procedures have made the presence of irreconcilable national interests in this sphere only too painfully evident. We should not overlook the fact that the directives concerned, including the 15 already adopted, carry unusually long terms for their conversion into Community law. In other words, in the foreseeable future there is little hope that even the measures adopted by the Council will become law in the countries of the Community.

Suck

In view of this situation, those countries where considerations of public health make it urgently necessary to do something about protecting the environment are finding themselves forced to take single-handed action. Under the consultation procedure, the Commission has been informed that since 1973 Member States have adopted altogether over 100 laws and regulations in the matter of environmental protection. Here it is not irrelevant to point out that measures taken by individual Member States may be of such a nature as to produce imbalances and distortions of competition.

A critical examination of what has so far been achieved on a European scale in the way of environmental protection gives little cause for particular satisfaction, not to mention euphoria.

If anything is to be said at all, it is that one can take the Commission's will for the deed. In the European Parliament, which in many ways has supported the Commission's plans for the environment and surely has contributed to the improvement of some proposals, the course of events so far may well lead to a certain loss of enthusiasm.

We must have no illusions about the environmental programme for the years 1977-81, which is now before us. My group supports the aims and principles of this programme in the hope that the projects contained in the First Programme which have not yet been completed may continue without interruption.

The new programme's assertion that environmental policy must be pursued independently of the economic situation of the moment can only be welcomed; previous experience, however, seems to suggest the contrary. A greater degree of frankness and a greater sense of reality might do much good here.

The main features in the new programme have our support; but in our view the list of objectives it contains should indicate some order of priority. The danger cannot be ignored that the Commission, in its desire to strike off its list the largest possible number of proposals as having been adopted, will concentrate on those matters which can be expected to provoke the least resistance in the Council. The result of such a tendency, which would undoubtedly be encouraged by the fact that the programme contains no list of priorities, might well be that the most urgent tasks were left on one side. It is by no means impossible that the next programme, for the period following 1981, will then include a number of old acquaintances. We must therefore consider whether this Parliament should not, on its own initiative, bring in a number of reports in order to prevent the possibility of undesirable developments.

The views of my group may be summed up as follows. First, this programme on the environment deserves critical support. Secondly, some hard criticism of the

way in which the First Environmental Programme has been handled and implemented is inevitable. Thirdly, points of contact and conflict between economic and environmental policy must be discussed in all frankness. Fourthly, without a list of priorities nothing permanent can be achieved in the sphere of protecting the environment.

It goes without saying that my group will continue to attach great importance to the business of studying and promoting protection of the environment in the European Community. This is part of the responsibility we all bear for the protection of public health and the improvement of people's living conditions. For these reasons, we give the programme our support; my group will also vote for the motion for a resolution.

President. — I call Mrs Kruchow to speak on behalf of the Liberal and Allies Group.

Mrs Kruchow. — (DK) I am responsible on behalf of the Committee on Energy and Research for the opinion annexed to Mr Jahn's report that we have not yet received. I am also grateful for the detailed explanation we have just had from the Committee on Agriculture.

I do not think, Mr President, that it was only the strike yesterday, as Mr Jahn suggests, that was to blame for a fact that Members of Parliament have not received these papers, and for future reference I would ask the President to bring the matter up in the Bureau. The report Mr Jahn has drawn up is so important and so full — I know the preparation that went into it from committee work in the Committee on the Environment, Public Health and Consumer Protection — and environmental problems are so important that all Members of this Parliament should have had the papers on Monday. In the last resort it should have been given to us here if it was not possible to send it. People are after all interested in the subject and it therefore seems as though the large amount of work that has been done is being treated a little too lightly. I will not say: fine, let us postpone it until the next meeting, because I am one of those who feel that we are already behind with our environmental policy and I will not play a part in delaying it for perhaps another month and a half or more.

The Liberal Group agrees in principle not only with Mr Jahn's report but also with the Commission's proposals. The environmental question is very large and there are many details in the programme. I shall not then dig too deep but shall merely mention some important basic problems.

The point of any environmental policy is to try to increase the quality of daily life and at the same time to ensure that no temporary improvement for humans should destroy the balance of nature and thus create

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not only temporary shortcomings but also harm human, animal and plant life in the future.

Today, the peoples of our countries are aware that our society is faced with serious environmental problems. They are really on the way to becoming environment-conscious and they expect politicians to solve the problems both nationally and internationally. Community directives and national laws are therefore not enough. There must be a constant, broadly-based information campaign, and the Community could really take the lead by issuing easily comprehensible illustrated brochures about, for instance, air and water and the need to keep them clean. It could also produce educational films and pictorial material. Such a small amount is involved compared with the many millions of people that will enjoy being able to study these matters if they are produced in a really comprehensible and educational fashion. Correct and general information is important in our democracy.

When animal and plant life in, for instance, the Norwegian mountain lakes dies out because of the toxic substances brought there from the industrial areas of other European countries by air or rain, obviously this pollution of the atmosphere cannot be allowed to continue either in Norway, where the air is very clear and pure, or in other countries. Air and water do not after all respect frontiers. Parts of the environmental policy are therefore obviously of international import and consequently a matter for the Communities. But they can be criticized — as they were by the previous speakers — for not acting more quickly and forcefully in environmental matters than they have done so far.

The environmental programme before us covers the years 1977-81, but the old programme has still not been implemented. Time limits must therefore be included in the programme now so that we can see what we aim to have achieved by 1979 and 1980. In this way Parliament will be better able to follow and check the work.

Today, every nation in the world is pre-occupied with energy production. It is worth remembering how in January this year Parliament supported Mrs Walz's report on a common policy for the siting of nuclear power plants. Irrespective of each country's views on the use of nuclear power, it is a fact that nuclear power plants will be found in increasingly large numbers throughout the whole of Western Europe before the end of the century. Common rules for their siting are therefore urgently needed. Most of these rules cover new ground such as the limitation of threatened overheating of the atmosphere, rivers and straits by thermal discharges from nuclear power plants. All this must be laid down and investigated. It also means that these matters should continue to be the subject of intensive research. the same applies to

the problem of the disposal and final storage of radioactive waste from nuclear power plants.

More rational use of energy, to avoid energy waste, would also be gained by a really positive environmental policy. Research into this and the refuse of energy could also be of positive benefit to environmental developments in our society.

Unfortunately, our industrial society produces large amounts of noise. It is therefore gratifying that the action programme caters for the combatting of noise pollution. Something needs to be done urgently.

The programme also mentions the importance of preventive measures. Not enough can be done here, especially in cases where it means preserving the health of many people who in one way or another are subject to work to influences that can lead to a breakdown in their health. We cannot allow false economies in these areas.

We read on other pages that we must have systematic national and international control. We must use modern monitoring methods to avoid unnecessary bureaucracy, and the Community should support the UN's work and proposals on world control.

The Commission may plead that it does not have or perhaps cannot get enough funds to implement what we regard as both desirable and essential in environmental protection and research. That was also mentioned by Mr Jahn. But Mr Jahn can be sure that we in the Liberal Group will, if nothing else, support a redistribution of the Community budget, and in this connection we must be very vigilant in autumn. We shall work tirelessly for an environmental policy that prepares the way for the healthy development of man and nature. We can start by trying to maintain the biological balance in nature.

(Applause)

President. — Perhaps I should say something about the matter which has been raised by Mrs Kruchow. This resolution, which, as Mrs Kruchow says, was adopted on 28 June, was not originally intended to be on the agenda for this week. However, the matter was raised last Monday, and this House decided under the urgent procedure to take it today. It seems that we were perhaps a shade ambitious, because it then transpired that this was a report with a long motion for a resolution, three opinions from committees, a long explanatory statement, and it amounted to 80 pages. Of course, this involved a massive production job in 6 languages. Nonetheless, this was done and it would have been available yesterday, Wednesday, in time for this debate had not the labour problem that we have had this week ultimately made this impossible. So I think there is in fact no reflection on anyone with regard to this.

I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I think my first duty is to offer my warm congratulations to Mr Jahn for the excellent report that he has presented, and for the excellent speech he made this evening, in not the easiest of circumstances, in putting forward his report concerning the Commission's proposals for the second action programme on the environment. I would like to thank all those who have spoken in the debate, and indeed all the members of the Committee on the Environment, Public Health and Consumer Protection and the other committees for the various valuable suggestions that have been put forward for the future tasks of the Community in the environment field. A most useful dialogue has been going on for almost 4 years between Parliament and the Commission about the problems of protecting and improving the environment. I think the fact that Mr Jahn, together with his committee, gave a generally favourable opinion on the Commission's draft is a reflection of the quality of that dialogue and I like to think that that degree of consent that was evident in the speeches today is partly because the ideas which Mr Jahn and his colleagues find in the Commission's papers came in the first instance from the parliamentary committees themselves. The Commission has certainly always attached great importance to involving the European Parliament in the development of this new policy and I think it is true that we have generally, whenever we could, heeded Parliament's opinions in drawing up specific proposals.

Since the Council adopted the first programme in November 1973, the Commission has sent to the Council almost 50 proposals of which 20 have now been adopted. At the same time, many environmental protection measures have been taken by Member States. As a result, the Commission has received 123 notifications in the framework of the information agreement of March 1973. I think the lesson we draw from this report, and from this debate, Mr President, is that we must continue in the future with this task. We must maintain this momentum despite, as Mrs Kruchow has emphasized, the problems presented by the economic recession. Mrs Kruchow emphasized the importance of trying to set time limits. Certainly I think it would be useful, year by year, to take stock pretty carefully of the progress that has been made. I think it is inevitable that what one can do in any particular year is bound to be related to the general economic and budgetary circumstances of the time. Nevertheless, the momentum must be maintained. This, I think, was in fact the general conclusion arrived at by the Council on October 16 last year when it debated what should be the future action programme to be undertaken by the Community to protect the environment. The Commission's new programme incorporates this philosophy and I just would like, before I finish to underline the five main points on which this second action programme is based.

First of all, it seeks to ensure that the policy followed since November 1973 is continued. The objectives and principles defined then still hold good, and are therefore reaffirmed and I am happy to give the assurance that work will continue on the measures which have not yet been brought to fruition and they are referred to throughout the document.

Secondly, Mr President, special emphasis is laid, as Mr Jahn very helpfully underlined in his speech, on measures for setting up the machinery for preventive action, particularly as regards pollution and land use and the production of wastes. This programme action provides for the study of a procedure called the environmental impact assessment. I apologize for the fact that environmental questions seem to produce their own private jargon just like everything else that we do here, but what is referred to is, I think, an important, constructive and sensible proposal. It is the idea of a series of ecological maps of the Community showing how economic demand can be matched to natural supplies, a study of ways of avoiding the production of waste, which is sometimes very close to a real squandering of resources. In this way, a more comprehensive environment policy is gradually taking shape, one that will be more closely tied with economic planning and one, I might say, to Mr Frehsee, that will take proper account of the necessary balance that must be struck — and it is often a difficult balance, but it is a necessary and essential balance — between agricultural considerations and environmental considerations. I might perhaps say in parenthesis that there is not, I think, as inherent a conflict between these considerations as is sometimes made out by those who exaggerate the arguments on either side. Generally speaking, as one moves around the landscape of western Europe, one finds it is a landscape that has been made by the agriculturalists. It was not a landscape that was made by God. It was made by the agriculturalists. It is man-made and, of course, it can be man-spoilt, and that is what we must struggle to avoid. But those of us who enjoy the countryside primarily for recreational purposes, rather than have it as our working environment, ought to remember that it is the agriculturalists who create that environment very often, which we enjoy so much.

Mr President, the third point in our action programme is the need for special attention to the protection and rational management of space, of the physical environment and of natural resources, and particular account has been taken here of the suggestions put forward by the Italian and German authorities.

Fourthly, there is the question of the reduction of pollution and nuisances, and priority is given to measures for the protection of fresh water and seawater. We are, I think, coming to fresh water just in a moment or two.

Thomson

Fifthly, Mr President, the international activity of the Community is confirmed in the environmental field, and it is proposed to add an environment dimension to the policy of cooperation between the Community and the developing countries.

Now, Mr President, as has been mentioned, what we are talking about here is an action programme extending over a period of five years from 1977. It is an ambitious programme and it cannot, of course, all be carried out at the same time or even over a short period of time. Therefore, one faces the real problem one so often, faces in public policy, the problem of establishing priorities. And I think perhaps the most important thing I have to say to Mr Jahn and to others who have spoken, is that the Commission can accept the order of priority set out by Mr Jahn in his report.

Parliament has taken note that the first programme has been implicitly prolonged for one year and that there have been delays in implementation. I am grateful, both personally and on behalf of the Commission, that those who have spoken have generously, but absolutely correctly, said where the responsibility for that delay lies. It lies not, I think, with the Commission but, as has been said in the debate, primarily with the Council of Ministers.

While in general the priorities and time limits have been observed, not all the projects in the programme have been carried out, partly because of the difficulties of money and of staffing, but partly also because of the technical complexity of the problems involved. On this point the Commission is grateful for the opinion expressed by Parliament when it requested the Council to create the appropriate conditions needed for the fulfilment by the Commission of its aims in relation to environmental protection.

Finally, Mr President, I should like to stress that the carrying out of an environmental policy which aims to improve the quality of life of all European citizens will need massive support from our peoples. I therefore endorse what Mrs Kruchow said about the importance of an information programme and of conveying to people the importance of their participation and cooperation in winning the battle of the environment. This European Parliament has played a large part in that information offensive; it has played a large part in the creation of new policy ideas. The Commission feels sure that it will go on giving its support to the Commission in the future to the policy laid down in the Second Action Programme.

(Applause)

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

The resolution is adopted.¹

23. Decision on the quality of surface fresh water in the Community

President. — The next item is the report (Doc. 205/76) drawn up by Lady Fisher of Rednal, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the

proposal from the Commission of the European Communities to the Council for a decision establishing a uniform procedure for the exchange of information on the quality of surface fresh water in the Community

I call Lady Fisher.

Lady Fisher of Rednal, rapporteur. — First of all, may I say how much I appreciate my male colleagues that have surrounded me for this last innings? I will be brief. The intention of the proposal is simply to set up a standard procedure for exchanging information within the Member States on the quality of surface fresh water. Under the proposal, Member States will be required to supply to the Commission every six months the results of the measurements made at monitoring points listed in the draft decision which are already established in the Member States. Which means that there will be no expense involved in setting up new monitoring stations.

The committee did feel, however, Mr President, that the number of monitoring stations was too low and that they were perhaps much more widely spread than was desirable. The committee hopes that the Commission will give attention to this problem in future and suggests that perhaps the spacing of the measuring stations should not be more than 100 km apart.

There is another point also which the committee wished to stress, which was that although the information which is required by the Commission is specified and designed to make it possible to determine the physical, chemical and the microbiological properties of the water, the parameters which are being asked for are less than the parameters that were, asked for in a previous directive on surface water. And, therefore, we do ask the Commission to give serious consideration to extending the list of parameters so that it will be able to verify whether Community legislation which is already passed is being observed.

The committee was also concerned that the data collected should be comparable and, therefore, we urge very seriously the desirability of standardizing the measuring methods used. Member States will be required to nominate a central body and nearly all the Member States already have a central body which collects information which will be responsible for sending the national information which it has gathered to the Commission and the Commission will then have to consolidate and report each twelve months on the progress or otherwise from Member States.

¹ OJ C 178 of 2. 8. 1976.

Lady Fisher

We do not think that this will clear up the Rhine or any other of the major rivers in Europe overnight; However, we do take it as a step forward in the control of water pollution, the need for which I do not have to emphasize here tonight. This is one of the great concerns of all environmentalists and previous proposals have already come before this Parliament on the control of water pollution. Another step forward is contained in the proposals: perhaps it is a very modest step, perhaps a very small step, but we nevertheless see it as another step forward towards cleaner rivers in the Community and the committee gives it its support.

(Applause)

President. — I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* I would like to ask the Commissioner a question. I fully agree with Lady Fisher, but it seems that the Commission is interested only in monitoring stations beside rivers. Why not also beside lakes which after all also supply surface water for human consumption?

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I will be very brief and I had perhaps better begin by admitting I do not know the answer to Mrs Kruchow's question. It seems to me to be an entirely reasonable question and perhaps I could arrange that Mr Scarascia Mugnozza, whose direct responsibility these matters are within the Commission, will write to her personally and comment on that and then perhaps the matter can be taken further.

I would like to begin by congratulating Lady Fisher very warmly on the outstanding and exhaustive report she has made on this very important subject. I also congratulate her on her ability to maintain a House at this late hour of the evening, which I think must be due to perhaps more than the significance of her report, however important it is, and perhaps in two minutes' time I can tempt Lady Fisher outside to dispose of a little surplus water mixed up with a little whisky, then she might tell me how she manages to look so cool at 9 o'clock at night after the kind of day we have been through.

(Laughter)

Mr President, I thank Lady Fisher and the members of her committee for their support for the Commission's proposal aimed at establishing the exchange of information of the quality of fresh water. I also very much understand the concern that is expressed in the report about the delay with which this proposal has been presented. The Commission regrets this as much as Parliament, but the delay is essentially due to problems we have had, which I think are understand-

able problems, with the Member States in gathering for the first time this information. It has aroused a number of technical difficulties and the problems are pretty complex, but I think to have put the timetable before quality and coherence would have led on our part to unsatisfactory, half-baked proposals and it is, I think, better to try and get it right even if it takes a bit longer.

The Commission therefore considered it necessary to dedicate as much time as was necessary to solve the problems and to present the proposal, which I am glad is generally felt to be coherent with other actions in this sector. I just turn briefly to the amendments proposed by Lady Fisher and her colleagues. I would like to acknowledge what seemed to us to be the very sensible proposals regarding Article 3 (3), and I propose that the Commission, adopt this amendment. I am afraid I cannot, however, accept the proposed amendment to Article 3 (4). The Commission considers that sampling at least once a week, which is sought by Lady Fisher and her colleagues, would involve too high a technical burden for the Member States and that the financial cost of maintaining this would not be necessary since such an ambitious frequency is not in fact essential to meet the objectives which Lady Fisher and Parliament are seeking.

