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1975-1976 Session

Report of Proceedings

from 16 to 20 June 1975

Europe House, Strasbourg

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NOTE TO READER

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

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 4.45 p.m.)

President. — The sitting is open.

1. Resumption of session

President. — I declare resumed the session of the European Parliament adjourned on 15 May 1975.

2. Statement by the President

President. — As we open this sitting, two events occupying an important place in the construction of Europe must be particularly present in our minds.

The first of these events is already 20 years old. On 2 and 3 June 1955, a conference took place at Messina from which there issued the Treaties of Rome instituting, alongside the European Coal and Steel Community, the Economic Community and Euratom. After the failure of the European Defence Community, Messina witnessed a revival.

Twenty years later, almost to a day, the British people, consulted by referendum for the first time, gave its massive support to the continued membership of the United Kingdom in the European Community. The date 5 June 1975 will remain important for us all, being the date on which Europe, uniting step by step, finally received into its fold a member that is among the richest in history, influence and democratic tradition.

As soon as the results were known, I sent a telegram of congratulations to the Prime

Minister of Great Britain. In reply, I received the following message from Mr Harold Wilson:

'Thank you for the message of congratulation which you sent me after the result of the referendum had become known. I am, of course, very happy with the outcome. We intend to continue our cooperation with our partners in Europe to serve the profound interests of the Community. It is, I think, proper that from now on we should be fully represented in all the institutions of the Community.'

I shall place this correspondence in the archives of Parliament. But before doing so, I wish, in my own name and in that of this House, to express our thanks and congratulations to all those who, in their respective countries, helped to bring about such a great success for Great Britain and for Europe.

This historic poll indeed expresses the profound act of the British people in associating themselves with the activities and aims of our Community, which have thus been appreciably strengthened. Among these aims, the most important for the immediate future are, of course:

- the election of the European Parliament by direct universal suffrage in 1978;
- the final decision on European union, which is to be instituted and receive its final touches by 1980;
- the achievement of economic and monetary union, which affects the development of our common policies, our image abroad and the exercise of our responsibilities throughout the world;
- the application of the Lomé Convention with the 46 partner countries of Africa, the Caribbean and the Pacific.

President

These aims, in themselves, constitute a considerable programme worthy of the ambition of the Communities. For their realization, the overwhelming 'Yes' of the British people, 20 years after the fresh start at Messina, opens up a prospect of revival and a new lease of life.

3. Renewal of a delegation

President. — The National Assembly of the French Republic has renewed its delegation.

The following were appointed:

Mr Ansart, Mr Bordu, Mr Bourdellès, Mr de Broglie, Mr Carpentier, Mr Cointat, Mr Cousté, Mr Durieux, Mr Maurice Faure, Mr Hunault, Mr Kaspereit, Mr Krieg, Mr Pierre Lagorce, Mr Laudrin, Mr Leenhardt, Mr Lemoine, Mr Liogier, Mr de la Malène, Mr Emile Müller, Mr Pianta, Mr Rivierez, Mr Spénale, Mr Terrenoire and Mr Zeller.

The credentials of these Members will be verified after the Bureau's next meeting, on the understanding that, under Rule 3(3) of the Rules of Procedure, they will provisionally take their seats with the same rights as other Members of Parliament.

I congratulate colleagues whose appointments have been renewed and welcome the new member, Mr Krieg.

(Applause)

4. Membership of committees

President. — I have received from the Group of European Progressive Democrats a request for the appointment of Mr Alain Terrenoire to the Associations Committee and to the Joint Parliamentary Committee of the EEC-Greece Association, to replace Mr Gibbons.

Are there any objections?

The appointment is ratified.

5. Presentation of a petition

President. — I have received from Senator Auguste Pinton and 16 other signatories a petition concerning a draft constitution establishing a European government.

This petition, which represents an up-to-date version of petitions No 4/74 and No 5/74, has been entered under No 2/75 in the register provided for under Rule 48 of the Rules of Procedure and referred to the Political Affairs Committee for consideration.

6. Documents received

President. — Since the last part-session, I have received the following documents:

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

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

I. a regulation on the advance application of certain provisions of the ACP-EEC Convention of Lomé relating to trade in goods;

II. a draft decision of the representatives of the governments of the Member States of the European Coal and Steel Community, meeting in Council, opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States.

(Doc. 102/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation on imports of fresh lemons originating in Israel (Doc. 103/75).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Associations Committee for their opinions;

— the proposal from the Commission of the European Communities to the Council for a regulation on the action to be taken to bring into force the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR) (Doc. 104/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation on the imposition in the event of sugar supply difficulties within the Community of an export charge on certain goods not covered by Annex II of the Treaty establishing the European

President

Economic Community containing sucrose (Doc. 105/75).

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

- the recommendation from the Commission of the European Communities to the Council for a regulation on the interim trade arrangements with the overseas countries and territories associated with the European Economic Community (Doc. 109/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation on the safeguard measures provided for in the Agreement between the European Economic Community and the State of Israel (Doc. 114/75).

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

- proposal for the transfer of appropriations from one chapter to another in Section III - Commission - of the general budget for the 1975 financial year (Doc. 119/75).

This document has been referred to the Committee on Budgets;

- proposal for the transfer of appropriations from one chapter to another in Section III - Commission - of the general budget for the 1975 financial year (Doc. 121/75).

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

- two proposals for the transfer of appropriations from one chapter to another in Section III - Commission - of the general budget for the 1975 financial year (Doc. 137/75).

This document has been referred to the Committee on Budgets;

- the proposal for the transfer of appropriations from one chapter to another in Section II: Council, Annex I: Economic and Social Committee, of the general budget for the 1975 financial year (Doc. 138/75).

This document has been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a regulation fixing the main intervention centres for oil seeds for the 1975-76 marketing year and the derived intervention prices applicable in these centres (Doc. 139/75).

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

- (b) from the Commission of the European Communities:

- the fourth report on competition policy (annexed to the Eight General Report on the activities of the Communities) (Doc. 108/75).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Transport for their opinions;

- the operating accounts and financial statements relating to the budget operations for the financial year 1973,

the report of the Audit Board on the accounts for the financial year 1973 (Doc. 120/75 I-III).

This document has been referred to the Committee on Budgets.

- (c) from the EEC-Turkey Joint Parliamentary Committee:

- the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Copenhagen on 24 April 1975 (Doc. 107/75).

This document has been referred to the Associations Committee as the committee responsible and to the Committee on Agriculture and the Committee on Social Affairs and Employment for their opinions.

President

(d) from the committees, the following reports:

- report by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the Community's position in the GATT negotiations (Doc. 106/75);
- supplementary report by Mr Harry Notenboom, on behalf of the Committee on Budgets, on the present state of work on the adoption of the sixth directive on the harmonization of the legislations of the Member States concerning turnover taxes - common system of value-added tax: uniform basis of assessment (Doc. 110/75);
- report by Mr Horst Gerlach, on behalf of the Committee on Budgets, on
 - I. the failure to give to the Commission of the European Communities a discharge in respect of the implementation of the European Communities' budget for the financial year 1971, following the report of the Audit Board
 - II. the discharge to be given to the Commission of the European Communities in respect of the activities of the European Development Funds for the financial year 1971
 - III. the discharge given to the competent authorities in respect of the accounts of the European Parliament as at 31 December 1971 (Doc. 111/75);
- report by Mrs Elisabeth Orth, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation setting up a temporary scheme of aids for the private storage of certain fishery products (Doc. 112/75);
- report by Mr Karl-Heinz Walkhoff, on behalf of the Committee on Cultural Affairs and Youth, on the European schools system (Doc. 113/75);
- report by Mr James Scott-Hopkins, on behalf of the Committee on Agriculture, on the communication from the Commission of the European Communities to the Council on the stocktaking of the common agricultural policy (Doc. 115/75);
- report by Mrs Elisabeth Orth, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive

on the collection, regeneration and/or destruction of polychlorinated biphenyls (PCB's) (Doc. 117/75);

- report by Mr Silvio Leonardi, on behalf of the Committee on Energy, Research and Technology, on the communication from the Commission of the European Communities to the Council on a draft Council resolution concerning a Community policy in the hydrocarbons sector and the financial aspects of Community hydrocarbon projects (Doc. 122/75);
- report by Mr Adrien Zeller, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 C I of the Common Customs Tariff, originating in the ACP countries
 - II. a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories) (Doc. 128/75);
- report by Mr Heinz Frehsee, 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 measures for the rationalization of horticultural production under glass (Doc. 129/75);
- report by Mr Thomas Nolan, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation on the advance application of certain provisions of the ACP-EEC Convention of Lomé relating to trade in goods
 - II. a draft decision of the representatives of the governments of the Member States of the European Coal and Steel Community, meeting in Council, opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States (Doc. 130/75);

President

- report by Mr Giovanni Bersani, on behalf of the Committee on Development and Cooperation, on the recommendation from the Commission of the European Communities to the Council for a regulation on the interim trade arrangements with the overseas countries and territories associated with the European Economic Community (Doc. 131/75);
 - report by Mr Camille Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on measures against foot-and-mouth disease (Doc. 132/75);
 - report by Mr Kurt Härzschel, on behalf of the Committee on Development and Cooperation, on the communication from the Commission of the European Communities to the Council on Community financial and technical aid to non-associated developing countries 1976-80 (Doc. 133/75);
 - report by Mr James Martin Gibbons, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on common and coordinated research programmes in the fields of animal leucoses, livestock effluents, beef production and plant protein production (Doc. 134/75);
 - report by Mr Karl Mitterdorfer, on behalf of the Committee on Economic and Monetary Affairs, on customs union, including the programme for the simplification of customs procedures and the achievement of the internal market (Doc. 135/75);
 - report by Mr Heinrich Aigner, on behalf of the Committee on Budgets, on the ECSC Auditor's report for the financial year 1973 (Doc. 140/75);
 - report by Mr Hans Edgar Jahn on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a decision establishing a common procedure for the preparation and constant up-dating of a European inventory of sources of information on the environment (Doc. 141/75);
 - report by Mr Helmut Karl Artzinger, on behalf of the Committee on Budgets, on the harmonization of the tax legislation of the Member States: Corporation tax (Doc. 142/75);
 - report by Mr Michael Shaw, on behalf of the Committee on Budgets, on the second list of requests for the carrying forward of appropriations from the financial year 1974 to the financial year 1975 (appropriations not automatically carried forward) (Doc. 143/75);
 - report by Mr Gabriel Kaspereit, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on imports of fresh lemons originating in Israel (Doc. 144/75);
 - report by Mr Horst Seefeld, on behalf of the Committee on Regional Policy and Transport, on the proposal from the Commission of the European Communities to the Council for a regulation on the action to be taken to bring into force the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR) (Doc. 145/75);
 - report by Mr Schelto Patijn, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on the safeguard measures provided for in the Agreement between the European Economic Community and the State of Israel (Doc. 146/75);
 - report by Mr Friedrich Burgbacher, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council on the 'medium-term guidelines for coal 1975-85' (Doc. 147/75);
 - report by Mrs Tullia Caretoni Romagnoli, on behalf of the Committee on Cultural Affairs and Youth, on the memorandum from the Commission of the European Communities on the allocation of grants to institutes of higher education (Doc. 148/75);
- (e) the following motions for resolutions;
- motion for a resolution tabled by Mr Willi Müller on behalf of the Committee on Public Health and the Environment, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the acute danger of further pollution of the Rhine (Doc. 116/75);

President

- motion for a resolution tabled by Mr Kai Nyborg on behalf of the Committee on Regional Policy and Transport on speed limits within the European Economic Community (Doc. 118/75);

(f) the following oral questions:

- oral question with debate by Mr Normanton, on behalf of the European Conservative Group, to the Commission of the European Communities, on the deterioration in trading conditions and employment in the textile industries (Doc. 123/75);
- oral question with debate by Mr Hougardy, on behalf of the Liberal and Allies Group, to the Commission of the European Communities on the information programme on nuclear power-stations (Doc. 124/75);
- oral question without debate by Mr Früh and Mr De Koning to the Commission of the European Communities on the modification of the common organization of the market in wine (Doc. 125/75);
- oral question with debate by Mr Lücker on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group, Mr Fellermaier on behalf of the Socialist Group and Mr de la Malène on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities, on the relations between the EEC and the Chinese People's Republic (Doc. 126/75);
- oral question with debate by Mr Gibbons, Mr Cointat, Mr Herbert, Mr Huhnault, Mr Liogier and Mr Nolan on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities, on the changes in the intervention system for beef and veal (Doc. 127/75).

7. Authorization of reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on External Economic Relations, at its own request, to draw up the following reports:

- report on the latest developments in the Community's Mediterranean policy, the Associations Committee and the Committee on Agriculture being asked for their opinions;

- report on the present state of economic relations between the European Community and the Latin-American countries.

8. Reference to committee

President. — The proposal for a directive concerning the approximation of the laws of the Member States relating to the composition of petrol—lead content (Doc. 303/73), which was referred on 14 January 1974 to the Committee on Public Health and the Environment as the committee responsible, has now been referred to the Committee on Economic and Monetary Affairs for its opinion.

9. Texts of Treaties forwarded by the Council

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

- Agreement between the European Economic Community and the Republic of Mali on the supply of maize as food aid;
- Agreement in the form of an exchange of letters between the European Economic Community and the Kingdom of Laos on trade in fabrics of silk or of waste silk other than noil or of cotton, woven on handlooms;
- Agreement in the form of an exchange of letters between the European Economic Community and the Kingdom of Laos on trade in hand-made products (handicrafts);
- Agreement in the form of an exchange of letters between the European Economic Community and the Republic of Sri Lanka on trade in fabrics of silk or of waste silk other than noil or of cotton, woven on handlooms;
- Agreement between the European Economic Community and the State of Israel:
 - Final Act;
 - Agreement between the Member States of the European Coal and Steel Community, of the one part, and the State of Israel, of the other part;
 - Notice of the completion by the Community of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the State of Israel;
 - Minutes of the notification of the completion of the procedures necessary for the entry into force of the Agreement between

President

the European Economic Community and the State of Israel.

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

10. Order of business

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

In accordance with the instructions given to me by the enlarged Bureau at its meeting of 14 May 1975, I have prepared the draft agenda which has been distributed.

However, I have received a number of requests for modifications. The motion for a resolution on the economic situation in the Community has been withdrawn from the agenda, and I propose to replace it with Mr Memmel's report on the Community contribution to the financing of nuclear power-stations, on which the Commission has informed us that it considers a debate to be urgently necessary.

On the other hand, a number of reports without debate could be entered on the agenda for Friday. These are the following:

- report by Mr Seefeld on the work of crews of vehicles engaged in international road transport;
- report by Mr Jahn on a European inventory of sources of information on the environment;
- report by Mr Kaspereit on lemons from Israel;
- report on safeguard clauses in the EEC-Israel Agreement;
- report on oil-seeds;
- report by Mr Shaw on the non-automatic carrying forward of appropriations.

Are there any objections?

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, at the request of Mr Leenhardt, who cannot be here today, I speak as acting chairman of the Committee on Economic and Monetary Affairs.

As you have already been informed by telegram, the Committee on Economic and Monetary Affairs would much appreciate it if Mr Mitterdorfer's report on the customs union, including the programme for the simplification of customs procedures and the achievement of the internal market, could be put on the agenda for this

week. Although this report contains nothing controversial, it is particularly urgent because it involves a considerable number of technical problems which will take up a good deal of the Council's time. This is why the Committee on Economic and Monetary Affairs has refrained from submitting a motion for a resolution on the Community's economic and monetary situation, as at present provided for under Item 109 of the draft agenda.

I now hear that you are proposing to cancel Item 109. This agrees entirely with the wishes of my committee; but if this is done, we should make sure that its place is taken by Mr Mitterdorfer's report on the customs union.

I trust you will be able to comply with this request.

Mr President. — I call Mr Cointat.

Mr Cointat. — (F) Mr President, I should like to draw your attention to Items 115 and 116, placed at the end of the agenda for Friday.

Our chairman, Mr de la Malène, has written to you on this subject and drawn your attention to the importance attaching to these items. Item 115, Mr Normanton's oral question with debate—it is for him to tell us whether this item can be moved—deals with employment in the textile industry and so with a problem of fundamental importance with regard to female labour, while Item 116 is Mr Notenboom's report on the value-added tax and its harmonization.

In our view, it would be a pity to deal with these two important problems at the end of the part-session, when not all Members will still be present. Would it not be better to deal with these two essential matters either at an earlier stage of this part-session or at the beginning of the next?

President. — I call Mr Normanton.

Mr Normanton. — I take on board the point which has been made. I agree it would be very much to be regretted if a debate of such importance as one covering a major industry in Europe were virtually the last item on Friday when the attendance will inevitably be small. If, on the other hand, you, Mr President, were to decide to advance this subject possibly to the first or, at least, to the second item of the agenda on Friday, I venture to suggest that the attendance may be larger than if it is at the end of the agenda.

I emphasize that throughout Europe large numbers of people are very seriously and adversely affected by the conditions of trade. I should like

Normanton

to think that the House will at least be able to take an active part on this important issue.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, if I have understood you correctly, you have made no provision for the ECSC auditors' report. I would point out that we are 4 months behind with this matter, although it is not our fault. The report would not take up much time, but we should get it off our hands. Would it not be possible to fit it in on Thursday?

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, what is important or unimportant in this House is surely always a subjective matter depending on the point of view of a particular committee, a particular group or particular Members. In plenary session we cannot proceed by making value-judgments and saying that if something is important it must be transferred from Friday to Wednesday or Thursday and if it is unimportant it must be transferred from Wednesday or Thursday to Friday. This would bring the whole structure of the agenda tumbling about our ears.

On your initiative, Mr President, a discussion took place an hour ago between the chairmen of the political groups, who came to a decision after considering everything, including what the Secretary-General of Parliament told us just now about the situation as regards the July part-session. This situation appears all the more dubious when one bears in mind all that the Parliament has to settle before the summer recess begins.

Hence my appeal to the Members of this House to support what has been agreed upon among the political groups and proposed by the President. If we start by making changes, the entire agenda, as I said, will come tumbling about our ears.

President. — I call Mr Kaspereit.

Mr Kaspereit. — (F) At the meeting of the enlarged Bureau, I made a number of demands both on behalf of my group and in my capacity as Chairman of the Committee on External Economic Relations. At that meeting I was able to observe a degree of good-will which was recognized by all those present.

I should like to say to Mr Fellermaier that on the question concerning the situation in the textile industry I had the impression of securing

a consensus—which, incidentally, should not create an undesirable precedent for the future: on this occasion, the problem was, and is, a very special one.

I had the impression that general agreement had been reached in favour of deferring this question to the July part-session.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I believe that the problems of the textile industry are far too serious to wait until the proposed date. If they are as serious as Members imply, I beg them to remain over Friday and join in the debate on that occasion. In the world of textiles a month is a long time. The crisis is becoming more and more acute, and I beg you, Mr President, not to put this back.

President. — I should first like to say to Mr Notenboom that Item 116, that is, the directive on the harmonization of turnover taxes, can be deferred without difficulty to the July part-session.

I appreciate that the item concerning the textile industry is an important one, but to withdraw it from the agenda for Friday would raise a number of problems. The programme for the other days is already very full; moreover, Mr Spinelli will not be here until Friday.

I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen, it was not my original intention to stress once more the wishes put forward by the Committee on Budgets. This applies to the point raised by my colleague Mr Aigner. But if we decide to postpone the question of the Community's own resources—and these are involved when we talk about net turnover tax—then we are detracting from the importance of what should have been in force since 1 January this year. Incidentally, the report is designed not only to serve as a reminder of this question but at the same time to draw public attention to the fact that the Council, for some reason, is still protracting the matter at a level below that of the Permanent Representatives. For if the Community's own resources were already in existence, a number of things which are made extraordinarily difficult by the constant need for supplementary budgets and which, when all is said and done, are unworkable would become easier.

I should therefore be grateful, Mr President, if you would withdraw your proposal to defer this matter until July, because if we held our debate

Lange

in July its effect would be lost during the holiday period. The Parliament simply has to make it clear that it, too, realizes that the Community's own resources are of considerable importance and that the Council must get on with its work.

I should therefore be grateful if this item could be left on the agenda, even if it be only as the last item on Friday morning.

President. — I shall be glad to leave this report on the agenda for Friday.

As for the report on the textile industry, I remind the House that, in the view of the chairman of the committee responsible, who is also acting as Chairman of the Group of European Progressive Democrats, and of Mr Normanton, the rapporteur, the debate on this item could be deferred to the July part-session.

I put this proposal to the House.

Are there any objections?

I call Mr Lücker.

Mr Lücker. — (D) Mr President, you have pointed out that the agenda for the July part-session is already heavily loaded. If I have understood Mr Normanton and Mr Lange correctly, these two gentlemen would be grateful if documents 123/75 and 110/75 could be dealt with on Friday. My proposal to you, Mr President, is that you place these two items at the beginning of the agenda for Friday and that the Friday sitting begin at 9 a.m. instead of at 9.30 a.m. We should then have time to deal with Mr Normanton's oral question and then with the Notenboom report, which evidently will not take very much time. If we begin at 9 a.m. instead of at the usual hour of 9.30 a.m. and follow these items up with documents 117/75 (Orth Report), 118/75 (Mr Nyborg's motion for a resolution) and 116/75 (Mr Willi Müller's motion for a resolution), we should be able to complete our agenda on Friday and so reduce the pressure of time on the last part-session before the summer recess.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, I should like to correct a misunderstanding. I asked that this item be taken as the first item on Friday or, if possible, on a day other than Friday—not meaning July. I am therefore delighted to have Mr Lücker's support. I should be grateful if you were willing to re-arrange the agenda in accordance with Mr Lücker's suggestion.

President. — I inform the House that Mrs Orth agrees that the report, entered as the first item for Friday, be dealt with without debate.

The Commission must now tell us whether Mr Spinelli will be present at the beginning of Friday morning's sitting, since it is on his presence that the order for taking certain reports in the end depends.

Mr Lardinois. *Member of the Commission.* — (NL) Mr President, Mr Spinelli will be away on account of sickness for the whole of this week and therefore will not be able to be here on Friday morning, but Mr Simonet will be able to come.

President. — Since Mr Simonet will be here to state the Commission's position, we could place Items 115 and 116 at the beginning of the agenda for Friday.

I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, I do not know what has been decided about the proposal of the Committee on Economic and Monetary Affairs to place the Mitterdorfer Report on the agenda for Thursday. Might I ask for that information?

President. — Mr Mitterdorfer's report on the customs union has not yet been distributed, and I therefore propose to replace it by the report drawn up by Mr Memmel on behalf of the Committee on Energy, Research and Technology on the Community's contribution towards the financing of nuclear power-stations. The urgency of this report is confirmed by a request made by President Ortoli.

In agreement with the chairmen of the political groups, I therefore propose that, instead of the motion for a resolution on the economic situation in the Community, we discuss Mr Memmel's report on the financing of nuclear power-stations.

The order of business would then be as follows:

This afternoon:

- Statement on action taken by the Commission on the opinions of Parliament;
- Oral question without debate: Wine market;
- Report by Mr Ney on a decision concerning foot and mouth disease;
- Report by Mr Gibbons on a decision on research programmes in the fields of animal

President

leucoses, livestock effluents, beef production and plant protein production;

- Report by Mrs Orth on a regulation on aid for the private storage of fishery products;
- Report by Mr Frehsee on a regulation on the rationalization of horticultural production under glass.

Tuesday, 17 June 1975

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

- Report by Mr Scott-Hopkins on the communication on the stocktaking of the common agricultural policy;
- Joint debate on
 - the oral question with debate on the situation on the Community beef and veal market and
 - the oral question with debate on changes in the intervention system for beef and veal.

Wednesday, 18 June 1975

9.00 to 11.45 a.m.:

- Question-Time;
- Report by Mr Kaspereit on the Community's position in the GATT negotiations;
- Oral question with debate on relations between the EEC and the Chinese People's Republic;
- Report by Mr Walkhoff on the European schools system;

12.15 p.m.:

- Formal sitting in honour of H. E. Mr Cearbhall Ó Dálaigh;

3.00 to 6.00 p.m.:

- Continuation of the morning's agenda.

Thursday, 19 June 1975

9.30 a.m. and 3.00 p.m.:

- Statement by Mr O'Leary, President-in-Office of the Council, on the social situation in the Community and the outcome of the Council meeting of 17 June 1975;
- Oral question with debate: Information programme on nuclear power stations;
- Report by Mr Härzschel on the Commission communication on financial and technical aid to non-associated developing countries;

— Joint debate on

- the report by Mr Zeller on two regulations concerning measures in favour of the ACP States,
- the report by Mr Nolan on a regulation concerning the application of the Lomé Convention and on a draft decision opening tariff preferences for the ACP States, and
- the report by Mr Bersani on the recommendation for a regulation on trade arrangements with the OCT associated with the EEC;
- Report by Mr Memmel on Community contributions to the financing of nuclear power-stations;
- Report by Mr Gerlach on implementation of the European Communities' budget for the financial year 1971;
- Report by Miss Flesch on the draft estimates of the European Parliament for 1976.

Friday, 20 June 1975

9.30 a.m. to 12 noon:

- Oral question with debate on the situation in the textile industry;
- Supplementary report by Mr Notenboom on the harmonization of legislation on turnover tax;
- Report by Mrs Orth on a directive concerning polychlorinated biphenyls;
- Motion for a resolution tabled by Mr Nyborg on speed limits in the EEC;
- Motion for a resolution tabled by Mr Willi Müller on the pollution of the Rhine;
- Report by Mr Seefeld on the work of crews of vehicles engaged in international road transport (without debate);
- Report by Mr Jahn on a European inventory of sources of information on the environment (without debate);
- Report by Mr Kaspereit on lemons from Israel (without debate);
- Report on safeguard clauses in the EEC-Israel Agreement (without debate);
- Report on oil-seeds (without debate);
- Report by Mr Shaw on the non-automatic carrying forward of appropriations.

Are there any objections?

The order of business is approved.