Finally, the amendments to Article 8 (3) raise an old issue I think. They have been proposed by Parliament on previous occasions when Commission proposals involved the creation of committees on adaptation to technical progress. I do not want at this stage of the night to go into that matter, even if I were capable of doing so. I would simply say that it is impossible for the Commission to accept that particular amendment, I would therefore like to finish by thanking the Committee on the Environment, Public Health and Consumer Protection and by thanking Lady Fisher again for the excellence of this report and for the general support of Commission policy on the environment.

(Applause)

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

The resolution is adopted.¹

24. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Friday, 9 July, at 9.30 a.m., with the following agenda:

- Oral question, with debate, to the Commission on the European Regional Development Fund;
- Oral question, with debate, to the Commission on obstacles to travel in the Community;

¹ OJ C 178 of 2. 8. 1976.

President

- Walkhoff report on the labelling and presentation of foodstuffs ;
- Walkhoff report on safety information at the place of work ;
- Flesch report on raw tobacco ;
- Broeksz report on skimmed-milk powder ;
- Willi Muller report on noise emission from sub-sonic aircraft ;
- Motion for a resolution on the Puerto Rico summit ;
- Motion for a resolution on the ill-treatment of Vladimir Bukovsky ;

- Motion for a resolution on human rights in Argentina ;
- Aigner report on the carrying forward of appropriations (without debate) ;
- Oral question, with debate, to the Commission on the sentence passed on Mr Stanley Adams.

The sitting is closed.

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

SITTING OF FRIDAY, 9 JULY 1976

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IN THE CHAIR : MR SANTER

Vice-President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received

(a) from the Commission, the report of the ECSC auditor for the financial year 1975 (Doc. 231/76).

This document has been referred to the Committee on Budgets ;

(b) from the Council, a request for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for dried grapes in immediate containers of a net capacity of 15 kg or less, falling within subheading 08.04 B I of the Common Customs Tariff (1977) (Doc. 232/76).

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

3. *Reference to committee*

President. — By letter of 5 February 1976, I referred the proposal from the Commission to the Council (Doc. 506/75) for a regulation establishing a system of aid for associations of bee-keepers to the Committee on Agriculture, as the committee responsible, and the Committee on Budgets for its opinion.

The Committee on Agriculture drew up a report on this matter (Doc. 64/76), and the motion for a resolution contained in that report was rejected by Parliament at its sitting of 13 May 1976.

I have decided to consult these two committees again on this matter so that a second report can be submitted by the Committee on Agriculture.

4. *Oral Question with debate: European Regional Development Fund*

President. — The next item is the oral question, with debate, by Mr McDonald, Mr Creed, Mr Dunne, Mr Mursch, Mr Kavanagh and Mr Osborn to the Commission on the European Regional Development Fund (Doc. 189/76) :

President

What effect has been given to the requirement in Article 3 of the Regulation establishing the European Regional Development Fund, that priority shall be given to investments in national priority areas to concentrate the Fund's operation in the regions where they are most needed?

I call Mr McDonald.

Mr McDonald. — Mr President, this morning I am glad to have the opportunity of putting this question to the Commissioner, Mr Thomson, because it has been suggested that in some of the Member States Article 3 has not been altogether strictly adhered to. While I much appreciate the difficulties that many of the national governments are confronted with, nevertheless, I think that Article 3 has been of very great importance in this regard.

The European Regional Development Fund is a specific demonstration of Community solidarity, and regional policy is one of the policies which are fundamental to the building of Europe. An effective regional policy with adequate financial resources is essential if the less-developed regions of the Community are to catch up with the more highly-developed regions so as to bring the achievement of economic union a step nearer. Indeed, the Commissioner himself is on record as having said last month that the disequilibrium between some parts of the Community was as high as 6 to 1. I contend, sir, and many people would agree with me, that the size of the Fund at present is unequal to the task of effectively supplementing national investments in the regions so as to eliminate regional disequilibria in the Community. A bigger fund is needed, but we must use the tools we have. Indeed, the inadequacy of the Fund makes it imperative that its resources are used to the maximum effect. This has been ensured to some extent by Article 2 of the Regulation establishing the Fund. Between them, France, Ireland, Italy and the United Kingdom have been allocated almost 89 % of the money available for the initial period from 1975 to 1977 and these countries have particularly pressing regional problems, such as the preponderance of agriculture and the lack of infrastructural development and the low level of economic development. However, Article 2 is a blunt instrument: it can discriminate between countries, but not between regions within countries. And Article 3 is designed to make this kind of fine turning possible so as to ensure the best use of moneys from the Fund within the Member States. I have great sympathy with the administration, and I know that in my own country the administration has attempted to spread the comparatively small moneys available as widely as possible over the country. When I say that, I am quite conscious of the fact that from a national point of view the total allocation to my country only represents 2 or 3 % of the moneys invested by the national government in infrastructural development. But from a European point of view, I

think that this Fund should be used to give the public a sense of purpose, to give it a boost, and I should therefore like to see the Commission coming up with proposals to induce the national administrations not to use the 'watering can' method in the allocation of the Fund, but to support projects of sufficient size to make them readily identifiable in and to the Community. As we approach — perhaps it's a few days too early to say this — as we approach the stage of direct elections, it is important to give the people across the Community, especially those living in the poorer and less-developed areas, hope in that they can see physical structures being provided with aid from the Regional Fund. Although the Fund is terribly small, I think we have here an instrument for encouraging our people, for reminding them that the Community is designed to assist the people, especially those in the poorer areas.

I do not blame the Commission for the present situation; indeed, the Commission has done its best in this regard. In 1973, the Commission submitted to the Council a proposal for a regulation which, if it had been adopted, would have defined the regions to benefit from the European Regional Fund, and would have enabled Article 3 of the Regulation establishing the Fund to be fully applied. The regions in the proposal for a regulation were chosen from among those which benefit from a system of regional aids and whose gross domestic product per head is below the Community average. Thus, they were priority areas. Unfortunately, the proposal for a regulation was not adopted by the Council.

I feel, Mr President, that the lack of such a definite list of priority regions is preventing the optimum operation of the European Regional Development Fund. In the absence of such a list, the Commission can only act on the basis of lists of projects submitted periodically by the national authorities. The Commission examines these projects to ensure that they comply with the criteria laid down in Article 5 of the Regulation and also ensures that the data set out in Article 7 are supplied by the national authorities. If the projects comply with the criteria and the necessary data are supplied, the Commission, I presume, must be satisfied. It is the national authorities who decide which projects shall be submitted to the Commission for approval. The Commission can only delete projects from the lists submitted to it; it cannot add projects for particular areas even if it considers that these areas deserve more regional aid than they are getting.

Because of the circumstances, Mr President, I feel that the Regional Development Fund is not being used to the full effect. I hope that the Commissioner will avail himself of the earliest opportunity of seeing in what way he can muster all the resources of the Community that are available. I think that the European Investment Bank could play a much greater role not

McDonald

only in the public sector but in the private sector as well; perhaps they could even directly assist the private sector to provide high labour-intensive industries in the poorest of the underdeveloped regions.

I am very glad, sir, to have the opportunity of putting this question, and I hope that it will be possible for the Commissioner to give us his very latest thoughts on this problem.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I would first of all like to thank Mr McDonald, the former chairman of Parliament's Committee on Regional Policy and Transport who saw the Fund launched during his chairmanship, for raising this question about the operations of the European Regional Development Fund.

I think it is a timely question, in the sense that this short debate coincides with the publication last week of the first annual report by the Commission on the way the Fund is operating. The House will have an opportunity later this year in plenary sitting to discuss—I hope, in a major debate—the contents of that report, and meantime I look forward to the discussions with Parliament's committee on that report. I do not wish to pre-empt in any way at this stage that important discussion, but I would remind the House that this will in fact be the last occasion for Parliament to bring its influence to bear on the future shape of Community regional policy before the new Commission has to put forward proposals early next year for the next phase of Community regional policy.

Last year — the year in which the Fund was first set up — was, in economic terms, undoubtedly the most difficult year the Community has yet experienced. I do not need to give the House all the figures, for they know very well that in terms of gross domestic production, investments, industrial production, exports and inflation and, perhaps most important of all, in terms of unemployment, 1975 was a bad year. I would draw the attention of the House to what, I think, is a new and strikingly revealing table in the annual report, which shows that, on the basis of the very latest figures, over the past 5 years, there has been a noticeable widening of the gap between the richer and less well-off Member States measured in per capita income. As Mr McDonald has just said, this is even more noticeable when one compares the gap between the best-off and the least well-off regions in the Community. This table shows that in 1970, when I wrote the first report on which the Regional Fund was later based, the per capita income in Hamburg was five times as high, in the Paris region four times as high, than in the Community's poorest regions in the west of Ireland and the south of Italy. By 1975, the Hamburg figure was six times as high as the poorest regions, and the Paris figure was five times as high as

the lowest elsewhere in the Community. This is a trend which ought to give everybody in the Community deep cause for thought.

The prospects for 1976, although better, are not good; thus, as I have said, the establishment of the Fund has come about at a particularly difficult period. In times of economic crisis, governments tend inevitably and understandably to give priority to the solution of short-term cyclical problems. The consequence is that the degree of priority accorded to regional policy may be diluted. These difficulties show clearly that only an increased and coordinated effort by the Member States and the Community can really tackle this challenge. Moreover, as far as the Fund is concerned, rapid inflation is continually eroding the real value of its resources. The new chairman of Parliament's committee, Mr Evans, mentioned at Question Time this week that the 500m u.a. fixed originally for next year's Fund will need to be 750m u.a. in order to have the same value as was set when the Fund was established.

It is against this sombre background that I now turn to the more particular question that has been asked by Mr McDonald regarding Article 3 of the Fund Regulation. Article 3 says that the only regions and areas which may benefit from the Fund are those aided areas established by Member States in applying their own systems of regional aid. When aid from the Fund is granted, priority has to be given to investments in national priority areas. That is the letter of the Regulation. I believe that the spirit in which the Fund has so far been used both by the Member governments and, the Commission has in fact, matched the letter of the Regulation, and in this respect a positive and a favourable report can be made to the House in answer to the question. A real effort has been made to concentrate assistance on the regions that have the worst difficulties. Thus, in Italy, the Fund is being used exclusively for projects in the Mezzo giorno, and in the United Kingdom 89 % of aid in 1975 was for projects in Northern Ireland, in the special development areas, or in the development areas. In Ireland, despite the fact that the Community decided, I think, absolutely accurately that the whole of the Irish Republic is underprivileged by Community standards, the government of Ireland has ensured that 63 % of the Fund went last year to projects in the so-called designated areas — the priority areas — in the western half of Ireland, and these areas include, of course, a very much smaller proportion of the population. In Denmark, 85 % of the Fund aid was for projects in Greenland and the remainder in areas chosen as having special priority. In Germany, 73 % of the Fund aid was for projects in the frontier and other areas qualifying for the top level of German aid, together with the special Community case of Berlin. In France, 85 % of the Fund aid was for projects situated in the west, the south-west and in the French overseas departments, while in the Netherlands aid was limited to projects in two priority areas only, those of Groningen and south Limburg.

Thomson

Mr President, before I conclude I would like also to take up the complaint made by Mr McDonald that the initiative for the projects being put up for the Fund came from the member governments and, as he put it, the Commission is not able to add anything to the projects put up to by the member governments. Sir, that is certainly true, but although the Commission may not be able to add, it can still subtract, and it would be a completely mistaken view to believe that the Commission's role in all this is to act as a sort of central post office for the various propositions sent in to it by the member governments. In fact, in the first year of the operation of the Fund, I think I am right in saying that out of 1 500 projects put up to us, only about 1 000 projects were put forward by the Commission to the management committees of the Fund. It is sometimes argued that, because the Fund Regulation guarantees certain fair shares set out mathematically for the various Member States, this is a simple quota system. What is not so often realized is that these entitlements — and they are entitlements, not quotas, not automatic figures for distribution — relate to an attempt to establish objective criteria of need in the various less-privileged regions of the Community, and of course the fact there is that entitlement is a considerable safeguard for the regions and the countries most concerned. It is those countries with the greatest regional imbalances that are least well placed to overcome them, since their general economic problems are also the most severe. The expected economic recovery still leaves the traditional regional unemployment problems unsolved and will, as we have seen, bring some new structural unemployment problems to some areas that have been accustomed in the past to high levels of prosperity. These facts drive home, as Mr McDonald has said, the fact that without a strong regional and structural policy at Community level we can expect to make no real progress towards greater economic integration or cohesion. The Fund and the Community regional policy, though still in their infancy, are the geographical element in the germs of an overall structural policy, without which the Community cannot hope to progress. Put another way, geographical priority must be one of our major concerns, and I welcome the attention that the House has given through Mr McDonald's question to this top priority for the Community.

(Applause)

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

Mr Yeats. — Mr President, I welcome this opportunity of a brief debate on the Regional Fund for several reasons. The operation of the Fund is now well into its second year, halfway through its initial three-year period, and, as the Commissioner has just reminded us, two weeks ago the Commission published a report on the Fund's operation during its first year of existence. This is obviously a report which Parliament will study in depth at a later stage.

While the question to the Commission would seem to be of a very specific nature, it does touch on the basic and most controversial aspects of the operation of the Regional Fund. The question asked is whether priority has been given to investments in national priority areas so as to concentrate the Fund's operation in the regions where they are most needed, I think it is fair to say that very few people are really happy with the Regional Fund as it exists today.

The Commission's energetic efforts to make a real success of the Fund are being constantly handicapped by the actions of Member States which rely on legal interpretations of an obscure and rather poorly-drafted Fund Regulation which contains very little reflection of Community spirit and solidarity. The disappointing behaviour of Member States is, of course, not general, and I was glad to see the Commissioner singling out Italy for the manner in which it is handling aid from the Regional Fund.

Other major recipient States such as the United Kingdom, France, Germany and my own country of Ireland, have not followed this example, and as a result they have done a good deal to discredit the working of the Fund. Such an attitude seriously endangers this progressive evolution after the initial three-year period and it might well result in the total collapse of the Regional Fund from 1978 on. The main source of controversy surrounding the Regional Fund can, I suppose, be attributed to the two basic faults that exist in the Fund Regulation: the reimbursement clause and the question of publicity.

The operation of the reimbursement or partial repayment clause has essentially reduced the role of the Commission to that of a rubber-stamping agency. This is particularly the case where global requests are made. The granting of Regional Fund aid to Ireland offers perhaps the best example of how the Fund is being used in this respect. In the document recently distributed to Members of Parliament, No PE 44.898, a breakdown of Fund aid by Member State and region was given. The figures for Ireland stood out in that no definite amounts were given for any of the regions. Vigorous efforts in the Irish Dail and in the European Parliament to obtain such figures have been in vain, and therefore neither the Irish public nor Members of this House really know how much aid from the Regional Fund is going to the regions in Ireland. How, then, are we to know whether the requirements of Article 3 of the Regional Fund directive, which states that priority should be given to investments in national priority areas, is being complied with? The Commissioner has now given some figures supplied to him, apparently, by the Irish Government, but it is impossible to find any genuine basis for these and certainly I can assure him that unremitting efforts made in the Irish Parliament have failed utterly to get any evidence from the Irish Government as to precisely where these funds are going.

Yeats

The constant — and, one must say, somewhat unacceptable — reply from the Commission has been that the national funds released because of aid from the Regional Fund — even if paid as a partial repayment — will create additional resources for regional development. But even if such additional resources are released, where is the guarantee that they will go towards aiding investments in the national priority regions as required in Article 3? I would ask the Commission to outline its method of ensuring that additional resources are in fact going to those regions where they are most needed.

With regard to publicity, if money from the Regional Fund is being approved and paid towards projects, then the public should be fully informed of such aid and particularly of the source from which it is coming. The Fund Regulation provides for this, but it does so in a very weak and inadequate manner. We must remember that aid from the Regional Fund is taxpayers' money and the public has a right to know where it is going.

Mr President, this is an unacceptable situation which should not be tolerated by the European Parliament, and I sincerely hope that the House will not join in the collusion with the Member States and the Commission by allowing this unsatisfactory matter to rest as it is.

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

Mrs Kellett-Bowman. — Mr President, I agree wholeheartedly with all the comments that have been made by Mr McDonald and Mr Yeats on this fund. Mr McDonald and the other questioners are seeking to achieve the use of the Fund to help those areas most in need, to see that the Fund is used in accordance with criteria of genuine hardship and not dissipated to regions where the need is less severe.

Now there is no doubt, when reading the first annual report of the Regional Development Fund, that money has been properly used within the terms of Article 3. The question is, as Mr McDonald and Mr Yeats have stressed, whether or not the Regulation itself is satisfactory, and this is something that we shall be considering very carefully when the time for the renewal of the Fund arrives.

When the Commission, in July 1973, proposed the establishment of a Regional Development Fund of 2 250 m u.a., to be paid over 3 years, to assist the underdeveloped regions to catch up with the more prosperous, they defined the areas in need of assistance by impartial criteria, which were very clear and simple at that time. They were that the gross domestic product per head should be below the Community average, the regions should be dependent either on agriculture or on declining industries, such as textiles, and have consistently high rates of unemployment, or

a high net outward migration. Now these criteria would have pinpointed priority areas and within these areas made possible a grading of severity of handicap, which is essential to the best use of the available funds. But, unfortunately, as we have heard, the Commission's proposals were not accepted. And instead, as Mr Giraud forecast in the debate on 12 March 1975, we have virtually 9 separate regional policies whose only common feature is a Regional Development Fund which in itself is reduced to 13 m u.a. But no matter how severely national governments may distort its regional policy, often because of political pressure, the Commission is powerless to intervene since all proposals have to be channelled through national governments.

The Commission, to do it justice, has invited local authorities from many regions to visit it and talk things over, but in the last analysis, even if the Commission is in entire agreement with a scheme greatly needed by a region, unless that region can persuade the central government to put it on its shopping-list, it is hopeless. The regional programme has become, as Mr Yeats said, seriously imbalanced. The result in some Community countries is that the bulk of aid has gone to places which can by no means be described as the most disadvantaged, and others where conditions are worse have got far less than their fair share. For example, although the north-west of England has 9 % of the weighted unemployment of the United Kingdom assisted areas, it has received only 5.7 % of the aid.