11. *Limitation of speaking-time*

President. — In conformity with existing precedents, I propose that speaking-time be limited as follows:

- for all reports except that on the stock-taking of the common agricultural policy:
 - 15 minutes for the rapporteur and for 1 speaker on behalf of each political group;
 - 10 minutes for other speakers;
 - 5 minutes for speakers on amendments;
- for oral questions with debate:
 - 10 minutes for the author of the question;
 - 5 minutes for other speakers.

Are there any objections?

It is so decided.

12. *Organization of the debate on the stock-taking of the common agricultural policy*

President. — In agreement with the chairmen of the political groups and pursuant to Rule 28 of the Rules of Procedure, I propose that the House allocate speaking-time for the agricultural debate as follows:

- 20 minutes for the rapporteur of the committee responsible;
- 15 minutes each for the two draftsmen of the committees asked for their opinions;
- 15 minutes for the chairman of the Committee on Agriculture;
- 50 minutes for speakers on behalf of the Christian-Democratic Group;
- 50 minutes for speakers on behalf of the Socialist Group;
- 35 minutes for speakers on behalf of the Liberal and Allies Group;
- 30 minutes for speakers on behalf of the European Conservative Group;
- 30 minutes for speakers on behalf of the Group of European Progressive Democrats;
- 30 minutes for speakers on behalf of the Communist and Allies Group;
- 10 minutes for non-attached Members;
- 5 minutes for speakers on amendments.

Are there any objections?

It is so decided.

The time-limit for entering names on the list of speakers for the agricultural debate has been set for tomorrow, Tuesday, 17 June 1975, at 10 a.m.

13. *Time-limits for tabling amendments*

President. — I propose that the House set the final time-limit for tabling amendments to the report by Mr Scott-Hopkins on the stock-taking of the common agricultural policy for tomorrow, Tuesday, 17 June 1975, at 10 a.m. It will be difficult to take into consideration any amendments tabled later than that, since Mr Scott-Hopkins will present his report at 10 a.m. Moreover, this report was tabled long ago, the groups have had time to examine it and Members have had time to table amendments.

Are there any objections?

It is so decided.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — Mr President, I do not disagree with what you have said and what Parliament has decided concerning the tabling of amendments for my report tomorrow. However, I should like to suggest to you and to the House that it be clearly laid down that in future, for reports and amendments to reports which have been circulated for some considerable time and which everybody has had a chance to read at least 10 days before the House sits, as is the case with my own report, a time-limit should be laid down for the tabling of amendments on the night before. If that were done, it would give time for the rapporteur to consult his chairman and other members of his committee and for the political groups to consult on the various amendments which have been tabled.

I think that this should be the rule of the day not for tomorrow, but for the future. It will make it easier for the political groups and for the rapporteurs and committees to work if that is done.

President. — Mr Scott-Hopkins. I note your statement and will submit your suggestion to the Bureau.

As regards the tabling of amendments to the report by Miss Flesch on the draft estimates of the European Parliament for the financial year 1976, I propose, contrary to what has been stated in the *Bulletin*, that the House fix the final time-limit for Wednesday, 18 June 1975, at 7 p.m.

Are there any objections?

It is so decided.

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

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

I call Mr Lardinois.

Mr Lardinois. Member of the Commission. — (NL) Mr President, the Commission would prefer to supply the statement you are asking for during the part-session in July. There is a similar item on the agenda for that part-session, and I would ask your permission to combine these two statements in one.

15. *Oral Question without debate: Modification of the common organization of the market in wine*

President. — The next item on the agenda is the oral question without debate put by Mr Früh and Mr De Koning to the Commission of the European Communities on the modification of the common organization of the market in wine (Doc. 125/75).

The question is worded as follows:

'Article 30 of the Commission's proposal of 4 November 1974 for modification of the common organization of the market in wine stipulates that the respective departments of the Member States responsible for wine control must inform one another of any infringement, suspected or discovered, of Community regulations in the wine sector. This is indispensable if the falsification of wine and the deliberate misnaming of wine is to be effectively discouraged. It appears that further Community provisions are needed to organize this exchange of information and to ensure proper sampling, so as to prevent more thoroughly by means of direct cooperation between the competent departments of the various Member States any infringement of existing legislation in the wine sector.

It has been learnt that all the Member States except the Netherlands approve the Commission's proposal for an exchange of information based on Community provisions specially created for the wine sector.

Why are the Netherlands not in favour of this proposal?'

I call Mr Früh.

Mr Früh. — (D) Mr President, ladies and gentlemen, having tabled an oral question, I shall try to speak to it as briefly as possible so as to save time. As you are all aware, we are encountering great difficulties in the wine-sector, and consequently we are grateful to

the Commission for preparing proposals for a modification of the common organization of the market in wine and for paying attention in these proposals, among other things, to the need for a stricter control of practices such as the falsification of wine which give wine-growing a bad reputation. Article 30 proposes that the departments responsible for wine control must keep one another informed in order to improve the exercise of this control. In our view, an effective campaign against the falsification of wines is essential.

We would therefore welcome the adoption of this proposal and the establishment of direct cooperation between the responsible departments of the various Member States.

It has been learned that all the Member States except the Netherlands would be prepared to accept the Commission's proposals. We should therefore like to ask the reason for this resistance — if any — in the Netherlands, which would make it necessary, in the event of violations, to go through diplomatic channels, thus causing delays. We take the view that such delays might well further encourage undesirable practices. I therefore put the question straight away whether the fact that increasingly large quantities of wine are being imported from the Netherlands into the other countries has anything to do with the matter.

President. — I call Mr Lardinois.

Mr Lardinois. Member of the Commission. — (NL) Mr President, all the Member States have been able to agree to the Commission's proposal. Admittedly, one of the nine delegations did encounter some difficulties with the proposal, but these were on the legal plane rather than on that of the content. The delegation concerned — and this is the point to which Mr Früh referred — said that a regulation of this kind should not apply to wine alone. In the view of this delegation, a horizontal measure should therefore be adopted which applied to all sectors.

We submitted a proposal on this subject in April. The delegation concerned asked whether it would not be possible to give precedence to the adoption of a general, horizontal regulation, as a result of which it would no longer be necessary to adopt a special regulation for the wine-market.

It will, however, take some time to draw up the general, horizontal regulation, and so I asked the delegation if it would waive its legal objections. This it has agreed to do. The problem is therefore solved.

President. — I call Mr Früh.

Mr Früh. — (D) I am grateful to Mr Lardinois for his reply, which has proved to be more than satisfactory.

It turns out that this delegation wanted to achieve more than the others. However that may be, if this exchange of information is not introduced without delay, I would urge that, while working on a general regulation, we should give precedence to this wine regulation in order to rehabilitate the products of the wine-growing industry, which may have suffered from the practices referred to. Then no one any longer will be able to say that in such-and-such a country the matter is being delayed and that *via* this country more wine—though, perhaps, no longer of the same quality—can be imported.

I am glad to receive this information, and hope that the problem will soon be resolved.

President. — This item is closed.

16. Decision on foot-and-mouth disease

President. — The next item on the agenda is a debate on the report drawn up by Mr Ney, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on measures against foot-and-mouth disease (Doc. 132/75).

I call Mr Ney.

Mr Ney, rapporteur. — (F) Mr President, Document 132/75 concerns a request by the FAO for a financial contribution from the Community towards the campaign for vaccinating against foot-and-mouth disease in the countries of South-Eastern Europe. The purpose is to maintain the buffer-zones which have already been set up in the regions threatened. In order to carry out this vaccination, about 2.5 million doses of bivalent vaccine are required.

It is proposed to meet this demand by paying 370 000 dollars in cash and supplying vaccine from Community stocks which have been in existence since 1973. This proposal accords with a Council decision which envisages the policy of making this vaccine available to third countries. By assuming the entire burden of this measure, the Community will thus be contributing, to the extent of 280 000 units of account, to this vaccination campaign in the countries affected. The Commission proposes to finance

this measure by transferring appropriations from Chapter 99 to Item 3103, 'contribution to the FAO for the campaign against foot-and-mouth disease outside the Community'.

In the spring of 1972, foot-and-mouth disease reappeared in Greece and spread rapidly to a number of regions on the Turkish side of the frontier. At present the situation seems to be improving, but buffer-zones must be maintained in these regions.

There is no need for me to stress the importance of these measures for protecting livestock in the Community against exotic foot-and-mouth viruses, for which the Community is virgin territory and therefore particularly susceptible to this form of foot-and-mouth disease, which as a result would spread there extremely rapidly.

The Commission is responsible for supervising the utilization of the sums and vaccines placed at the disposal of the FAO. This control would be exercised by a tripartite committee of delegates from the FAO, the International Office of Exotic Diseases, in Paris, and the EEC.

According to Article 2, the Commission reports to the Council. It is proposed that it should also keep the Parliament informed on the implementation of the measures envisaged. I would refer the attention of Members, above all, to the present situation with regard to foot-and-mouth disease in these regions.

The Committee on Public Health and the Environment and the Committee on Budgets have submitted favourable opinions. I would ask the House to accept the motion, which expands the Commission's proposal.

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

Mr Laban. — (NL) Mr President, I find that what I wanted to say has now been taken up by Mr Ney in his oral presentation. I think it would be unnecessary to devote attention to this point, since Mr Lardinois has probably already noted it. As far as we are concerned, if only for principle's sake, the question must be asked why funds for vaccines are delivered to the FAO from the EAGGF when the financing of campaigns against foot-and-mouth disease in the EEC is left entirely to the Member States.

Mr Lardinois is sufficiently at home in this subject to be able to give an answer.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) First of all, I should like to thank the rapporteur for the very positive report which he has presented on behalf of the Committee on Agriculture. He, too, is qualified to treat the matter as an expert.

In reply to the question raised by him and also by Mr Laban concerning the responsibility which the Community has assumed in this matter *vis-à-vis* third countries, I should like to say the following. The Community will be financing these measures not from the agricultural fund but from the general budget.

In the second place, I would point out that the Community assumed the responsibility for preventive inoculations against exotic forms of foot-and-mouth disease in the Community after the FAO, years before, had issued an appeal to the Member States. These approached the Community as such, which then took the responsibility upon itself.

Meanwhile, we have proposed the setting up of a veterinary fund. The resources available for this purpose are not as yet very great, but there is no doubt that it will in future be available for certain internal campaigns in the Community. Naturally, we must proceed with caution; otherwise we shall get into difficulties with the Ministers of Finance, who as it is are not always entirely happy.

President. — I call Lord St. Oswald.

Lord St. Oswald. — Like Mr Laban, I have very little to say on this subject after what has already been said by the rapporteur and, naturally, even less to say after the Commissioner has spoken.

It is natural enough for me as a British parliamentarian and farmer to support these measures and to commend the report of Mr Ney.

In Britain, I believe we take more drastic action than in any other country to deal with outbreaks of foot-and-mouth disease when they occur. This action is always expensive, and obviously prevention is infinitely preferable to slaughter. The particular virus types or strains contained here have not yet affected us. Their sources are distant from the British Isles. It is as important to us as to any other member country to keep these viruses at a distance, to annihilate them at a distance, and to do this internationally through the FAO with substantial contributions from the Community.

Before Britain joined the Community, we had contributed to FAO efforts in this sense. By accepting this proposal my country will repre-

sent a continuation of the same policy, but now from within the Community.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote.

The resolution is adopted.¹

17. *Decision on research programmes in the fields of animal leucoses, livestock effluents, beef and plant protein production*

President. — The next item on the agenda is a debate on the report drawn up by Mr Gibbons, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a decision on common and coordinated research programmes in the fields of animal leucoses, livestock effluents, beef production and plant protein production (Doc. 134/75).

I call Mr Gibbons.

Mr Gibbons, rapporteur. — The report is concerned with a Commission proposal to provide for coordination at Community level of national research programmes in the four separate areas of animal leucoses, livestock effluents, beef production and plant protein production. According to this proposal, the main rôle of the Commission is to try to ensure that no overlapping of research work occurs.

Consequently, the Commission's main task is to provide a common meeting-ground for those already undertaking research. In these cases, the Community's financial participation will be very limited and confined to such matters as travelling expenses.

However, where national programmes do not exist, the Commission's rôle is more extensive. It is to develop common programmes of research. In these cases, the Community's participation will be calculated on the basis of 50 per cent.

The intention of this proposal is obviously an admirable one—especially since these programmes are intended to develop practical knowledge that can be applied directly by farmers—namely, to contribute to the improvement of agricultural productivity and elimination of obstacles to trade within the Community.

The proposals in these spheres can be warmly welcomed as a contribution to the aims laid down for the common agricultural policy.

¹ OJ No C 157 of 14. 7. 1975.

Gibbons

The Committee on Agriculture would like to suggest, however, that the improvement of winter housing for cattle be included in the programmes established for beef production and livestock effluents.

Seasonal fluctuations in the supply of cattle to the market because of increased costs in winter are a major problem for market management. Slaughter premiums have been introduced to encourage more orderly marketing. Research on winter housing to arrive at an improved design of space and to deal with problems caused by animal effluents would make an important contribution to increasing the possibilities for farmers to retain cattle in the winter months and so to achieve a more regular flow to the market. Indeed, I think that that would be an extension of the proposals already made by the Commission.

Article 11 of Regulation 1728 of 1974 establishes that the Commission shall present to the European Parliament and to the Council a report on the national organization of research and giving the overall picture of development in the Community, a progress report on the measures adopted and study of desirable research developments.

In the debate during the part-session of March 1973 on the Commission's proposal of 22 December 1972 concerning the coordination of agricultural research, Commissioner Lardinois stated that he agreed in principle that such reports should be made on an annual basis. I should like to know whether the Commissioner still stands by this statement and whether or not Parliament can expect regular reports on the progress of these research programmes.

It is clearly desirable that, since research efforts are to be concentrated on practical applied research, the European Parliament should be able to add its voice in the preliminary discussions on the directions in which agricultural research is to be supported. The Committee on Agriculture therefore requests that the Commission keep it informed of discussions on areas in which the Commission is considering participating and that the Committee on Agriculture be consequently given the possibility of suggesting areas suitable for Community collaboration.

Future possible areas of research to be supported in the framework of Regulation 1728 of 1974 are the mechanisms of agricultural marketing, with special reference to the question of vertical integration and producer incomes, and the study of soils and their potential utilization. The Committee on Agriculture would warmly welcome proposals on these areas of research.

The Committee on Agriculture also wishes to point out that its recent deliberations have drawn attention to the need for research on pesticide residues in edible horticultural produce and in feedingstuffs, particularly those relating to the egg and poultry sector.

Concerning the cost of this programme, 640 000 u.a. will be spent this year and it is estimated that 15 991 500 u.a. will be spent between 1976 and 1979.

In conclusion, I would recommend that Parliament adopt this report, which was adopted unanimously by the Committee on Agriculture.

(Applause)

IN THE CHAIR: MR MARTENS*Vice-President*

President. — I call Mr Corrie.

Mr Corrie. — I personally welcome this report on common and coordinated research programmes in the fields of animal leucoses, livestock effluents, beef production and plant protein production.

We live in a world where 90 per cent of our population lives on a starvation diet and 10 per cent of the world has a surplus to its requirements. We live in a world unable to control a population explosion, and before long we shall have a severe world shortage of food.

In those circumstances anything that can help production must be encouraged, and I would commend Mr Gibbons' report. With spiralling oil prices pushing up artificial manure prices, the recycling of livestock effluents acquires more and more economic importance, and much research needs to be done to study ways of handling that material.

Following on from that, with the high cost of proteins from third countries the Community countries need to produce as much high-quality plant protein as possible to increase beef production at more economic prices. There are many ways in which beef production could be improved by modern buildings and feed programmes, and other countries could give us much information in these fields. But there is no point in each country's doing its own research.

I have just made a world tour of Australia, New Zealand and South Africa looking at agriculture. I was shocked to see how much repetition of research was going on at a very high cost in all these countries. Perhaps with a little

Corrie

cooperation and coordination the same result could have been achieved very much more cheaply.

I therefore hope that something can be done within the Community to coordinate research. The small initial cost would be quickly recouped from the results gained. I would fully support Mr Gibbons and the Commission on this report.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I rise to speak, not because I have any objection to make to the motion for a resolution or to the Commission's proposal. I am even prepared to express my agreement with the supplementary points that have been brought forward on common and coordinated research programmes. I find, for example, research into pesticide residues important. I can well understand that new subjects for research can be found *ad infinitum* in all sorts of fields, but I do not think this is advisable, as I have already said in committee. That is why I have refrained from tabling an amendment.

It is important to conduct common and coordinated research into forms of production in European agriculture which would save energy. I should like to hear from Mr Lardinois whether anything is being done in this field.

I am thinking in particular of the possibility of making use of methane gas which at present is wasted during the processing of offal. I am aware that this question has already been studied, and considerable quantities of methane gas may be involved.

Are there any practical possibilities for making use of this gas?

Have any methods to this end already been developed?

Has the Commission any means of encouraging and coordinating research in this field?

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I thank Mr Gibbons, the rapporteur, for the report he has submitted on behalf of the Committee on Agriculture and also for the very positive reaction he has shown on his own behalf and that of the committee.

I am glad that Mr Corrie and Mr Laban have, on behalf of their respective groups, been able to subscribe to this reaction. Requests have been made for further research into winter housing for cattle and the use of pesticides for

edible horticultural and poultry products. In view of the funds available, and also for other reasons, it is scarcely possible to add these spheres of research to the four principal ones already mentioned.

I would, however, assure both the rapporteur and Parliament that we are trying to achieve some coordination in this matter within the Community. Consequently, I shall be glad to adopt the committee's suggestion of drawing up a special coordination programme for the two matters mentioned. But we should not participate in research of this kind ourselves—not, at least, at the present stage. We should also not make any funds available, as is the case with the four main spheres of research. Later on we can see how we are coming along with this coordination and whether certain parts of this research undertaking can be boosted.

We intend, therefore, to begin this coordination as soon as possible. Financial encouragement will therefore be possible so far as this appears necessary and practicable.

Mr Laban asked about research into energy-saving. This matter has been placed before the Council in connection with the reform of horticulture under glass and the possibilities that we have in this sector in connection with national subsidies. We have told the Council that research into energy-saving should contribute to a solution of the long-term problems.

Horticulture under glass is, in fact, one of the sectors of our production in which expenditure on energy is, comparatively speaking, by far the most important element in total production costs, even when industrial products are taken into consideration. We must, therefore, investigate in this connection the possibility of taking special measures.

The problems which arise with the processing of offal and the production of methane gas must be considered within the framework of the four main problems that we have selected. The use of solid and liquid manure is a possibility here. This is indicated.

Mr Laban. — (NL) You must have a big concentration of offal...

Mr Lardinois. — Every now and then certain regions in the Community have great supplies that they don't know what to do with. This should, therefore, be added to point 2.

Mr Gibbons has asked us, on behalf of the Committee on Agriculture, to inform his committee in good time of new research programmes. The committee may rest assured of this. The Com-

Lardinois

mittee on Agriculture has also stated that it wishes to be kept regularly informed, for preference once every year, of the progress made in research. This request I shall be pleased to comply with. I promise the Parliament that this shall be our aim.

President. — Does anyone else wish to speak? I put the motion for a resolution to the vote.

The resolution is adopted.¹

18. *Regulation on aid for the private storage of fishery products*

President. — The next item on the agenda is a debate on the report drawn up by Mrs Orth, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation setting up a temporary scheme of aids for the private storage of certain fishery products (Doc. 112/75).

I call Mrs Orth.

Mrs Orth, rapporteur. — (D) Mr President, ladies and gentlemen, the purpose of the Commission proposal here under debate is to institute aid for the private storage of frozen tunny, frozen fillets of cod and frozen fillets of saithe. The market for these kinds of fish is at present undergoing serious difficulties: a fall in market prices has led to a big increase in stocks, and any attempt to reduce these stocks at the market prices at present prevailing would only lead to even greater losses in this sector.

The difficulties to be observed on the European fish sector are to be explained partly by structural bottlenecks and partly by short-term developments on the market.

The Commission has already taken a number of measures to help stabilize the market; the present proposal is designed to serve the same end, and has been unanimously approved by the Committee on Agriculture.

The Committee on Budgets, asked for its opinion, rejected the proposal for budgetary reasons at its meeting of 9 and 10 June 1975. Perhaps I may be allowed to quote very briefly from the opinion of the Committee on Budgets.

The committee refers to the fact that the costs of this proposal are estimated at 3 million units of account for the year 1975 and that 'the appropriations provided for in the 1975 budget for interventions amount to 2 million units of

account, which will serve to pay the financial compensation'. The committee goes on: 'In view of the lack of information regarding the probable quantities of fish to which the regulation would apply and the amount of aid to be granted for storage, the Committee on Budgets is unable to deliver a favourable opinion on this proposal.'

The chairman of the Committee on Budgets, Mr Lange, goes on to say that his committee does not pretend to concern itself with agricultural policy and that this is a fundamental decision designed to prompt the Commission to indicate, in every proposal it makes in future on the agricultural sector, precisely how high the costs for the measures concerned should be and the source from which the funds for this measure should be taken.

In principle, of course, the attitude of the Committee on Budgets in this matter must be supported; but in this particular case it must be pointed out that this fish must, in the nature of things, continue to be landed—since fishermen derive their livelihood from catching and selling fish—and then denatured—that is, processed to make fish-meal—if it is not to be given over to private storage. That, too, entails expense, though I am not in a position at the moment to decide which of the two courses is the more expensive. Since, however, we are opposed in principle to the denaturing of foodstuffs, we take the view that in this case aid should be given for storage.

I would ask the House to vote for the proposal, since in my view this particular proposal is not a suitable subject for a demonstration of budgetary principles. I therefore ask the House to approve the attitude adopted by the Committee on Agriculture.

(Applause)

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

Mr Corrie. — On behalf of the European Conservative Group I support Mrs Orth and warmly welcome the report on the proposal from the Commission for a regulation setting up a temporary scheme of aid for the private storage of certain fishery products.

On behalf of my Danish friends, may I say that there seems to be some slight confusion in the translation of the fish called 'saithe'. In English it is called 'coal fish'. The Danish translation seems to suggest that it is whiting, which is a different type of fish. There is a great difference between these two fish breeds and their sales. I hope that this translation difficulty can be cleared up.

¹ OJ No C 157 of 14. 7. 1975.

Corrie

The regulation provides that aid may be granted when prices on representative markets or ports remain below 85% of the guide-price for a significant period. This whole problem has been brought about by a catastrophic rise in costs to the fishing industry and a drop in consumption on an over-supplied market. This regulation perhaps epitomizes the CAP in the taking of excess products off the market to allow the industry to go on functioning in times of glut so that, in times of shortage, it can be released onto the market to allow a steady price to prevail as well as a steady supply.

It is surely important to keep a strong fishing industry and to support that industry through difficult times, and on behalf of the Conservative Group I welcome this move.

The alternative to that is to let the fishing industry collapse, with a huge loss of jobs, both at sea and on land in that the processing factories would be closed down. Surely that is unthinkable.

The estimated cost appears to be around three million units of account, a small price to pay to keep this important industry going. It also means that those who are having to hold large frozen stocks do not need to release massive amounts of stock onto an already depressed market.

It is interesting to note also that the Commission has granted export permits for frozen cod and saithe fillets, and this again should ease the internal market. It is also good to see that the storage aid is limited to types of fish landed mainly by the fishing fleets of the Member States. Therefore, they will get the largest aid. This is but a small step to help an industry which is in a desperate plight.

World fish stocks are rapidly disappearing through overfishing. Yet again the NEAFC conference has, by a large majority, permitted far too large catch quotas. Yet again it has tried to give all its members a share of a fish catch that is not there to catch. I give but one example. The herring catch off the West Coast of Scotland is set at 155 000 tons for the coming year, yet the fishermen and scientists said that the maximum catch should be 66 000 tons for that year.

I welcome the regulation, but hope that the whole fishing industry can be examined by the Community countries to reappraise the entire situation before it is too late and there are no fish left for the housewife to buy.

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

Mr Nyborg. — (DK) Mr President, I agree with the rapporteur, Mrs Orth, and will therefore be as brief as possible.

Some form of aid is required in view of the fishing industry's present serious difficulties. We agree about that. I am thinking mainly of certain frozen-fish products for which prices have dropped abnormally low and which have been extremely difficult to sell.

We therefore welcome the fact that the Commission has submitted a proposal on a scheme of aid for the private storage of certain fishery products. It is important to mention here that the measures are temporary, since the aim is merely to solve the problems that have arisen from structural adjustment difficulties and short-term economic fluctuations on the market.

In principle, permanent aid arrangements are an evil to be avoided, since they are obstacles to free and healthy trade. The Community's policy of harmonization should therefore be based on a long-term plan, and this is the Commission's aim; it is at present preparing proposals on coastal and deep-sea fishing of a more permanent nature.

It is very important to make an effort to aid fishery exports in accordance with the commitments entered into in the GATT negotiations, but consideration should also be given to the fact that the fishing industry will possibly have to import fish for further processing. Depletion of the stocks of fish listed in the report will lead to a market crisis that should be avoided. Speedy action is therefore necessary in order to keep damage to a minimum in the present unfavourable economic situation.

The Group of European Progressive Democrats therefore supports the motion for a resolution.

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

Mr Brøndlund Nielsen. — (DK) Mr President, I shall very briefly give the opinion of the Liberal and Allies Group on Mrs Orth's motion for a resolution.

The scheme proposed here for settling some of the acute problems in the fishing industry is the same as that applied in the Community's agricultural policy—namely, the use of storage possibilities to help producers and consumers alike.

Clearly, this cannot in itself stabilize the situation, and the proposed restructuring policy is therefore necessary.

I cannot, however, Mr President, refrain from remarking that it is absolutely necessary in view

Brøndlund Nielsen

of these considerations concerning the future to realize that although some fish prices are at present very low, we have just about expended all the fish resources in the sea.

One of the major aims of the future policy should therefore be to prevent overfishing. The individual Member States sometimes find it rather difficult to decide on a common policy for protecting certain species of animals, and my own country is unfortunately no exception. It is, however, extremely important that we should avoid overfishing. If not, the problem we face in ten years will not be that there is a glut on the market but that several species of fish are not available for consumption.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I begin by expressing my especial thanks to the rapporteur, Mrs Orth, for the report she has prepared and for the positive attitude she has expressed on behalf of the Committee on Agriculture. She has put a number of questions to me, which I shall be glad to answer.