The responsibility for these departures from what should be regarded as the norm lies not with the Commission or the Fund management committee but with any national government which fails to adopt proper criteria when deciding on priority areas. The fact that, as the Commission says, 89 % of Fund aid in the United Kingdom is used in Northern Ireland, special development areas and development areas, is very little comfort if the criteria for these areas are in themselves wrong. But, as the Commissioner reminds us, this is a battle which at the present time we must fight in our national parliaments.

However, there is another problem facing the United Kingdom. When the Fund was originally projected, the UK was not a Member State and the main object was to provide mainly peripheral and disadvantaged areas with a new infrastructure to make them more accessible and enable new industries to move into them. And although, of course, by the time the Fund was established the UK was a Member State, this basic idea remained. In the older industrial areas of the United Kingdom however, this was not the problem. There had long been an infrastructure, evolved in the 19th century, and the urgent need was, and is, for a renewal of the outworn infrastructure and the tackling of industrial dereliction and urban renewal. The Fund

Kellett-Bowman

in its present form is ill-equipped to do this. When the proposals for a new fund are put forward I hope that this will be borne in mind.

To make a real success of regional policy three things are necessary: first, there should be proper objective criteria by which the severity of a region's problems can be judged; second, local authorities should have a co-right with Member States to submit projects directly to the Fund, with a copy to their national government, where they feel that their interests have not been fully taken into account; and third, all the organs of the Community—the Regional Fund, the Social Fund, the European Investment Bank and the EAGGF—should be very closely coordinated in attacking regional disparities, so that each constantly considers the effects of its own actions on the overall objective.

The setting up of the Inter-Services Group Committee is a step in the right direction. And the Commission, on pages 37 and 38 of its report, shows its awareness of this problem. The Treaty of Rome will fail if we cannot iron out the disparities of the regions. For the sake of the future, Mr President, we must not fail.

(Applause from the European Conservative Group)

President. — I call Mr Evans.

Mr Evans — I should like to thank the Commissioner for the reply he gave to the question posed by Mr McDonald and to congratulate Mr McDonald and his colleagues for putting this question before the House.

I think it is fair to say that since the first proposals made by the Commission in 1973 to set up a Regional Development Fund were considered by the European Parliament, the Committee on Regional Policy, Regional Planning and Transport has been particularly conscious of the need to concentrate the resources available from the Fund by giving assistance to those areas of the Community which are in greatest need. This, of course, implies also aiding those countries whose national intervention capacity is insufficient to remedy their own regional imbalances. I think it is fair to say that the Committee on Regional Policy, Regional Planning and Transport has consistently followed the argument that whilst money can be spent on a fairly wide range of products within a given area, assistance from the Fund should be applied in a concentrated manner to the areas which need it first.

Although I come from the United Kingdom, I hope nobody will think that I am being partial in this matter, because it is already recognized that the three countries which find themselves in this unfortunate position of needing further intervention are Italy, Ireland and the United Kingdom, and it is these countries which require a greater proportion of the available resources than other Member States. I begin like this because I want to make it absolutely clear that the Committee on Regional Policy and Transport and, I

hope, also the European Parliament should not be seen as accepting the allocation of aid to Member States which was provided for in the Regional Development Fund Regulation of 1975. It is only fair, however, to the Commission to say that within the national allocations Article 3 of that Regulation provides explicitly that when a Member State is making applications for assistance from the Fund, priority must be given to national priority areas. I make this point because whilst I do not want to say that we are happy with the present system, because priorities in Community terms are of such a nature that it is impossible, in my opinion, to regard each national priority area as having the same needs, I do recognize that, given the political pressures on it, it was reasonable for the Commission to limit aid or to give it priority within the national priority areas.

The question before us today asks to what extent Article 3 has been respected. Speaking as chairman of the Committee on Regional Planning and Transport, I should like to say that we have only just received the first annual report from the Commission on the European Development Fund and that we shall be discussing this in the presence of the Commissioner next week. At this early stage and, speaking purely for myself, after having taken a very brief look at the Commission's report, it would seem to me that the Commission has acted fairly and properly within the limited terms of reference given to it by the Regulation establishing the Regional Development Fund. When considering applications from Member States, it has had to accept those States' own definitions of priority areas, because that is what is imposed on the Commission. Trying to speak dispassionately I think that when one looks at the regions which have received Community aid, we must agree that this provision has been complied with.

The question whether this approach is adequate is a much more difficult one and one which will concern my committee when we come to consider the Commission's proposals for the Regional Development Fund after 1977. The imbalances between the richest and the poorest areas of the Community have, as the first report makes quite clear, grown rather than diminished since 1970; and in the light of this the Commission must, I think, try to impress upon the Council — and certainly this Parliament needs to become active here too—the need for establishing more direct priorities. Anybody who looks at the map on page 19 of the Commission's first annual report concerning the Fund will, I think, agree that assistance from it has, by and large, been given to the national priority areas. Here I would draw your attention to paragraph 47 of the report. Obviously the resources available are derisory when set against the needs. There is therefore the question of increasing the amount of money available from the Fund after 1977, particularly, a point to which I drew attention yesterday in Question Time, in view of the fall in the value of money since 1973-74. I hope I am not being

Evans

too pessimistic if I say that in absolute terms the amount of money available from the Fund will never be sufficient, and that is why the question of concentrating what money is available on the areas with the greatest need is crucial.

I think it is time that whatever activities the European Community pursues with regard to the operations of the Social Fund, the Agricultural Fund or the European Investment Bank, they should bear a certificate of their regional impact. If we adopt that proposal and ask Commission to examine it, then we shall indeed have an overall view of the EEC's activities in the Regional Fund. Once my committee next week starts giving consideration to the first annual report, I am sure that in three or four month's time we shall be able to have a major debate in this Parliament on this tremendously important subject.

(Applause)

President. — I call Mr Ellis.

Mr Ellis. — Mr President, there is always a danger in a debate like this, when one is dealing with a specific question asked against a broader background and when one has only 5 minutes, of falling between 2 stools: of trying to look at the grand design and simply dealing with a specific question, as Mrs Kellett-Bowman, for example, approached the question whether the money was used correctly under Article 3 or not. I am therefore grateful to the Commissioner, Mr Thomson, for not only dealing with a specific question but also, if not contemplating a grand design, at least looking at the broader perspectives, and in his words he did paint a very sombre background indeed. We in this Parliament would be very well advised to take his advice and to consider seriously how we can not simply influence but also determine the future shape of regional policy, because this is a crucial issue, not simply for the regions but for the European Community. I think that it could be regarded as one of the cornerstones of the European Community. When Mr Thomson spoke of this sombre background, and he gave one or two figures, I could amplify in a particular way what Mr Thomson was saying. Only the other day I was addressing a meeting in a village not far from my home called Llandrillo. This village has, at the moment, on its electoral register 250 people, and at the turn of the century it had on its electoral register 1 600 people. So it is not simply that the per capita income is 5 or 6 times higher in one place than another but that very large chunks of countryside are being depopulated and many people in the regions are developing a feeling of frustration and anger over what has been taking place over a long period. This anger is manifesting itself in all kinds of fairly obvious political ways. I don't want to begin a discussion on whether this manifestation is misguided or not, but it is there and it is therefore fundamental that we begin to tackle the whole question of regional policy. When any government adopts a policy one assumes it has an object; most governments over the past 50 years have

had regional policies, and one assumes that the object is to establish some kind of equilibrium between all the various regions of the particular country. But if one looks at the demographic trends in my country and in other countries over the last 50 years, the conclusion one comes to is that every regional policy so far has failed. I don't want to go into the theory, but the answers to the problems are not to be seen in a fund and the question whether the fund is big enough or small enough; the issues are much profounder, and to look at a regional policy in the round is one of the key things that we in this Parliament must seriously attempt.

I must close on a note of serious disappointment at the Commission. Mr McDonald referred to the question of trying to establish a list of regions. Some time ago I myself asked in this Parliament whether the Commission would establish a definitive list of regions — you could set up all kinds of criteria—and, the answer was that the Commission didn't think this was appropriate. Well now, if on the one hand we are talking about regional policy in the round and all the profound implications in political and economic terms, and on the other hand are simply failing to get a definitive list of regions, then we have got an awful long way to go. I want to urge this Parliament to waken up to the seriousness of the issues at stake before it's too late and the whole thing comes crashing down — the whole European Community — as it will do if we can't get what is written into the Treaty, an equalization across the board of the regions of the nine Member States. If we cannot do this, then we might as well all pack up and go home.

(Applause)

President. — I call Mr Hamilton.

Mr Hamilton. — Mr President, it is a matter of some regret that a debate like this has to be somewhat truncated. I think the whole Parliament is very gratified that Mr Thomson is fighting, as we know he can, for the development of the Regional Fund. Whilst it is not yet official whether he is going or not at the end of the year, we shall be all very sorry if he were to go, because if any one can fight for the regions it's him.

(Applause)

He happens to know very intimately one of the most deprived, if not the most deprived area in the whole of Europe — namely, the Glasgow area. As he knows, there will be a delegation from the Regional Policy Committee going to the UK and visiting Glasgow in September to see what the challenge is, and I hope that when he speaks, as I gather he will on the Friday of that week, he will be very forthright to the British Government and to the Commission and to the Council of Ministers on the vital importance of this particular aspect of the EEC.

At the moment the EEC is in the doldrums, it needs something to inspire it, and I think that with the regional policy report and the debates we shall have on it we may be able to inject that kind of enthu-

Hamilton

siasm. The real tests for the future of the EEC itself lie, I believe, in the adaptation of the common agricultural policy so that it can help those in the most distressed agricultural areas, and in the regional policy in those industrial areas where the need is greatest. These are the two critical areas on which the future of the whole idea of European cooperation depends. We who have been consistently pro-European for a long number of years have always believed that the basic idea was to redistribute wealth and opportunities within the Community—job opportunities, educational opportunities, social provisions, industrial provisions, and the rest. I therefore wish George Thomson and his *cabinet* all success; certainly we on the Regional Policy Committee will give him every aid we can in the fight he initiated 2 or 3 years ago. It is a great pity that inflation is now largely eroding the progress previously made; but if we believe in the kind of redistribution of wealth and opportunities to which I have referred then we ought all to be behind the efforts that Mr Thomson and his secretariat are making.

(Applause)

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen I have asked to speak merely to point out one or two facts.

We have been concerning ourselves with regional policy, for rural areas too, in this House and in the Community as a whole since 1969. The Council, the Commission and Parliament have described structural policy — as I should like to call it — as a fundamental element of the Community policy, and I should like to repeat what I have already said here on various occasions in my former capacity as Chairman of the Committee on Economic and Monetary Affairs. I believe we must consider structural problems as a whole. Agricultural and rural structural problems cannot be isolated from industrial or commercial and municipal structural problems. The question which I am convinced we must all answer is how to bring the whole structural policy, both regional and sectoral, under a single umbrella, and thus remove a burden from the shoulders of agriculture which it should not be bearing anyway. This is the same point that I made yesterday in another connection.

My purpose in making this comment is to make sure that we all give some thought to ways in which the regional and sectoral structural policy can be reorganized and to how we can then not only pay the necessary attention to this important task within the Community, but actually take concrete steps to balance out regional and sectoral differences and to create more uniform living conditions throughout the Community.

President. — I call Mr Molloy.

Mr Molloy. — I do not wish to detain the House very long, but I listened carefully to the admirable

speech from Mr George Thomson, which I found very informative, being rather new here, and therefore of great value. I am also conscious of the fact that Mr Thomson understands very well the many regional problems we have in the United Kingdom, two of which were illustrated this morning by my colleague Mr Ellis, speaking on Wales, then later by my colleague Mr Hamilton, speaking on Scottish problems.

The one point that I wish to make to Commissioner Thomson, which I hope he will bear in mind when he discusses these matters with the British government is that, while it has been necessary for successive governments to pay especial attention to various regions of the United Kingdom — sometimes it has been Wales and Scotland, the North of England, the Midlands and so on—all these specific arrangements have excluded the Greater London area, an area in which live approximately one-fifth of the entire British people. I hope that Commissioner Thomson will understand that I see no particular sense, although I understand the problems, in endeavouring to resolve problems like unemployment by simply transferring them from one part of our island to another, which is slowly beginning to happen in the United Kingdom. We have seen, for example, in the Greater London area, an exodus of light engineering industry. This has been encouraged by successive governments, and the result has been a dramatic increase in unemployment in the Greater London area.

Now let me say immediately that before this policy became effective, it was perfectly true that in areas like South Wales, Scotland and the north-east of England, there was a much higher incidence of unemployment than in the Greater London area: in consequence thereof successive British governments, and particularly Labour governments, have endeavoured to get industry to move — or, where it has been brand new, to established industries for the first time — in what we call the special areas, particularly where unemployment was highest, for example in Wales, the north-east and in Scotland.

The result of this has been that some industrial organizations in the Greater London area, attracted by government support, have moved out of that area and established themselves in other regions of Great Britain, and we who represent the Greater London area in the House of Commons are concerned that the industrial land where these former industries functioned is now being taken over for the construction of large warehouse establishments. Many people believe, rightly or wrongly, that these warehouses are intended to contain things not necessarily made in London, not necessarily being distributed in London, and that they are simply a result of EEC policy. There may be some truth in that. I would ask Mr Thomson if he would consider this problem, which is slowly beginning to affect London, when he makes his representations to the British Government.

President. — I call Mr McDonald.

Mr McDonald. — First of all, I should like to thank the House for the very interesting debate that the question tabled by my colleagues has provoked and also Mr Thomson for his very full and, indeed, encouraging reply.

The reason why we tabled this question was not just to give Members of the House an opportunity to crib either with the Commission or their national administrations, but to highlight what we thought was an area in regional policy which ought to be looked at and in which we think there is room for amendment.

I should like very briefly to comment on the points made by my colleague Mr Yeats. In respect of every regulation the Irish government has complied with the letter of the law. The difficulty, which I think Mr Yeats was a little parochial to raise here, was that it was not possible, because so many of the Irish projects were costing less than 10m u.a., to itemize them individually.

However, this is an area that we should look at again and for these reasons, amongst others, I would hope that Commissioner Thomson, who is acknowledged as being the great expert on regional policy, will draft a new set of amendments during the autumn. I think this would be very timely, even though there is a full year to go. In any case, I would like to hear his views, which we would all certainly look up to. We hope he will have some amendments to make the Regional Fund more and more meaningful and to be a guiding light to the people of the less-developed areas.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — I would like, first of all, to thank all those who have made various kinds of generous personal remarks. Perhaps, I, coming from the United Kingdom, might say how glad I was to hear Mr Lange speak with one non-English voice *(Laughter)*. I suggest to any earnest research student that may be listening to our debate that there is a very good thesis to be done on the European Parliament, because Friday morning is in some danger of turning into a day when the British delegation dominates these proceedings.

I simply want to isolate, from the various points that have been made, three main points which I think will be important in the discussion in the Committee on Regional Policy and in the subsequent major debate in the House, towards the end of the year, on the annual report.

First of all, there is the definition of the kind of areas that ought to be helped at Community level by Community regional policy. This was raised in very different ways by Mrs Kellett-Bowman, Mr Ellis, and finally on behalf of the Greater London area, by Mr

Molloy, speaking as an adopted Londoner. I am very well aware of the problems of the Greater London area, and certainly this is a matter in which there has to be serious thought in regard to the next regulation for the following stage.

The second point is the difficulty of ensuring that whatever resources are put together at Community level are genuinely a bonus over what is spent nationally, and enable not merely more to be done but the right sort of projects to be undertaken. Mr Yeats emphasized this point, and I would just tell Mr Yeats that it is a important point. I think we have done reasonably well, better than I expected at one stage, ensuring that the governments of Member States are able to show that they are doing more than they would have done if there had been no Regional Fund. Where there is a weakness is that even when you identify the additional projects that are undertaken it is necessary to ensure that they are priority projects in the Community sense: I hope that will be discussed in the Committee on Regional Policy.

Finally, and most important, there was the point made by Mr Lange and by many other speakers in different ways—that is, to make sure that Community regional policy is not identified simply with the Fund and the size of the Fund, as Mr Ellis put it. The Community regional policy is very much more than a Community regional fund. Community regional policy is one aspect of an overall Community economic and structural policy. Certainly, as Mr Lange put it, it must coordinate the geographical aspect, as represented by the under-privileged regions, with the general economic aspect of the general level of prosperity throughout the Community and above all the integration of these activities with the agricultural policies of the Community, because, as Mr Hamilton said, one of the basic weaknesses of the Community budget, as it at present stands, is the fact that three-quarters of it is devoted to one particular type of economic activity.

These, I think, are the major points that I hope will emerge in the debate that is about to begin in the Committee on Regional Policy, and I personally look forward to taking them up again later this year before the new Commission is set up.

(Applause)

President. — The debate is closed.

5. Transfer of appropriations between chapters in the Commission's budget for 1976

President. — I have informed the Council and Commission that the Committee on Budgets has delivered a favourable opinion on the proposal for a transfer of appropriations between chapters in Section III — Commission — of the General Budget for the European Communities for the financial year 1976 (priority action in data-processing) (Doc. 146/76).

6. *Oral question with debate:*
Obstacles to travel within the Community

President. — The next item is the Oral Question, with debate, tabled by Mr Fellermaier, on behalf of the Socialist Group, to the Commission of the European Communities, on obstacles to travel within the Community (Doc. 200/76/rev.):

During the main holiday period each year millions of Community citizens travel to Member States other than those of which they are nationals and, in so doing, exercise their right to unrestricted freedom of movement within the European Community.

Of late, however, there has been an increase in complaints about administrative and other obstacles, the purpose of which is not understood by tourists, but which arise from legal provisions or are simply the result of established practice.

Examples of the obstacles encountered are: identity checks at the Community's internal frontiers, involving the stamping of passports, checks on motor vehicles, boots and luggage; the use of boarding and landing cards for air travel; health checks at airports; bureaucratic restrictions and lack of cooperation on the part of insurance companies following car accidents abroad; complications for the recipients of mail from other Community countries; inadequate telephone links between one Community country and another; terms laid down by travel firms which are disadvantageous to the customer; double booking of hotel rooms through travel agencies.