She spoke about the difficulties she had had with the Committee on Budgets. In the light of the agreement between Parliament and the Member of the Commission who bears primary responsibility for the budget, we shall strive to ensure that Parliament is kept as closely informed as possible of every proposal.

On the other hand, we must bear in mind that in these difficult times the agricultural markets are confronted with changing circumstances, to which they have to react. This often means that we can give no more than approximate estimates of the costs of particular programmes. This is all the truer since with a proposal such as the one under discussion the possibility is not excluded—even though it does not enjoy particular priority—that under certain market conditions fish that is yet to be caught is put into temporary storage. This means that we need some freedom for financial manoeuvring. This is not to say, incidentally, that a supplementary budget will be needed; we can finance this from appropriations provided for in the Agricultural Fund; for this purpose the Commission will certainly have no need for a supplementary budget during the course of this year.

Mr Corrie asked what kinds of fish were concerned. To this I will say that the Dutch name is *koolvis*.

I wish to express my hearty thanks to Mr Nyborg and Mr Nielsen for the support they have given this report. I would express the hope that this programme which we have submitted *ad*

hoc will no longer be necessary next year. Let us hope that the recession, which has obviously also affected fisheries, will then be at an end.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

19. *Regulation on the rationalization of horticultural production under glass*

President. — The next item on the agenda is a debate on the report drawn up by Mr Frehsee, 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 measures for the rationalization of horticultural production under glass (Doc. 129/75).

I call Mr Frehsee.

Mr Frehsee, rapporteur. — (D) Mr President, the sharp increase in the price of fuel-oil has been the cause of various economic difficulties in the sphere of horticulture under glass, although the situation of the undertakings concerned has to some extent been relieved by the fuel subsidies, which originally were introduced independently by individual Member States and then approved by the Community and which have been extended until 1 July 1976. The list, mentioned by Mr Lardinois in connection with the research programme, which is to be drawn up of current or recently completed research projects on production methods and techniques for energy-saving in horticulture under glass, will be very welcome; nevertheless, further measures will be indispensable. One such measure is the draft now under discussion for a regulation laying down measures for the rationalization of horticultural production under glass. It provides for premiums for the dismantling of old glasshouses built before 1 January 1969 which have become uneconomical. These premiums are to be paid to those producers of crops cultivated under glass who apply for them by January of the coming year, 1976, and carry out the dismantling by the end of that year. Until that time the payment of subsidies for new glasshouses is to be in general forbidden. This is perfectly consistent, since it would be irrational to pay on the one hand premiums for the dismantling of glasshouses and, on the other, subsidies for the construction of new glasshouses.

¹ OJ No C 157 of 14. 7. 1975.

Frehsee

The amount of the premium is to be 3.5 units of account per square metre of glasshouses dismantled—an amount based on the experience gained in this field in various Member States. It corresponds roughly to the arithmetical average of dismantling costs, which differ in the various Member States. The premium is designed to cover only the costs of dismantling and not to compensate for any loss of income, and for this reason, Mr President, your committee considered it necessary to include in the explanatory statement mention of the structural directives Nos 160 and 161, of 1972, on the basis of which producers of glasshouse crops who close down their businesses completely may draw upon the benefits laid down in those directives if they satisfy other conditions such as that of age. Producers applying for the dismantling premiums must undertake not to increase the area cultivated under glass for six years after placing their applications.

Your committee, Mr President, recommends the House to approve the regulation for the following reasons:

First, it promotes the harmonization of individual national measures, which urgently require harmonization.

Secondly, it amounts to an improvement in structures. It is expected that the total area cultivated under glass in the countries of the Community, which at the moment is estimated at 10 million square metres, can be reduced by 10 per cent. In this way uneconomical glasshouses can be put out of commission and production concentrated on plants that are modern and economical.

Thirdly, the regulation pursues the social aims laid down in the structural guidelines of 1972. The cost for the Community is estimated at 8.8 millions units of account, of which 40% will be due in 1976, 50% in 1977 and the remaining 10% in 1978. This sum constitutes 25% of the total cost, of which the remaining 75% will be borne by the Member States, as is the case with all measures concerning the Guidance Section of the EAGGF which are comparable with this measure.

By 1 July 1978, the Commission, according to the draft regulation, is to report to the Council on the application of the premium system laid down in this regulation, on the basis of data submitted to it by the Member States.

In the committee's view, the time-limit of one-and-a-half years after completion of this measure is unnecessarily long. On the committee's behalf, I would ask the Commission, and in particular the competent Member of the

Commission, to present to the European Parliament an interim report six months after completion of the measure.

On behalf of the Committee on Agriculture, which approved this motion unanimously, I recommend the motion to the House.

(Applause)

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

Mr Zeller. — *(F)* Mr President, the Christian-Democratic Group supports the views expressed by Mr Frehsee and recommends the adoption of this Commission proposal, which indeed offers a large number of improvements in the functioning of the Common Market: abolition of national aids and of subsidies granted in certain countries for certain elements of production such as fuel, and the limitation of certain measures which might prove costly and unpopular on the market.

A proposal like this, submitted in the field of horticulture, might well be worth extending to other sectors where new conditions have suddenly made their appearance.

That is why the Christian-Democratic Group intends to give this proposal its energetic support, while asking the Commission, as Mr Frehsee has already done, to keep us more rapidly informed on the fate of this proposal and its results. My group is well aware that the level of the premium may well prove to be inadequate and have to be revised; but in any case it is a positive, preventive and salutary measure, especially as regards relations with certain Mediterranean and ACP countries. We therefore ask the House to adopt this proposal.

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I gladly support the report and the motion for a resolution.

A uniform premium has been taken as the point of departure. The regulation gives the description of the notion 'glasshouse'. It seems to me rather naïve to want to tell us what a glasshouse is; after all, there are different kinds of glasshouses. There are glasshouses where the capital invested has been completely written off, and there are new glasshouses.

I agree with the rapporteur's view that the proposal has nothing to do with compensation for losses of investments, but relates exclusively to aid against the costs of dismantling.

The use one makes of this regulation will clearly largely depend on the age of one's plant. It

Laban

is even possible that an old greenhouse will be economical where a new one is not, so that this will determine the use made of the regulation on dismantling.

Has the Commission devoted any attention to the question whether the dismantling premiums should not be differentiated?

I am quite aware of the practical problems, but I thought that if this were done greater use would be made of the regulation. Now I have my doubts on this point.

I am glad to hear from Mr Lardinois by what percentage the total area cultivated under glass is, according to him, likely to fall as a result of this regulation.

President. — I call Mr Brøndlund Nielsen.

Mr Brøndlund Nielsen. — (DK) Mr President, I should like to support Mr Frehsee's motion that we approve the Commission's proposal on measures for the rationalization of horticultural production under glass.

I do so, however, with some misgivings. I do so because of the view taken by Mr Frehsee that here it is a question of a uniform system of aid for all countries and regions in the Community. This is a sound principle. In my opinion, the Community's agricultural policy—which includes horticultural policy—is undermined to a considerable extent by the different national aid arrangements, and even uniform rules can have unequal effects in different regions. For instance, if one region has modern and another mainly old glasshouses, then obviously the region with old glasshouses will benefit from the arrangement whereas the one that already has new glasshouses will not.

I therefore think it is very important not to forget the criticism directed by supporters of the common agricultural policy at the fact that national aid arrangements undermine it.

I have seen figures that show that national aid granted for glasshouse production varies widely and I have noticed that, so far as it can be calculated, the range is from 1.45 DKr per sq.m. heated glasshouse in a country such as Belgium to figures that can scarcely be calculated. In the Netherlands in any case the grant is at least the equivalent of 10 DKr per sq.m. of heated glasshouse. This aid is granted in many different ways. I have some other figures that show that in Great Britain the grant is equal to 7.60 DKr per sq.m. heated glasshouse and in France about 4 DKr. In my own country the figure is about 1.50 DKr—in other words, about the same as in Belgium.

If we are to have a common organization of the market in this sector, such large differences in national aid for this sector of the industry are not acceptable in the long run, and it is therefore with some misgiving that I support it. On the other hand, so far it is not so particularly important even though it may seem rather unjust given the present situation.

It is also possible that there will be some practical problems in introducing this aid. We have unfortunately seen in several cases that there have been sharp practices in connection with the common organization of the market in agriculture, and it is to be feared that perhaps the same could happen in this sector. I could for example ask how we are to ensure that one owner is not given aid for dismantling his glasshouses in December 1976 and that another legal owner builds new ones in January 1977 with modernization aid. This, however, is one of the more technical points.

My main question arises from the objection I have made: Does the Member of the Commission think it is acceptable under the common organization of the market for national aid arrangements for this sector to vary so widely? (Applause)

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

Mr Howell. — May I say on behalf of the European Conservative Group that we welcome this small measure put forward by Mr Frehsee? I emphasize that it is a very small measure, particularly for British producers, Britain being one of the Member States where growers are at a disadvantage because our fuel support has been discontinued since 31 December last year.

Before enlarging on that point, I should like to put two questions to Mr Lardinois. First, is there any evidence of over-production and any real need to reduce the size of our glasshouse industry? Secondly, owing to the fact that the green pound is not the real value that it should be, shall we in Britain, if we receive the 3.5 u.a., be receiving something less than any other states owing to the fact that the green pound has not been brought into line with the pound sterling? This small issue and this small degree of help to those producers who have been driven to the point where their only option is to go out is not the answer. We should realize the difficulty that British glasshouse growers have been put to as a result of our government's not continuing with the fuel subsidy.

I thank the Commissioner for his help in trying to persuade our Minister to reverse the decision which the British Government took. I know that

Howell

he tried hard to persuade Mr Peart. I also believe that our Minister of Agriculture is himself sympathetic and that it is the British Government in general who are holding back.

I once more ask Commissioner Lardinois if he will again try to persuade the British Government retrospectively to give support for the fuel costs for the six months between the time when the subsidy was removed and the time when we hope there will be a general subsidy in the whole Community, because our growers will be put at a disadvantage and more of our growers will be going out of business, perhaps getting some aid from this small measure, but I think that this is a rather unsatisfactory state for British growers.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, ladies and gentlemen, I should like to say right at the start that it was not possible for me to attend the meeting of the Committee on Agriculture at which this subject was discussed. This can, of course, also be seen from the document now under discussion. I consider this statement necessary in order not to hurt the feelings of the rapporteur, our colleague Mr Frehsee, who has not been informed of my point of view, which is quite different from his.

I am opposed to this proposal for the following reasons. First of all, I consider that it is pure folly to continue a common agriculture policy which is applied in this way. It is madness to grant subsidies for the slaughter of cattle and the destruction of fruit-trees and then to provide for other subsidies for increasing herds or planting new orchards! Whoever lives in Italy and is familiar with the conditions obtaining in certain regions such as Apulia or Emilia-Romagna will certainly be familiar with operations of this kind, which are very much to be deplored.

This mode of procedure may be briefly described as follows. In order to cope with a situation due to purely incidental causes—namely, the price of petroleum—it is proposed to dismantle hothouses constructed before 1 January 1969. The international situation has obviously led to an increase in costs, but this problem can only be solved by supporting horticulture under glass throughout the Community. I don't, in fact, see how the increase in petroleum prices can have varying effects according to the type of hothouse and why we want to adopt a remedy which discourages the further operation of antiquated hothouses. I fail to understand the nature of a market economy such as ours in which the consequences of the market are ignored. If the citizens of Member States of the

Community are put on an equal footing as regards the granting of aids to meet the exceptional costs of raw materials—specifically, petroleum—obviously the most antiquated hothouses are those which will cost the most. I fail to understand, however, why we should decide that because of something which is of purely incidental significance—that is, the increase in petroleum prices—we have to favour a structural transformation which is not among those laid down in Community directives.

Some speakers have already foreseen the possibility of large-scale frauds. I should like to know how many policemen will be needed to ensure that whenever hothouses are dismantled the area under cultivation is not increased! Rather than this, I think the following is what will happen: one Community subsidy will be used to dismantle an old hothouse, and another will be used to build a new one in its place. In this case, would it not be better to subsidize the construction of completely new hothouses—that is, to encourage the improvement of under-glass horticulture—instead of dismantling hothouses already in existence on the condition—a condition which is absolutely incapable of being enforced—that for the next six years the area in question cultivated under glass shall not be reutilized for this purpose? I fail to see how this result can be achieved. Moreover, I don't see why in this case the criterion of the market should not be applied in the usual way, putting out of the market that which is no longer economical.

The system has already shown its grave disadvantages on more than one occasion. We are attacked from all sides precisely because dismantling has so far been the criterion for granting subsidies. The abandonment of old hothouses in favour of new ones can be better secured by favouring, wherever possible by means of Community aids, the transformation of existing under-glass horticulture than by means of this method, the enforcement of which would have to be entrusted to the police.

I might give further examples, Mr President, but what for me is important is that I have been able to stress the fact that I disagree, as I have always done in this House in which I have the honour to serve on every occasion that the Community has wanted to grant aids for dismantling. In my view, the Guidance and Guarantee Funds should be devoted to quite other ends.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, I hope that in the Council the Italian Minister will not venture

Cipolla

to give his assent to the Commission's proposal, which in my view is really untenable. To continue employing funds for destruction instead of construction is a proposterous notion which is particularly unacceptable for the poorer regions of the Community. This year, in the citrus-growing areas of my native Sicily, I personally witnessed the depressing spectacle of tractors ploughing up orange plantations, and I may say that those farmers who were not given premiums expressed themselves in the hardest terms on the subject of the Community.

Obviously we cannot continue along this path. It is impossible to cite the increase in petroleum prices as an argument, since this has affected the whole of agriculture and most of all the cost of using tractors and combine harvesters and the prices of fertilizers.

The region of Sicily is making tremendous efforts to encourage hothouse cultivation, which is undoubtedly the most advanced and technically highly-developed method of cultivation capable of yielding a gross saleable product of 15-20 millions per hectare. In my constituency of Ragusa, thousands of hectares are devoted to cultivation under glass, and they are a marvellous achievement on the part of the farmers of this region. Such work requires, indeed, a high degree of specialization. Citrus fruits are produced two months in advance of normal production, and this makes possible prices that are very much higher. Consequently, I fail to understand how one could propose to these farmers a premium for destroying the fruits of their work. On the other hand, I am convinced that frauds will be inevitable in view of the lack of adequate controls.

Inevitably, this system will lead to frauds—and, I add, fortunately to nothing more than frauds. Incidentally, the same thing was to be observed when the measures on the slaughter of cattle were approved, as could be seen throughout all countries of the Community. Indeed, I fail to understand how the Netherlands, which stood to benefit from these measures more than any other Member State of the Community, could later increase its stocks of cattle.

This regulation will mean the destruction of a considerable source of wealth in the southern regions of the Community and a loss on the horticultural sector. The purpose behind this regulation is probably to meet the needs of countries such as the Netherlands, which have made a radical mistake in their policies on under-glass cultivation. It is one thing to build greenhouses in Sicily, where the chief aim is to accumulate heat and to prevent its dispersion and quite another to set them up in Northern

Europe, where the essential aim is to produce artificial heat.

Well now, if you have made a mistake in your investments policy, if you have misjudged the direction that should be followed, if you are incapable of resisting competition from either inside or outside despite all the support you have received from the Community budget, it really seems to me that recourse to measures of this kind is out of place.

I would hope that this proposal is not prompted by the failure of hothouses in the Netherlands, which will finish by loading yet another burden on the Community budget amounting to several millions of units of account, in addition to all the other expenses that have been incurred.

I would therefore ask Mr Lardinois not to insist upon this proposal, which will scarcely aid those who wish to do away with their hothouses, while it will damage those who want to increase them. Above all, it will damage the image of the common agricultural policy and hence of Europe as a whole in the minds of the populations of our countries.

It is not, I think, difficult to recognize that the common agricultural policy was one of the main causes of the contrast that cast doubts upon Britain's membership of the Community and made that of Norway impossible. Do we want to carry on figuring as the destroyers of produce and even of plant and so run the risk that everyone will say that we have misused this admirable regulation? In fact, it is a deplorable regulation which will encourage frauds and discredit the common agricultural policy without profiting any of the interested parties.

Rather we should help to reform structures in the sense that whoever is capable of building hothouses which satisfy all technical and economic requirements should be helped by the Community with loans, subsidies and technical aid, while those who are incapable or who want to defraud the Community are deprived of the opportunity to avail themselves of measures such as those contained in this proposal for a regulation.

I conclude, therefore, Mr President, by associating myself with those other speakers who have expressed their opposition and invited Mr Lardinois to consider the possibility of withdrawing this proposal.

For our part, we shall be happy to approve a proposal that shall establish adequate EAGGF appropriations for those capable of building more up-to-date, technically and economically more viable hothouses—that is to say, favouring the development of Community agricultural production.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I wish to thank Mr Frehsee for the report he has drawn up on behalf of the Committee on Agriculture. The rapporteur mentioned directive No 160. There is nothing in this directive which constitutes an obstacle to the matter now under discussion, which is consequently perfectly reconcilable with directive No 160.

I have been asked to submit a report—albeit a preliminary report—in six months' time, on the grounds that one-and-a-half years is too long. I agree. I should, however, like to point out that we have to deal with sluggish, bureaucratic national administrations whose manner of operation is far less rapid and uncomplicated than that of the Community administration. The functioning of these bureaucratic national administrations takes far too much time. Nevertheless, I will gladly undertake to give Parliament a preliminary report on the matter in six months' time.

Mr Zeller said that he agreed with this. I share his view that in general it is much better to take old plant out of production than continually to take products off the market, provided this is possible on a limited scale and directed toward a particular end, as is the case at present.

Mr Cipolla said that we must not pull up any fruit-trees or dismantle any hothouses. Nevertheless, of course, he wants the producer to have his guarantee. The producer gets his guarantee from us *via* the market, where delivery and destruction of produce are the result. In my view, it is better to destroy as little produce as possible. Consequently, it is better to close down plant which to some extent has become out of date through a change in the economic circumstances.

I agree with what Mr Zeller said. Means of production that are economically out of date are not sacred as far as I am concerned.

Mr Frehsee also asked about the economic significance of underglass horticulture in the Community. In reply, I would say that this accounts for about 2.5% of the entire agricultural and horticultural output and has a value of between 1,600 and 1,800 million u.a.

Mr Laban asked whether it was not necessary to differentiate the dismantling premiums...

Mr Laban. — (NL) Was that not considered?

Mr Lardinois. — It was considered, but we very soon abandoned that idea. For it is our intention,

not to dismantle all hothouses, but 10% of them which require a lot of heating.

Consequently, I do not quite understand the difficulties of Mr Cifarelli and Mr Cipolla. I assume that in Italy relatively few glasshouses require a lot of heating: this is something which is typical of Northern Europe. Ordinary glasshouses which do not require much heating do not come into consideration for the purposes of the regulation. On the other hand, the owners of glasshouses who have been affected by a quadrupling of energy prices are those who have suddenly found themselves in a completely different economic situation.

Since costs have gone up so much, the 'equalizing price', on the basis of which production continues to pay, has also rocketed. Some adjustment is therefore necessary, and this can be achieved with the help of the market mechanism. Nevertheless, one can give this process of adjustment a helping hand, and this is the approach we have adopted. It is regularly applied in economies of a certain type, also in spheres outside agriculture. This method is both up to date and exact. It is not absolutely necessary to give free rein to the market mechanism and all the brute forces that may come into operation there.

It is these glasshouses with a high rate of fuel consumption which before the energy crisis consumed for heating purposes 25% of the total cost of their maintenance, including the cost of labour, depreciation, payment of interest, etc. As a result of the sudden increase in energy prices, the proportion now amounts to about 50%. It seems to me beyond all doubt that a limit must be placed on this production in order to achieve a new balance between supply and demand on the market in the form of a cost price that is more or less economic. That is what it is all about: we are not concerned with under-glass horticulture in general. We are not concerned here with glasshouses that can be operated without excessive heating-costs. The subject principally concerns certain horticultural products at certain times of the year when similar products from the southern regions of our Community are not yet on the market.

It has been asked how many glasshouses will have to be dismantled. It is our assumption—and this is the basis of our estimates—that about 10% of hothouses with a high rate of fuel consumption will have to be dismantled. Those requiring very little heating or no heating at all will not be affected: these are not covered by the premium.

Mr Nielsen asked about national subsidies and quoted a number of examples. I would ask him

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to provide me with data and, so far as possible, background information. I shall be glad to give him and, if he wishes, also the Committee on Agriculture a commentary on the data supplied. He quoted some statistics which I was unable to note down and which I cannot therefore comment upon straight away.

Mr Howell asked whether I would again try to persuade the British Government to give a subsidy for the fuel costs over the period which has elapsed. Mr Howell is aware of my attitude on this question, which, incidentally, I have also stated quite openly and which I do not think I have to repeat. We have given the national governments full powers, and we have not put them under pressure.

The three new Member States are, incidentally, in a different situation from the six original Member States as regards the number of horticultural products. In some cases the three new Member States still have very considerable national protective rights with regard to these products, for which a Community market can be realized only gradually and in stages.

Only two of the five or six stages have so far been completed. We therefore have no choice in the matter but to leave the national governments sufficient freedom of action to form their own interpretations in the light of their particular circumstances and their markets which are still in part protected.

Mr Howell asked another question about the significance of the green pound. Expressed in dollars, this is on the continent such that a little more is paid per unit of account than in Great Britain in view of the present level of the green pound. That, at any rate, is the situation as far as market-gardeners are concerned.

We pay more than the governments in Britain and Ireland, because the green pound is still valued on the basis of the so-called Smithsonian agreement. This is a fairly complicated matter which we can scarcely go into in any detail here. If, however, Mr Howell would like any further explanation of prices, I am quite prepared to explain the matter to him in all the detail necessary.

Now I come to the remarks made by Mr Cifarelli. I have already indicated that I take a very different attitude from Mr Cifarelli on the depreciation of plant, whether in the economic or in the literal sense. The situation here is obviously different in Italy from that obtaining in most other Member States of the Community. Political or other circumstances may also play a part. All I need to say, I think, is that after a general Community measure has been elaborated and approved by the Council only a

very small number of greenhouses in Italy can be expected to fall within its province. In the first place, there are few hothouses in Italy that were built before 1969. In the second place, there are even fewer hothouses in Italy which were built before 1969 and operate with an intensive heating-system. Moreover, I would point out the measure we are considering here concerns not only Italy but the whole of the Community.

Throughout the Community there has been such a development on the energy sector that under-glass horticulture cannot be compared with any other sector in agriculture or even in horticulture. There is no other sector in agriculture or horticulture where the cost of energy makes up between 40 and 50% of the cost price of production. And outside the sphere of agriculture and horticulture only, I think, the sector of energy itself—that is to say, generation of electricity—is in a situation that is comparable, if not a little more acute.

Another point: there is no question of old hothouses being given favourable treatment with regard to dismantling. There is no question of privileges. The owner of an old hothouse has an option, but he is no way under an obligation. There is no intention of dismantling all hothouses, only of taking a part out of production. In this connection, I have some difficulty in following Mr Cipolla's reasoning.

In conclusion, I urgently recommend this measure to the House. I sincerely thank the rapporteur.

President. — I call Mr Cipolla.

Mr Cipolla. — (1) I wish to make a declaration of vote, and my colleagues will excuse me if I take up just one more minute of their time. What the Commissioner has just said confirms our doubts. Our first doubt is whether the regulation is designed to reduce the supply to the market of fruit and vegetable products grown under glass. The regulation gives no guarantee that there will be any such reduction, any more than the analagous regulation which was approved, also on a proposal from the Commission, concerning the anticipated slaughter of milk cows guaranteed a reduction in the supply of milk and butter. What in fact happened was that inferior milk cows were eliminated while the number of cows producing a higher yield of milk increased. The result was an increase in butter stocks. Hence this is not the proper method. There should be some degree of planning, and the prohibition laid on the construction of new hothouses is in my view a very serious matter. But we have another doubt. The Commissioner says that this regulation does not apply to Italy.

President. — Mr Cipolla, may I ask you...?!

Mr Cipolla. — (I) But since this regulation will be paid for by Italy, as by all the other countries...

President. — Mr Cipolla, you may give an explanation of vote, but you are not allowed to reopen the debate.

Mr Cipolla. — (I) If a regulation is drawn up on the subject of hothouses—and here we come to the very heart of my aversion to this kind of regulation—the individual governments must be given an opportunity of intervening, Community funds must be placed, at the disposal of the individual governments—more than that: of the individual regions...

President. — Mr Cipolla, you no longer have the floor.

Mr Cipolla. — (I) I ask for the floor...in order to speak...

President. — Mr Cipolla, you no longer have the floor.

I call Mr Broeks to speak on a point of order.

Mr Broeks. — (NL) Mr President, a declaration of vote gives the Commissioner no opportunity to go into the matter. If Mr Cipolla had wanted to speak a second time, he should have said so: then Mr Lardinois could have replied. Now Mr Lardinois cannot reply. That is an absolutely unfair way of going about things, which we in this Parliament can not tolerate. You were right, Mr President, in calling Mr Cipolla to order.

(Applause)

President. — I call Mr Brøndlund Nielsen to give an explanation of vote.

Mr Brøndlund Nielsen. — (DK) Mr President, I said at the beginning that I could support, with misgivings, Mr Frehsee's report. After hearing subsequent comments, including those of Mr Lardinois, I intend to abstain from the voting.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President may I regard Mr Cipolla's speech as a second contribution to the debate? There are two definite errors in what Mr Cipolla said in his so-called explanation of vote. These I must correct.

President. — For that purpose I give you the floor, but please be brief.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I did not say that the intention was to treat Italy as an exception. I merely said that the hothouses which here come into consideration are rare in Italy.

Naturally, the Community pays a part of the sum—namely, 50%, just as it does in the citrus-fruit sector. There we have also paid 50%, sometimes 100%.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, you have called Mr Cipolla to order. May we take it that what Mr Cipolla said after you had done so will not appear in the Report of Proceedings?

President. — I shall consider the question.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

20. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Tuesday, 17 June 1975, at 10 a.m. and at 3 p.m., with the following agenda:

- Report by Mr Scott-Hopkins on the stock-taking of the common agricultural policy;
- Joint debate on two oral questions concerning the beef and veal market.