1. What does the Commission propose to do to abolish these obstacles faced by tourists, apart from limitations justified on grounds of public security or public health?
2. Is the Commission aware that obstacles may be created not only by the authorities but also by firms engaged in the travel business?
3. How many relevant proposals for directives and regulations have been submitted by the Commission to the Council, and what are they?
4. Which proposals have not been adopted by the Council or have not yet been put into effect by the governments of the Member States?
5. For many States, tourism is now an almost indispensable sector of the economy. What steps is the Commission taking to ensure that the consumers in this sector of the economy, *viz.* tourists, are afforded a minimum of protection against sharp practices and discrimination?

I call Mr Seefeld, who is deputizing for Mr Fellermaier.

Mr Seefeld. — (*D*) Mr President, ladies and gentlemen, a more suitable day could hardly have been chosen to discuss the situation in intra-Community tourism than the House's last plenary sitting before the summer recess. The mere fact of the Commission's taking stock of existing obstacles to travel before the European Parliament will not suffice for them to disappear overnight, but the millions of Community citizens who will this summer be

travelling through Europe to their holiday resorts with their families by road, rail, air or sea should do so in the knowledge that we have taken note of their problems and are attempting to solve them.

Long queues will again build up at frontier posts and travellers will have to reckon with long periods of waiting. Passport and customs checks will again leave people wondering whether freedom of movement in international travel is just a farce, an empty promise, or whether it is in fact the serious intention of responsible politicians which it has not yet been possible to implement.

In many cases, the eagerly-awaited holiday cannot be enjoyed until irritating and, as citizens and probably many Members of this House feel, unnecessary red tape has been got through.

The introduction to my group's question to the Commission lists a number of examples of such obstacles which are beyond the comprehension of ordinary citizens. We have, of course, selected only a few examples. It was not our intention to give a full list. There are other areas which experience has shown to be relevant in this connection. But if we give some thought, before the coming summer holidays — which have in fact already begun in many European countries — to how the principle of the free movement of persons and services within the Community actually works out in practice for many of our fellow-citizens travelling to their holiday resorts, the picture is a sorry one. It becomes evident from such an assessment how much time and money the citizen must spend to overcome obstacles to the international movement of persons and goods, which according to the Treaties should long since have been removed.

Now these obstacles vary from country to country and are motivated in each one by a particularist, xenophobic concern for public order. When, for example, a citizen of another Community country has to buy and register a new car in the Federal Republic of Germany, he is obliged, unlike German citizens, to produce his residence and work permits and an attestation of residence from the police authorities of his country of origin. Weeks before many Community citizens can embark on a journey they are required, in the Netherlands, for example, to pay heavy fees for the issue or extension of their passports, without which they cannot cross EEC internal frontiers. When a French citizen wants to travel to Germany in his own car he needs a visa, for which he must pay 10 German marks. Anyone flying to France or Italy must fill in landing-cards and customs declarations, allegedly for reason of public security and order. I am inclined to wonder whether public order in this area could not be safeguarded more suitably and more effectively without such harassment.

Anyone travelling to the United Kingdom must decide whether he is travelling on business or for

Seefeld

private purposes — or for both — and name all the people he intends to visit. Passengers merely in transit through London Airport have to fill in landing-cards. In that airport and in most others, passports are stamped.

But let us move a little further south. People using the restaurant car between Germany and Belgium will discover that the bar is sealed at the border.

These are all examples of frontier formalities which must, to say the least, appear strange to us all. The citizen suddenly encounters difficulties on entering another member country which could in fact have been eliminated by our Member States long ago.

I have before me, Mr President, an international travel handbook, compiled in France, from which it emerges that in five Community countries there are five different sets of regulations on the stopping and parking of motor vehicles, and if one is not very careful one can be fined very heavily. The same applies to maximum speeds in road traffic.

Anyone involved in a road accident, though not personally at fault, in Italy for example, must expect to wait from 3 to 6 months for compensation. I have known cases in which Italian insurance companies have tried to elude their liability altogether.

Since the introduction of the cash-deposit regulation, travelling to Italy has even become a legal risk for many Community citizens. Mr Haferkamp recently referred to this. When you enter Italy by car, you are given a form for the declaration of currency; but you may find that you can obtain no explanation as to the meaning and content of the declaration, since no accessible authority is competent to give one. Indeed, drivers are occasionally waved through by frontier officials anxious to speed up the flow of traffic. But, if on leaving the country, you are unable to produce the currency declaration, you may have all your currency withdrawn, or even be imprisoned.

The significance of these matters becomes more apparent, ladies and gentlemen, when one considers that the internal Community frontier of the Federal Republic of Germany alone is crossed 435 million times a year by Community citizens.

Purely administrative measures promoting freedom of movement are not enough; the capacity of the road network in the frontier areas must also be extended. During the current heat-wave, traffic has already come to a standstill for 3 or 4 hours at the German-Danish and the Italian borders, with queues sometimes stretching for miles inland.

This, too, is part and parcel of the freedom of movement as today's European citizen understands it. The principle of the free movement of persons and services concerns not only business but — if I may remind you — has been extended since Directive 64/221 of 25 February 1964 to all forms of travel. It is therefore a fundamental principle of our Community, especially as it directly affects the citizens.

Ladies and gentlemen, the European Community, which is an experiment in the supranational organization of States, can in the end withstand the test of public opinion only if headway is made with integration and if its effects can be felt by the individual. This applies particularly to tourist travel through the various Member States. What point is there in promising the citizen complete freedom of movement within the Community when he is delayed for hours for unnecessary passport and customs checks when travelling on holiday or on business? When he sees to what degree and at what expense frontier checkpoints even within the Community have been established or extend in recent years, how can he be made to believe that we are trying to move forward and that what is known as integration has some purpose?

Mr President, ladies and gentlemen, I have the impression that in a few days' time, when the Heads of State or Government, as we hope, take a final decision on direct elections to the European Parliament by universal suffrage, many citizens will be asking themselves: what has the Community got to offer and what concrete results has it achieved? In this context the existence of long car queues will inevitably be bad propaganda for a united Europe and will be taken as irritating signs of bureaucratic pettiness. What is the citizen to make of the behaviour of the States? It cannot seriously be justified either from the point of view of crime prevention or by the need to tone down the effects of unduly disparate economic structures or fiscal systems in neighbouring regions.

Finally, I should like to air one or two questions which the Commission will perhaps be able to answer. What is the point of stamping passports, for example, when it is possible to travel in and out of a country with a mere identity card, which, of course, cannot be stamped since it contains no pages for that purpose?

What is the point of filling in landing-cards? What guarantees are there that the tourist is better protected by package tours, and what is being done to afford holiday-makers who travel by car better protection in the event of accidents in the country visited? Such questions abound.

There are a great many questions to which our citizens are expecting answers during this holiday period. Perhaps the Commissioner will be able to shed a little light today. That would indeed be in the interests of all those going on holiday at the present time, to whom I am sure we all wish *bon voyage*.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I thank Mr Seefeld for introducing what is a most timely debate which is of intense, general public

Thomson

interest. Mr Seefeld drew attention to the fact that on Monday there will be the summit meeting of the heads of government of the Member States of the Community in Brussels, the European Council meeting. One of the things that is going to be discussed there no doubt is the Tindemans report. I sometimes think that one of the rather overlooked chapters of the Tindemans report is that where he called for the creation of a 'citizens' Europe'. A great deal more emphasis needs to be given in all our Community activities to policies that are relevant to the ordinary citizen. Having got them, we should then try to present them in a way that is comprehensible to the ordinary citizen.

The vast majority of the people of Europe, those who are not fortunate or unfortunate enough to be Members of the European Parliament and those who are not engaged in inter-State business — that is, 95 % of the people of the Community — are citizens of Europe for the two or three weeks in which they take their annual holiday. Mr Seefeld is absolutely right when he says that they judge the reality of the European Community by the kind of experiences that he has listed and which are contained in the question that is here. I do not know whether the city I now live in — Brussels — considers itself a great tourist centre, but certainly perhaps the least fortunate introduction to Community Europe one can have is the queue at Brussels airport when one arrives.

(Applause from certain quarters on the left.)

If the national authorities of Belgium wish to make one single, concrete contribution to a better sense of Community Europe, the removal of that queue would be exactly what is required. I was interested in what Mr Seefeld said about passports and identity cards. When I arrive at Brussels airport and present my splendid British passport there, I am held up for some time while a very careful examination is made, no doubt perfectly legitimately, to ensure that I am not a dangerous international character who ought to be stopped. Nowadays, I simply show them my Belgian identity card and go through like that. This whole business of control is riddled with anomalies.

Nevertheless, the Commission attaches great importance to breaking down these various obstacles.

I turn now to the various questions that are on the order paper. I shall begin with one word of caution. I have found that, in matters for which I have a particular responsibility in the Commission, that is, trying to promote cross-border cooperation on the internal frontiers of the Community, things are never as simple as they seem. The problem of the queue of cars, for instance, to which Mr Seefeld draws attention and which is intensely irritating, is, of course, the tip of a very large iceberg involving matters that go far beyond questions of facilitating the individual's holiday. I would mention simply one aspect as an example. So long as the Community consists of nine Member States with nine separate currencies, and so

long as the exchange rates are fluctuating the way they are at the moment, currency smuggling is of course an immensely profitable business and it is, I think, impossible not to have some sort of system of checks at the internal frontiers of the Community in order to control this particular problem, but of course this can be done in various ways. It can be done by spot checks backed, no doubt, by an adequate intelligence system, for instance; I mention it simply as an example of the kind of practical problem that does in fact exist. The work that is going on now to abolish internal controls and help freedom of movement is concentrated at the moment on the creation of a European passport union. Work on that is proceeding inside the Council. I think I could say, both from my experience as a Commissioner and also from my experience in the past as a national minister in the foreign affairs field, that there is no greater, more powerful, more historic trade union with a strong resistance to change than the great trade union of immigration and customs officials. In each country their roots go deep into the national administrations, and there is a great deal of work to be done to produce progress in this field.

I turn to the second part of the question, about the organization of travel agents and the provision of tourist services to the individual. This is, of course, primarily a matter for the national authorities, but there is one proposal from the Commission with the Council at the moment, on the freedom of establishment and freedom to provide services by travel agents. If this is adopted, it should have the effect of increasing competition in the travel industry, eliminating inefficient and unreliable travel firms and, I would hope, bringing about a general raising of business and service standards.

I am asked thirdly what examples can be given of directives and regulations that are relevant to improving the position for the Community tourist, and I simply refer the House to the following examples: there is the directive abolishing the need to present the Green Card at Community internal frontiers, adopted four years ago in 1972; there are directives giving greater freedom of establishment and freedom of movement in regard to setting up hotels and related services, and there are two directives increasing the amount of duty-free goods which travellers within the Community may carry freely across internal frontiers; there are three directives to enable coach-tours to travel through the Community as easily as they travel within each Member State. But, Mr President, the very fact that these directives exist and that the problems persist — we have raised in this House in recent months some of the difficulties of coach-tours with regard to internal regulations — show how much vigilance is needed by this Parliament and how much further effort is required to ensure that these directives are fulfilled and enacted in a way that really contributes to improving the situation.

Thomson

I am asked what further proposals are still on the way. There are Commission proposals before the Council, including the one about freedom of establishment for travel agencies I have already mentioned; there is also a proposal to exempt from tax certain means of transport such as trailers and caravans imported temporarily by citizens of other Member States for private use.

I turn finally to the fifth part of Mr Fellermaier's question — the role of tourism in the Community economy. It certainly is extremely important with regard to the development of Community regional policy for example. The latest figure I have been able to find is for 1972, when tourist spending accounted for 3.5 % of the Community's GNP. I think it is rather striking that, although it is an important sector of the Community industry, in fact not a great deal of progress has been made in creating a Community tourist industrial framework and it is, I think, puzzling that this should be so. One of the factors is that, as I said earlier, these matters are nearly always more complicated than they appear on the surface, and perhaps some of the initiatives that have been taken have failed because they underestimated the complexity of the problem. In any case, I hope Mr Seefeld will be glad to hear that, at the beginning of this year, the Commission started to reconsider this matter by reconvening meetings of an interservice group on tourism. One aim of this group is to identify which activities of the Commission are directly or indirectly linked with tourism and how these can be improved. Another aim of this group is to analyse systematically national tourist policies of the member countries, in order to identify the common problems and to establish an order of priority amongst these problems. This effort will allow full account to be taken of the needs of the European tourist for complete protection against exploitation by bad business practices. I think Mr Seefeld is absolutely right in what he said in his speech: what he and we are seeking is to make as sure as possible that the citizen of the Community is not submitted to unnecessary controls at internal Community frontiers and that when he goes on holiday he gets the best value for his money in all parts of the Community in the widest sense possible. A great British foreign secretary, Ernest Bevin, once defined the aim of foreign policy, as he saw it, as the ability in those days to go down to Victoria Station without a passport and buy a railway ticket to where the hell he liked. Well, the world has moved back a bit since the days of such high aspirations, but I would have thought that the European Community does have the chance, because it is a Community, to make it at least possible for citizens of the Community to get into their car, or to go a railway station, or to go to an air terminal, with only their normal local means of identification in their pocket

and to buy a ticket and go where the hell they liked within the Community, exactly as they do at the moment inside their own country.

(Applause)

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

Mr Shaw. — Mr President, I congratulate Mr Seefeld on bringing up this question once again and, as always, we congratulate Commissioner Thomson on the way he has replied. I am bound to tell Mr Seefeld that I changed my attitude to his question very considerably when I arrived this morning and looked at the revised version, which shows, as Commissioner Thomson says, that things are never as quite as simple as they may appear. Nonetheless, just because there are difficulties, that does not mean that we should not look at the problem, which relates directly to one of the main purposes of the Community: getting closer and closer together.

I therefore think it right that each year we should raise this question to see whether we can take further steps towards making freer movement of people within our Community possible and whether certain of the regulations and impositions that are placed upon us, which may have been very relevant in the past, may in fact, on further enquiry, prove no longer necessary.

However, let us see why the question was altered. There is one very real difficulty that has not yet been solved, and that is the danger of rabies. Clearly the question of removing that specific item so far as our country is concerned, is really important. We must continue to have this control. As late as the 1920's rabies was still a dangerous disease in the United Kingdom, but we have managed to eradicate it and we must continue to do everything we can — and we are fortunate in having the Channel there to help us in this matter — to see that this disease does not return to our country. And so there is still a very good reason why that sort of regulation continues.

But there are other matters that we have to bear in mind too. We have the matter of immigration — a problem which is, in a very real sense, alive and real to us in the United Kingdom, and we have, too, the problem — and this I think, affects all countries — of public security, mentioned in the question. Nevertheless, these are real problems which mean that we have in certain directions to move slowly. Nevertheless, there are certain valid points that Mr Seefeld has mentioned — why the passport is not stamped if we come in by air, but is stamped if we come in by train and boat, why we sometimes have boarding passes, and why at other times we do not. Sometimes, we have boarding passes and are never asked to give them up. This does seem to be a rather curious situation.

Shaw

In view of these anomalies, we agree that it was right and proper that this question should be raised again, but I think it would be irresponsible of us if we hadn't at the same time realized that there are genuine difficulties.

Finally, may I say, Mr President, that tourism — and this is what we must remember — is probably the most important single factor in bringing home to people a knowledge and an understanding of the Community; we must therefore seek to do everything we can to leave in the minds of people who go into parts of our Community a happy and lasting memory of their visit.

(Applause)

President. — I call Mr Mitchell.

Mr Mitchell. — Mr President, I would also like to congratulate Mr Seefeld on bringing forward this matter at this time. I think that we should get rid of many of the irritating restrictions that we find when crossing borders. I do, however, want to emphasize one point, which perhaps is only a British point, the question of security.

Unfortunately, we live in a world where terrorism is rife and the use of violence is increasing. Recently, in my constituency, 400 lbs of gelnite was found at the bottom of a block of flats, which, had it gone up, would have destroyed the whole block of flats and killed hundreds of people. Every time I make a speech in the House of Commons on Northern Ireland, by the time I get home at night my wife has had a least one phone-call threatening to kill me. This happens with monotonous regularity, and many British MP's have now got into the habit, before we take our cars out, of crawling underneath to see if there is anything there. This has now become a habit which I hope most of us now do, although I am afraid some do not.

We recently had the pub bombings in Dublin, only a week or so ago, so it is essential, particularly on certain borders between the North and the Republic of Ireland, that we have the strictest scrutiny of cars and individuals and all the rest. And I think the same applies at London airport; I know that it is an irritant when you have to have your bags searched, or when you have to go through a little machine that squeaks if you've got something metal — it always does for my spectacle case, for some unknown reason!

However, these are minor irritants. I think that where we are faced with terrorism, we have to put up with some of these minor irritants, because it is important to try and prevent many of the unfortunate happenings that have taken place over the last 2 or 3 years. Having said that, I think generally we would welcome the resolution; if we can do anything to aid tourists, to spare them all the various irritants that are unnecessary, then we would do so. I am very pleased also, of

course, at the deletion of the reference to the quarantine of animals, because that again would have been a very difficult one for us. So, with those few words, I welcome the question while confirming the reservations which are contained in item 1, on public security and public health.

(Applause)

President. — The debate is closed.

7. Directive on the labelling and presentation of foodstuffs

President. — The next item is the report (Doc. 211/76) by Mr Walkhoff, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission to the Council for a directive on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer.

I call Mr Walkhoff.

Mr. Walkhoff, rapporteur. — *(D)* Mr President, ladies and gentlemen, this proposal for a directive constitutes an attempt to meet a long-felt need in the area of consumer protection for comprehensive harmonization and I thank the Commission for its work. The subject of the directive is the labelling and presentation of foodstuffs for sale to the ultimate consumer. The provisions it contains are intended to prevent the consumer from being misled by the claims often made for the foodstuff on packaging and, secondly, to make obligatory certain particulars of importance for the consumer.

These particulars, which must appear on the labelling, concern the name under which the product is sold, the list of ingredients, the net quantity, the date of minimum durability, any special storage conditions or conditions of use, the name or business name and address of the manufacturer, packer or seller and the place of origin of the product and instructions for its use.

In addition, the directive lays down that these particulars shall be printed in clearly legible characters on the packaging.

In a nutshell, the Commission's proposals constitute a compromise aimed at meeting the interests of both consumers and industry and the trade. Your rapporteur has drawn up several proposals which are intended to ensure that more account is taken of the needs of the consumer than is the case in the Commission proposal. A number of these proposals were rejected by the Committee on the Environment, Public Health and Consumer Protection, which thereby acted somewhat in defiance of tendencies which had prevailed within it in past years. Others

Walkhoff

were approved by a majority and I shall confine myself to the latter, since they have taken root in the motion for a resolution. We feel that corresponding labelling regulations are also necessary for semi-finished foodstuffs and urge the Commission to draw up a relevant proposal for a directive.

But a further step should be taken as regards the sale of foodstuffs to the ultimate consumer by treating unpacked foodstuffs in exactly the same way as packed foodstuffs with regard to labelling. Why should it not be possible, for example, to affix a label containing particulars relevant to the consumer to containers from which loose ice cream is sold? To take another example, why should it not be possible for the baker to inform the purchaser of the ingredients of unwrapped bread by means of a label on the bread counter? The committee also regards as inadequate the list of terms given in Article 2 of the proposal for a Directive which constitute advertising and the use of which should be prohibited or restricted.

We are of the opinion that this list can only include examples of advertising and cannot claim to be complete. Otherwise everything, and I mean everything, not contained in this list would be permitted.

The Council should also be requested to adopt this list before the directive is implemented and to consult Parliament beforehand on the relevant proposals. The time-limit for implementing the directive should be reduced by one year. If one places the interests of consumers on one side of the scale and the interests of industry and the trade on the other, this demand is reasonable and still leaves the producer and seller sufficient time to make the necessary adjustments.

A problem of particular importance in the view of the Committee on the Environment, Public Health and Consumer Protection is the question of controls. These controls, without which a directive of this kind would be totally ineffectual, would seem possible to us only if products are distinctly marked to show whether they are for consumption in the Community or third countries.

I would add that the committee feels that the interests of the consumer will be safeguarded only if Parliament adopts the motion for a resolution and the amendments tabled by the committee.

I should like to mention two final points which were overlooked during the discussion in committee. The date of manufacture, as well as the date of minimum durability is, I feel, also of interest to the consumer since this gives, him an indication as to the freshness of the products. Finally, the committee did not consider or discuss the fact that certain foods can be kept indefinitely or almost indefinitely. I am thinking for example of certain alcoholic beverages.

I have adopted two suggestions from consumer associations and the food trade respectively which did not

reach me until the committee had taken its decision. I would ask the Commission to take these two suggestions into consideration.

(Applause)

President. — I call Miss Boothroyd to speak on behalf of the Socialist Group.

Miss Boothroyd. — Looking around this Assembly, it seems to me that most of us here are at an age when we remember the time when the label on the packet was that of the manufacturer who actually made the product. It was a household name and, more than that, it was a brand name and in itself it was sufficient information to tell us exactly what was inside that packet. But that is not so, I think, any more. You know the name Cadbury is associated in all our minds with chocolate; Typhoo, wherever you live in the Community, means tea. Yet only a couple of years ago these two names got together and they put onto the market a packet soup under the brand name Cadbury-Typhoo. Now there is no reason why these two names should not be associated with things other than chocolate and tea, but it cannot be said that printing Cadbury-Typhoo on a packet of soup is the best way of informing the consumer what is inside that packet.

Therefore, on behalf of the Socialist Group, I warmly welcome the interest that has been shown by the Commission in this work of labelling for the consumer, and congratulate the rapporteur on the work he has done. It seems to me that the proposal has two main objects, of which one is standardize the provisions with regard to labelling. Some obstacles to trade which at present exist because of the differing laws within Member States may well be overcome. I have little say about trade other than to express enthusiasm at the thought of the corner shops in the Coronation Streets of Britain selling flageolet beans and, in return, seeing the march of the great British cornflake across continental Europe. But, to be more serious, the really important element in this proposal is the interest of the consumer, in that it requires foods to be adequately labelled, thereby providing extensive information as to the nature and the substance of that food, and, what is more important, the date by which that product should be consumed.

The detailed provisions have been described by Mr Walkhoff and they are set out in his excellent report, but there are a couple of detailed points which I should like to make. Article 9 relates to the date up to which the food remains edible; here there is a very sensible amendment in the name of Kellett-Bowman which asks that the food be used by a certain date. I would ask, Mrs Kellett-Bowman not to press that amendment, because I believe a request has been made to use a better English expression. The language used is not precise enough, and I believe this has

Boothroyd

already been accepted. The best words to use are 'best consumed by'. The article as it is says 'will keep until' such and such a date, which to my mind is just an indication to the analyst that he will find very interesting specimens to put under his microscope after that date. But the words 'best consumed by' are a precise warning to a consumer that, unless he heeds that warning, it is his doctor who may well be putting those specimens under the microscope. Therefore this is a question of translation rather than actual wording and I hope that Mrs Kellett-Bowman will not press this particular amendment.

So far as the Socialist Group is concerned, Article 13 is particularly important. It concerns the language in which the label needs to be written and, as it stands, it does not meet consumer needs. We are supporting, and hope the House will support, the amendments which call for an insertion in the language of the country of destination. It is one thing to provide easy access for the consumer to information, but in order that information to be understood it has to contain three essential ingredients. One is that the information should be legible; and this, I believe, is spelled out in Article 10. The second ingredient is that the information should be essential and basic. This is covered by Article 3. The third point is that this information has to be comprehensible, and there is no article which specifically requires this. For the vast majority of people within the Community their national tongue for some time will only be that of their country of origin, and they do not find it easy to use another tongue: therefore we seek consistency in wishing for information to be comprehensible. There is a minor amendment on this which must come in paragraph 7, but I shall delay the House no longer, Mr President; on behalf of the Socialist Group I ask Members to support these amendments and the whole of the document and commend it to Parliament.

(Applause)

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

Mr De Keersmaeker. — *(NL)* Mr President, honourable Members, I should like on behalf of my group, and more particularly on behalf of my colleague, Mr Martens, to make a few comments on this report. May I first of all wish Mr Walkhoff every success with his efforts. The report has been very thoroughly drafted. It is difficult however, to make a coherent set of specific proposals on this complex subject. In principle, we fully support the Commission's proposal. The consumer must be protected by guarantees of more information and better quality of food products. But we should bear in mind that 'le mieux est souvent

'l'ennemi du bien' and beware of trying to do too much here. We feel that the directive must be applied with all possible flexibility. The rapporteur considers that the basis of the directive is to be found in Article 3 which stipulates that various particulars concerning quality, contents, durability and so on must appear on the labelling of foodstuffs. I should like to make a few comments on this.

We must be careful not to defeat the whole purpose of the information by cramming the labels with too much data. If too many particulars have to be included, possibly in more than one language, the labels will be made unreadable. The most important item required on the labelling is the name under which the product is being sold. That is obviously necessary. If we are concerned more with quality, however, the generic name of the product is even more important. Many products, especially foodstuffs like bread and wine — and in the case of wine, certain specific varieties such as champagne — as well as butter and beer, are already subject to regulations which, in some cases at least, provide substantial safeguards.

I should like to say a few words on the need to specify the ingredients. We must be quite sure we know what we mean by ingredients. Do we mean what is actually used in production or what we expect to find in the product we consume? We should realize that in many cases the ingredients actually used are simply not to be found as such in many products we may wish to buy and consume. This applies especially to wine and beer, which are made from substances that no longer exist as such in the finished product. The main ingredients of beer, for example, are water, barley, hops and yeast. But the beer we consume does not contain any of these substances as such. We should therefore be quite clear what this information means. The net weight of the contents has also to be indicated. But in my view much more attention should be paid to standard amounts. There is considerable confusion on this point. I can speak from a certain experience of the beer trade, where all kinds of packaging systems are being used in the different countries of the Community. Quantities also vary from one country to another. This can be very confusing. When we order a glass of beer we get a fifth of a litre in one country and a quarter or a third of a litre in another.

I believe it is absolutely essential to introduce standardization. There must be greater safeguards, not so much with regard to the quality of a product as to its price, if there are to be arrangements concerning contents that are to apply to the whole Community. This could also help to simplify the specification of the net contents.

De Keersmaecker

As regards minor ingredients, we shall have to rely on vertical regulations for precisely-defined areas and precisely-defined foodstuffs. A statement to the effect that they conform to the relevant EEC directive should be sufficient. A special regulation must be worked out for each sector, because the position varies so much from sector to sector and from product to product that a general regulation stipulating that all the ingredients must be listed would be unworkable in most cases. That the name of the manufacturer should be given goes without saying; but the name and address of manufacturers and packers established in the Community cannot be given in all the languages of the Community. That would mean cramming far too much onto the labels.

I now turn to the requirement that minimum durability must be indicated. Article 3 (4) refers to minimum durability. The requirements for fresh products and durables are totally different. I believe it would be impossible to indicate the minimum durability for fresh products. Much depends on the methods of preservation used in shops and stores. There are various preserving techniques for durable foodstuffs. No general rule can be laid down. There are three main preserving techniques — namely, heating (in the form of pasteurization or sterilization), drying and cooling, which can be applied to varying degrees. In theory, products can be preserved for an indefinite time by drying and deep freezing, but this is not true of pasteurized products, which only keep for a limited time. Sterilization can also ensure unlimited preservation in theory. The important thing will be to ensure that the regulations are compatible with the particular technique employed.

There is no scientific method to enable us to determine an objective standard for the term 'minimum durability' in the case of beer. Beer can keep indefinitely. There is no danger of deterioration, because no pathogenic bacteria can grow in beer. In fact, certain types of beer improve with age. Article 9 refers to the minimum time for which the product keeps the properties the customer expects it to have. With some beers, there may be changes in taste as a result of secondary fermentation in the bottle, and the same also applies to wine. The difference in taste may give the impression that the beer has deteriorated, since it is totally different from the product marketed in the first few weeks after production.

I believe that we must therefore implement the regulation with great flexibility, for otherwise certain sectors will find themselves in great difficulties. In conclusion, I would therefore say that it will be absolutely essential to apply the provision contained in the first paragraph of Article 4, which stipulates that specific arrangements may be laid down for certain sectors providing derogations from the requirements of

Article 3 (2), (3) and (4). This would make it possible to apply the regulation flexibly.

(Applause)

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

Mrs Kellett-Bowman. — Mr President, while welcoming Mr Walkhoff's report on this very important directive, I do find it regrettable that this should have been discussed on a Friday morning; it is, as usual, a very thinly-attended debate. I find that far too many consumer matters of considerable importance are postponed until the end of the part-session, and I think this is a tendency at which the Bureau should look very carefully. I also regret that Mr Walkhoff's report, through no fault of his own, was only available to Members yesterday afternoon, when, quite obviously, we need rather more time than that to study it.

The directive is designed to serve the best interests of that rather curious European animal, the ultimate consumer. It tries to strike a balance between overloading the consumer with information and telling him what he really must know. Now this is a very difficult balance to strike, as Mr De Keersmaecker observed in his remarks, because few of us study food labels with any great care, so the information needs very simply to be comprehensible.

I particularly welcome the provision of Article 6 that the ingredients of any food should be listed in order of weight and that water should be listed in the order of weight in the finished product. Time after time, years ago, I used to shake a tin of peaches or something else to try and find out what the proportions were. Now at last I shall know. I imagine that many of us have felt for many years that this should be done. But I can see difficulties in Article 10 (3), where Mr Walkhoff is suggesting that there should be no minimum size for the package surfaces on which information should be placed in type of the required size. I feel that he may be asking the food trade to do the impossible, but this is one of those things where time will tell. I can also foresee considerable difficulties in ascertaining the information on residual pesticides for which he asks in paragraph 6 and which he seeks to achieve by amending Article 6.

I can foresee one difficulty in particular in the whole question of the listing of ingredients. We in the United Kingdom, as some Members may be aware, produce Scotch whisky, the ingredients of which have never been listed on the label and indeed are regarded as very much a trade secret. I would like to ask the Commissioner whether this directive will mean that Scotch whisky manufacturers will have to list ingredients and whether he has received any representations from the manufacturers on this?

Kellett-Bowman

I turn now to Article 9, which deals with date stamping. The formula which the Commission has adopted specifies minimum durability with the phrase, in English, 'will keep until' followed by the date. In the United Kingdom we have at the moment a system where food in some cases is stamped 'sell by'. Now this does not give much guidance to the consumer as to when he should eat it by. However, I am not satisfied that 'will keep until', though an improvement, is absolutely ideal either. The best words for the consumer to see on a packet is 'use by' or 'use before'. It may, for example, be the case that the consumer will buy a tin or a packet with the words 'will keep until' on it and will then think that this refers to the unopened packet or tin but not to the actual use. Now this may constitute quite a considerable health hazard. I therefore propose an amendment to the Commission's Article 9 that the phrase to be used on date stamps should be 'use before' followed by the date.

I do not entirely agree that the words 'best consumed by' would adequately protect the consumer. It is, in my opinion, too weak. I would, however, if the Commission thought fit, be prepared to accept an oral amendment such as 'must be consumed by', and I do hope that the Parliament will support me in this in the interests of the health of European consumers. There are still far too many cases of food-poisoning, as the absence of 5 Members at a recent plenary part-session of this Parliament will testify, and I think that this particular form of words would be preferable.

(Applause)

President. — I call Mrs Ewing.

Mrs Ewing. — Mr President, may I add a bit more to what Mrs Kellett-Bowman said on the question of Scotch whisky? I have a constituency interest which I must disclose. I have over 30 distilleries in my constituency, which is bounded by what is normally called the golden Spey, because on that river are situated the great majority of the distilleries that make this item, which is the second biggest export of Britain. It is literally the goose that lays the golden egg for the treasury of the United Kingdom. It applies itself with 270 blends to 190 overseas markets, and I think that no citizen of the EEC would really need to have on a bottle of Scotch whisky directions as to use.

(Laughter)

I would like to ask three brief questions. First of all, would there not be agreement that the previous draft's prohibition of deceptive matters and the recognition that brand names and trade-marks in themselves can be deceptive is better than the wording in the present draft?

Second question: will the whisky industry still be allowed to use words such as 'well matured' and 'specially selected', because in the case of the Scotch

whisky industry these can be justified, and could a word be said about duty-free areas and the diplomatic trade?

But I really rise to support the point that Mrs Kellett-Bowman made briefly on the question whether Scotch whisky cannot have exceptional treatment in the matter of list of ingredients and in the matter of minimum durability. The strange thing about Scotch whisky is that once it is sealed it gets better and better. There is a certain public house in Tobermory, on the Island of Mull, where there are two bottles of whisky over 100 years old which the owner says he does not intend to open until the Spanish galleon which was sunk in the defeat of the Spanish Armada is recovered from Tobermory Bay. The expectation is that when he finally opens these bottles they will be even better than they were 100 years ago. So there is really no point in saying 'best consumed by', although it might be tempting to me, with a constituency interest, if there was a phrase on the bottle 'drink up as quickly as possible' because that would help the industry along. But to be serious, there is really no point in raising the question of minimum durability in regard to this product.

Second, in regard to the date of manufacture: this is literally impossible to achieve, because most of the whisky is blended and it is blended from a variety of whiskies of which the only requirement is that they must be at least 3 years old. But the whiskies blended, sometimes as many as 100, may be of varying ages, so that the date of manufacture, if it could be established, would actually be misleading in itself.

Third, the question of ingredients: Scotch whisky has a unique position because there is no other product in the whole of the EEC, and perhaps no other product in the world, which is so closely supervised at every stage by the government. If you have visited a distillery — and I hope you will all come to my constituency and let me take you round one — you will find there an office, and in that office you will find a man called the Excise man who watches very carefully every stage in the development of this excellent beverage.

It would also be extremely onerous if ingredients were to be listed for the reason that there are so many ingredients that it would be impossible, or at least very costly, to list them — and the cost, of course, would be passed on to the consumer. The consumer is already finding that the cost is excessive and there has been a recession due to a fall in consumption. Such a recession affects areas of depopulation, because the distilleries are on the whole situated in remote places where the village economy depends on the existence of the male jobs provided by the distillery.

The other point that a man who is responsible for the blending in a distillery guards the secrets of the blends he uses with his life. This is a matter of great

Ewing

skill. I remember visiting one of my distilleries, one of the very few privately owned ones, and asking the owner whether if he had 10 glasses of whisky — all different kinds — he could tell his own whisky. And the answer he gave me was: 'Does a mother know her own children?' (*Laughter*) Now the question is very serious, because people pour into distilleries, which love to be visited, and open their doors to any one who wishes to visit them. Excellent people from Japan, who are experts in the art of imitating technical skills, as is known, have not yet managed to produce Scotch whisky yet. Not even the Irish have managed to produce it, though I am sure a lot of my remarks would equally apply to the secrets that they guard closely about their whiskey. (*Laughter*) Why, then, should these secrets be passed on to every one when the whole skill is in the blending?

In the course of distillation and fermentation the ingredients go through a chemical change, so that to try and list the ingredients would, once again, produce a misleading result.

My last point, Mr President, is the question of the labelling in English. English is good enough for Scotch whisky, if that does not sound too strange a remark coming from a Scottish Nationalist. We all would be quite content with the labelling in English. And I would suggest that we have a precedent here in a regulation — the EEC wine-labelling Regulation No 2133/74 of 8 August 1974, Article 3 (6) — saying that information may be given in one of the official languages. Now I suggest that in this case it is necessary to confine oneself to one language, because if you add other languages you are letting yourselves in for what the Scotch whisky industry has had to do all over the world — namely, litigation to protect its unique quality so that when you do consume it you know exactly that you are getting this particular product of great quality.