The sitting is closed.

(The sitting was closed at 7.10 p.m.)

¹ OJ No C 157 of 14. 7. 1975.

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.10 a.m.)

President. — The sitting is open.

1. *Welcome to Australian delegation*

President. — Ladies and gentlemen, it is a great pleasure and an honour for me to welcome to

the European Parliament a delegation from the Australian Parliament led by Mr Gordon Munro Bryant, Minister of Capital Territory.

The presence of our Australian friends is proof of the growing interest shown by the European Community and Australia in their mutual relations. I very much hope that the discussions which the Australian delegation is to have here in Strasbourg with a delegation from our Parliament and with the political groups will help to strengthen these friendly contacts.

(Applause)

2. 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.

3. Membership of committees

President. — I have received from the Group of European Progressive Democrats a request for the appointment of Mr Krieg to the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations as a replacement for Mr Bourges.

Are there any objections?

The appointment is ratified.

4. Documents received

President. — I have received the following documents:

a) from the committees:

- a report drawn up by Mr Hans Edgar Jahn on behalf of the Committee on Public Health and the Environment on those sections of the Eighth General Report on the activities of the Communities in 1974 falling within that committee's terms of reference (Doc. 149/75);
- a report drawn up by Miss Colette Flesch on behalf of the Committee on Budgets on the draft estimates of expenditure and revenue of the European Parliament for the financial year 1976 (Doc. 150/75).

b) oral questions by Mr Fellermaier, Miss Flesch, Mr Kaspereit, Mr Van der Hek, Mr Radoux, Lord Bessborough, Mr Seefeld, Mr Delmotte, Mr Noè, Mr Bordu, Mr Artzinger, Mr Normanton, Mr Früh, Mr Gibbons and Mr Zeller to the Commission of the European Communities, pursuant to Rule 47A of the Rules of Procedure, for Question Time on 18 June 1975 (Doc. 136/75).

5. Texts of supplementary protocols forwarded by the Council

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

- supplementary protocol to the Agreement between the European Economic Community and the Republic of Austria;
- supplementary protocol to the Agreement between the European Economic Community and the Republic of Finland;
- supplementary protocol to the Agreement between the European Economic Community and the Republic of Iceland;
- supplementary protocol to the Agreement between the European Economic Community and the Portuguese Republic;
- supplementary protocol to the Agreement between the European Economic Community and the Kingdom of Sweden;
- supplementary protocol to the Agreement between the European Economic Community and the Swiss Confederation;
- supplementary protocol to the additional Agreement concerning the validity, for the Principality of Liechtenstein, of the Agreement between the European Economic Community and the Swiss Confederation.

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

6. Communication on the stocktaking of the common agricultural policy

President. — The next item is the debate on the report drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture on the communication from the Commission of the European Communities to the Council on the stocktaking of the common agricultural policy (Doc. 115/75).

I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — I wish first to congratulate the Commission and particularly Commissioner Lardinois on the very comprehensive stocktaking report which is before the House. It covers all the activities that have taken place in the past and the views and ideas of the Commissioner for the development of the stocktaking in the future.

I believe we are all agreed that it is the common agricultural policy which has been the basis of the Community's forward-looking policies over recent years. The common agricultural policy was the first policy to be developed and the first to become a Community policy where all the countries of the Community to a very great extent pooled their resources.

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All of us know that the common agricultural policy which is the basis of the stocktaking has had not only successes but also failures. I have no doubt that during the debate today we shall be hearing a great deal about the failures rather than the successes. This is how things always happen. Nevertheless, it is a fundamental point that the principles underlying the common agricultural policy are still acceptable and are those on which the future should be based.

As I said, there are, of course, failures. Perhaps the most important of these is the fact of the level of income of the farming community not only at the present time but over recent years. It is true that certain people and certain sections of the agricultural industry have had a very successful time financially over recent years, even though there have been difficulties in some sectors. However, this is a minority when compared with the whole of the farming community. I believe it is true—and I think the Commissioner would accept this—that a large proportion of the farmers in the Community have had great difficulties regarding incomes. There is no doubt that if one tries to make a comparison between the present-day income of the majority of the agricultural sector and that of the industrial sector, particularly in these inflationary times, one finds that the former is falling a long way behind the latter. A great deal, therefore, needs to be done and to be reviewed.

If one accepts that fact, one has to look forward to see where one bases one's thoughts from there onwards. What is to be done? The Commissioner quite rightly has based his price policy regarding the Guarantee section on the concept of a modern farm. This means an efficient farm using modern methods. This is the basis of the determinations that we have every year in the price review. To me this is acceptable and it is the only way of moving forward.

It is also true, of course, that when one talks about a modern farm, one is talking equally about the family farm. However, one should not think of the family farm as the basis unless that farm is efficient and modern. I believe it is right that in many countries of the Community the family farm is the basis of the agricultural industry, but, unless it is a modern farm with efficient modern methods, certain things need to be done.

In the past we have tended to look to the common agricultural policy to deal with the farms which fall below the level of the modern farm. I do not think this is the correct approach. Obviously the Guidance section and the various directives which flowed from that, particularly

Nos 159, 160 and 161, are of importance here. I shall refer to those again later.

That having been said, it is surely right and acceptable today that one should look to other sectors—the social policy, the Social Fund, the regional policy and the Regional Fund—to help us as to the structure in this area.

People who are farming in areas that are difficult because of climate, soil or inaccessibility need help, but I do not believe that that help should come from the agricultural EAGGF funds. Both Parliament and the Commission must concentrate their minds much more on interlocking the Regional Fund and the Social Fund. That way, I believe, progress lies.

Before going much further, it must be said that for the future it is absolutely essential that the Commission should have at its disposal adequate and up-to-date statistics of what is going on. In past years we have had debates in the House—I myself have had the honour to be the rapporteur in these debates—concerning the statistics which are available for the Commission to base its judgments for the future.

Whether it is the fault of the Member States or of the statistical department or of the computer or whatever it may be, there is no doubt that the Commission is at present labouring under a grave disadvantage in that it does not have at its fingertips adequate up-to-date statistics of what is actually going on in the farms of the Community at present. Unless it has that, and the ability—having got modern and up-to-date statistics—to assess and assimilate them, it is asking a great deal, and it is very difficult, for the Commission to move forward and for the Community to make the great strides of progress which are necessary in the future.

Following along the lines of the statistical approach, then, the House will notice that one of the recommendations we are making is that there should be a five-year review of the state of agriculture—indeed, an annual review, a rolling programme based on the review on how agricultural production should move forward in the Community.

One of the great drawbacks, other than the income issue, is that within a Community of 92% to 93% self-sufficiency of temperate foodstuffs, we seem to find ourselves plunging one minute into a surplus and the next minute into a deficiency of this or that production.

I cannot help thinking that the way we should approach this is to ask the Commission to prepare plans—a five-year forward-looking plan—which can be reviewed each year, of the level

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of production which is needed to meet the consumption demands throughout the Community, as well as those demands of stockpiling and of food aid which we are now also accepting as a Community. If this is done, we shall be able to have a much clearer outlook how the level of income should be moving. Once we know the levels of production which are necessary to meet the demands from our consumers, the stockpiling, and so on, this will obviously be so.

One of the main recommendations we are making is that this is the line that the Commission should take from now onwards. I should have thought that given this five-year plan, which would be reviewed each year and which would presumably be debated in this House, the farming community throughout the Community would be able to know where it was going.

Five-year plans and debates in this House are not of much value unless there are the capital and the income there to implement them. This is obviously an absolutely essential fact. Everyone in the House will agree that one of the problems which bedevils agriculture at present, and which bedevils the CAP, is that of the MCA's and indeed the green currencies. It is undoubtedly true—I think the Commissioner will accept this—that unless we can move quickly to eliminating the monetary compensatory amounts the common agricultural policy will never work in the way it should.

I am fully aware, as I am sure that the House is, that to do this at this moment would mean a tremendous upheaval. Nevertheless, unless this House takes the decision that we must move to economic and monetary union in the near future, and with that to the elimination of MCAs, it is my firm belief that it will be difficult for the CAP to develop along the lines that all of us in the House at present want it to go. We can talk about five-year plans, rolling programmes, income, and so on, but that will not mean a thing unless we can really make progress in this absolutely vital and essential field.

I am delighted to see the President-in-Office of the Council here. I am looking forward to hearing some words of wisdom from him in the near future. I hope that the Council and the Commission will take on board the absolutely vital necessity of moving in this field.

I turn quickly to the various issues of specific importance which I think are thrown up in my report. The first point concerns marketing. I do not think that the House and the Commission have paid sufficient attention in the past, or indeed devoted sufficient funds, to improving

the marketing of agricultural products throughout the Community. It is a well-known fact, and I do not think that anyone would dispute it, that farmers are excellent at producing food but very bad at selling it: they are very weak sellers.

Much more work needs to be done on how we can improve the marketing of various products throughout the Community, whether it be through cooperatives, whether it be through farmers getting together in some form or other, or whether it means encouraging the system of vertical integration with better lines of communication between the producer and the consumer in the processing industry. There is much to be done.

At the moment the increase in cost from farm gate to producer is in many cases far too high. In many cases the farmer receives for his product a price which bears no relation—this is the same thing said a different way—to the price the consumer pays for the same product.

There is great scope for improvement here. Once again this needs proper statistical background and evaluation of the situation as it stands.

I turn quickly to the situation of the actual products. In the cereal sector, during the past year, there has not been an enormous problem about income for most of the cereal producers. Yet there undoubtedly has crept into the Community an imbalance between cereals produced for human consumption and cereals produced for fodder—for animal feeds.

This is something the Commission has been asked to look at. When we were debating the Commission's memorandum in 1973, one of the basic issues then was the imbalance between the two sectors. One had hoped then that the Commission would make further strides in balancing and evening this out. It has not succeeded in doing so yet.

The milk sector is a sector where we have a surplus. Another such sector is the livestock sector.

The Commission is saying that there must be co-responsibility between the farmer and the taxpayer regarding surpluses which are created. This is no new concept. There has been co-responsibility in this sector, as in others, in the difference between the target price or guide price, and the intervention price. The wider the gap, when we are in a surplus situation, the less the return to the producer. Therefore, the producer feels the effect of the surplus because he is forced to sell into intervention at a lower price—somewhere between 86 and 92% of the guide or target price. This is a deterrent. It

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means that he is sharing with the taxpayer the responsibility for having created a surplus.

The Commission is suggesting that there should be a two-tier system of payments in the milk sector. The suggestion is that the first payment should be at the beginning of the year, March, just before the spring calving when the milk flush comes, and that the second payment should be in the autumn, about September, when the Commission will have seen whether a surplus of milk production has been created, be it dried milk powder, butter, or whatever. Should there be a surplus, then, in the autumn, there should be a cutback in the amount of intervention level and target price payments. Therefore, the farmer would suffer.

In the committee's view that is unacceptable. Not only does it penalize countries such as the United Kingdom and our friends in Ireland and Denmark, where autumn calving is much more developed than in other countries in the Community, and where in the more efficient farms the greatest amount of calving takes place in the winter, but it risks the supply of milk in the winter, which is of crucial importance. It is much easier to produce milk in the summer than in the winter. If the Commission's proposals were to be accepted, we would run the risk of having a shortage of milk in the winter. I hope that the House will accept that we cannot agree with the Commission on this matter.

I turn now to beef and veal. I believe that the flexible approach of the Commission in allowing various forms of support to meet the short-term difficulties of production is correct, and I hope that the House will agree with it. It has not proved expensive in countries which have tried it. Certainly in the last six months it has not proved expensive. Therefore, it is right that the Commission should approach this problem of production and surplus and falls in incomes by allowing countries, if they wish, within the general outline of the CAP, to adapt and use more flexible means of dealing with the problem.

The same principle applies to the consumer. Where there are surpluses the Community's consumers, or certain categories—those in need—should have first bite at the cherry, so to speak. They should be able to take advantage of a surplus which has been created and, after they have had what is necessary, by whatever means the Commission decides, the surplus should be stockpiled and thereafter sold on a commercial basis as now.

I turn now to other sectors. The Commission has not as yet put forward any proposals which will make the market for pigmeat more sen-

sitive. There is no doubt that the pig cycle goes up and down very quickly. We can have surpluses and deficiencies within a short space of time, because the pig breeds rapidly. At the moment the cycle is not responding quickly to the market pressures of demand. We hope that the Commission will come forward with proposals which will make the production side more sensitive to the market reactions of the consumers.

There is no mention in the Commission's document of poultry. We all know that the poultry industry is going through a difficult time. There is great hardship in the poultry industry. The Commission will no doubt say that the poultry industry is almost industrialized. Indeed, 5% of producers in the Community produce 75 to 80% of the total production. Nevertheless, poultry, poultry meat and eggs are the standby of many small farms which still come in the category of modern farms. It would be a mistake for the Commission to ignore this factor by not coming forward with proposals to deal with the situation.

Finally, I turn to two important factors. The first concerns national aids. Many countries within the Community have taken certain measures to help those farmers who are having difficulties. We must ask Member States to give a list of the various aids that they give, so that the Commission can evaluate what is going on throughout the Community. I do not think that anybody would disagree that it is better to have Community rather than national measures to help in circumstances of short-term production or, indeed, consumption problems. There must be a comprehensive list of what is going on available not only to the Commission but to this House, so that we can assess the situation.

The last point, which is a great step forward by the Commission, concerns stockpiling. Up to now we have not really had a stockpile in the Community, unless it has been created by surpluses. It has not been a conscious stockpiling. The House knows that at the moment, in the world in general, there is perhaps five days' supply of food available. In the Community it varies from product to product, but overall I should not have thought that there was much more.

It is the Commission's view—rightly, in my opinion, and I hope that the President-in-Office of the Council will support this view—that there should be a strategic reserve of production within the Community, a stockpile, kept and financed by the Community, which can be used to even out the ebb and flow of supplies depending on climate and other conditions. But,

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over and above that, the Commission's proposal, and that of the Council, is that there should be an extra stockpile of food put on one side for use as food aid.

I am sure that is the right approach. If we add that to the existing levels of production, it will be seen that there will not be any necessity for the Commission or the Council to be restrictive in their future levels of price return. It means a programme of expansion of production throughout the Community to come up to this level. If we can get an ebb and flow of supplies in and out of the Community, not only as food aid from the stockpile but in terms of commercial trade, there will be great scope for the improvement and expansion of agricultural production. I am sure that that is the right approach and the right thing to do.

There are shortcomings and failings within the CAP, but there are also great successes. The CAP has supported a Community industry which is of the greatest importance to the nine Member States. It is not only supporting the industry, but giving it great encouragement for the future. The task of this House and of the Council and the Commission is to make certain that the farming community realizes that it has the support of Parliament, the Council and the Commission in its wish to expand production in a hungry world. I will not say that it is a starving world, but there are areas where there is a great deal of starvation. The farming community must realize that it has our support in its wish to improve the level and quality of production. We in the House, together with our friends from the Council and the Commission, will do all in our power to ensure a stable future for those efficient and very hardworking people whom we call farmers throughout the whole of the Community.

(Applause)

President. — I call Mr Cointat.

Mr Cointat, draftsman of the opinion of the Committee on Budgets. — (F) Mr President, ladies and gentlemen, the Committee on Budgets studied the stocktaking of the common agricultural policy in great detail. Our discussions were always spirited, often impassioned, sometimes lively and occasionally aggressive. But this was only natural in view of the fundamental significance of the matter before us.

I should first like to thank Mr Scott-Hopkins and the Committee on Agriculture for accepting most of the suggestions made by the Committee on Budgets and I shall now do my best, leaving

aside my own convictions, to act as that committee's loyal advocate.

It became immediately apparent to the Committee on Budgets that the document submitted was not so much a stocktaking as a detailed analysis—a 'snapshot'—of the agricultural situation. As Mr Scott-Hopkins so rightly said, the common agricultural policy has had some very great successes, but also a number of failures, and from a strictly budgetary point of view, we have found serious shortcomings in regard to financing, with particular reference to long-term financial planning. We also feel—as financiers—that the conclusions are rather disappointing, as the Commission has only proposed a few measures, as it were to patch things up, but has not undertaken any comprehensive study of the future of the common agricultural policy.

This is rather a pity as the CAP is the only true common policy in the Common Market. In our opinion, it deserves bolder, more enthusiastic and more assertive proposals, particularly in order to meet the criticism—often unjustified in fact—to which it is subjected. As one of our colleagues, quoting a German proverb, pointed out during our committee's discussions, it's the draught horse that always gets the blows.

It would have been better if more sweeping proposals had been made—there would be less inclination to 'shoot the pianist' so frequently. In our opinion, the stocktaking should have gone much further. Of course it involves the organization of agriculture at Community level, of course it involves a customs union, yet the common agricultural policy is in fact only one aspect of European economic integration. Much has been done in the past 15 years but there is still a great deal left to do, be it on tax harmonization, social harmonization or the harmonization of technical legislation, if we are to remove any disparity affecting competition. The common agricultural policy has become the driving force of Europe. As a mainstay of European political integration, in our opinion, it called for more than an economic and technical stocktaking report, it should have been the subject of extremely detailed, radical, political and financial thinking.

The Committee on Budgets also considered it fortunate that such a policy existed and felt that one should be thankful for that fact and—as Mr Scott-Hopkins has just pointed out—one should stress the policy's successes and not simply dwell on its failings.

Following on from this introduction, what, then, are the 'financial' opinions of the Committee

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on Budgets? We must first point out that agriculture is responsible for three-quarters of the budget of the EEC Commission. This is a very large proportion and explains the reason for most of the criticism. It should however be added that in point of fact expenditure under the EAGGF only represents 0.43% of the Community's gross internal production. This puts the Community's total gross internal production and expenditure in this sector in their true perspective. Moreover, to be quite frank and objective it must be said that if the CAP represents three-quarters of the Community's expenditure, it is because of the stagnation in the other sectors—because there have been no common policies to cover them. If there had been, agriculture would of course have a smaller share. Agriculture should therefore not be blamed for being ahead of the other sectors, it is simply more European than the others.

Our second important observation is that agricultural expenditure has increased very rapidly over the last 10 years or so. It has risen from 103 million u.a. to 4 300 million u.a. One may appropriately ask why. This extremely rapid increase may first be ascribed to the continuing extension of European economic regulations. In addition, though EAGGF expenditure in 1964 was almost solely confined to cereals, the Common Market now accounts for 90% of agricultural production; this explains the rapid increase.

On the other hand—and here we may tend to part company with the Committee on Agriculture—we must note that there has, after all, been a certain rise in farmers' incomes. It is not sufficient—on this point I agree with the opinion of the rapporteur for the Committee on Agriculture—but today, speaking as an economist, I can only observe that (as can be seen from the table appended to the Opinion) there has been a rise in agricultural incomes.

Also, we find that national expenditure on agriculture has been relatively low. It is difficult to obtain exact figures, but it may be said that total national expenditure across the Community has increased less rapidly than if agriculture had been continued on a purely national basis. This is another achievement of the common agricultural policy.

Despite this rapid increase in expenditure, the CAP has resulted in another significant achievement, namely the relative stability of Community prices, particularly for certain products such as wheat, maize, sugar and even beef and veal. This relative stability of internal—intra-Community—prices compared with the pattern shown by the world market is an important point to be stressed to the consumer.

The third main observation of your Committee on Budgets is that the provisions made in the budget have not in fact always been used. We find that the budgetary provisions from 1964 to 1974 amounted to 21 600 million u.a. but that actual expenditure was only 14 900 million u.a. These figures show that only two-thirds of the credits were actually used. Thus any study of EAGGF expenditure must be based on the final administrative accounts and not on the budget itself, as this would give a false idea of the situation.

In this connection, I should like to thank the Commission for its efforts since 1971 to bring the initial estimates closer to actual expenditure. We look forward to further improvements in this direction.

Our fourth observation is that we have also found a better balance, as Mr Scott-Hopkins noted in his report, between Member States' contributions and revenues. This is a delicate matter and one on which the Commission has not wished to commit itself as it involves some very complex problems. However, we are able to say—and in fact with the agreement of the Commission departments we have published a table on the matter—that in the last 10 years a more balanced and coordinated relationship has been achieved between the debit and credit balances of the Member States and their revenues. This is partly due to the extension of the common agricultural policy and partly to improved trading between the Community countries.

I also note that the variations in the ratio between the credit and debit balances and the revenues of the Member States ranged from -0.40% to $+0.64\%$. The variations are therefore not very great and a fairly satisfactory balance has been achieved. Of course, there is no question of a 'fair return'. We are strongly opposed to such an approach, as it would be a denial of European financial solidarity.

Our fifth observation concerns frauds and irregularities.

The Committee on Budgets is concerned about the amounts involved. It points out that as a result of its efforts, the Commission was able to recover almost 10 million u.a. out of detected frauds amounting to almost 15 million u.a. However, not all the frauds have been detected. We must therefore insist that appropriate steps be taken and stricter control ensured. We also feel that a more efficient Community information system should be developed with a view to tracking down any irregularities. Mr Scott-Hopkins has already mentioned the twofold problem involved here, namely knowledge and

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information. We also feel that this will be the only way to ensure true estimates and information systems for the Community.

For the observations made by the Committee on Budgets in regard to the simplification of procedures, decentralization and improvements to the structural policy adopted in 1972, I would refer you to the text of our opinion.

As regards food aid, the committee regrets that the stocktaking contains no financial quantification for the years ahead.

In closing I should like to summarize the main conclusions of the Committee on Budgets. The common agricultural policy—it must not be forgotten—is a key factor in European construction.

The Committee on Budgets notes with satisfaction the positive achievements of this policy. However, much remains to be done. We would have preferred more daring proposals. In particular, we regret that the long-term financial effects have not been studied, particularly in regard to the new measures presented.

We have also commented on the technical and financial problems involved in mandatory and optional expenditure. Indeed, present forecasts sometimes call these concepts into question, and the Committee on Budgets feels that the matter should be re-examined.

Finally, the Committee has made what seem to me to be three interesting observations.

First, in regard to consistency in decision-making, it is vital that credits should not be used for two opposing projects, as for example when subsidies are given for grubbing apple trees while allowing others to be planted. Community credits must therefore be used far more efficiently.

The second observation—which to me seems to be a fundamental one—concerns income support. Here we agree with what Mr Scott-Hopkins has said.

Finally, food aid should be governed by a clearly-defined policy and not simply by a policy based on charity or begging.

These, Mr President, are the observations I have been led to make on behalf of the Committee on Budgets.

The common agricultural policy has been successful socially, economically and politically. Trusting in the competence and determination of those responsible, we now hope that the policy will be improved, that its shortcomings

will be removed and that appropriate decisions will be taken with due speed.

(Applause)

President. — I call Mr Vetrone.

Mr Vetrone, draftsman of the opinion of the Committee on External Economic Relations. — (I) Mr President, ladies and gentlemen, the Committee on External Economic Relations, which has given me the task of presenting its conclusions to this Assembly, has naturally based its opinion first and foremost on those matters which relate more specifically to its own terms of reference. However, this did not prevent it from making some fundamental observations on the general content of the common agricultural policy and I shall also be referring to this more general aspect in my speech.

The CAP has now reached a turning point which can no longer be avoided. Many factors have contributed to this situation, and there are also many factors requiring relatively short-term action, with the result that further delays cannot be contemplated.

The most recent development is undoubtedly the stocktaking of the common agricultural policy, which the Commission has submitted to the Council and on which we are to issue an opinion today. How far has the CAP been successful in achieving the objectives contained in the relevant clauses of the Treaty, and what changes should be made for better prospects in the future? These are the questions the Commission has attempted to answer. Any examination of the achievements of the CAP should first be based on the three fundamental principles which govern it: market unity, solidarity and Community preference.

The Commission maintains that the only principle which has really suffered a setback is market unity, which has fallen a victim to the fact that in the face of the well-known monetary developments the machinery for compensatory amounts has only proved effective in the short term while over the long term it has led to serious disparities in competition. I agree with the Commission, but why does it say nothing about the other two principles? These two have been prejudiced by the obvious disparities in Community action.

It can hardly be maintained that the principle of financial solidarity has proved effective—we only need to consider the disparity between the EAGGF funds for structural policy—only about 10%—and those for price policy—approximately 90%.

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Similar criticism may be levelled at the principle of Community preference in view of the various ways in which it has been applied to the different production sectors. The fruit and vegetable sector has suffered the most damage, losing much of the benefit of this principle, its only real means of support, which has far too frequently been weakened by the consequences of the Community's trade agreements with third countries.

The development of European agriculture in accordance with the clearly expressed objectives of Article 39 of the Treaty has also been unsatisfactory. The Commission recognizes the fact and ascribes the causes to the inadequacy of the instruments employed and lack of assistance from other common policies, particularly the regional and social policies.

In view of the emphasis given to the lack or only limited implementation of any geographical distribution of production on the basis of improved use of resources and specializations, the Commission's assessment deserves the widest approval.

It is in fact true that some of the main plant products (cereals for example) which are supported by an effective guarantee system have led to a certain rigidity in regional distribution, in clear contradiction to the Treaty's aim of increased productivity.

The fact of the matter is that within the common agricultural policy the discrepancies in the subsidies and guarantees are now such as to result in a clear subdivision between two main groups of products: on the one hand, there is the group of North European products, with strong support and guarantees, which is moreover associated with certain processes producing surpluses and, on the other hand, there is the group of Mediterranean products, with weak support and guarantees, and production processes which are generally unprofitable.

It is interesting to note in this connection that the first group is for the most part made up of highly capital-intensive holdings while the second involves highly labour-intensive holdings.

This undeniable disparity in treatment is obviously in conflict with the objective of a fair standard of living for the agricultural community which Article 39 of the Treaty so rightly places at the centre of all the others, because until the problem of disparity in earnings, disparity in living and working conditions, disparity in productivity between holdings and productive trends in the various countries and regions is solved, it will be equally impossible

to solve the problem of European political union.

Market stability, the availability of supplies and supplies for the consumer at reasonable prices are the other objectives contained in Article 39 of the Treaty.

The Commission maintains that we have been fully successful in attaining these objectives. In fact there can be no fundamental disagreement with this assessment. All we can say is that it appears a little too optimistic. Certainly, if we disregard some of the details of the intermediate phase between production and consumption, the European consumer is ensured fair prices on the basis of the prices fixed for production.

But as regards self-sufficiency, it cannot be denied that while this may be satisfactory at Community level as a whole, it is not always the case at the various national levels. Indeed, in some member countries problems of disparities in the balance of payments have arisen and have sometimes been so serious that consideration has been given to the Community introducing compensatory measures until European economic union is finally achieved.

Furthermore, it seems that the Commission's analysis does not go into sufficient detail in regard to unprofitable productions, where a clear distinction should be made between products which could be promoted within the EEC without excessive expenditure and those which could be better supplied from outside the EEC.

Moreover, such an analysis would seem to be fundamentally important owing to its bearing on changes in the EEC's production and trade policies.

To pass on to our final observations, we need to consider what measures the Commission is proposing to take in order to adapt the agricultural policy in regard to four fundamental problems that it has singled out. These certainly deserve our closest attention, especially in view of this analysis of the common agricultural policy.

The problems are:

- 1) the balance of certain markets;
- 2) the agricultural world;
- 3) market unity;
- 4) the cost of the common agricultural policy.

The *balance*, according to the Commission, should not only be economic but structural, not only European but international. It therefore

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proposes horizontal solutions; on the one hand more efficient use of existing instruments, and on the other, combating surpluses with measures aimed at giving producers greater responsibility for the cost of their disposal and developing a more active and diversified trade policy with, for example, long-term contracts.

As regards the problem of the agricultural world, recognizing the low incomes which now exist, the Commission proposes to intensify Community action on structural policy by promptly introducing directives on youth and producers' associations and making it part of a Community action programme on processing and marketing agricultural products. Furthermore, the Commission intends to ensure continuous interplay between the common agricultural policy and the regional and social policies, without excluding direct aid to incomes in clearly defined cases.

As regards, market unity, a concept which exists almost solely in name, the Commission proposes that in the future other machinery should be developed while in the meantime the system of compensatory amounts should be maintained only as a short-term measure.

Finally, on the cost of the common agricultural policy, the Commission goes no further than to state that the financial burden will be maintained at a level better adapted to the economic objectives of the EEC.

So much for the Commission's proposals. Before concluding, I should like to make some general observations without going into detail and, above all, without causing any controversy with the Commission, whose efforts I duly appreciate.

At the present time, when the world economic crisis is causing social tension and nationalistic trends, it does not seem possible to rely solely on a mere readjustment of the common agricultural policy. The problems with which the Community of Nine is faced day after day are all serious. The stocktaking of the common agricultural policy therefore presents an occasion which should not only be used to remedy any administrative errors but also and above all to make a vital new contribution to European unification. A Community policy which does not give priority to the problem of existing imbalances is destined not only to fail but to undermine further still the already shaky European idea.

Restoring balance in incomes and eliminating the wide territorial and regional disparities should therefore be the chief political concern of all those bent on building Europe.

In contrast, the measures proposed by the Commission, although worthy of indulgent consideration, seem quite inadequate in view of the fundamental problems the Commission itself has so clearly defined.

Indeed, it does not appear that merely by making more efficient use of the instruments it will be possible to ensure an optimum balance between supply and demand. Just consider that from 1968 to the present day the terms of the price and market policies have been completely upset owing to the rise in the world costs of all primary products and as a result of the energy crisis. Whereas at that time a policy of containing production could be justified, the only kind of policy which is justifiable today would seem to be just the opposite, if we consider the weakness of the Community balance of payments, which once showed a surplus and now shows a serious deficit, the present rate of inflation, which before was almost nonexistent, and the Community's outlays on food, which have now reached about one third of the requirements for private consumption as a whole.

If this is the situation today, much more radical changes need to be made to the Community instruments than the more efficient use to which I referred. It is a matter of seeing how for the objective of self-sufficiency may be achieved by Community agriculture, and at the same time of finding institutional means of overcoming any structural deficiencies. Thus on the one hand a production policy should be launched, and on the other hand a policy of stockpiling and international agreements should be introduced, not only to provide for the disposal of surpluses, but also to ensure supplies of products not readily available in the Community.

As to the matter of lessening the imbalances in production between holdings, a policy which continues to give the maximum amount of support to capital-intensive products can only accentuate the disparities to the detriment of family farms which form the basis of European agriculture.

Furthermore, more attention should be given not only to the way in which the price and market product policy affects labourintensive products (fruit, vegetables, wine, etc.), but also to the possibility of increasing the producers' responsibility in determining the cost of disposing of surpluses.

As regards territorial and regional inequality, the situation is undoubtedly far more complicated, and it can be seen why the Commission, at least for the present, has only been able to

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decide on the measures already mentioned. But this does not apply to a few points to which I should like to draw the Commission's attention.

Underdevelopment and economic backwardness are not merely the result of an unfavourable combination of resources or of environmental problems. There has also been a lack of organization and of opportunities for production. The present structural policy does not seem capable of solving all the problems stemming from the lack of investment capacity, as this lack does not depend simply on professional ability but is often interlinked with the socio-economic context in which the farmer works.

This problem will not be solved simply by giving direct aids to income, though this could help. We must also seek new ways of expressing Community solidarity, for example by implementing comprehensive integrated projects for regional agricultural development. Finally, there is the problem of whether the aim to restore territorial balance is compatible with the external trade policy conducted by the Community in the agricultural sector, particularly that with the Mediterranean countries.

This does not seem to be the case, judging from the serious reservations officially expressed by some Member States and taken up in the Opinion of the Committee on External Economic Relations.

In conclusion, I sincerely hope that all those of us who believe in the European idea will make greater and bolder efforts to ensure that Europe has an integrated agricultural policy, truly worthy of a modern economy.

(Applause)

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — *(F)* Mr President, ladies and gentlemen, as Chairman of the Committee on Agriculture, I should first like to thank Mr Scott-Hopkins who, both in his written report which you have had the opportunity to study and in the speech he has just made has presented the reasoning behind the efforts that our European Community has now been making for 17 years in order to develop a diversified and prosperous system of agriculture in Europe, which, while aiming to ensure that our farmers are rewarded for their work, seeks to assure the 260 million consumers in the Community food supplies which are largely independent of current speculation at world level. I should also like to extend my thanks to Mr Cointat and Mr Vetrone.

I must also thank all my colleagues from the Committee on Agriculture who, by earnestly considering the matter on six different occasions, were able to pick out what they considered to be the positive and negative aspects of the stocktaking study, thus enabling us, after very comprehensive discussions and without my preconceived ideas, to table a motion for a resolution which, thanks to the rapporteur's comprehension, includes a large proportion of the observations made, while remaining completely objective.

Finally I should like to let Mr Lardinois know how much easier he rendered our task by coming to present his report to our Committee and answering all our questions. Thank you very much, Mr Lardinois.

In July 1958, as Minister of Agriculture in my country, I was privileged to chair the Stresa Conference, held pursuant to Article 43 of the Rome Treaty. The purpose of this Conference was to compare the national agricultural policies of the original Six, in particular by producing a statement of their resources and needs. In view of the wide variations in national legislation, this was certainly no easy matter. However, we were able to agree on the three basic principles of a common policy, and after 17 years these still form the basis of the CAP.

Over the years the Commission, in particular Mr Mansholt who represented it at Stresa, the Council and the Parliament have succeeded in giving practical expression to these principles, which have their roots in Article 39 of the Treaty, by making them part of the arsenal of Community regulations, but it is also true that numerous political compromises had to be made at the famous 'marathons', so as to reconcile national interests which has remained too divergent.

My second observation is that for many years the common agricultural policy was in the forefront of Community policies—and, in many ways, unfortunately, this is still the case today. Agricultural policy is of course affected by economic policy as a whole and depends basically on monetary policy. It is one of the victims of the hesitations and partial set-backs which, in recent years, have characterized the efforts to establish an economic and monetary union.

Moreover, as our objectives are centred on man and his living conditions, we need a social policy capable of contributing to the reform of farming structures. These structures evince differences not only as between one member country and another, but also within each country, as between various regions with different climates and topographies. Agricultural policy must therefore be supplemented by regional policy.

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My third observation relates to—I am almost tempted to say anarchistic—trends in the international markets, where numerous agricultural products have been subject to extreme fluctuations. Periods of superabundance, characterized by excessively low prices, have been directly followed by deficit situations with equally excessive price increases. As the Community is an exporter as well as an importer, it has had to face up to rapid reversals of this kind. This explains why some apparently contradictory measures have been taken.

Finally, the industrial countries have become aware of their new rôle in helping the developing countries not only by means of financial arrangements but also by giving material assistance to combat famine, and technological assistance, and by encouraging steady markets for products from these countries by increasing trade. From now on we must take account of this requirement in our production policy which should be coupled with a more consistent food aid policy. However, we must also take account of the effect of preferential conditions granted for certain products from these countries, products which are of especial significance for the Community or certain regions within it.

My fourth observation is that while continuing to implement its common policies, the Community—we are happy to say—has shown remarkable enthusiasm in increasing its efforts to develop trade agreements with third countries.

The Lomé Convention, to which forty-six African, Caribbean and Pacific countries are parties, is an extremely significant political event. The agreements concluded or to be concluded with the countries of the Mediterranean Basin will create an area of free trade with the Community. The generalized preferences indicate our desire to help the developing countries.

However, we should not conceal the repercussions these agreements are likely to have on the crucial principle of our common agricultural policy, namely, Community preference. A great deal of imagination will have to be shown within the Commission, and a great deal of will within the Council, if this principle is to be safeguarded, including, if necessary, greater financial solidarity between the Member States in favour of those totally or partly affected by these agreements.

Finally, we must continue to pay great attention to the GATT negotiations. The Commission's intentions are quite clear from its statements. The provisions of the common agricultural policy are certainly not negotiable. However, we are still worried about the recent advice or warnings from the United States on cereals and cheese.

Occurring as they did, these events have had numerous repercussions on the development of the common agricultural policy. Are they important enough to justify such extremely harsh attacks? Or are these attacks not rather the result of the general economic crisis which, as far as agriculture is concerned, has affected the producer and consumer countries in different ways? I feel that there is an almost total lack of information about public opinion on this matter.

The Commission recognizes the fact and Mr Cointat has explained it fully in his report. I shall give just one example of this lack of information and misconception about the applicable machinery by considering public opinion in the United Kingdom. One of the fundamental reasons for renegotiating membership was the sharp criticism of the common agricultural policy. Yet after two years of application in the United Kingdom, the British Minister of Agriculture defended the policy, and the result of the referendum proved that he was right.

Your Committee on Agriculture recognizes that the policy followed has led to fairly regular supplies and fairly stable prices, but has not succeeded in reducing the disparities in income between the various regions and different agricultural products. We believe it is still the cornerstone of European integration.

In a word, despite profound changes in economic, monetary and exchange conditions, it has gained headway in achieving the objectives laid down in Article 39 of the Rome Treaty.

But, like any human endeavour, it can be improved. The Commission proposed such improvements in its memorandum of 2 October 1973 and in the third part of its stocktaking report. Parliament must today examine the Commission's attempts at improvement and in the coming months—we hope as soon as possible—must follow them up, when the specific proposals we have been promised are made.

Aware as I am of the short time available to me and realizing that my colleagues wish to comment on numerous points, I shall do more than draw the Commission's attention—and thus that of the Council of Ministers—to a few suggestions.

Firstly, the Community is experiencing an increasing deficit in food trade and this is having a considerable effect on our balance of payments. The deficit has risen from 5 000 to 12 000 million u.a. in ten years. We must therefore develop a bolder, more dynamic agricultural export policy, less motivated by fear of cyclical surpluses, founded on long-term contracts with

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solvent clients, on market surveys and on the interdisciplinary organization of production, processing and selling which we so urgently need, and which Mr Scott-Hopkins referred to earlier as marketing.

Secondly, I join Mr Scott-Hopkins in stressing the third paragraph of the motion for a resolution before us, referring to the necessity of drawing up five-year plans. In spite of the very great difficulties involved in making agricultural forecasts, these five-year programmes should be produced, based on the developments of requirements and trade. Plans of this kind would give producers an idea of the risks they run—and the advantages they stand to gain—in drawing up their own plans. Producers would be associated in a more rational control of markets and would thus have a greater sense of responsibility, even if, from a financial point of view, they had to accept reabsorption levies which could only be fixed by continuous consultation. The notion of 'production for production's sake' would be replaced by that of production for sale'. This would require an effective interdisciplinary organization linking producers, processors and distributors.

These plans would enable the EAGGF funds to be better balanced. Planned in this way and revised during the implementation period if necessary, management would be far more efficient than by relying on the *a posteriori* system, with all its serious disadvantages.

Finally, consumer requirements being more closely followed, it could be more easily satisfied. The common agricultural policy cannot be based on a completely independent food supply system in Europe. The lack of proteins and sugar is a constant reminder of this fact. We must reduce these deficits just as we must reduce the deficit in forestry products, which have been given little attention by the Community institutions up to now.

Thirdly, we are sorry to see the delays that have arisen in the restructuring of holdings. The 1972 directives are being unevenly implemented by the various Member States. Can this be blamed on the economic crisis and the difficulty of resettling persons leaving agriculture? Perhaps, but we must not forget that in most of our countries with age-old traditions, the family farm, with the personal responsibility that it involves, is still the most valid model. It deserves to be supported. In this connection, we deeply regret that the Council of Ministers has not followed the Commission's initiative by accepting last March's proposal for improving assistance to young farmers wishing to set up their own farms. We also regret that more

extensive aid has not been given for the reallocation and physical improvement of land.

The difference in the income of industrial holdings and family holdings cannot be reduced. The price mechanism alone cannot prevent the desertion of certain regions and ensure the preservation of nature. Direct aid must be given. We have been too hesitant in embarking on this course.

Until a better structural balance has been attained, one must accept that assistance for products, based on the idea of the so-called modern farm, must be accompanied by a policy of assistance for people in order to make possible the conversion—inevitably a very slow process—of the most inefficient farms into modern farms.

Finally, we must revise the machinery of market organization, first by simplifying it, through the classification of texts, as proposed by the Commission in its memorandum, and secondly by accelerating and streamlining the decision-making process, thereby also avoiding the regrettable frauds that have occurred. Finally, we must increase consultations with producer organizations in order that in economic manipulations the producers themselves are more certain to get the benefit of the annual reference or guarantee prices.

In conclusion, Mr President, I feel that the common agricultural policy has very largely succeeded in providing the results desired by the Community institutions which conceived, discussed or adopted it. We must reject unfounded criticisms.

- concerning excessive protectionism: for the original Six, exports and imports of agricultural products from or to third countries increased from 9 000 million u.a. in 1958 to 19 000 million in 1975;
- levelled at its excessive cost: although EAGGF expenditure increased from 103 million in 1965 to 4 300 million u.a. in 1975, this increase is partly due to the reduction in the Member States' budget (which should not be overlooked), to the enlargement of the Community and to the compensatory amounts resulting from the absence of a monetary policy, a situation for which the agricultural policy cannot alone be held responsible. In fact, as Mr Cointat pointed out, total EAGGF expenditure only represents 0.43% of the GNP for the six years 1968 to 1973;
- blaming our policy for the increase in consumer prices. Indeed, we find that retail prices in the Community only increased by

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10.5% in 1974, compared with 29% in Japan and 14% in the United States.

On the other hand, in the face of the world economic crisis, the world market situation and also the employment problems within the Community, our policy must be extensively revised, reorganized and simplified. To this end, we trust in the imagination of the Commission as the executive arm and in the initiative of this Parliament—which has never been lacking—and hope for more rapid decision-making and a better Community spirit within the Council of Ministers.

The agricultural policy directly affects the income of 5 million farming families. It has an indirect effect on the living conditions of the consumers and on numerous economic sectors. As is only natural, high stakes arouse political passions and are not conducive to compromise. Clearly, nevertheless, our agricultural policy is still the mainstay of European integration. But the mainstay will collapse if Europe does not quickly achieve economic and monetary union. Let us remember this.

(Applause)

President. — I call Mr Clinton, Ireland's Minister of Agriculture and President-in-Office of the Council of the European Communities, whom I welcome on behalf of Parliament and thank for his willingness to participate in our proceedings.

Mr Clinton, President-in-Office of the Council. — It is indeed a great pleasure, Mr President, for me to be here with you today and to be once again in this building, because I spent some years here as a member of the Council of Europe. This is the second occasion when I have had the honour of attending the European Parliament during the period of the Irish presidency. I was with you in Luxembourg earlier this year when you were discussing the Commission's price proposals. At that time I was greatly impressed by the debate, and the views then expressed were of considerable value to my colleagues and myself in the subsequent Council meetings to settle the prices. I feel sure that not all of you were fully satisfied with the final outcome, but that it is at least some consolation for you to know that neither was I.

My position here today is that of somebody who has come to listen on behalf of his Council colleagues and himself, all of whom have a keen interest in your discussion on the stocktaking of the common agricultural policy. The motion for a resolution prepared by your Committee on Agriculture contains many significant points and will, I am sure, stimulate a most constructive

debate. Your debate and opinion on this subject will undoubtedly help the Council to develop its own views. In the meantime, as the Council is still considering the report, it would be inappropriate for me as President of the Council to put forward what might be regarded as the Council's view on the report.

On the subject of your debate I feel a certain urge to make a long speech and to give my own views. I told you in January, however, that I must leave my Irish hat outside the door of Parliament and enter here wearing nine hats—or, perhaps I might more correctly say, one European hat.

It is fitting that I should first compliment the Commission on the considerable work which it has done in carrying out this comprehensive stocktaking exercise. The report is obviously the result of much hard work and it displays the enthusiasm for the idea and the ideals of the European Community which so much marks the Commission's activities.

The Commission's report has already been the subject of much debate in the Member States. We should all be glad that it has stimulated such discussion. This emphasizes the importance of the matters dealt with in the report and shows that the problems of agricultural policy are acute and controversial. Although the report is now the immediate object of the Parliament's discussions, the common agricultural policy has been constantly under review and has been adjusting to changed circumstances, particularly during the past few years. Such adjustments have been inevitable in view of the major changes which have occurred in the general economic situation.

The past couple of years have been marked by quite exceptional economic disturbances. There has been the general economic crisis arising from the rise in costs of energy. This has affected agriculture in various ways, for example through a falling-off in demand for certain products and a sharp increase in costs of production. There has also been a tremendous change in world market conditions. We have had surpluses and depressed prices quickly replaced by shortages and high prices. This has already been referred to this morning in the debate, for example concerning cereals and sugar. The supply position for these products now appears to be moving once more in the direction of surpluses.

When one bears in mind that the agricultural sector is in any event subject to a constant process of adjustment in the context of general economic growth and change, it is clear that the exceptional factors and developments of recent

Clinton

years have greatly complicated the business of policy-making for agriculture. This applies in particular to the problem of achieving a reasonable market balance, a task which has become increasingly difficult. It also applies to the process of structural reform which becomes much more difficult whenever jobs become scarcer in the non-farm sector.

The fact that the CAP has been subjected to considerable stresses over recent months has perhaps made it difficult for the Council to sit back and take a long-term view. Nevertheless, the Council and the Commission had coped quite successfully with a series of crises and in so doing have made some important decisions. Some of these decisions can, indeed, be regarded as steps in implementing improvements proposed by the Commission in the stocktaking report.

The annual price fixing is always a most difficult task, but it was particularly so this year because of the steep rise in costs and the monetary instability. Nevertheless, agreement was reached once again. The monetary problem which was a crucial feature in this year's price fixing is unfortunately still with us. It is remarkable that the common agricultural policy has kept going in spite of the tensions arising from varying exchange rates. The system of monetary compensatory amounts at least makes it possible to keep going, but we must recognize that this system raises very serious problems, and more realistic arrangements are clearly necessary.

Within the past six or eight months, the Council has dealt with major problems in such sectors as beef, sugar and wine. Some of the difficulties in these sectors are still with us and equilibrium on the market has not yet been achieved. Nevertheless, important decisions have been reached, for example, on the new regulation for sugar, on the arrangements for sugar imports from the ACP countries and on temporary measures to deal with the wine crisis coupled with agreement on the need in future to promote quality rather than quantity.

At the present time the Agricultural Council is mainly engaged with the Mediterranean problem. Ways must be found to ensure that the burden of trade concessions to Mediterranean countries is not borne by some particular areas or some particular producers in the Community. The Council has expressed its determination to find solutions to the problem at its session next week. I hope we will be able to reach final conclusions.

While some of the urgent problems that arose recently could not be foreseen and were probably inevitable, I think we must try in future to be better prepared. In this connection, I underline

what the Commission itself says in its report about the need to improve marketing forecasting. We need better information about short-term and medium-term market trends so as to enable us to take preventive action in time. Moreover, no one would deny the need to look further ahead and take into account relatively long-term prospects on the world markets. We can then develop our policy with these prospects in mind.

I note that the motion for a resolution before you recommends the establishment of five-year production plans. Also, the copious comments on the stocktaking exercise just released refer to the need for production targets within the long-term global strategy. These are suggestions which certainly deserve careful attention.

The problems I have been mentioning relate to market organization. It is also necessary to look at the structural side. The Council recently adopted the directive on agriculture in less-favoured areas. Not everyone is satisfied with the outcome. I refer to the fact that it was not possible to agree that the Community should finance more than 25% of the cost. But nevertheless the passage of this directive represents the implementation of a major recommendation in the Commission's stocktaking report and a significant step in the common agricultural policy.

So far, as I have said, the stocktaking report has been discussed only in a preliminary way in the Council. There has been practically no opportunity to consider the specific problems which the Commission deals with in Part III of its report and its specific proposals for improvement. When we do discuss these matters we shall be able to take into account the suggestions put forward by your Committee on Agriculture and all the relevant points in the resolution which you will adopt at the end of this debate.

Once again, I should like to stress how glad I am to have had this opportunity of addressing you and I shall be listening attentively to the debate as it proceeds.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, I am very grateful that you have given me the opportunity of expressing my initial reactions to what has been said by

Lardinois

the rapporteurs of the various committees.

I should like to congratulate Mr Scott-Hopkins, who has put an exceptionally large amount of work into his report. He has drawn up a motion for a resolution, which, although not brief—and it may get even longer—can nevertheless be generally regarded as constructive. I hope he will receive the support of Parliament.

Mr Scott-Hopkins thanked the Commission for the very thorough work it has done. He mentioned my name in particular. I gladly accept the compliment to the Commission but must decline that addressed to me personally.

This report was drawn up at the request of the German Government following the difficulties we had to face at the end of September. We decided at that time that on this occasion we would for once not let the Directorate-General for Agriculture play first fiddle, nor was the task assigned to the Commissioner for Agriculture to be any wider in scope than that of his colleagues.

I think this has been a success. This report has probably turned out to be more beneficial to our agricultural policy than if I had been personally responsible for it. I now bear only the same amount of responsibility as my colleagues, in practice as well as in theory.

I am particularly pleased that it does not always have to be the 'agriculturists' among us who must sift the wheat from the chaff in a vital issue such as this. Mr Scott-Hopkins was also very clear on this point. He said that one naturally tended to hear more of the failures than the successes, and this is true in the press too. If something is successful, the press is sometimes simply not present. This is not to say, however, that there is not a great deal of room for improvement. We shall certainly endeavour to take account of what Mr Scott-Hopkins and the other rapporteurs have said in our future policy in the course of this and next year.

He gave a few examples and said, among other things, that it would be a good thing to eliminate the monetary compensatory amounts as soon as possible. Mr Clinton, as President-in-Office of the Council, also mentioned this in passing.

Parliament knows my view of this matter. I have been against this system from the outset, but we must recognize that in the current chaotic monetary situation in the western world we would not have been able to maintain our agricultural policy without the help of this or a similar system.

This system is intended as a sort of first-aid dressing, i.e. when the wound begins to heal or has healed, the dressing will be removed. As a system in its own right, it has helped us considerably in a number of ways. We may even say that without this system the common agricultural policy would probably have ceased to exist. Of course this system can only be eliminated once and for all when the Economic and Monetary Union has been largely achieved.

Monetary union is the precondition for the continued existence of the common agricultural policy in the long term. This is a point upon which I am in particular agreement with the rapporteur.

He also mentioned a number of other problems concerning the various production sectors.

I will not go into these too deeply. We probably still have a considerable amount of work ahead of us this year in connection with a number of wishes, improvements and plans in various sectors. Mr Scott-Hopkins spoke, for example, of the imbalance in the cereal sector between cereals produced for human consumption and cereals produced for fodder. We are urging the Council to take a decision in principle on this matter before the end of July so that the farmers will know what they must do with the wheat which is no longer of baking quality. Naturally, we will not be able to make any further decision on this point until after the annual price fixing. It will only be possible, however, to submit these proposals to the European Parliament towards the end of this year. Since it is, in my view, absolutely essential that the farmers should be informed for the 1975/76 season, of the direction the policy is to take, the Commission and the Council must give a definite answer to this question before the end of July, i.e. before the farmers order their sowing seed. This has been discussed in great detail with the COPA. Much common ground has been established but full agreement has not yet been reached.

I was pleased to hear that the rapporteur recognized the joint responsibility of the producers for the creation of structural surpluses, but the mere recognition of this fact will not of course get us very far if the methods we propose for doing something about it are always rejected. I feel rather strongly about this. It is in fact the second time this has occurred in the dairy sector. I am thinking, for example, of last year, when it was decided to opt for a system of charges for milk designed to eliminate the surpluses.

We are now proposing a system of specific prices, particularly for milk produced in winter

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when it is easiest to control the volume produced. A dairy farmer can, after all, do little to alter his production level in summer, whereas in winter he can influence it to a much greater extent by using different methods and altering the amount of concentrates used.

Once again, other methods are, of course, possible. It is not, however, enough to express agreement with the principle and then to reject the practical proposals without suggesting any alternatives.

The current situation in the Council, incidentally, is very similar. At a certain point a specific decision must be made. Otherwise it will be impossible in my view to conduct a reasonable dairy farming policy in the future.

Of course, there is no method that will be popular, since a degree of joint responsibility also affects incomes to a certain extent. The important thing is to ensure that this effect is as slight as possible.