Finally, I would like to ask: how many people who consume whisky see the bottle? To a great extent it is consumed at social events and in clubs and pubs and bars. I wonder really how many go and study the bottle. But what you do want to see there on the bottle is that label that says 'Scotch whisky'. You do not want to see a whole lot of other extraneous information. In none of the 190 overseas markets is there a requirement to list the ingredients for whisky or other alcoholic beverages. France requires lists for food but exempts alcoholic beverages — Canada similarly. And so I would say that you would actually perhaps be creating tariff problems for the EEC if you were to change the present position.

(*Applause*)

President. — I thank Mrs Ewing for the valuable information she has just given us on the subject of Scotch whisky.

I call Mr Mc Donald to tell us something about Irish whiskey.

(*Amusement*)

Mr McDonald. — Mr President, the main reason why I rise in this debate is to prevent our lady colleagues from getting the name of being the only experts on Irish whiskey or Scotch whisky, and in case anyone should think that either Mrs Ewing or Mrs Kellett-Bowman was addicted to the stuff.

I wish to join in the congratulation to the rapporteur, Mr Walkhoff, on the excellence of this report. It is a timely report, because right across the Community there are so many people who think that this Community is only about subsidizing farmers or guaranteeing agricultural prices under the CAP, and it is nice to see, in a very definite way, that the interests of the consumers are being protected. I must say that I was very interested in the speeches this morning, but the case in favour of the consumers has been very adequately put by so many speakers that I will not delay the House by repeating it. I think that some of my colleagues have had discussions with the rapporteur on the question of a derogation under Article 9 for Irish whiskey, as well as Scotch. I would not go along with Mrs Kellett-Bowman, who wants to have the ingredients marked plainly on the bottle of all whiskies, because I think that this might prompt people to go into manufacture themselves. But I do think that, as Mrs Ewing has so very clearly pointed out, whisky, whether Scotch or Irish — and the Irish people have been at the trade for very many centuries — certainly improves with age. In addition, in my own country the entire process is very closely guarded and is under bond, so that the Revenue Commissioners actually have a dual lock and key for each and every tank or vat of spirits, so that it cannot be offered for sale until it is of a mature age. I would like to tell the Commission that my government will be seeking a derogation for this particular commodity and I hope that it will be favourably received; otherwise we shall just be adding an unnecessary expense to this particular product.

I think it is important that in the packaging of foods, the information should be as concise and as clear as possible. You should aim at informing the housewife with the very lowest IQ, so that no matter who pays, even the smallest sum, for an item of food, they should be able to understand the expiry date, and when it is safe to use a particular can of food.

So, Mr President, I welcome this report and compliment the rapporteur and indeed the Commission on bringing in this regulation. I think it will be of tremendous benefit to housewives across the Community. *Go raibh maith agat.*

(*Applause*)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I begin by thanking the rapporteur, Mr Walkhoff, for the way he has introduced this very important subject and the Committee on the Environment, Public Health and Consumer Protection for the work that they have done. I am inclined to agree with Mrs Kellett-Bowman that it seems a pity that a subject of this interest and importance should come at this particular time in the parliamentary week, because it is certainly one of the most important proposals in the whole series put forward by the Commission to achieve what I would like to call a 'housewives charter' by laying down Community rules to give the housewife in the supermarket the right to know what she is buying and whether it is value for money.

I am advised by my excellent experts here that I ought really to explain to you that this is a directive for horizontal harmonization, but I really blush to tell you that. It rather sounded to me when I heard if that the Commission had started to go into the sex-manual business. (*Laughter*) What it means is that this is a directive which really goes right across the board instead of dealing with individual commodities, and it reinforces a whole series of individual proposals, so-called vertical directives, which are before the Council and which are designed to give the housewife a fair deal. These covered draft directives on dietetic food, on jams, margarine and meat extracts. The Commission intends to put forward further proposals for directives on starches and oils and fats and on food additives. All these, I emphasize, are designed to help the housewife, in the excellent words of Mr Walkhoff's report, 'to assess the nature, quality, quantity and price of the goods offered and to make a rational choice'.

Mr President, the committee and Mr Walkhoff have, in general, welcomed the proposal for a directive as an important contribution towards the implementation of the consumer-protection programme of the Community, and I hope that Parliament as a whole, shares this judgment. The committee, however, proposes quite a number of detailed amendments to the proposal which cannot all, unfortunately, be accepted by the Commission. I think those Members here who attended the committee proceedings will already know this very well from what was said by the representative of the Commission at these meetings, but for the others, I apologize, I must try as briefly as possible to give the reasons why the Commission does not feel able to accept particular amendments.

The first amendment, to item 4 of Article 3, the Commission simply feels is superfluous. The aim that the committee seeks in that amendment is achieved in the existing text. The second amendment, to Article 5 (3), covers really a very narrow point and the Commission thinks the change is unnecessary. I do

not want to go into the details of it, but does the housewife really need to be told, on the label, that flour is a powder? I am sure that neither Mrs Ewing nor Mr McDonald, nor I, need to be told on the label that whisky is a fluid. On Article 6 and the pesticide residues mentioned by Mrs Kellett-Bowman, here again we cannot accept the amendment. For the housewife, what the Commission feels is much more important is that strict norms are established which guarantee that pesticide residues are never present in such quantities that they cause harm. This will help the consumer more than an indication on the label, since, by the nature of this particular problem, the pesticides may be there one day and gone the next. As regards the new paragraph 6 of Article 6, the Commission thinks that this problem is adequately dealt with in the first paragraph of Article 7. The amendments to Article 10 seem to the Commission to demand an unrealistic and unnecessary degree of detail, which the housewife, as Mrs Ewing mentioned in another context, ultimately, of course, pays for. The new text for Article 11, which deals with foodstuffs without prepackaging as proposed by the committee, is also something the Commission does not feel is helpful. There are not many items of this character, in fact, in the modern supermarket and it is, I think, unrealistic to seek to apply standards of package labels to unpackaged food. The Commission proposal, I think is reasonable and realistic in this matter. Concerning Article 15, on the procedures of the Standing Committee on Foodstuffs, we touch here on an old institutional problem and Parliament will not be surprised that here the Commission simply maintains its previous position. The new text proposed for Article 18, paragraph 2, is, in the Commission's view, unnecessary. The Commission text is a standard one used for other directives and has not caused difficulties in the past.

I turn to the amendments that have been tabled this morning and have been mentioned in the debate. The first of them deals with the question of language and I think the difference between the committee and the Commission is very narrow here. The Commission's proposal is for a language easily understood by purchasers and the Commission feels that it is more flexible and more sensible to retain that formula than to insist, as the committee seeks to do, on the language of the country of destination. I give a practical example: in Denmark, consumers accept Norwegian or Swedish or English as a language of communication in the matter of labelling, and the Commission would ask Parliament to accept that as a reasonable proposition. Finally, there is the amendment about the date up to which it is safe for foodstuffs to be used. What is proposed here, as Miss Boothroyd explained and Mrs Kellett-Bowman also, is a new phrase 'best consumed by' such-and-such a date. Mrs Kellett-Bowman offered another alternative and asked whether we would consider that. I have to tell her that

Thomson

the compromise we are offering is something that has been very thoroughly discussed with the British authorities, with manufacturers and consumers, and I think the Commission must insist on sticking to that particular proposition.

I now turn to two amendments which the committee proposes and which we consider an improvement to our own proposal. These are the amendment to Article 2, paragraph 2, and the amendment to Article 10, paragraph 3. If these two amendments are acceptable to Parliament, the Commission will modify its proposals accordingly.

I would now like to say one or two words about some of the points made by the speakers. I do not accept that Miss Boothroyd is old enough to go back to the days when you dealt with these things simply by the brand name reputation. She raised the point of language, which I think I have already covered. I was fascinated by Mr De Keersmaecker's expert knowledge of beer. He raised one problem about harmonizing quantities. I think the difficulty here, and Mr De Keersmaecker, I am sure, knows much more about this than I do, is that the normal quantity of consumption varies amongst beer drinkers between one country and another, and if you are really trying to deal with this problem, you need to harmonize Germans and British, and God forbid that the Commission should ever aspire to such an experiment in harmonization!

With regard to the other matter that he raised, about brand names, that will be dealt with in the so-called vertical directive.

I now turn to the whisky questions raised by a number of honourable Members. First of all, I confirm that the purpose of this directive is to ensure that whisky, along with other beverages — if Mrs Ewing will allow me to call it another beverage — conforms, in the interests of the consumers, to what is the main purpose of all this and that is to tell the consumers the ingredients of what they are buying. I don't myself, as a Scot and a whisky drinker, see anything particularly objectionable about that. Nor do I think, in answer to Mrs Kellett-Bowman and others, that this means that trade secrets are being given away. The magic of Scotch whisky and the equal though different magic of Irish whiskey — I wouldn't, if the Parliament would allow me, carry this to the extent of applying the same to German whisky — do not lie in the ingredients: they lie in the art of their manufacture, and I don't myself see there's a problem there.

Mrs Ewing asked whether some of the traditional methods of labelling, the indication of the degree of maturity and so on, would be affected by this, and I reassure her that they are not in any way affected by the directive.

Mrs Ewing also wondered about the problem of putting a date for consumption, claiming that those famous bottles of whisky in Tobermory are getting

better and better. I personally beg leave to doubt that, and I suspect that she doesn't altogether accept it either, except for the purposes of debate in this House. I think there is a point at which whisky goes over the peak; nevertheless, if it is held that whisky gets better and better as time goes on, then under our directive there need be no date as the terminal date for consumption.

I turn finally to the other points made by the rapporteur, Mr Walkhoff. The Commission is prepared to give the competent committee on an *ad hoc* basis the opinions of the Advisory Committee on Foodstuffs and Consumers' Consultative Committee.

With regard to the directive on semi-finished foodstuffs, the Commission is, of course, thoroughly in favour of getting this directive passed, but it cannot promise this by the end of 1976. This directive requires a lot of preparatory work, since we have to explore new territory here and also because similar directives do not exist in the Member States.

As stated on other occasions, the Commission does not see the need for a distinctive marking of products to show whether they are intended for consumption in the Community or in third countries.

Finally, the deadline asked for in paragraph 9 is too short in the eyes of the Commission and underestimates the impact this directive is going to have.

Mr President, I would like to thank Parliament for being so patient with these rather detailed remarks, which are unavoidable in the light of the amendments tabled and the remarks made by honourable Members in the debate. But I want to thank Mr Walkhoff and the committee again and I hope that Parliament will feel able to approve the proposal of the Commission.

President. — I call Mr Walkhoff.

Mr Walkhoff, rapporteur. — (D) Mr President, I should like to make one or two very brief comments.

Mr de Keersmaecker, if I have understood you correctly, you are afraid that consumers may be disconcerted by the indication of ingredients. But I think we should expect the consumer to be self-aware and responsible and such a consumer may be pleased to read on the label that a particular wine contains sulphuric acid or that Coca Cola contains orthophosphoric acid. Why should we conceal that from him? I think that would be dishonest.

I think I can dispel your doubts as to the need for particulars as to the durability of fruit and vegetables by referring you to Article 4 (1) of the proposal for a directive.

Turning to Mrs Kellett-Bowman, I should like to thank her for referring to the most unfortunate fact that these important consumer matters are always debated on Fridays. Mrs Kellett-Bowman, you pointed out that there could be difficulties in ascertaining

Walkhoff

information on residual pesticides. I share your doubts, both personally and as rapporteur, although I think it is important and interesting for the consumer to know whether such residues are contained in the foodstuffs he buys since he is probably guided in his purchase by the presence or otherwise of such residues. It has, however, been convincingly demonstrated that it is technically extremely difficult to produce evidence permitting relevant particulars to be given.

I should like to comment, if I may, on the amendment tabled by Mrs Kellett-Bowman. I assume from your remark, Mrs Kellett-Bowman, that you want the text improved. But I do not think that the text you propose would bring about the desired improvement. In the German text the term *Mindesthaltbarkeit* (minimum durability) is used. In the committee's view the suitable English phrase was 'best consumed by'. Unfortunately, this was not incorporated in the report owing to an oversight by the translation service. So when we talk of the date of minimum durability there is, at least in most cases, a guarantee that the product will be not only fit for consumption but can actually be enjoyed to the full until the given date. To borrow your phrase, Mrs Kellett-Bowman, products may still be used, though not necessarily enjoyed, until such time as they become toxic. Coffee whose aroma has disappeared may be used but cannot be enjoyed and rancid butter may also be used, perhaps not for sandwiches but in the preparation of roast potatoes. So I would ask you to think this over again and possibly withdraw your amendment.

Mrs Ewing is worried about Scotch whisky. I think that here the right to information of the consumer must be weighed against the need for producers of Scotch whisky to protect their production secrets. For me the consumer's interests weigh heavier in the balance and Mr Thomson has already pointed out that in whisky it is not the ingredients which count — I am myself, alas, no connoisseur of this noble beverage — but the art of its manufacture.

I turn to your second objection that whiskey will obviously keep indefinitely. That is why I already pointed out in my introductory speech that the Commission wanted to make an amendment in this respect so that for products which can be kept indefinitely there will be no requirement to give particulars regarding their durability. That would of course be absurd.

Mrs Ewing, I can also dispel your uncertainty as to whether terms such as 'well-matured' will be prohibited by the directive; only dishonest advertising containing false claims will be prohibited on labels. You then said that products may become dearer if the interests of consumer protection are taken so far. That possibility does exist, but the consumer associations have taken it into account in their calculations. We too should therefore take it into account.

A final comment on linguistic matters. I am in favour of the amendment which has been tabled because it is in the interests of socially weaker groups, which do not possess the relevant linguistic knowledge, for labels to use the language spoken in the country of destination. The majority of Germans, for example, cannot be expected to cope with directions in English or French and the average Englishman would probably take offence at labels written in German which he could not understand.

Finally, I should like to thank Mr Thomson for the sympathetic attitude he has shown towards the rapporteur and the committee on a number of points.

(Applause)

President. — Our progress with regard to the agenda and the time unfortunately obliges me to declare the general debate closed.

We shall now consider the amendments to the proposal for a directive.

On Article 9 (2), I have Amendment No 3, tabled by Mr Kellett-Bowman on behalf of the European Conservative Group, replacing the words 'will keep until ...' by 'use before ...'

Having heard Mr Thomson and the rapporteur, do you maintain your amendment, Mrs Kellett-Bowman?

Mrs Kellett-Bowman. — I am quite prepared to withdraw my amendment in favour of the Commissioner's wording 'best consumed by'.

President. — On this understanding, the amendment is accordingly withdrawn.

On Article 13, second paragraph, I have Amendment No 2, tabled by Mr Walkhoff on behalf of the Socialist Group:

This paragraph to read as follows:

'The Member States shall, however, ensure that the sale of foodstuffs within their territory is prohibited if the particulars provided for in Article 3 and Article 4 (2) do not appear in the national language or languages, although the present provision shall not prevent such particulars from being indicated in various languages'.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

We shall now consider the motion for a resolution.

I put to the vote the preamble and paragraphs 1 to 6.

The preamble and paragraphs 1 to 6 are adopted.

On paragraph 7, I have Amendment No 1, tabled by Mr Walkhoff on behalf of the Socialist Group:

This paragraph to read as follows:

'7. *Once again insists that manufacturers should be required to make the stipulated indications on product packings for the consumer's information at least in the language or languages of the country of destination, so as to avoid serious confusion and misunderstandings.*'

President

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put to the vote paragraphs 8 to 12.

Paragraphs 8 to 12 are adopted.

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

The resolution is adopted.¹

*8. Directive on the provision of
safety information at the work-place*

President. — The next item is the report (Doc. 217/76) by Mr Walkhoff, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission to the Council for a directive on the harmonization of the legal and administrative regulations of the Member States on the provision of safety information at the work-place.

Ladies and gentlemen, it is already past mid-day and our agenda is still fairly full. For this reason, I would draw your attention to a Bureau decision of 1967 according to which the oral presentation of a report distributed within the prescribed time-limit shall, in principle, be dispensed with unless new circumstances require it or some explanation touching the core of the matter is essential.

Does Mr Walkhoff wish to speak?

Mr Walkhoff, rapporteur. — (D) Mr President, I am not sure that we can do without a debate on this report. Quoting the Rules of Procedure you said that the report had to be dealt with by the prescribed deadline. In this case, this has not happened. It was placed on the agenda under the emergency procedure. However, since there is, I think, a consensus between the Committee on the Environment and the Social Affairs Committee, which has also discussed this problem, I am willing to dispense with any further introduction provided that the Commission is also willing to say just a few words on the matter.

The amendment which my report contains is in any case a straightforward one. It is a request which is made in every report by the European Parliament in connection with the standing committee. I do not think that there is any need for me to repeat and explain this again for the Nth time. We could even have a stamp made and printed in every report. You will gather from my remarks that resignation can turn to irony. So I shall not bother to move my amendment because a consensus exists on the matter and the hour is already late.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I think I can help. First of all the Commis-

sion would like to thank Mr Walkhoff. We will pay very close attention indeed to these very positive reports that are now before us. With regard to the amendment, Mr Walkhoff is absolutely right. Parliament has said it wants this many many times and the Commission goes on saying it does not agree with Parliament. We won't go any further than that this morning.

(Laughter)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. Regulation on raw tobacco

President. — The next item is the report (Doc. 207/76) by Miss Flesch, on behalf of the Committee on Development and Cooperation, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 3015/75 of 17 November 1975, opening, allocating and providing for the administration of a Community tariff quota for raw or unmanufactured flue-cured Virginia-type tobacco.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

*10. Regulation on the supply of
skimmed-milk powder to certain developing countries
and international organizations*

President. — The next item is the report (Doc. 208/76) by Mr Broeks, on behalf of the Committee on Development and Cooperation, on

the proposal from the Commission to the Council for a regulation amending the regulation laying down the general rules for the supply of skimmed-milk powder as food aid to certain developing countries and international organizations under the 1976 programme.

I call Mr Broeks.

Mr Broeks, rapporteur. — (NL) Mr President, I can be extremely brief. I did not want to introduce the report, I should simply like to put a question to the Commission.

At present 150 000 tons of milk powder are being sent to the third world countries, but so far the Third World has asked for more than 200 000 tons. This is stated in paragraph 4 of the motion for a resolution. We have been assured by the Commission official responsible that no more than 150 000 tons can be sent to the Third world this year for processing

¹ OJ C 178 of 2. 8. 1976.