It will unfortunately be practically impossible, in my view, to find popular measures.

I should now like to say something on a few points made by the rapporteur for the Committee on Agriculture. He asked whether reviews of this kind could take place every five years. I believe this is a good suggestion.

He also asked whether we could prepare a sort of five-year plan—which would of course be reviewed or adjusted each year—of the level of production required in the Community, not just in a single sector but for the entire agricultural policy.

I am extremely hesitant about this. I shudder to think of how much time and effort would have been wasted if the Commission had done this, for example, for the years 1970, 1971, 1973 etc. Not only has the expansion of the Community caused enormous changes in the picture from year to year. There has also been some uncertainty regarding the continued membership of one Member State. It is just as difficult to forecast developments in the world market and the effects of the energy policy. I feel that if the Commission started to draw up a five-year plan, it would lay itself open to much more criticism, and I wonder whether the Community is strong enough yet to withstand this.

Brussels is already being subjected to severe criticism from the nine Member States, since the Commission is known to have a powerful influence on the agricultural policy. On the other hand, the national authorities frequently give little or no support. I therefore feel that this proposal should be considered extremely

carefully, particularly in its political context. Before we evolve plans of this kind for agriculture and horticulture as a whole, we must experiment with one or two important sectors.

I am prepared to do this, specifically in those sectors in which the internal market plays a major rôle and in which price adjustments have little effect on consumption. The dairy produce sector strikes me as one in which we could give this idea a try. The cereals sector would perhaps also be suitable. For the time being, however, I should not like to go any further, and I urge the honourable Members to think of the risks which would be involved if the Commission of the European Communities were to undertake this work.

The rapporteur of the Committee on Budgets, Mr Cointat, called the stocktaking a photograph. I will not dispute this. Indeed I think he is right. The stocktaking report is a sort of snapshot of a given moment in the past. A report of this kind could contain a lot more, but we only had two or three months in which to draw up this document. We felt it our duty to adhere to the agreements we had reached with the Council, but we could certainly have been more ambitious. If it is Parliament's wish that we do this every five years, we can endeavour to make a much more thorough job of it than we have been able to do on this occasion.

Mr Cointat touched on a matter very close to my heart in the remarks he made on behalf of the Committee on Budgets regarding the criticism that the agricultural policy accounts for three-quarters of the total expenditure. This criticism is one which is frequently made, and it is claimed that this is a disproportionately large amount. I agree with this view, but one must bear in mind that if no agricultural policy had been developed, these sums would not be available to the Community at all and the amounts available for other purposes would probably have been smaller. I think we should not allow ourselves to forget this, particularly those of us who hold the view that certain activities should be extended at Community level and subsidized out of funds available for the implementation of the agricultural policy. I am completely in favour of developing other activities. This is essential for the continued existence of the agricultural policy. It must, however, be accomplished by means of additional funds and not by putting the agricultural policy in jeopardy...

Mr Fellermaier. — (D) Where are these funds to come from, Mr Lardinois?

Mr Lardinois. — (NL) ... These activities must have their own funds, Mr Fellermaier. We do not need to be grateful to the Member States; our gratitude is due to the tax payers. Indeed, this is true in the case of all expenditure whether at municipal, national or Community level.

Mr Vetrone on behalf of the Committee on External Economic Relations drew attention to a number of regional disequilibria with regard to various products. We must be extremely careful and not provide the same guarantees for all products. If the guarantee for such products as eggs or poultry is the same as that for cereals or sugar beet, for example, surpluses will quickly result—a situation which could no longer be remedied without giving up the entire system in the sector concerned. We must, therefore, be careful to choose a system which is suited to the characteristics of a specific product.

This does not mean, however, that I regard the current system in the various regions as good.

On the contrary, I feel that there is a great deal more work to be done in those Mediterranean regions which belong to the Community. The structural policy which was developed at the end of the 60's and which is applicable to these regions too, has, as yet, borne no fruit, partly because it has not yet really been applied. This is, incidentally, also true of a number of other initiatives.

I therefore feel that we must thoroughly scrutinize and, if necessary, revise our policy on this point in the not too distant future. And this must not merely be done in an office somewhere in Brussels. It must be done publicly. We must study this field thoroughly in this Parliament and we will perhaps even have to bring the question into the public eye by means of a Mediterranean conference on agriculture. The question is how we can arrive at a better policy and perhaps evolve new instruments for the Mediterranean areas within the Community, particularly in the light of the constantly increasing trade between the Community and other Mediterranean areas. I am thinking in particular of Southern and Central Italy and the South of France. I hope the Commission will be able to submit concrete proposals on this matter after the summer recess.

The Chairman of the Committee on Agriculture, Mr Houdet, also underlined what the rapporteur had said regarding the significance of marketing. He did not, however, leave it at that. In particular, he also went into the question of the structural policy.

He asked whether stress could not be placed on certain new aspects of the structural policy. I see the need for this too, but we must exercise a certain amount of patience—by which I mean that we should not go and revise the structural policy which was developed at the end of the 60's at a time when it has not yet been introduced throughout the entire Community. We must first of all obtain some experience with it in all parts of the Community. Then I would not hesitate to join the Parliament and the Council in introducing certain adjustments as soon as possible. It would also be possible, of course, to introduce the adjustments first, but I fear that such a procedure would merely result in piecemeal alterations rather than real improvements.

I would also like to tell Mr Houdet that the work is progressing satisfactorily. Parliament has already approved a number of proposals.

I am pleased that the President-in-Office of the Council has taken part in this debate. I can give my full support to much of what is contained in the resolution and many of the views expressed. On the other hand, it should be understood that the Commission was working under a certain handicap when formulating improvements, revisions and modifications which are frequently of great significance on account of the 'fire fighting work', so to speak, which the Commission has had to perform in the last year and a half. In the last year the larger countries of the Community in particular have confronted us with great difficulties, each of which could have led to the breakdown of the CAP.

I will not go into this now. Our joy at the outcome of the British referendum is still so fresh in our memories that we will all gladly forget that only a year ago the British Government refused to fix new agricultural prices if they would cause an increase in the cost of living, even in this inflationary period. It is not yet even a year since we were surrounded by difficulties resulting from the closure of the Italian border, and it was only about nine months ago that the German view of the common agricultural policy was characterized more by question marks than by exclamation marks—indeed that was what initiated the stock-taking. I am pleased, however, that in the present period of difficulties, resulting from the energy crisis, shortages, the boom on the one hand and the recession on the other, a steady course has been maintained and that all this has resulted in a stocktaking of which those who have worked on this policy in the past may be proud. I should particularly like

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to congratulate the members of the European Parliament.

(Applause)

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

Mr Martens. — (NL) Mr President, Mr President-in-Office of the Council, Mr Lardinois, ladies and gentlemen, I should like to congratulate the rapporteurs, Mr Scott-Hopkins, Mr Cointat and Mr Vetrone. I should particularly like to congratulate Mr Scott-Hopkins as general rapporteur not only for the explanatory statement he has just given us, but also, and in particular, for the report drawn up by him. In addition to a deep knowledge of the subject matter, it also betrays his great talent for achieving a synthesis of sometimes widely differing opinions. The report has cost him a great deal of effort and it is probably a source of great satisfaction to him that it was approved by a large majority in the Committee on Agriculture. I can already assure him on behalf of my Group that we too will approve this report.

The stocktaking of the common agricultural policy drawn up by the Commission is very remarkable and valuable in form and content, and I congratulate Mr Lardinois, as the competent Member of the Commission, and his assistants on this really excellent document.

I should also like to express my great appreciation for the extremely apposite and objective report by the Economic and Social Committee.

Unfortunately enough, other branches of European Policy are not sufficiently far advanced to permit valuable and positive stocktaking of this kind.

The stocktaking is permeated with the experience, and disappointments, associated with a policy designed to ensure food supplies for 260 million consumers without allowing surpluses to be created, to do this at reasonable prices in a period of galloping inflation and at the same time to ensure a reasonable and stable income comparable to that of persons employed outside agriculture for the 10 million farmers responsible for producing the food. This is an ideal which we must pursue, but one which it will never be possible to achieve.

Realizing that the task before them is like trying to square the circle, the authors have not risked any futuristic speculations, and this, I feel, reflects a sense of realism. Young farmers feel, however, that the picture of the future of European agriculture as presented in the stock-

taking of the Common Agricultural Policy is not sufficiently reassuring.

Mr Lardinois will perhaps draw their attention to the growing importance of agriculture due to the changes in the balance of economic power in the world.

Indeed, alongside inflation there have been major shifts in the balance of economic power in recent years.

Technological know-how is no longer the supreme economic force. The possession of energy sources and raw material has gained considerable economic significance. This means that Western Europe is in a favourable position, although, of course, the West must make use of this position of power in a humanitarian manner.

Now that low prices for energy and raw materials—including agricultural raw materials—are a thing of the past, the importance of an adequate and continuous supply of food at reasonable prices is generally and frankly recognized.

The myth of universal and constant food surpluses current in the 60's has given way to the spectre of hunger, at least in the third world.

Nevertheless, forecasts, even medium-term forecasts, are always uncertain, since severe blows have considerable repercussions on the world market. A growing food shortage is regarded as quite probable, but this does not rule out the possibility of occasional temporary and local surpluses. We shall return to this question. In this period of increasing unemployment, which is frequently structural in nature, jobs in agriculture are regarded in a much more positive light than they were 5 years ago, and people are finally coming to realize that agriculture has a unique rôle in maintaining the landscape and a healthy environment.

Briefly, we can say that the common agricultural policy has produced satisfactory results, i.e. increased productivity, food supplies at reasonable prices and the extension of international trade, including trade in agricultural products.

It is possible to criticize the common agricultural policy, but it cannot be denied that it has played a stabilizing, anti-cyclical and anti-inflationary rôle which has benefitted the third world as well as the people of Europe—both consumers and farmers. If there had been no common agricultural policy in the last ten years, European agriculture would have suffered severely from the upheavals in the world

Martens

market and we would now be dependent to a great extent upon a few large countries. The results for agricultural incomes have been less satisfactory, particularly in those countries and areas with a weak agricultural structure, especially the southern part of the Community, where fewer products subject to a system of guaranteed prices are produced. Products in this part of the Community are also affected by imports from the Mediterranean and the APC countries. This situation calls for special study and attention.

I am pleased that Mr Lardinois' reaction to this problem was very positive. It cannot be denied that the principle of monetary preference was inadequately observed with regard to the state-trading countries. This has been a great disadvantage to some processing sectors such as those associated with poultry and horticulture.

The price and market policy has proved to be inadequate as an instrument for the incomes policy. A more forceful structural policy is therefore essential. It is regrettable that more attention was not devoted to the structural policy in the stocktaking report.

Criticisms of the common agricultural policy have been directed in particular at imperfections and instability of the market balance, excessive rigidity in the administration of stocks and the resulting costs.

The Commission appears to have been particularly sensitive to these criticisms—at least judging by the measures proposed to improve the balance of the market and the administration of stocks and to reduce expenditure from the European Agricultural Fund.

The Economic and Social Committee notes that gross expenditure on agriculture represents barely 0.4% of the gross domestic product of the EEC, while the agricultural population has to live on an income of 10 to 15% below the level in other sectors and the expenditure from the Guarantee Section of the Agricultural Fund in fact amounts to only 2% of the total expenditure on foodstuffs. In terms of Belgian currency, this comes to 800 BFrs per consumer per year, or a little over 2 BFrs per day. Is that really excessive as an insurance premium to safeguard food supplies at reasonable prices?

I admit that it is not always easy after the event to say where things went wrong, but it can hardly be denied that if one is attempting to guarantee food supplies under all circumstances, one must be consistent and bear the costs involved. I do not agree with the view that these costs can be shifted onto the should-

ers of the farmers. Other sectors must help bear the burden.

I am glad that the Commission has come to the conclusion that we must be better informed of the real position with respect to world production and supplies of foodstuffs, and that the traders and producers should play a greater rôle in managing the markets and stocks.

There has never been clear answer to the question of what surpluses, and particularly structural surpluses, actually are. Surpluses can result from increased production or reduced consumption caused by price developments and changes in habits. The least the Commission could do would be to tell agriculture what and how much must be produced in the light of:

- internal needs which must be covered by Community agriculture;
- Community needs and possibilities for imports and exports;
- imports from developing countries;
- the formation of buffer stocks; and
- finally, the volume of production required if the Community is to contribute consistently and for as long as necessary and possible to a world food programme at Community and international level.

When the needs have been established, we will be in a position to talk about surpluses and the joint responsibility of the farmers. Some people try to pretend that joint responsibility of this kind does not exist. Is not, however, the fact that agricultural incomes in 1974 dropped by a good 35% adequate proof that the producers to in fact share the responsibility?

The Commission now wants to go still further, specifically in the dairy produce sector where there are great surpluses of milk powder, 600 000 tonnes, to be precise, which have arisen in part because export was hindered last year while intervention in the fodder sector was reduced. In the meantime tens of millions of people, particularly children, are dying, or their chances of normal growth are being irrevocably jeopardized, because of a lack of animal protein, which it will never be possible to produce on an adequate scale in tropical and subtropical countries. We import 14 million tonnes of vegetable protein. Why then can we not export two or three hundred thousand tonnes of milk powder?

There are probably 200 000 tonnes of butter which cannot be sold at the normal price. But what is the significance of these 200 000 tonnes in comparison with the more than 3 000 000

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tonnes of vegetable fats which we import from overseas and the 150 000-odd tonnes of butter which we import by virtue of the Treaty of Accession?

I urge the Commission to think carefully before proposing measures which would perforce lead to a drastic reduction in the cattle herd. This is the cornerstone of European agriculture and chiefly involves the small and medium-size undertakings. Cattle farming accounts for approximately 45% of the total area devoted to agriculture. This includes the land which is continually used for pasture, and for which there is no alternative. Directly or indirectly cattle farming employs at least 50% of the agricultural population, of which 30 to 40% are women, and, via milk and meat production, accounts for 40% of the total value of agricultural production. It is the sector which the younger farmers are tending more and more to fight shy of on account of the high investment, the full-time involvement and, in particular, the low profitability. It would not be enough to attempt to restore the balance in the dairy produce sector merely by making the annual price adjustments dependent upon fluctuations in stocks in the autumn, and this proposed solution should therefore be rejected; it could lead to an increase in the cost price, and a shift from winter to summer which would not solve the problem.

I should now like to propose a number of supplementary measures:

- the changeover from milk to meat production should continue, but the conditions should be made more attractive than they are at present, and account should be taken of the changing cost pattern;
- as regards food aid, long-term international agreements should be concluded at a higher level;
- old supplies of milk powder should immediately be processed into fodder;
- an overall policy on dietary fats should be introduced;
- milk fat only should be used for dairy produce derivatives;
- greater stability should be the aim in the dairy produce export policy, but the export refunds should be adjusted;
- the offtake within the Community itself should be increased;
- publicity should be given to this field and scientific research carried out.

I cannot close without stressing that the common agricultural policy has been the firmest cornerstone and at the same time the pinnacle of European economic integration and that this policy can and must be maintained, with adjustments here and there. It was the outcome of several marathon discussions and the political resolve and tenacity of the Council and Commission.

It is regrettable that in other areas, such as general economic policy, financial and monetary policy, social policy and regional policy, etc., political resolve has been insufficient to achieve a real common policy, since we feel that as a consequence the Common Agricultural Policy will not realize its potentialities to the full. In particular, we hope that once we have struggled through this period of upheavals in certain markets caused by inflation and unemployment the way to increased stability in welfare and prosperity will be open, not only in the Community, but in the third world too.

(Applause)

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

Mr Frehsee. — (D) Mr President, on behalf of the Socialist Group I too congratulate Mr Scott-Hopkins on his excellent report, the particular merit of which is that it is so well-balanced.

I should, however, also like to congratulate the other two rapporteurs and note with interest that the conclusions drawn by Mr Cointat on behalf of the Committee on Budgets are very largely shared by the Socialist Group.

I shall confine myself to questions affecting the principle of the common agricultural policy. The opinions of the Socialist Group regarding the specific problems of individual products will be put forward later by my colleague Mr Laban. On the whole this report with its two opinions on the common agricultural policy seems to me to lay emphasis on the right points; in a few areas I would say that it is even more accurate than in the stocktaking itself. We share the Commission's view that, all things considered, the Community's agricultural policy has up to now been successful and flexible enough to adapt itself to the changing political, social and economic climate in Europe and the world. The Commission's opinion that there is no realistic alternative to the present agricultural policy in the Community, and that consequently the measures to remove the partial shortcomings of the common agricultural market can only be taken within the framework of this system, coincides with our own views, which incidentally, are not always easy to arrive at. But much

Frehsee

of what we do, for instance the demolition grant, which was so hotly discussed yesterday, is now an intrinsic part of the system.

The objectives of the common agricultural policy which have not been achieved are clearly set out in the stocktaking report. The disparity between incomes in agriculture and in industry remains and it has not been possible to reduce the disparities of income in the farming sector resulting from regional and structural factors.

There are structural imbalances for certain products. The integration of a single economic sector has proved inadequate to accelerate the construction of a comprehensive economic and monetary union. The common agricultural market is increasingly jeopardized by the divergent economic development of individual countries and particular measures taken in defiance of the Treaty in the Community's agricultural markets.

The third part of the stocktaking report examines what correctives are necessary for the common agricultural policy. However, those who were hoping for some indication of how to tackle effectively and permanently any errors in development will be disappointed.

In its analysis of the effectiveness of the instruments of the common agricultural policy in relation to its objectives, the Commission comes to the conclusion that the agricultural policy has on the whole proved successful as regards the guaranteeing of regular supplies and relative price stability. It admits, however, that it has not always achieved this at the lowest cost. At this point, however, Mr President, I feel bound to say that the remark made by Mr Lardinois in his first speech has filled me with a certain amount of anxiety as regards the extension of the budgets and of national finances in the Member States, so I am very sceptical when the increasing expenditure of the Community is regarded as proof of the Community's right to existence or when higher expenditure by the Community is considered a proof of its efficiency.

I am extremely sceptical about this. It is indicated that the instrument of common prices could not be fully implemented because there was no effective structural policy at the right time, because the rules of competition were not sufficiently applied and the monetary compensatory amounts were too high.

I observe in passing that I listened with great interest to the statement made by the President of the Council, Mr Clinton, on this subject, which seemed to me, in view of the highly controversial problems with which the Council has to deal, to reflect a very balanced point of

view. I also welcome the conciliatory attitude shown by Mr Lardinois on this matter.

The main source of trouble—and this is not stated so clearly in the third part of the stocktaking report as I am now stating it—is without doubt that we have not got a common economic and monetary policy. This point has already been made here by various speakers.

But whilst the Commission stated explicitly in its memorandum that the absence of economic and monetary union was the decisive cause of the difficulties in the agricultural sector, pointed out the inevitable consequences of this for the whole principle of common agricultural prices and called for the realization of economic and monetary union in the near future, there is no longer any mention of this in the stocktaking report. So we are all the more pleased that this point has been taken up again in the motion for a resolution.

We are also convinced that insufficient conclusions have been drawn from the narrowing of the scope of the incomes policy aspect of the agricultural price policy. We would remind the House that we have on many occasions pointed out the problems involved in the Stresa principle of using this agricultural price to guarantee both agricultural production, consumer supply at appropriate prices, agricultural incomes and market equilibrium into the bargain. When will the Commission and the Council see that this is like trying to square the circle?

We therefore welcome the announcement in the stocktaking report that price policy will remain the main instrument of the incomes policy in agriculture, but that this price policy should be such as to take full account of the need to maintain and in certain cases to restore the structural equilibrium of the market.

We have some doubts, however, as to whether the limited number of adjustments proposed to deal with this state of affairs will be sufficient.

Whether or not these doubts are justified will become apparent in the near future when the second stage of increases in milk prices comes into effect.

Mr President, we believe that measures to stimulate the production of particular agricultural products should be taken under the common agricultural policy only in cases of acute shortages or expected shortages—we have said this on many occasions in this House—when the shortage cannot be dealt with by measures in the field of trade policy.

We believe that measures to stimulate production in the Member States which are opposed

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to this principle should be revoked. Until completely free competition is achieved, which must be our aim if we want agriculture to be integrated, and which is most likely to ensure consumer supply at reasonable prices as required by the Treaty, we are convinced that there must be production controls for certain products.

The extent of the Community's self-sufficiency in agricultural products should be governed by the necessity of supplying sufficient foodstuffs at reasonable prices while taking particular account of external trade and development policy and without recourse to any form of isolationism. In the case of surplus products we believe that the market guarantee or the Community's obligation to intervene should be limited.

This, then, is our attitude towards co-responsibility.

When the Commission complains that the measures of the agricultural structural policy are scarcely being implemented, this is presumably due to the unlimited total financing of the agricultural policy as a whole, whereas structural measures are only partially financed. This naturally leads the Member States which gain from the common financing of the agricultural market to seek a solution to all problems of agricultural policy in the agricultural market policy, and largely to overlook the instruments of the agricultural policy. It also leads them to attempt to solve their national income and balance of payments problems without regard for market equilibrium and at the expense of this common agricultural market financing system. The consequences of such misuse of agricultural financing are the stimulation of production in conflict with market trends, with the corresponding costs, the decreasing readiness of other Member States to comply with market rules, and the neglect of structural adjustment requirements which is again reflected in the many amendments being tabled here today. Many of these amendments, which we shall be voting on later, demand that proposals for structural adjustments should be disregarded and that present structures and conditions should be cast into a permanent mould. A further consequence of such misplaced emphases on agricultural financing is increasing disparities between structurally healthy and structurally weak areas.

The disappointing ineffectiveness of Community structural guidelines is perhaps also due to the very rigid nature of Community rules, as a result of which the structural guidelines lose a great deal of their value as a framework and the States do not bear enough individual responsibility for directing their assistance measures to optimum effect towards the specific

requirements of individual regions. It might one day be necessary, Mr President, to examine whether the agricultural structural policy should be withdrawn from the common agricultural policy and fitted into structural policy as a whole, together with regional structural policy, as part of economic policy.

I had intended to make a few remarks about regional policy, but lack of time prevents me from doing so.

As far as national aids are concerned, we also deeply regret, like others who have already made this point, that the catalogue which we decided to draw up on 12 October has not been produced. We have given some thought to what the reasons for this might be and are inclined to believe that the catalogue has perhaps not been produced because there is no guarantee—and because the Commission has not submitted any concrete proposals on this—that this catalogue would be prepared according to criteria of a uniform and compulsory nature for all countries and founded on economic realities. As long as these criteria are not uniform and compulsory, a venture of this type can end in failure, and we have the impression that the six original member countries have possibly not yet submitted their catalogues for such reasons, whereas the three new member countries have done so. As long as the individual partner countries can decide by themselves what should be included in this catalogue and what should be left out, such a catalogue is practically useless. All the Commission's efforts cannot circumvent the fact that the conditions for fair competition between the agriculture of the respective Member States have deteriorated as a result of the energy crisis and still further following the introduction of national assistance measures. The special regulations approved by the Commission for the beef and veal sector which were introduced as part of the agricultural price compromise in February have contributed to this in no small measure.

I shall not comment on the references in the stocktaking report to the problem of the distortion of competition in the energy sector. I am in general agreement with what the Commission says about the organization of commercial and non-commercial agricultural trade at world level, though with certain reservations.

We are concerned about the increased criticism of the common agricultural policy. The main sources of trouble are the increase in expenditure to finance surpluses, the use made of the surpluses, in some cases involving giving them away or destroying them, the infelicitous denaturing or transformation of wine into fuel. Other sources of annoyance are the commercial

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difficulties with third countries and, finally, despite increasing expenditure, inadequate agricultural incomes in particular sectors and areas.

In the interest of further European integration, too, these difficulties must be eliminated. But there seems to be no point in treating the symptoms, the causes themselves must be analysed and eradicated. Economic necessities are not producing the hoped-for progress towards integration. It seems likely that the motion for a resolution tabled by the Committee on Agriculture may reveal some of the causes. This also applies to the opinions voiced by the other committees. They contain a number of proposals for removing these causes.

We shall therefore vote in favour of the motion of the Committee on Agriculture, though with a few reservations.

(Applause)

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

Mr Durieux. — *(F)* Mr President, I should like to join the previous speakers in congratulating our rapporteurs, Mr Scott-Hopkins, Mr Cointat and Mr Vetrone, as well as Mr Houdet, the Chairman of the Committee on Agriculture, who, as he has just pointed out, was privileged to take part 17 years ago in the Stresa conference, at which the foundations of what was to become 'green Europe' were laid.

I am pleased to have the opportunity today of commenting on the years which have elapsed since then. When the Council of Ministers of Agriculture asked the Commission last autumn to draw up a complete balance sheet of the common agricultural policy in accordance with the aims of Article 39 of the Treaty of Rome, some of us almost suspected that the Community rules on agriculture would be discarded. The climate of the times did not favour 'green Europe'; the 5% increase in agricultural prices over the year was the result of a difficult compromise which, it will be remembered, was accepted only under the pressure of outside events.

At present, the positive outcome of the British referendum, the security of supplies in the nine Member States, price increases on the world markets at a time of fairly stable exchange rates in the Community, and the return of the French franc to the 'snake' provide more favourable conditions in which to hold this debate. It is up to us now to take advantage of this opportunity. Let us pause for a moment and examine the fundamental principles at stake.

As Mr Lardinois and Mr Cointat have just pointed out, the document prepared by the Commission is primarily an account or 'snapshot' of the situation at a given point in time. It contains a number of positive elements. For instance, the Commission considers that the common agricultural policy was far from static during the first ten years of its existence, and that in fact its aims and machinery were constantly being adapted to the prevailing political, economic and social environment. Certainly, but for the persistence of the Commission, particularly the commissioners responsible for agricultural affairs—and here I should like to mention Mr Mansholt and Mr Lardinois—we would not have progressed as we have done towards achieving the aims set out in the Treaty.

Although I have often had occasion to criticize the Commission, particularly with regard to the fixing of agricultural prices, I fully appreciate the enthusiasm and energy you have shown at successive marathon sessions, without which 'green Europe' would not have managed to set up a marked organization which covers about 91% of total agricultural production. It will be remembered that in the years preceding the founding of the Community, national agricultural policies were a constant stumbling-block to the liberalization of trade in agricultural products.