¹ OJ C 178 of 2. 8. 1976.

Broeksz

there. I should like to ask Mr Thomson if this is indeed the case. We can then give our complete agreement to the Commission's proposal and we hope that the subsequent 50 000 tons can be sent to the Third World in the first half of next year. We are very pleased that the proposal has been adopted by the Commission and we hope that the milk powder sent to very hot and very dry countries will be vitamin enriched.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I should like to take this opportunity to ask the Commission very briefly how many tons of milk powder have already been shipped under the first programme which we adopted a few weeks ago and what possibilities there are for delivering this powder quickly under the second, supplementary programme. I understand, and this has already been mentioned this week in the House, that in the case of the second programme, the transport costs are not to be met by the Community but by the particular organizations and countries that need the milk powder, who are unable to pay themselves, and that in fact the deliveries of the extra quantities of milk powder are seriously threatened, with next to nothing having been delivered so far under the supplementary programme.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, the Commission thanks Mr Broeksz very warmly as rapporteur for this excellent report. The answer to the points that have been raised is as follows: In March of this year the Council decided to increase the quantity of skimmed-milk powder earmarked for the 1976 food aid programme from 55 000 tons to 200 000 tons. The Commission welcomes it too. However, the Commission considers that 150 000 tons should be financed for the second half of 1976, the remaining 50 000 tons being supplied in 1977. I can therefore answer Mr Broeksz affirmatively that this system will carry on next year. An analysis of the requests and needs indicates that the 150 000 tons will easily be absorbed and, in fact, larger quantities could very probably be delivered next year. I perhaps ought to add that in making these arrangements the Commission is very conscious, as I think Parliament is, of the need to look after the health aspects of this food aid programme; it will do its utmost to ensure that the milk powder is used properly and will implement the necessary measures this entails that is, the adding of vitamins.

With regard to Mr Laban's question on the exact amount that has already been shipped, I regret I do not have these figures here but perhaps we could send them to him by correspondence.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Directive on the limitation of noise emission from sub-sonic aircraft*

President. — The next item is the report (Doc. 199/76) by Mr Willi Müller, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission to the Council for a directive on the limitation of noise emission from sub-sonic aircraft.

I call Mr Flämig, who is deputizing for Mr Müller.

Mr Flämig, deputy rapporteur. — (D) With this directive on the limitation of noise emission from aircraft the Commission is attempting to make a start in the control of aircraft noise. It will doubtless receive the support of those sections of the population who live near airports and are subject to particularly high levels of noise pollution. The same problem arises indiscriminately in all the Community countries, though national legislators have had varying success in combating noise pollution. Judging from those affected, these measures can hardly have been very effective; indeed in various countries we are obliged to note that those responsible have taken no action whatsoever, despite the fact that the International Civil Aviation Organization (ICAO) had submitted recommendations as long ago as 1967 with a view to reducing noise and other forms of pollution by aircraft. The recommendations submitted by the same organization in 1972 for the introduction of certain standards and practices in the area of aircraft noise likewise had no noticeable effect.

With regard to subsonic aircraft and propeller aircraft with a maximum take-off weight of 28 500 kg, the ICAO have established standards which could be introduced without much difficulty and would effectively reduce aircraft noise. With this initiative the Commission is thus selecting at least this relatively limited sector of environmental protection and making it binding on all Community countries.

I shall refrain from making a detailed explanatory statement since one is contained in the report, but I would say in conclusion, Mr President, that the Committee on the Environment, Public Health and Consumer Protection fully supports the Commission's proposal and recommends its adoption by Parliament. The committee hopes, however, that the Commission will submit proposals for directives as soon as possible on the limitation of noise emission from other categories of aircraft, in particular heavy propeller aeroplanes, short-take-off aeroplanes and helicopters, drawing on the results of present ICAO studies.

¹ C 178 of 2. 8. 1976.

Flämig

In addition, the Committee draws the Commission's attention to the need to install noise abatement facilities around airports in conurbations and in the immediate vicinity of residential areas. Of course, should this initial attempt by the Community to combat noise pollution by aircraft be successful, certain interest groups may raise such a hullabaloo that their views will have to be taken into account. However, it would be in the interests of the citizens of our countries for this initial move to succeed. I ask the House to adopt the motion for a resolution.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, I hope that you and the House will grant me just two minutes to make three or four points which I would like to put firstly to the House and secondly to the Commission.

Obviously, one gives a very warm welcome to the Müller report and there is no doubt at all that it is a step in the right direction. But I think it would be quite unrealistic to expect these controls to be fully effective, since many aircraft which cannot be silenced adequately will have a residual economic life of maybe 20 years or more. May I, therefore, suggest to the Commission that it consider seriously and urgently the formulation of additional guidelines to be prepared along three particular lines:

Firstly, on the siting of new airports; secondly, on the planning approval required for development which takes place around existing airports; and thirdly, on the question of sound insulation of houses and premises where people live which are adjacent to existing airports?

I would also like to put a question to the Commission. I seem to recall that two years ago an item was included in the budget for a sum of money to be made available to three aircraft-engine manufacturers. Can the Commission tell the House, either today or on some future occasion, what progress these companies have made in developing, designing and producing less noisy aircraft engines?

My last point is that there can be no doubt at all in the minds of many of us here that this is but the first of a series of steps which ultimately, we hope, will lead to improving the quality of life. But it cannot be successful in isolation from the insulation of affected houses and good town and country planning.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Mr President, I congratulate Mr Flämig on the speech he has just made at such short notice and Mr Müller on an excellent report on a very important subject. It is a pity, I think, that it is dealt with at this stage in the parliamentary week, because it is of wide public interest.

We will, of course, look carefully at the points that Mr Normanton has raised and communicate with him about them. I will therefore confine myself entirely to giving the Commission's view on the amendments proposed.

The rapporteur suggests five amendments. The only one that the Commission can accept is the amendment proposed to Article 11. With regard to Article 10, concerning the voting procedure, I do not think anybody will be surprised that the Commission finds itself unable to accept that procedural proposal — that is an old matter between Parliament and the Commission.

As regards the validity of the individual EEC certificate of noise limitation, the Commission considers that in the absence of appropriate Community structures it is not possible at the present time to do without the procedure of substitution of the certificate when the aircraft is sold. The Commission, therefore, cannot accept the amendment of Article 3.

There is then an amendment to Article 4 of the directive, which would impose the suspension or withdrawal of the EEC certificate of noise limitation when it is discovered that the aircraft is no longer in conformity with the requirements. The Commission cannot accept this modification, because it believes that in a large number of cases a technical adjustment will render the aircraft in conformity again without needing to have recourse to the suspension or withdrawal of the certificate.

Finally, the amendment proposed to Article 6 is, in the Commission's opinion, already covered by Article 5 (1) of the proposal.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. Puerto Rico Summit

President. — The next item is the motion for a resolution tabled by Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, and Sir Peter Kirk, on behalf of the European Conservative Group, on the Puerto Rico Summit Conference (Doc. 227/76).

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, the text of the resolution is perfectly clear. We wish to show our dissatisfaction at the fact that the Community was not represented at Puerto Rico and express our concern that a further meeting is already expected to be called in Tokyo.

The institutionalization of these meetings poses a real threat to the integrity of the Community and we are

¹ OJ C 178 of 2. 8. 1976.

Bertrand

therefore asking the Council to take a decision which will ensure that these unpleasant situations can never arise again. If the European identity is to be strengthened, the Community must speak with one voice on all economic, trading, financial and other related matters that clearly come under the Treaty of Rome. The resolution stresses this point and I would ask the House to adopt it unanimously so that the position taken by this Parliament will be made perfectly clear at the Council meeting on 12 and 13 July.

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

Mr Bangemann — (D) Mr President, I should like to briefly outline the opinion of my group on this motion for a resolution. We support it wholeheartedly. It emerged clearly in Puerto Rico that the Community was not able to suitably articulate the vital issues which concern it directly. It is absolutely true, as Mr Bertrand said, that, at least in the areas covered by the Treaty, the Community must be represented at conferences of this type.

My group would go even further, Mr President. I think it is in the spirit of the European union we are trying to establish that all other subjects should be discussed jointly by the Member States before such conferences and that, if possible, in other matters not related to the subjects under discussion, a common position should be adopted.

Whether a procedure should be adopted by common agreement in advance for all such conferences, or whether each individual case should be dealt with on its merits is in our view of secondary importance. There is much to be said for our agreeing at least on machinery for consultation which would make it possible for opinions to be brought into line with each other before such conferences. Obviously, in view of the range of subjects which are discussed at such conferences, the delegation may change according to the circumstances and need not always consist of the same people.

We fully support the motion for a resolution and believe that Parliament would be advised to make its position known and thereby bring pressure to bear on the Council to ensure that the procedure followed in Puerto Rico will not repeat itself in the future.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Ill-treatment of Vladimir Bukovsky*

President. — The next item is the motion for a resolution tabled by Mr Alfred Bertrand, on behalf of the

Christian-Democratic Group, and Lord Bethell, on behalf of the European Conservative Group, on the ill-treatment of Vladimir Bukovsky (Doc. 228/76).

I call Lord Bethell.

Lord Bethell. — Mr President, I would not normally detain the House at such a time with a resolution of this nature, but in view of the fact that a man's life is in danger I hope that you, Sir, will allow me five minutes.

Mr President, two months ago I addressed this House in defence of Mr Luis Corvalan, a Communist who was imprisoned without trial in Chile, and it is in the same spirit that I am speaking today in defence of Vladimir Bukovsky, who is in prison in the Soviet Union and whose state of health and general conditions of imprisonment make it possible that his life may be in danger. It is our group's view, Mr President, and I hope it is also the view of this House in general — although I cannot swear for the Communist Group, who, as usual in such matters, are conspicuous by their absence — that when human rights are involved, the political opinions of a persecuted man should not be relevant to the issue, and that in the case of non-violent political activities there should be no question of imprisonment and no question of administrative means being brought to bear against that person provided that his activities are non-violent.

Vladimir Bukovsky was sentenced to a long term of imprisonment for revealing the truth about the use of psychiatry to curb the activities of political dissidents in the Soviet Union. Because of the facts that Mr Bukovsky revealed and because of the publicity that was given to several of the cases which he mentioned, a number of victims of these psychiatric abuses were released from Soviet mental hospitals and have managed to come to the West. Mr Bukovsky however, was arrested and it seems likely that he is being made an example of for having caused such embarrassment to his government by revealing these facts. And, indeed, the treatment that is being meted out to him now is such as to cause the disgust of any humane person. He is suffering from a duodenal ulcer; he is suffering from a liver complaint; he is suffering from the effects of a long term in solitary confinement in an unheated cell last winter, the conditions of which have been vividly described by Alexander Solzhenitsyn and other writers. He is on a diet which does not allow him to maintain a decent level of health. His daily calorie intake is in theory 1 200 calories. This in itself is perilously near the danger-level; but on top of this Mr Bukovsky finds that he is unable because of his ulcer complaint to eat the salt fish and pickled cabbage which forms a large part of the diet provided. In spite of the fact that he is by law allowed to correspond with his family, no letters from him have reached his family for more than six months, and in spite of the fact that he is permitted by law two

¹ OJ C 178 of 2. 8. 1976.

Lord Bethell

visits from his family per year, a visit which should take place this month seems unlikely to do so. I have this information Mr President, from a telephone-call which was made to a member of Mr Bukovsky's family through an intermediary yesterday. I consider, Mr President, that this matter is so urgent that it should be quickly reported to the Council and to the Member States and made clear to all men of good will in order to save the life of this brave man.

I would conclude by reminding the House that a few months ago the Soviet Union, like other European States, affixed its signature to the final act of Helsinki, including a paragraph which guaranteed freedom of thought, conscience, religion and belief and respect for human rights and fundamental freedoms. I must say that one cannot but be amazed at the cynicism with which Mr Brezhnev felt himself able to put his signature to such sentiments and to such noble thoughts while at the same time allowing his secret police to carry on treating prisoners in the way Mr Bukovsky is now being treated. I sincerely trust that when this matter is brought to the attention of the Council, which it will be, this particular violation of the Helsinki final act will be noted and will be brought up, as will many others, when the whole question of the Helsinki agreement is reviewed in Belgrade shortly.

(Applause)

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote. The resolution is adopted.¹

14. Respect of democratic freedoms in Argentina

President. — The next item is the motion for a resolution tabled by Mr Berkhouwer, Mr Albers, Mr Boano, Mr Corona, Mr Glinne, Mr Knud Nielsen, Mr Patijn, Mr Schmidt, Mr Schuijt, Mr Seefeld and Mr Stewart on the respect of democratic freedoms and human rights in Argentina (Doc. 229/76).

I call Mr Glinne.

Mr Glinne. — (F) Mr President, an oral question has been tabled during this part-session to the Council and Commission of the European Communities, asking whether they did not feel that it was the duty of the European Community

- to urge the Argentinian authorities to restore forthwith both democratic freedoms and respect for human rights in Argentina;
- to call upon the Member States to instruct their ambassadors to Argentina to continue to shelter political refugees.

We considered that to facilitate the adoption by the European and national executives of the attitude we wish them to adopt, it is necessary for us in this Parliament to express our opinion clearly in the form of a resolution tabled under Rule 14 of the Rules of Procedure.

The situation in Argentina as regards the repression of democratic rights continues to deteriorate. The 'strong-arm' government which took over on 24 March last has dissolved Congress and replaced it with a legislative committee consisting of nine high-ranking officers; it has suspended the activities of political parties, vocational and employers' associations; it has put the trade union confederation in strict tutelage, and imposed rigorous control over the press; it has instituted a system of purges and mass repressions, doubling the strength of the army, appointing military governors for the provinces and decreeing a state of emergency at the slightest provocation. It is estimated that 14 000 people have been arrested since the *coup d'état* while assassinations and 'disappearances' occur by the hundreds.

The excuse offered by the Argentinian authorities is that they are trying to suppress terrorism. This claim would be much more credible if the 'parallel police' gangs were not proliferating, if terrorism was not practised largely by the police themselves in bodies organized to combat Communism in the country.

Under the guise of retaliation liquidations are carried out on a scale which can only qualify them as blind acts of terror; the *International Herald Tribune* published yesterday a revealing piece of news:

On Sunday, three priests and two young seminarians of the Irish Palatine Order were lined up against a wall of their home adjoining the San Patricio church in the rich Belgrano section of Buenos Aires and machine gunned to death. Parishioners described them as totally unpolitical, not even involved with the so-called Third World church movement that has growing influence among many Latin American clerics. Yet, scrawled on a nearby door were the words, 'For our dynamited police comrades'.

The Argentinian government's leniency towards the 'death squad' and other terror groups of the extreme Right make its explanations more than suspect.

It is also claimed in justification that the Argentinian authorities are victim of a sinister international conspiracy orchestrated by the Trotskyist IVth International and that the alarmist reports reaching the outside world do not reflect the real state of affairs.

Unfortunately for the Argentinian Government, seven prominent personalities, all of them highly respected, extremely well informed and totally unconnected with the Trotskyist IVth International, have just launched an appeal for the holding of free elections and an end to torture as an instrument of government in Argentina.

¹ OJ C 178 of 2. 8. 1976.

Glinne

These personages are Mr Olof Palme, the Swedish Prime Minister, Mr Mario Soares, the Portuguese Prime Minister, Mr Bruno Kreisky, the Austrian Chancellor, Mr François Mitterrand, Secretary of the French Socialist Party, Mr Anker Jørgensen, the Danish Prime Minister, Mr de Martino, Secretary of the Italian Socialist Party and Lord Hayward, Secretary of the British Labour Party. They all belong to the International Socialist Democratic Movement.

Mr President, you will agree that the Junta is hardly in a position to offer a credible justification for the measures it is taking to keep the country in a stranglehold. This is what the Socialist Group wanted to say in paragraphs 1 and 2 of the motion a resolution.

A particularly disquieting aspect of the present situation in the Argentine is the internationalization of the repression. The police of Argentina act in collaboration with those of Chile, the Uruguay and Bolivia, thus gravely imperilling the lives of some 25 000 political refugees who in less unhappy times had found political asylum in Argentina.

Now not only has this country joined the ranks of the Latin American dictatorship, but it is also participating in a vast Continental-scale operation of physical and political elimination of the opponents of dictatorship, an operation carried out by the police or by 'parallel police' commando units.

For what other explanation can there be for the fact that on 10 April last Edgardo Enríquez, the leader of the Chilean MIR was arrested in Argentina and then handed over to Chile? How else could the assassinations, on 20 May in Buenos Aires of Hector Ruiz and Zelmar Michelini, leaders of the Uruguayan Democratic Opposition have come about? What other reason for the murder on 2 June in Buenos Aires of the former Bolivian President, Juan Torres?

'The Times' of 14 June reported the kidnapping in the Argentinian capital of 25 refugees, mostly Chilean, who were brutally tortured and threatened with death unless they left the country within 48 hours.

The UN High Commissioner for Refugees, Prince Aga Khan, was moved to address on 23 June an urgent appeal to 34 governments to accept non-Argentinian refugees obliged to leave Argentina 'because of the considerable deterioration in the situation' — I quote the Prince's words.

It is very important therefore, Mr President, that we should give careful consideration to paragraph 4 of the proposed resolution which deals with the question of political asylum in the embassies in Buenos Aires. We believe that the governments of the Nine should

harmonize their attitude and make it as sympathetic as possible. It is a shocking thing to see the Argentinian Government surrounding the embassies with soldiers and putting them under close surveillance, to see it refusing safe conduct to those who have managed to find refuge in the embassies and refusing to honour Argentina's earlier signature on the Caracas Convention on the rights of refugees. The governments of the Nine must issue clear instructions on this matter.

Finally, Mr President, it is our opinion that the Community as such should take a stand. South American States with much more respectable regimes, such as Venezuela, Costa Rica and Jamaica, are becoming increasingly concerned at the dictatorial practices now being perpetrated in the southern part of their hemisphere. The European Community should raise its world status by introducing — and implementing the initiatives proposed in the resolution. Shortly, the Community will have the opportunity of expressing its feelings to an important Argentinian visitor because, according to press reports, Mr Martínez de Hoz, the Argentinian Minister of Finance, is to hold discussions with the Community authorities here in Europe, discussions which it is essential to restrict to economic problems alone.

And in conclusion, Mr President, the motion for a resolution asks for representations to ensure the personal safety of our Latin American Parliamentary colleagues. We met them in Bogota in 1974 and again in this Chamber here in Luxembourg. They are our special partners. It is the least we can do.

(Applause)

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. *Carry-forward of appropriations from 1975 to 1976*

President. — The next item is a vote without debate on the report (Doc. 218/76) by Mr Aigner, on behalf of the Committee on Budgets, on

the second list of requests to carry forward appropriations from the financial year 1975 to the financial year 1976 (appropriations not carried forward automatically).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ C 178 of 2. 8. 1976.

16. *Oral Question with debate:*
Sentence passed on Mr Stanley Adams

President. — The next item is the Oral Question, with debate (Doc. 230/76), by Mr Fellermaier, on behalf of the Socialist Group, Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Allies Group, Mr de la Malène, on behalf of the Group of European Progressive Democrats, Sir Peter Kirk, on behalf of the European Conservative Group, and Mr Leonardi, on behalf of the Communist and Allies Group, to the Commission on the sentence passed on Mr Stanley Adams :

For adopting practices for the sale of vitamins in contravention of the regulations on competition, the Commission sentenced the firm of Hoffman-La Roche to pay a fine of 300 000 u.a.

Moreover, documents supplied by an employee of the firm, Mr Stanley Adams, and forwarded to the Commission's restrictive practices department, enabled the contravention of the legislation to be proved.

Mr Stanley Adams was sentenced by a Swiss court to a term of 18 months' imprisonment for violation of professional secrecy.

In the light of these facts, can the Commission reply to the following questions :

1. What action does the Commission intend to take in respect of Mr Stanley Adams' sentence ?
2. Does the Commission feel that this sentence might affect the special relations existing between Switzerland and the Community ?

I call Mr Prescott.

Mr Prescott. — Mr President, this is indeed a most serious matter that we wish to bring to the attention of the Assembly. Time is very limited, but we think we can make the essential points and perhaps ask for a reply today and perhaps a report in September when things have developed somewhat further.

The issue is somewhat clear — it concerns a man, a British subject named Stanley Adams, who was formerly an employee of a very powerful multinational company, Hoffmann-La Roche, whose parent company is registered in Basle. This man, Mr Adams, worked for Hoffmann-La Roche, in a very important position, and clearly had access to information which enabled him and possibly other people to give information to the Commission which eventually led to an investigation by the Commission under Rule 17 to investigate whether the competitive clauses of the Treaties were in any way being breached.

This was a case of the provision of drugs within the Community, and I think it is now clear that while Switzerland itself is not a Member State of the Community it has entered into an agreement concerning the enlargement of economic trade between the Community and Switzerland. Whilst

there are certain advantages in such agreements, there are certain obligations entered into also, and it is important to make a proper assessment of those obligations as well as the advantages.

It is the obligations, Mr President, that one wants to bring to the attention of the Assembly this afternoon. It is clear that in Article 23 of the agreement between the EEC and Switzerland there was an obligation to guarantee that, in the pursuit of trade between the EEC and Switzerland, those two parties would guarantee the proper functioning of trade and that the competitive clauses, particularly in regard to preventing the exploitation of a dominant position, would be observed, that is to say that those who operate in trade between the two parties to the agreement would observe the essential clauses that are embodied in the Treaty of Rome, the competitive clauses.

Mr Adams, himself, cooperated with the Commission whilst employed by Hoffmann-La Roche, and I presume to this present day, and was to contribute information that led to the Commission conducting its investigation and pursuing a prosecution against Hoffmann-La Roche. Now we have the added evidence which was not available twelve months ago when this Assembly was considerably concerned about this matter, and the courts have now fined this company 300 000 u.a. for this practice. I might point out that whilst the courts have the power to fine up to 1 % of the turnover of a company this represents something like 0.02 % of its turnover, a very small smack for a very large offence by this particular company. Therefore, there are a number of very important issues involved on which one wants to ask the Commissioner for his observations today.

The first is the prosecution of Mr Adams, who gave the Community information which has been confirmed or at least accepted by the court as evidence in the prosecution of this company.

The second is the problem of the use of Swiss law itself to prosecute in a manner which is found somewhat offensive by some of us ; at certain stages it was suggested, for reasons which were not totally acceptable, although it was clearly within the right of that country to do so — to use secret courts to conduct a prosecution against this person. There has been a sorry history of actions by the Swiss courts against this man, which have had considerable consequences for him personally, including, as I think it is generally acknowledged, the loss of his wife by suicide.

Clearly the Commission is to be congratulated for having done its utmost to protect this man. After he had been in jail, with no notification whatsoever to the Commission, the Commission paid the bail and the man went to Italy. Since then the case has continued. We now find that the court has sentenced this man, as I understand it, to a suspended sentence of 18

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months' imprisonment and banned him from entering Switzerland for 5 years for an offence which is not considered an offence under the EEC Treaty but which under Swiss law is considered to be a breach of confidential information.

This raises the very real problem of a conflict between Swiss law and the obligations entered into under the agreement between the EEC and Switzerland. I do not think anyone questions for one moment that a sovereign State has the right to determine its own laws; but, of course, if it enters into an agreement with the EEC it has an obligation — in this case a legal obligation — to ensure that the pattern of trade takes into account the competitive clauses within the Rome Treaty itself. We now, therefore, witness a conflict between Swiss law and the obligations entered into with the European Community. If the Commission, which has the responsibility to investigate breaches of the regulations under the Rome Treaty and the competitive clauses, is denied essential information because the State law prevents people from providing evidence of breaches of the obligations in this sense, and sentences a man in this savage way, this is equivalent to giving all those who seek to cooperate by providing evidence of breaches of obligations in law a final warning that company practices will be looked on more favourably than the obligation of the citizen to cooperate in this way.

Perhaps the Commission could tell us whether the bail will now be paid by the Commission, as indeed the money was provided from the budget. The legal expenses, I presume, will also be paid by the Commission and therefore by the Community, which is of interest to this Assembly. Will the Commission now be prepared to give its opinion in the light of this prosecution? On Wednesday, 14 May 1975, the Commission, in reply to Mr Fellermaier, stated:

'The Commission is ready to admit the main purpose of these regulations is to safeguard the territorial sovereignty of the country in question. It is, however, difficult to believe that the authorities could prosecute anyone for economic espionage simply for voluntarily communicating to the Commission certain information on the practices of a multinational group of companies whose parent company is registered in Basle'.

Well, we have the answer to that; we know that this country, despite, I presume, all the protests from, the Commission, despite the protests of this Assembly, is quite prepared savagely to prosecute this man, who has carried out what is an essential obligation under the Treaty of Rome. Therefore, I ask the Commissioner what he has done now in the light of these recent events to protect further Mr Adams' interests and whether this man now will lodge an appeal, which no doubt he will have to do in the next few weeks. What steps is the Commission taking to reconsider the agreement between Switzerland and the EEC? Clearly, if this decision is now upheld in Swit-

zerland, it will mean that any multinational company, or any company in Switzerland, that wishes to enter into trade with the EEC and ignore the obligations of the Treaty could quite simply plead that the Swiss law prevents it from providing any information to the Commission, which has the obligation to investigate any breaches of the competitive clauses in the Treaty.

If the Commission is not prepared to abrogate the agreement between the Community and Switzerland, is it at least prepared to commit itself to reviewing this considerable loophole in the agreement between Switzerland and the EEC? This raises the important problem of conflicts between the EEC's rules and regulations and the rights of States to override their obligations in such agreements by the use of national law. At a time when we are talking about how to control the multinationals and make more information available from them, we are witnessing the fact that even if the EEC were to impose a kind of OECD code for the multinationals, provided Switzerland was prepared to give this haven to these multinationals they would be prepared to continue along the same lines. Clearly that is a major challenge to the Treaty itself; I for one moment am not prepared to challenge the Treaty, which certainly places on obligation on the Commission to give us an answer.

I think the point is made clear in an answer of 21 July 1975 to Mr Cousté, who asked the Commission about this particular problem. The answer states:

As far as the Commission is aware, disclosure of information on presumed breaches of Articles 85 and 86 of the Treaty, to the competent Community authority, would not be regarded as a violation of business secrecy by the law of any Member State.

Even if a law similar to the Swiss one did exist in a Member State it would not allowed to interfere with the correct application of Community law, particularly where public policy is involved. Therefore, one of the cardinal issues here is whether Switzerland, by the use of her national law — to which we do not deny her a right — is prepared to override her obligations to the Community. That raises a very important issue about the control of multinationals about which I am concerned. We must not lose sight of the fact that Mr Adams has been viciously prosecuted by the Swiss authorities, and I hope the Commission is going to give us some idea of what it is going to do to help protect this man's interests and to prevent this action by Switzerland from becoming a signal to the multinationals of the world that they can use Switzerland as a back door to avoid any measures of control that we have to impose on multinationals in the future.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — It is not often that the leaders of every single political group in this Parliament join together in putting

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down a question as a matter of urgency. I think I am right in saying, Mr President, that this Parliament does not often insist on extending its sitting as long as it has done today in order that a matter can be debated. I take both these facts as evidence of the strength of feeling about the matter that has been raised by Mr Prescott in this debate, and I would like to respond on behalf of the Commission to the issued that he has raised.

I ought to begin by reminding the House of the background to the case of Mr Adams and by dealing with some of the facts as Mr Prescott put them. As Mr Prescott said, Mr Adams was employed by Hoffmann-La Roche in Basle. In early 1973, he informed the Commission about certain activities of the Hoffmann-La Roche Group in the vitamin sector which appeared to constitute a contravention of the rules of competition as laid down in the Treaty of Rome and which also might come within the scope of the EEC-Switzerland free-trade agreement. I ought to emphasize that Mr Adams' action was undertaken entirely voluntarily. He was not offered any inducement, nor did he receive any reward. I should also add that Mr Adams has not been employed in any capacity, at any time, by the Commission.

As a result of the information provided by Mr Adams, the Commission began enquiries into the activities of Hoffmann-La Roche, which appeared to constitute a contravention of Article 86 of the Treaty. This led to the charge that Hoffmann-La Roche were abusing their dominant position in the vitamin field, by what are known as fidelity contracts. The details of all this are set out in the decision which the Commission took on 9 June of this year, and to which Mr Prescott referred, to fine Hoffmann-La Roche 300 000 u.a. for the abuse of its dominant position. I perhaps ought to say that that is a decision of the Commission: it is not a decision of a court, as I think Mr Prescott appeared to say.

The point, however, that I wish to make at this stage is that the company at first denied being in possession of the documents for which the Commission asked, and it was only when certain of the documents in the Commission's possession were shown to the company that it was persuaded to provide some of the necessary information. I should add that the documents the Commission asked for were available within the territory of the Community. I mention this because I think it is very relevant to the argument, on which Mr Prescott has very properly laid emphasis, about the need to get the necessary information in order to fulfil the competition obligations of the Treaty.

It was following these Commission enquiries and the revealing of the fact that the Commission held these documents in its possession that Mr Adams was arrested on 31 December 1974 in Switzerland and detained in prison, accused of economic espionage;

subsequent to that, the Swiss Ministry of Justice authorized legal proceedings against Mr Adams. It was against this background that the Commission furnished funds to allow Mr Adams to be given bail and to assist him with this defence.

There have been two further major developments since that time. On 9 June, the Commission took the decision to which I have referred, finding Hoffmann-La Roche guilty of abusing their dominant position in the vitamins market and imposing a fine of 300 000 u.a. Hoffmann-La Roche subsequently announced their intention to appeal against this decision, as is their right, to the European Court of Justice.

The second event is that which has led to this debate here today. On 1 July of this year, a Swiss tribunal imposed on Mr Adams *in absentia* a suspended sentence. It was a sentence of 12 months according to our information, not 18 months, as Mr Prescott has heard reported, but the principle remains the same. His bail was forfeited and he was banned from further residence in Switzerland for a period of 5 years. Mr Adams, who is now resident in Italy, chose not to appear before the tribunal, which, despite the protests of Mr Adams's lawyers, as Mr Prescott said, was partly held in secret.

Mr Prescott and Parliament, through the question on the agenda, have asked basically two questions: first of all, what is the Commission doing about the sentence against Mr Adams; and, secondly, what effect might this situation have on the close and friendly relations which have existed between Switzerland and the European Communities over many years, and which are now enshrined in the free-trade agreement? Mr President, Members of this House who have a long experience of the delicacy of matters like this when they occur in their own national parliaments will readily appreciate the difficulty of finding the wisest way to act in a matter which, depending on whether there is an appeal, is still *sub judice* within the Swiss judicial process and which is also *sub judice* within the European Community.

These circumstances are an added reason for circumspection, even though the outcome of the appeal by Hoffmann-La Roche to the European Court of Justice, I ought to make clear, is not really relevant to the issue raised by the action of the Swiss judicial authorities and by this debate. It is the Commission's duty, as Mr Prescott has said, to follow up information that comes to it. We get that information from a wide range of sources about possible infractions of the rules of competition. Now, even if the information given to the Commission in this case had been held by the Commission not to justify further action, this would not in any way in our view be a justification for the action taken against Mr Adams. The essential difficulty here is that Swiss law, as interpreted in this case

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by the Basle court, assimilates the supply of information concerning a supposed violation of Community rules to the betrayal of trade secrets.

In the Commission's view, it would not seem normal that information concerning the behaviour of firms which either infringes the Community's competition laws, or appears to risk infringing them, should be considered a trade secret and this raises serious issues from the point of view of the Community. The Commission and the whole Community attach the highest importance to the good relations with Switzerland and it is not, of course, for the Community in any way to seek to interfere in the independent processes of the Swiss judiciary. But, Sir, it is for the Commission, as the guardian of the various Community treaties, to express its concern about the implications which provisions of Swiss law have for matters for which the Community is competent.

I hope that the expressions of concern from this House in this debate, backed, as I say, by a question put down in the name of the leaders of all the political groups within the House, I hope that the publicity in the press that has been taking place over a long time about this, I hope that what I myself have said today — very carefully, as the honourable Member will have noted — together with the discussions which we propose to conduct with the Swiss authorities, will have the effect of avoiding the recurrence of any such problem in the future. As far as Mr Adams's personal position is concerned, with which Mr Prescott concluded, the Commission's general position is, and I repeat it, that it is its duty to take action against undertakings which contravene the competition rules of the Treaty. This duty obtains not only against firms established within the EEC but also against firms established outside it, where their activities are such as to produce appreciable effects on the competitive situation within the EEC.

In the furtherance of this duty the Commission is, of course, bound to take cognizance of information supplied to it concerning unlawful activities. If persons who have provided such information in what we consider to be a lawful way suffer prejudice as a result of it, the Commission considers it proper to provide such assistance as is within its powers. We shall, therefore, continue to give all the necessary help to Mr Adams in conducting any appeal which he may wish to make against this present sentence.

I am sure the whole House is grateful to Mr Prescott for taking the opportunity to raise this matter in the way he did today.

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

Mr Bangemann. — (D) Mr President, this matter is important not only because a personal drama is involved, which is what has prompted us to concern

ourselves with it, but because a general problem underlies this particular issue. I would stress this on behalf of my group and urge the Commission to do everything possible to solve this general problem. This particular case concerns a country outside the Community. It is however quite possible that the rules on competition contained in the EEC Treaty would also come into conflict with the individual criminal or commercial laws of the Community countries, and you must be aware that there have in the past already been certain doubtful issues which have been discussed at least in legal literature. In other words, if we want to make the rules on competition of the EEC Treaty absolutely binding, at least initially in the Community, it seems to be that legislation will be necessary in order either to approximate or perhaps even to rescind any conflicting legislation in the Member States and thus ensure that the ultimate objectives of these rules on competition are not undermined by obstacles to information, prosecution or other necessary work. We therefore request the Commission to examine in what areas of our own legislation measures must be taken in order to prevent Community laws from being dodged by the Member countries.

Now in this particular case a country is involved which, admittedly, is not in the Community but to which we have political access via the Council of Europe and this offers the possibility of acting at political level. I would therefore ask the Commission to consider whether it will be possible to suggest a convention, a procedure which in many other cases has already led to uniform legislation via the Council of Europe. This convention would have to be valid in all countries belonging to the Council of Europe. There would in any case be a few more than there are in the European Community. Of course this is a problem which occurs not only in these countries but in the whole world. The chances of reaching worldwide agreement on such a convention or on common regulations are much slighter. But we ought to try and do what we can in our Community and, on a wider basis, in the Council of Europe. Hence the suggestions of my group that, firstly, the Commission should examine what must be done to ensure legal uniformity in the Community by means of directives or regulations so that the rules on competition can be implanted and, secondly, the Commission should consider whether or not it would be possible to frame a convention in the Council of Europe guaranteeing this legal uniformity at least in those countries which belong to the Council of Europe, and possibly report to us on the results obtained.

President. — I call Mr Prescott.

Mr Prescott. — I just want to thank the Commissioner for his reply—I know that it is a tentative one.

Prescott

This Assembly has approached this matter in a spirit of moderation. Nevertheless, there is a sense of outrage here. We shall express it perhaps at the September part-session, when the Commission may be able to give us much more evidence of the attitude that we can expect from the Commission, both in the economic field and in that of foreign affairs, from Sir Christopher Soames. We look forward to giving a much more positive response in September after we have had a further report from the Commissioner.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission. — Of course it is the wish of the Commission to keep Parliament informed about developments in this case, which the Commission takes as seriously as Parliament does.

President. — The debate is closed.

17. *Dates for the next part-session*

President. — There are no other items on the agenda. I thank the representatives of both Council

and Commission for their contributions to our debates.

The enlarged Bureau proposes that our next sittings be held at Luxembourg during the week from 13 to 17 September 1976.

Are there any objections?

That is agreed.

18. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

19. *Approval of the minutes*

President. — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 1.20 p.m.)