Today, despite monetary instability, a single market has been created among the nine Member States. One of the fundamental principles set out in the Treaty is the free movement of goods and, as a liberal European, I fully endorse this objective of eliminating all tariff barriers. However, this is not sufficient, for the harmonious development of trade is still being hampered by a host of technical and administrative obstacles. The Commission cannot be held responsible for this, as many of its proposals to the Council have unfortunately remained a dead letter.

Although of all the initiatives taken towards the construction of Europe, the common agricultural policy has been the only one in which there has been a clear political will to achieve results on a Community scale, other policies—be they regional, social, fiscal, monetary or economic—have eroded much of the significance of existing machinery.

It is furthermore noted in the stocktaking that agricultural incomes have not kept pace with the incomes of other socio-professional categories, and that regional disparities have even increased. The structural policy, which should have kept pace with the prices policy, has lagged behind it. Only in 1972 were three directives providing for assistance for those leaving agriculture finally adopted. These directives, how-

Durieux

ever, are only partly applied, and the Member States are to blame for this; they may also be regarded as inadequate, since a true socio-structural policy should not be confined to following the downward trend in the working agricultural population. There is, indeed, an inclination to reduce production in order to avoid surpluses. The problem of surpluses, of these notorious butter and beef mountains, should be viewed in its proper perspective, whereupon it will be seen to be a minor one when considered alongside overall agricultural production and, especially, Community consumption. Bearing in mind the vagaries of climate, it is inevitable that farmers should over-produce occasionally in merely trying fully to meet the Community's needs.

I reject the idea that producers should bear part of the cost of reabsorbing surpluses as long as these result from a failure to adapt relative prices, from shortcomings in Community preferences, administrative errors or a lack of production controls. Compared with present and future world food requirements, the Community's agricultural surpluses are of purely marginal importance. The EEC, which is a great importer of agriculture products, should also be able to increase its exports. Over the long term, world agricultural shortages could become catastrophic.

From now on, therefore, we may no longer chart our course by visual observation, as we have been and are still doing. This is, indeed, the main criticism which I have to level at the Commission, since it has for years been piling mistake upon mistake, both administratively and in its forecasts.

I shall take American maize and soya beans by way of examples. Last year, after the bad maize crop, the United States Secretary of Agriculture induced the EEC to undertake not to buy more than 8 thousand million kilogrammes on the United States market, although it normally buys about 13 thousand million kilogrammes. The Community was therefore obliged to block its own exports. However, the American stock-breeders, discouraged by the prohibitive price of maize, sharply reduced their purchases. This drop in consumption made available an estimated 22 thousand million kilogrammes, which the American dealers have tried to market abroad, thereby at the same time bringing down the prices of all cereals on foreign markets. The Commission had miscalculated matters. It was too quick to block exports and perhaps a little too slow to react to the changed circumstances.

As for soya beans, the commissioner forecast a considerable shortage early in the winter of 1975.

Yet although, as far as animal fodder is concerned, our dependence on the outside world gives ground for concern, we have managed to secure normal supplies.

To turn to a different sector, the implementation on 16 July 1974 of the safeguard clause for beef and veal came about much too late, although the trade organizations had requested it several months earlier. One must therefore deplore the sluggishness of the decision-making process, and try to achieve a more flexible and less time-consuming procedure.

My final criticism concerns the Commission's proposals. These are not sufficiently bold or enterprising and are a mere reiteration of the memorandum of October 1973. We were expecting something more than this 'snapshot' which, although it may leave out nothing, contains no really new proposals. I think that our future action should be directed as follows. In the Community, the principle of common farm prices is an expression of political will. This principle should be maintained. If the organization of the cereals market may be considered as a model of economic organization, this is because the founding fathers of Europe displayed a broader outlook than their successors. We should draw our inspiration from it for the other products, while bearing in mind the peculiarities of each of these.

The annual fixing of support levels in the form of guaranteed minimum prices should be carried out with a view to ensuring fair incomes calculated on the basis of more objective criteria than the mere recording of market rates.

Account should be taken of trends in incomes, until such time as a sufficiently representative statistical sample is available, which is not the case at present. This can be achieved only if a structural policy makes it possible to modernize family farms, a question in which we are all highly interested because, as our rapporteur, Mr Scott-Hopkins, has just pointed out, since family farms form the basis of our agricultural system, they should be modern, efficient and capable of providing the families working on them with a reasonable income.

Everything depends on market organization, because agricultural incomes should normally come from the market. I believe that the general policies of supplementing prices distort market transactions and make it impossible to adapt supply to demand. Farmers are very good producers but have never known how to sell their produce. We should therefore concentrate on marketing, as the rapporteur pointed out just now.

Durieux

The same applies national forms of assistance, the dismantling of which hinges on the Community's ability to reduce inequality. In my opinion, supplementary assistance, even if it comes from the Community, should be very limited. Farmers do not want to depend on charity.

Farmers should all enjoy a similar degree of security, with the help of market organizations and through the setting of definite production targets for Europe. In order to set targets and provide sound administration it must be possible to obtain information very quickly on quantities produced and marketed, current prices and trading conditions.

Member States should impose Community-wide standards for the identification, classification, marking or stamping of products. This should make it possible to establish regional price quotas. The greater regional transparency obtained thanks to more accurate methods of forecasting and analysis should make it possible to intervene locally, without waiting until the entire market is in a state of crisis. Community rules should be simplified. They should merely establish the context and limits of the measures to be taken. National bodies could then be made responsible for laying down practical provisions.

Finally, Mr President, I would say that farmers need to work in a climate of confidence, and I support Mr Scott-Hopkins' proposal, which the Commissioner has also advocated, that there should be five-yearly forecasts with annual revisions.

(Applause)

It takes three years to ready a steer for market. Our farmers must therefore know in advance whether they can invest and whether they will have guaranteed prices. We must avoid the situation, all too familiar in the past, in which grants are awarded for the slaughter of cattle, and further grants then have to be allocated to enable farmers to build up their herds again.

This stocktaking might have kindled a controversy which could have had a disastrous effect on Community agriculture. Happily, despite its shortcomings, the common agricultural policy now appears to be universally accepted.

It is up to the Commission, the Council of Ministers and also to ourselves as members of Parliament to improve the machinery of the CAP. This is the best way in which we can help to revitalize Europe. We have come a long way since Stresa. At that time agriculture was an obstacle to the realization of Europe. Now it is

both the driving force and the key element in this process.

(Applause)

President. — I call Mr Howell.

Mr Howell. — I should like to begin by congratulating my friend Mr Scott-Hopkins on his report. I know of the tremendous amount of hard work that he has put in in order to prepare the report. It should be recognized, too, that he has been working on it at the same time as trying to help to the utmost in the referendum campaign. I know of his terrific work in that respect. Anything I may say which is critical will, I hope, be accepted in that light. If my ideas are somewhat unconventional, my criticism is intended to be constructive.

I should like at this point to say how much we in the United Kingdom value the work of Mr Lardinois and his tremendous efforts to try to make the common agricultural policy work. We realize also the very difficult conditions under which he works, particularly the existing economic conditions and the disparity in currencies.

I agree with a great deal of Mr Scott-Hopkins' report, in particular where he talks of making the fullest use of our agricultural assets and trying to bring the incomes of farmers and farm workers into line with those of other people. This, of course, is the basis of the common agricultural policy, and it is important that these matters should be stressed again.

I also agree with Mr Scott-Hopkins when he speaks of the need for better statistics, which are essential if we are to improve the common agricultural policy. It is essential to have full and adequate statistics available to the Commission, just as the ministry of agriculture in most countries has such statistics available. We must press forward in this matter and insist on these statistics being made available.

I agree that marketing must be improved. I have on many occasions tried to put forward ideas for improved marketing for the main commodities.

Mr Houdet was, of course, right when he said that there can never be a proper common agricultural policy until our currencies are in line with each other and we have a common currency. I believe that we must work towards that stage. I should, perhaps, make it clear that I am speaking for myself and not for my group; but until we have a common currency and a common fiscal policy there can, in my view, be no common agricultural policy. The fact that the German farmer at present receives in excess of

Howell

£80 per ton for wheat while the British farmer receives something like £50 per ton proves this point.

I also stress that not only must we work towards the ending of the monetary compensatory amounts but that the sooner we can get over the transitional period the better it will be, not only for our country but, I think, for the general well-being of the Community.

I hope we shall soon start to look at the European farm, just as each country looks at, say, the British or the French farm as a whole. The ministries of agriculture in the member countries are already doing this and have been doing it for many years.

We need to start thinking more in terms of the European farm and what it is we want to get out of it. We want to decide in which commodities we are aiming to be self-sufficient and in which we will never be able to be self-sufficient. We might even have to decide that, although we could be self-sufficient in certain commodities, it might be better for our overall trading pattern if we did not go to that extreme. I believe thought should be put into deciding just what it is we are trying to do.

In my view the planning of what we are trying to do should be the main job of the Commission. It should then shed its responsibilities and form production and marketing organizations for individual commodities so that a great deal of pressure is taken away from the Commission. These bodies should be set up to think only of the commodities in question, having been given a directive from the Commission as to their terms of reference.

As regards surpluses and our acute sensitivity to them, I believe it is a great indication of success if a country or a group of countries can supply sufficient food for itself and something to spare. In this hungry world that would be classified as success. Nevertheless, we are constantly apologizing for the fact that we have created a mountain of this or that. Obviously it is not a good thing to over-produce too much, and this can be a problem. I believe the statistics of which I was speaking earlier need to be used in defining what a mountain is.

As to butter and meat, surely a quantity must be measured in terms of days' supply which we must always have in stock in order to have a sufficiency and continuity of supply. Seven days' supply might be about right: if we went below that the level might be too low. At the other end of the scale, possibly 21 days' supply might be classified as too much and we would be getting into the mountainous area.

I put it to Mr Lardinois that I believe these guidelines should be defined and published regularly so that all can see what is happening. If the true facts were known, I believe this would prevent the discrediting of our Community and of our agricultural policy.

Lastly, I believe that when we have an unacceptable surplus over the 21 days or whatever level it might be set at—when we have a mountain of something developing—we should not be afraid to dispose of it to the highest bidder, whoever it may be, on the world market. I know that this is not the current thinking of the Community and that it is unacceptable to many people, but surely it must be foolish to set up a whole system of coupons and a social butter organization and a social beef organization. It would be better to sell anything that we have to spare and to make corrections so that the money we receive through selling such surpluses could be used to help the pensioners and those in need of help socially. It would be much better to do it in that way than by this very costly and foolish way of having a coupon system when we are in a period of surplus.

I have just about run out of time. I thank you, Mr President, and the Assembly for listening to me.

(Applause)

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

The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR: MR BORDU

Vice-President

President. — The sitting is resumed.

The next item is the continuation of the debate on the report by Mr Scott-Hopkins on the communication from the Commission of the European Communities to the Council on the stock-taking of the common agricultural policy (Doc. 115/75).

I call Mr Hunault to speak on behalf of the Group of European Progressive Democrats.

Mr Hunault. — *(F)* Mr President, ladies and gentlemen, on behalf of my Group and also in my personal capacity I should first like to join in thanking the rapporteurs, in particular the rapporteur of the Committee on Agriculture and also its Chairman. As a member of the Com-

Hinault

mittee on Agriculture, I greatly appreciated his comments this morning, and I should like to pay tribute to him for these.

So the common agricultural policy is 15 years old. The grand days of its conception have given way to the humdrum of administration. The unwieldy administrative machinery of the Community has lost some of its efficiency and has attracted criticism. A fundamental reappraisal has therefore become vital in order to put right these shortcomings.

Aware of this need, the Council asked the Commission to prepare a stocktaking report on the common agricultural policy. Unfortunately, as an analysis the report is incomplete and the proposals in it are only parital, falling short of conclusions on financial aspects.

The report is in fact an analytical account, and as such quite praiseworthy. However, we would have preferred a more systematic analysis highlighting the main objective of the common agricultural policy—the optimal progression of farmers' incomes given the resources available.

The Commission will not doubt disappoint those who were expecting a proposal for a new form of 'green Europe'. The individual suggestions are more concerned with reform than with revolution. This means, therefore, that the principles of the common agricultural policy are regarded as irreversible.

This assessment of the situation shows the extent to which those who call for a transformation—sometimes a radical transformation—of 'green Europe' are misinformed as to the real results achieved by the common agricultural policy.

These various reasons—15 years of experience with the CAP, the predominance of management over policy, as well as changed circumstances—has led the Group of European Progressive Democrats to analyse the situation of Community agriculture, to draw conclusions from this and to put forward positive proposals to improve the running of 'green Europe' and also farmers' incomes.

These proposals are simply general guidelines for the drafting of a new 'agricultural charter'. Our study should make it possible to reinstate the main objective of the CAP, which is to safeguard a reasonable income for farmers while reducing costs to consumers and guaranteeing supplies. This income is that of a well-balanced family farm, where balance is seen both in terms of income and of employment, as well as of profitability.

To take account of the diverse aspects of agriculture, different incomes targets for particular

categories of products should be set on the basis of a geographical appraisal and a market analysis.

This dual approach, which would make allowance both for the individual features of the markets and for farming structures, should be integrated in a set of agricultural estimates, an administrative and executive tool aimed at ensuring the consistency of policies and methods used. This set of agricultural estimates or budget would naturally result in active forward planning which would permit a clear orientation of production on the basis of flexible data, with safeguards, allowing for the time required for adaptation.

The general establishment of market organizations represents the first fundamental step towards enabling farmers to secure remunerative prices. Guaranteed prices and permanent regional intervention form the basis of each market organization. Their establishment will cushion the impact of open market forces and make supply more adaptable in a context of rapid fluctuations in the economy.

These improvements will require better overall information resulting in a permanent dialogue between producers, processors or distributors and governments. The permanent dialogue at all levels should be referred ultimately to a central coordinating body—the annual European Conference.

On a more fundamental plane, all the Community's farmers should receive equal guarantees on the clear understanding that these should be adapted to the special features of the various products. Improvements in the intervention rules should be followed by increased stocking capacities together with greater strictness as regards quality standards for all the products to be stocked. More generally, checks should be carried out at each bottleneck. These should increase in strictness the longer crops remain in the soil.

Of course, the guarantee system on the internal market is linked externally with the system of Community preference. This system has not been adhered to. The Community's imports policy has given free rein to anarchy, speculation and fraud. The system of Community preference should be re-established, as it contributes towards European solidarity and ensures security of supplies, which the energy crisis recently showed to be of fundamental importance.

The Community preference system should become part of a dynamic trading policy. This should go hand in hand with an overall Community policy for cooperation in development.

Hunault

In order to ensure more constant supplies, which are absolutely vital for poor countries, the markets must first be organized on a regional basis. The way in which the third world may be helped and given an opportunity to prosper can be summed up simply, as follows: their exports should be promoted, they should be guaranteed fair prices and their investments should be increased. The Lomé agreements, to which the Committee chairman, Mr Houdet, quite rightly referred this morning in his admirable statement, are a most important landmark and fully meet the needs of the situation.

An active, open policy does not preclude a certain amount of protection to ensure the development in Europe of 'sensitive' products, the sale of which is our farmers' main source of income. In fact, the opposite is true.

However, protracted errors in product orientation are no longer conceivable, especially in view of the relative inflexibility of supply. We should all assume joint responsibility here, and it must be directed, as a matter of priority, at restoring price relationships in favour of animal products; otherwise there will be a catastrophic meat shortage in years to come.

Great improvements must absolutely be made in the management of the common agricultural policy. Better living conditions for farmers depend on this, and cannot be achieved merely through a prices policy. While structural problems exist generally throughout the Community, they are particularly acute in certain peripheral or underdeveloped areas.

The Community structural policy, drawn up in 1971 on the basis of methods which had been applied in France for ten years, has not been implemented sufficiently. The Community is responsible only for coordinating national structural policies one with another and with the agricultural markets policy. Moreover, the instruments of an economic policy are not impervious to change. Thus the conditions required to develop 'well-balanced' farms are not the same today as they were a bare five years ago.

In order to keep pace with recent trends throughout the Community, the common agricultural policy should be geared towards making agricultural structures serve the interests both of those, particularly young people, who should be encouraged to remain in farming and of those who are induced to leave it. For this reason, directive No 160 on the system whereby people are encouraged to leave farming should be amended to provide for improved regional adjustment, taking account of the need to adapt the number of persons employed in agriculture to the potential of the agricultural population.

Similarly, modernization grants should be allocated according to more flexible criteria. The limits at present provided for by directive No 159 should be lowered and the system of allocating assistance should be simplified. The range of beneficiaries could be widened to include all undertakings that are capable of 'taking off' economically.

In addition, resources should be allocated on a global basis. Every farmer in a development area should be entitled to an installation or development loan to enable his holding to become a well-balanced family farm.

Family farms are the best basis on which personal and active responsibility may be exercised. They are compatible with an up-to-date organization of agriculture. In order to prosper they should be allowed to develop their means of production and overcome obstacles such as the problem of the right of ownership which is consistently raised during inheritance transactions.

More generally, the common agricultural policy cannot be dissociated from the overall process of the adjustment of agricultural incomes, otherwise unwanted developments and socially unacceptable disparities will arise. Some farmers, if left to fend for themselves on the open market, would in fact mortgage the structural development of agriculture as a whole by artificially increasing marginal prices.

Farmers operating in support areas should stay where they are to safeguard the environment and to preserve certain regional forms of crop-growing or stock-breeding, but without upsetting the general economic balance. They should be granted social equity by means of direct, individual assistance which will turn them not into assisted persons but into independent citizens. The criteria according to which assistance is allocated should therefore be simple and clear.

This assistance may be complete, or it may be supplementary for those farmers who have been unable to reach their targets for one or more years. The annual European Conference should be in a position to state whether or not targets have been reached and to propose an overall solution.

The method of allocating assistance should also be based on the process of regional devolution. This process will introduce an element of fairness and efficiency which will give real meaning to the regional incomes policy.

The process of regional devolution is also a very democratic one, in that a personal dialogue could be held between the administration and those involved when assistance is finally allo-

Hunault

cated. This process would thus help to make the European ideal more popular.

Inasmuch as all the agriculture economies of the West are going through a period of inevitable and extensive change, the success of the common agricultural market will depend on the agricultural policies jointly implemented by the Nine.

The aim of our proposals is simply to formulate practical suggestions for the implementation of this policy.

(Applause)

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

Mr Cipolla. — *(I)* Mr President, ladies and gentlemen, when we were informed that the Council of Ministers had decided to investigate the present and future condition of agriculture in Europe by taking stock of the common agricultural policy, we welcomed this move. We feel that, 15 years after Commissioner Mansholt's first report, this stocktaking is very useful, necessary and urgent.

We stressed the need for this review of a policy which has so many conflicting aspects, and has evoked so much controversy and argument. There is no doubt that the policy laid down in 1958-60 for one particular situation is now inadequate for a completely different situation. The Community has since become enlarged, and we know what a laborious process this has been. We also know that one of the main arguments in the debate for or against accession was the common agricultural policy.

There are now prospects of a further enlargement of the Community. Greece has already asked to be admitted. We trust that the situation in Portugal will develop favourably, and we sincerely hope that the last fascist régime in Europe will disappear from Spain, so that this country, too, can join the Community, as is the wish of our Spanish comrades.

We must therefore no longer consider a limited number of countries, but an expanding group of European countries. We must furthermore bear in mind the need for new relations with the Mediterranean countries, and in fact with all countries of the world. There is an extremely serious economic crisis which is not just a short-term phenomenon—a crisis which is universally regarded as profound, and which reveals the limits of a pattern of development involving inflation, recession and unemployment, to which no end can be seen, and which continue to weigh particularly heavily on the weakest sectors—and hence on agriculture.

We therefore felt that we must get away from the framework of 1960 and from that of the Mansholt memorandum of 1968. Unfortunately—and in this I must agree with Mr Cointat—the report is disappointing. It is divided into two parts; the first part, which has been called the 'snapshot'—Commissioner Lardinois himself referred to it as such—is out of focus, since it does not investigate the causes of the situation, and does not offer any prospects. This part of the report, indeed, bears no relation to the conclusions. Mr Lardinois himself stated in committee that the analytical part—the 'photograph'—was a joint effort, i.e. it was produced with the help of various Commission departments.

The part containing the proposals—and this was already pointed out this morning, very courteously, by Mr Vetrone—is totally inadequate in view of the scale of the problems facing our economy, since it simply more or less reiterates the proposals contained in last year's memorandum.

The resolution submitted by Mr Scott-Hopkins on behalf of the Committee on Agriculture practically regrets the fact that the Council of Ministers did not take account of the memorandum. It is, however, clear that when the Council of Ministers asked for a review of the common agricultural policy, it was already in possession of the Lardinois memorandum and of the vote taken by this House. This means that when the Council was interpreting the requirements of the various countries, it knew very well that these proposals were inadequate for resolving the extreme contrasts of which Commissioner Lardinois reminded us this morning and in which the major Community countries are involved: my own country, which restricted imports for a certain period of time; West Germany, which vetoed the price increases; the United Kingdom, which demanded renegotiation; and France, which adopted the positions with which we are all familiar. In view of all this, I feel that the proposals emerging from this debate may well face the same fate as those put forward during the debate on Commissioner Lardinois' memorandum.

In my opinion, there was call for less haste and for a more detailed examination of these problems, involving consultations with producer groups and organizations and based on a wider and more fundamental view of the problems.

The first thing we must ask ourselves about this document is whether the protectionist policy adopted for some products should remain in force. Paradoxically, this protectionist policy was thought to have been rendered obsolete by the international price trend, but latest events have shown that the period in which

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Community prices were lower than world prices was only of short duration.

Can Europe retain this type of protection which leads to surpluses, to imbalances within the Community and imbalances between the Community and other countries? We must not forget that the Community dumping, even if only small proportions of production are involved, upsets the world markets and—as has rightly been stressed by many other Members—weighs heavily on the Community budget.

Today, for instance, because of the uncontrolled devaluation of the dollar, the American worker's shopping basket costs 20% less than the German worker's equivalent shopping basket. Can we add to this effect of the competition between the great major industrialized regions the additional burden of Community protectionism, or should we not rather adopt other measures?

Even the French Members of the 'Union des Démocrates pour la République', who have always supported this policy, are asking for an answer in this matter—but no answer has yet been forthcoming.

Furthermore, this protectionist policy—the starting-point for which was the milk and cheese sector, since this produces the greatest number of surpluses and involves the greatest expense—is the result of subordinating European agriculture and production to American exports.

I will not dwell any longer on this point. In a book known to us all, our fellow Member, Mr Zeller, has vividly stated that the Community's butter mountains are in fact mountains of surplus American soya-beans made into butter through the machinery for duty-free access of soya-beans into Europe, with all the consequences which this involves—as we saw two years ago when the United States froze the market.

Can we continue with this functional anomaly inherent in such a system? No clear reply has yet been given to this question, however. Another point I should like to raise concerns what I, personally, refer to as Mediterranean neocolonialism. Commissioner Cheysson recently attended a conference in Palermo on the problems of peace and economic development in the Mediterranean countries. It became clear that the Mediterranean countries—both those within the EEC and those of Northern Africa—are dependent on developments in the regions with a stronger economy, from the point of view of both emigration and price ratios.

The Commission continues to regard the problem as one of freedom of trade, but the question is not so much one of free trade as of the terms

of trade. In particular, we must know whether the produce of the Mediterranean countries must be subjected to unfavourable terms of trade, not only with regard to industrial products from the 'strong' regions of Europe, but also in respect of agricultural produce. In addition, since countries like Algeria, Morocco and Israel grow the same produce as the southern parts of Italy, the latter will be at a disadvantage since, on the one hand, these countries will be paying world market prices for cereals, milk powder and butter—thanks to the Community's restitution machinery—while, on the other hand, benefiting from a system of almost duty-free imports into the Community.

I am glad that Commissioner Lardinois intends to convene a conference on Mediterranean agriculture. I should nevertheless like to point out that—to quote an Italian proverb—there is no point in locking the stable door after the horse has bolted, and the result of the Community policy has been that many stable doors in the Italian countryside have already been locked and the horses have bolted. We thus do not want to see the same situation arising in this case as well.

In taking stock of the common agricultural policy, we must therefore bear in mind the following factors: Community protectionism, the Mediterranean policy and the United States' complete freedom to export anything they want to Europe.

Finally, I should like to deal with two points concerning the choices to be made by the Community. The ideology prevailing in 1960 was a kind of liberalism which I maintain was 'false', since the philosophy expressed at Stresa was that of giving equal consideration to all entrepreneurs, although in practice this meant favouring the large entrepreneurs at the expense of farmers and their associations, in other words favouring the monopolies and large-scale speculative trade—and we have pointed this out repeatedly.

The problem now is to modify the intervention system so as to ensure that the Community's funds really do benefit the farmers and their organizations and are not channelled through commercial and industrial organizations.

Finally, there is the problem of the centralization of Community policy in Brussels. This involves institutional aspects, i.e. the fact that the institutions in Brussels are not equipped with the same supervisory machinery as the national executives, from both the parliamentary and administrative points of view, and there are also practical aspects. It is simply not possible for one and the same European legislation

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to be applicable to Scotland, Sicily and part of France.

The present upsurge of regionalism all over Europe is in each case based on agriculture, as in the south of France. This shows that the very diversity of structures demands a diversity of regulations, of democratic approval and of interventions. However, no answer has yet been given to this question of bureaucratic centralization. In Paris, the Communist parties of Western Europe—from countries inside and outside the Common Market—recently compared their respective positions. We studied the crisis and the problems facing the farmers and the Common Agricultural Policy. The amendment we have tabled is the outcome of these efforts, of this democratic discussion, of the agreement reached in Paris.

The conclusion is as follows: in a Europe which is different, in which there is a different economic, political and social context, in a Europe which has not only grown, in size, but the awareness and consciousness of whose citizens has also increased—for what has happened in Greece, in Portugal and in my own country reveals a growth in awareness and consciousness—it is impossible to remain within the framework laid down in 1960. There is a need for a new impulse in the entire common agricultural policy.

This is why, 15 years after the start of the common agricultural policy—and in view of the inadequacy of this report, although this remark does not imply criticism of either persons or institutions—we demand that a new Stresa Conference be convened on a new basis, against this new background and in this new world, in order to outline a new agricultural policy which satisfies the interests of European farmers, of European consumers and of peaceful relations between Europe and the rest of the world.

Président. — I call Mr Früh.

Mr Früh. — (D) Mr President, may I begin my few minutes' speaking time by commenting upon the remarks made by the speaker before me, Mr Cipolla. I should like to put his mind at rest about the high cost of the German worker's shopping basket of agricultural products. I can assure him that never before has the German worker paid such a small price in terms of working time in order to keep himself so well and healthily fed on food of such high quality.

I shall now turn briefly to the stocktaking report on the common agricultural policy. I believe it must or should be clear to everyone here that

this debate is not a shadow-boxing match, nor yet a discussion *in vacuo* as is sometimes the case, but that we are discussing facts, and hard facts at that. Our debate deals with the stocktaking of the common agricultural policy. I would be glad if, in the next few weeks, we could also discuss stocktaking reports on economic, monetary, energy and social policies. I do not wish to sound reproachful. I merely intend to clarify one point which I hope is indeed already clear: we did not receive the stocktaking report on the common agricultural policy and the policy itself as gifts, neither did they come to us overnight. Casting my mind back a little way in history, I am instinctively reminded of the scene of Daniel in the lions' den. But the person in my mind's eye is not Daniel, but a man called Sicco Mansholt and he was sitting—I remember the scene well—not in a lions' den, but in a great hall at a large meeting of farmers who would not let him speak, so he calmly drew a pack of cards from his pocket and played cards on the stage. This rugged and perhaps also somewhat ruthless man is no longer with us. Instead, we have a man who, I would say, does not wield such a heavy baton. Nevertheless, speaking about the monetary compensatory amounts this morning, he showed in my view—and I must stress this, Commissioner—a brilliant display of his conducting abilities for which I thank him particularly on behalf of European agriculture.

Furthermore, I would extend sincere congratulations to our rapporteur, Mr Scott-Hopkins, on his motion for a resolution and, in particular, on paragraph 1 where he says 'the common agricultural policy is a cornerstone of European integration'. I believe a new idea has been created through the use of this word 'cornerstone'. Mr Scott-Hopkins has dared to coin such a notion in a period which, in terms of politics, was full of uncertainty both for him and his country—the motion was a matter of common knowledge even before the referendum. I am grateful to him for putting a final end to a question which has been constantly under debate and to which nobody ever knew the right answers. On several occasions we have discussed the 'driving force' and I have sometimes asked whether agriculture, which seems so small when measured against the whole economic power of Europe, can drive this thing forward like an engine. Surely that is impossible. Others say, indeed, that it acts like a brake. But then, I always thought, you could only slow down a body in motion. Yet what was in fact moving, apart from the agricultural policy? Therefore, I am very grateful to hear this word 'cornerstone'. I feel that whatever else you may find to criticize, this is of great significance.

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But then came the know-alls saying that the common agricultural policy will collapse because our national treasuries have no money; it cannot survive. Nobody has said, thank goodness—perhaps someone will—that the national Treasuries are empty because of the Common Agricultural Policy. That would please me a great deal; it would lend itself to a member of comments. Last night I heard another story, in fact from a high-ranking politician to whom the Christian-Democrats in Germany, and I hope in Europe generally, have a lot to be grateful for, and on whom I feel they might pin some of their hopes. This high-ranking politician stated that our common agricultural policy, the most advanced in the world, can only survive without support because—to use his clever words—it is a privileged area. I thought about this. It was not the right occasion to make any comments. But 'privileged'? One might best describe it as 'privileged' in having the insoluble problems of all the other areas simply saddled upon it. Sometimes I have the impression we are dealing with a packhorse. People are happy to bundle the blame for the unimplemented Regional Fund Policy, for example, on its back. I do not wish to cite any examples, otherwise Mr Vetrone might think I have fallen out with him. I am on very good terms with him, but certain problems exist. We had a lengthy discussion on olive oil in committee yesterday: of course, the Regional Fund is behind it all. Or again, when one speaks now of policy in the Mediterranean basin—the problems of which, we all know, are so far reaching as even to affect security—if difficulties with the agricultural policy suddenly crop up, the discussion switches to oranges and lemons, and blame is heaped upon the common agricultural policy for much greater problems. I feel we cannot allow this state of affairs to continue for ever.

Mr Lardinois has mentioned the relevant point on costs: 0.43%. All right. However, even this is not the central issue. It is constantly being suggested—and this is the trouble—that the common agricultural policy is nothing but a price and guarantee policy, in which losses are disregarded. Anyone who has read the stock-taking report carefully must have noticed one statistical item—and I am grateful to you for this, Mr Lardinois—according to which, under the agricultural policy, approximately the same sum—i.e. about one third each—is made available for price and market policy, for structural policy and for social policy—this naturally also involves national measures, but then these are part of the common agricultural policy. The policy therefore does not stand tottering on one leg, but has a firm footing in reality.

It may well be that the critics of the agricultural policy went to school only recently and therefore

did not learn to count as we did. We learnt that $2 \times 2 = 4$ —I confess that I have not yet mastered the 'new maths', despite the fact that I have children—and if the critics had learnt our way of counting, they would refrain from such treacherous short-cuts in their reckoning.

What are the results of this agricultural policy which is based on price, market, structural and social policies—what has it made possible? The answer is, the most awe-inspiring process imaginable, namely, the integration in so short a time of an agricultural system fettered by the bonds of tradition into a modern industrial society. Is it nothing, then, that the number of workers has been reduced by half in the process, or that people could be transferred to other sectors, thereby creating greater wealth for the economy as a whole? Unfortunately I cannot go further into this, but I would stress that it has all taken place without social upheavals or revolutions. I could move on now to speak about the surpluses, but Mr Howell has already done so admirably and I thank him for this. I would just add one thing: I wonder whether our national governments should not also reflect on the question of surpluses and of providing for the future, even at the world level. I wonder, further, whether this avowal of faith in Europe is to be trusted if people can talk about the only practical European policy as the Federal Minister for Economic Affairs, whom I should like to quote, has done. I was astonished to see him quoted in the 'European Community'—an official publication, I believe—as using words to the effect that he wished to protect us all from waking up one day and finding the market in the energy sector run on the same lines as the European agricultural market. Now this is really very bad publicity for our agricultural market. While I can fully understand all the cut-and-thrust that is resorted to during an electoral campaign in order to gain an extra half per cent, it is the sheerest expediency to hold up our European agricultural policy, which is already being implemented, as an awful example to other sectors while in the very next breath stressing the need for European construction and for commitment to the European ideal. Such an attitude passes my comprehension. These people who always speak about Europe in this way should take the time to ask themselves seriously how credible they consider their comments to be.

My time is running short, so I must conclude and can only make one more comment. We all know, Mr Lardinois, that the stocktaking report on the common agricultural policy is full of unresolved problems. It will not be possible to solve them in the long run by sleight-of-hand, and one can only be astonished at the ingenuity

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of the numerous tricks resorted to and the effort put into them. The problems will only become encrusted and displaced, and their solution delayed in this way. While on the subject of crust, let me refer to your example, Mr Lardinois, of the wound sustained by the agricultural policy owing to the shortcomings of the monetary policy—a wound which cannot simply be plastered over. This morning you said that the wound must be allowed to heal. We all agree on this, but an encrusted wound will heal most quickly and most successfully if it is not wrapped up in bandages.

In my view, the decisive section of the resolution—the rapporteur was very forthcoming on this—is the part expressing regret that there is not enough political volition to achieve a genuine common policy in other areas, such as general economic policy, economic and monetary policy, social policy and regional policy, and concern that the common agricultural policy is thereby incapable of full development. I was quoting paragraph 2 of the motion. Gentlemen, I object to only one thing in the way this is put: nothing can be achieved through regrets alone. If political will is lacking in other areas, our agricultural policy will not only be incapable of full development, it will collapse entirely, burying in its ruins many hopes and gains which at present still hold good—not just material gains, not just units of account, but a unique opportunity to create a framework for mutual co-existence in freedom for the peoples of Europe.

I believe, therefore, that the stocktaking report will prove to be at once a touchstone and a crossroads in the development of political unity in Europe—certainly not, I hope, a mere object of haggling by small-minded mercenaries seeking unilateral advantages.

(Applause)

President. — I call Mr Laban.

Mr Laban, spokesman for the Socialist Group. — *(NL)* Mr President, Mr Frehsee spoke on behalf of my Group on the general aspects of the European agricultural policy and I should now like to add a number of remarks, also on behalf of the Socialist Group, concerning some individual sectors.

First of all, I should like to say something about the dairy produce sector. This is a permanent 'enfant terrible'. The imbalance in the dairy produce market is still the picture which comes to the minds of large groups of European citizens when they think of the agricultural policy and the EEC in general. This picture is, of course, inaccurate and should be corrected. Anyone who puts himself in the position of the

man in the street will, however, realize that this impression is quite understandable. Indeed, the members of the European institutions themselves are realizing with a certain amount of anxiety that they are not managing to put an end to structural surpluses in the dairy produce sector whatever methods are applied. Far be it from me to accuse the Commission of the European Communities of having made no attempt to regulate milk production. In accordance with the principle of obligatory intervention when the target price is not reached, attempts have been made in the past to get production under control, but as I have already said, without success.

One of the results of the system as such was that some producers were content to produce as much milk as possible without making any efforts to sell their produce on the market, since it was easier to hand it over to the intervention agencies in the form of butter. This led to the butter mountain, which then had to be eliminated by selling at lower prices to the financially weaker sections of the Community and social welfare institutions. Some of it was also exported to third countries at subsidized prices. The slaughter premium which was designed as a counter-measure produced side effects. The remaining cows produced more, but there were fewer calves. Prices in the beef sector—the other compartment of the system—rose. The consequences for the consumer are, in my view, quite clear. The measures aimed at achieving a better balance between milk fat and non-fat constituents are beginning, in our opinion, to bring forth bad fruit.

Initially, the intervention supply of butter remained within the limits, thanks to the lowering of the intervention price and the market outlets which the United Kingdom provided for some Member States. When I see, however, that the butter supply increased from 78 000 to 155 000 tonnes in the period from 24 April to 27 May, I feel there are new causes for alarm.

I should like to ask the Commissioner why this has happened. A sharp increase in milk production in the spring is, of course, a natural phenomenon, but a 100% increase in one month strikes me as abnormal. I should like to ask Mr Lardinois how the situation is likely to develop. I see he is shaking his head. If he is in a position to give us some reassurance about future developments in the butter stocks, it would be nice if he could do so now in public.

Since 1968 the intervention price for skimmed milk powder has increased by more than 90%. This has resulted in current intervention stocks, held privately as well as by the Community, totalling approximately 660 000 tonnes. Agri-

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cultural experts and the President of the COPA expect this supply to increase to approximately 900 000 tonnes by the end of the year.

Another of the reasons for this powder mountain is that the cost of processing milk powder into animal feedstuffs has become too high, in spite of the subsidies. Manufacturers of animal feedstuffs use cheaper high-protein raw materials, i.e. fish meal and soya. The virtues of using fish meal are, in themselves, somewhat dubious, since the fish caught for this purpose are far too young.

We can also see, however, that the manufacturers of foodstuffs for human consumption are beginning to make use of other raw materials. I have outlined this situation once more in order to make it clear that, in our view, something really must be done in this area. It is also a fact that the European Parliament shares a great deal of the responsibility for this situation by virtue of the resolutions adopted and the opinions which it has issued regarding various Commission proposals.

Furthermore, I should like to state explicitly that the Council has not adopted the Commission's proposal to increase the financial responsibility of the producers, as set out in the memorandum concerning the adjustment of the agricultural policy, which received the support of the vast majority of this Parliament.

On the other hand, an amendment tabled by the Socialist Group regarding the recent price proposals, to the effect that the milk prices for the current season, should be increased by a smaller amount, has been rejected by the Council and by a majority in this Parliament. I have a distinct aversion to being dogmatic, but it is clear that the price increase has an unfavourable effect on the sales of milk powder, and has, in our view, been one of the factors contributing to the build-up of these large stocks.

My Group would like to reaffirm the joint financial responsibility for surpluses. Mr Frehsee has already made it clear that we support the motion for a resolution in general terms. We feel, however, that the joint financial responsibility should be extended. Of course, attempts must be made to influence the market mechanism by means of increased advertising, improved marketing methods and improve collection and distribution systems, but, in our view, this would not be adequate. My Group regards skimmed milk powder as an excellent product for food aid. We feel, however, that the skimmed milk powder programme of the World Food Organization, and, in particular, that of the European Communities, are inadequate. If, however, the Member States are not prepared to

expand this programme, then we have no alternative but to speak of structural over-production, in which case production will have to be cut back. We do not regard the use of incidental surpluses as food aid as a suitable basis for the policy. If we enter into certain commitments, and adjust our production accordingly, there can be no question of incidental over-production. If the Member States are not prepared to extend food aid, however, we have alternative but to regard this as over-production about which something must be done.

We regard price fixing for a summer and winter period, as proposed by the Commission in the stocktaking report, as a less suitable means of reducing production. We feel that if the gap between the target price and the intervention price were made wider, this would make production for selling into intervention less attractive and encourage market-orientated efforts. An extension of the milk price year, as proposed by the Commission in the past, strikes us as a better method.

This could possibly be combined with a slaughter premium, and I should like to hear Mr Lardinois' views on this subject. In view of the difficulties in the beef market, a slaughter premium might—not now but perhaps in a year's time—be a way of stemming the flow of milk at the source, provided that the mistakes of 1970, i.e. increased production from the surviving animals and too steep a drop in the calving rate, were avoided by means of a management programme.

It is sometimes maintained that structural over-production in the dairy produce sector does not exist. It might therefore be pointed out that a 1% increase in production results in a thousand million kg more milk. Changes in the weather or even a slight drop in consumption can cause enormous differences. What we regard as a particular cause for concern is that at the current production level, these fluctuations have such major consequences. We feel, therefore, that the margins should be increased.

I believe I am right in thinking that a large number of experiments have been made in an attempt to breed what one might call a multi-functional cow, equally suitable for milk and beef production. I have the impression that the results are encouraging, but not wholly satisfactory. Perhaps the Commission might find a way to encourage activities of this kind. In our view, the flexibility of the milk sector and the beef sector would be enhanced if it were possible to breed a strain of this kind.

I will be brief on the question of beef, since we discussed this in detail recently. We know the

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reason for the surplus. More important is the question of how equilibrium can be restored. Numerous price measures have been taken—with our support, incidentally—with a view to encouraging the keeping on of cattle and the storage and canning of meat. These measures even went as far as an abrupt ban on imports. My Group did not support the latter measure. All these measures involved 700 million units of account. I must say that, in our view, the results of the measures are not terribly convincing. The stocks in cold storage amount to approximately 270 000 tonnes, and there are another 60 000 tonnes in private stores. If this situation continues it will inevitably lead to a drop in quality. In some parts of the Community—the particularly Belgium, France and, to a lesser extent, Germany—the market prices are beginning to approach the guide prices.

This is far from the case in Ireland, however. In addition, that country is faced with a number of problems arising from the recent changes in the intervention system, whereby less meat on the bone can be accepted. I also understand that the intervention system does not function satisfactorily in Ireland. The producers appear to get a price which is not equal to the intervention price, owing to the large number of intermediaries, such as abattoirs, which collect the intervention price from the agricultural fund but do not pass it on in full to the producer.

One could, of course, ask why the Irish Government does not do anything about this. The people of Ireland feel themselves at a grave disadvantage and I hope, therefore, that Mr Lardinois will soon explain the reasons underlying the measures which have been taken regarding beef intervention. I also hope he will tell us why these possible disadvantages for Ireland were calmly accepted.

Mr Lardinois seems fairly with the restoration of prices. Following the part-session in Luxembourg it was said that a more active marketing policy for the stocks should be introduced—at least, this is the impression we get from press reports. However, no indication was given of how this should be done.

I have put a written question on this matter, but I might perhaps be easier for Mr Lardinois to answer it within the context of this debate. I should be very grateful to know how a more active marketing policy could be conducted after all the attempts we have already made.

My Group believes that permanent intervention can no longer be maintained, and that compulsory intervention should be restricted. It is not difficult to support a policy of providing the meat producers with more information, since if

production is to be planned more efficiently, it must be possible to forecast the situation over a number of years. If that is not possible, a healthy development of the market in the meat sector can lead, according to the experts, to animals being kept for breeding, and hence higher meat prices owing to a limited supply which would then in turn subsequently lead to renewed disturbance of the market.

The Commission also wants to make the regulations covering intervention more flexible. What does Mr Lardinois have in mind?

In our view, this sector requires a price policy aimed more at achieving a balance in the market, since it must be recognized that the consumers have been deterred by the high meat prices.

The stocktaking report said very little about the situation in the poultry sector. This does not strike me as particularly strange, since the European Community has not introduced any stringent regulations in this sector and nor does it need to, in the opinion of my Group. Overcapacity in the Member States should be remedied by reorganizational measures. This could be done, for example, by making premiums available for the destruction of poultry farming capacity. Such measures should, of course, also include a just regulation relating to those forced to leave their jobs. Is Mr Lardinois prepared to promote a certain degree of coordination of the necessary national reorganizational measures?

One could also take the view that manufacturers who have invested too much without looking into the question of whether market outlets would be guaranteed in the longer term, must just have to put up with the situation in which they have placed themselves. We would, however, prefer gradual reorganization, since otherwise the employees would be the ones to suffer as a result of misinvestment in this sector.

Along with all the other mountains and lakes, the EEC now has an egg mountain. With a yearly production of 65 000 million there are at present no outlets for 1 500 million of them. This is not the first time that there has been a surplus, but on this occasion the problem is more structural in nature. Egg consumption has levelled out and is even falling a little. The fact that the attention of the public has been drawn to the high cholesterol content of egg yolks presumably has something to do with this. Prices are dropping at any rate. We do not feel that export refunds or subsidies are suitable in this case as they would probably be a stimulating effect.

In any case, there is not all that much scope for export since most countries have sufficient

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eggs. In this case too, therefore, the problem must be solved by reducing production. I believe that the only possible outlets are in the Arab countries, but there are a number of obstacles, arising partly from the existing EEC regulations. Perhaps Mr Lardinois could tell us what difficulties would be involved in their exports to Arab countries and what solutions might be possible.

Mr President, I should now like to say something about cereals. We agree with the policy of gradually adjusting the price relationships on the basis of nutritional value by means of a temporary price freeze for soft wheat and a sharper increase in the other cereal prices. The question is, however, whether this system, which is designed, among other things, to increase maize production, would work efficiently, in view of the fact that soft wheat fetches higher prices on the international market than maize, which means that the export of soft wheat surpluses with refunds would continue to be more advantageous to the producer. I should like to hear Mr Lardinois' views on this situation.

We also support the idea of a storage policy to regulate cereal supplies for the Community and to meet international obligations. This should not, however, be accompanied by an over-restrictive export policy which would ultimately lead to reduced prices and an accumulation of wheat supplies via intervention. Stocks should be built up through the normal trade channels. The use of wheat stocks in the Community would have to be forbidden if the market price dropped below the target price. We shall continue to oppose the denaturing of wheat or of any other foodstuffs.

Mr President, I should finally like to say a few words about methods of combating the structural wine surpluses. This will be discussed in detail at the next part-session. I should just like to remind the Assembly briefly of the fundamental issue. The quantity of wine will have to be reduced. On the other hand, the quality will have to be improved. Distillation, which is a very expensive business, will have to be kept to a minimum, new plantings should be subject to certain regulations and there will have to be more stringent controls on the improvement of wine by the addition of water and sugar.

I regret that we did not receive the Commission's final proposals for modifying the wine regulation in time. We received some of the proposals and these have already been discussed in detail. But if the Council is to make a decision before 1 August of this year, the Committee on Agriculture must discuss and report on this problem, which is a particularly thorny one for some countries, in the very near future.

(Applause)

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

Mr Brøndlund Nielsen. — (DK) Mr President, I should like to make a few remarks on certain views held by some members of the Liberal Group—not only representatives of my own country, I should add. We think that the general direction in which the Common Agricultural Policy has been moving up to now is the right one. The Commission's document proposes that it should continue in this direction, and the same view was put forward in Mr Scott-Hopkins' report. The idea is to ensure stable prices and supplies for the consumers, and at the same time, stable production conditions and prices for the producers. We have been fairly successful in this respect over the years and the Commission proposes that we should continue on these lines.

It is, however, extremely important that we should not stop short at our well-laid plans, principles and fine words but work out an active policy based on the guidelines proposed here. This is important not only for the agricultural policy in itself, but for Community policy as a whole since, as has been rightly pointed out several times today, the agricultural policy has been still is the keystone of the Community structure.

The common policy in this literally vital production sector is extremely satisfactory although it has been very difficult just recently to establish a common policy, since there have been a great number of national moves designed to act as a substitute for any common measures. The implementation of a common agricultural policy of this kind is beset with difficulties, chiefly arising from a number of national systems of aid which, unfortunately, were not discontinued before this policy was introduced, in addition to which new ones have been set up later. An adequate and consistent implementation of the structural policy for agriculture within the Common Market also presents problems.

The general objective of the agricultural policy, which the Chairman of my Group, Mr Durieux, spoke about earlier, is to set up a common market and a system of management based on prices. We members of the Liberal Group largely support this objective. These prices, moreover, are to be fixed on the basis of production conditions on efficient, modern farms. This system is obviously undermined by national systems of aid since the existence of such systems means that farms which have to function efficiently and provide their operators with a reasonable income at prices which are also reasonable for the consumers are left high and

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dry if farmers in other countries or areas of the Community receive special subsidies over and above the common prices.

The Community as such must firmly oppose these systems of aid. This is a matter for the Commission, and I hope that the Commissioner present will support the view that something more must be done in this sphere. As I said yesterday, I was not quite satisfied with the report I received on the abolition of aid in the horticultural sector. This must be dealt with by the Commission and Council. We in Parliament have on various occasions stressed the importance of the Community as against one-sided nationalism, so I feel we must be firm in opposing prices which undermine the vital common agricultural policy. We cannot allow farmers to be left in the lurch through the competition of other countries' public funds when they comply with the conditions laid down by the various Member States to the effect that farms should be run efficiently and rationally. Mention has also been made of the great importance of family farms, and I must say I fully agree. There is also, however, the related problem that family farms must also work towards cooperation and efficiency, otherwise there would not only be an income problem, but persons employed in agriculture would also end up working hours quite out of keeping with the trend towards more leisure in the rest of society. For this reason, family farms cannot be taken as the only basis. There must be cooperation or larger holdings in order to ensure that persons employed in agriculture can also have their share of the increased leisure enjoyed by others.

Still in connection with the various national systems of aid, I must say that I go along with what Mr Frehsee said this morning in deeply regretting that we have not received the catalogue of national aids prepared some time ago. In cases where national aid is thought to be necessary because of bad conditions for farmers, instead of such measures a Community structural policy should be applied with more vigour, and as many of us, including Mr Scott-Hopkins, have stressed, this kind of aid should be seen as social expenditure which must take the form of contributions from the regional fund.

The agricultural structural policy itself and the relevant EAGGF appropriations must be used to a great extent to assist in increasing the efficiency of the agricultural industry itself, both in the production and processing sectors.

When I consider the question of achieving greater equilibrium in the markets and the Commission's objectives in this field, I must say that I wholeheartedly support the idea of co-responsibility. The Commissioner said today,

that many people could do likewise, but that there were always difficulties in putting such ideas into practice. We must admit that the Commissioner was right in saying this, however the reason for these difficulties is that the proposal submitted last time at least—and probably, to a certain extent, the present proposal too—contains an element which would work counter to the objective by striking at the very farms which are efficient, if this co-responsibility comes to mean that those who can produce more will receive less for their extra production. It can surely not be consonant with our main objective that farmers who can produce a large and rational yield by means of a combination of commercial and technical skills—including, for example, breeding—together with capital, should be the very ones to pay for the surpluses created. We must bear in mind that these are the producers who provide the large consumer groups with the cheapest foodstuffs. This is the basis of the dilemma regarding the co-responsibility of the producers. In itself it is an excellent idea, but the methods used would affect the wrong areas and, in practice, the system would produce the opposite result from that intended.

I should also like to mention a few issues which, although possibly a little longer-term than those dealt with in the review itself and the reports on it, were also touched upon. As I said, both social and regional aid and a structural policy must be applied in regions where agricultural incomes are particularly low. This is a subject which has become extremely topical in recent years, at a time when we are unfortunately witnessing a great deal of unemployment, and one might reasonably ask whether intense rationalization of this kind within an industry can be justified when the only prospect one can offer persons leaving it are unemployment. I should like to stress that we must think in terms of achieving broad local developments by means of these various forms of aid with a view to rational development over the entire industrial spectrum in areas where there are a large number of uneconomic holdings—and perhaps in other areas too. At the same time it could help to prevent the enormous conurbations, of which we can see some frightful examples in the world around us, if we could incorporate social aspects within our policy on the large agricultural regions.

I should also like to mention another point which, in my view, should be included in future discussions, but has hitherto not received so much attention. When fixing the prices for various products within the context of the agricultural policy, the question of quality should also be taken into account. I think this is a fact which has to be faced. I admit it is extremely

Nielsen

difficult, and for this reason I feel that we must start to consider how it might be done.

As an example I might quote the fact that the memorandum contains a proposal to the effect that the market organizations should be extended to cover potatoes, for example. We would do well to place a great question mark by this, since we shall have problems in store with the market organizations.

As regards potatoes, we know that this year the market almost collapsed around us within the Community, and this might well be considered as an example of a product for which it could hardly be claimed to be reasonable to give the same aid to the various qualities. To tell the truth, there are so many different qualities of potatoes this year that the general prices cannot be used in this sector. I think, however, that in other sectors also we must distinguish between the various qualities when fixing prices or dealing with the products.

Distinguishing various qualities in this way might perhaps also be a partial solution of the problem—of which we have seen several examples—of undertakings being tempted to produce more cheaply with a view to selling into intervention.

Finally, I should like to mention a third aspect which relates to both the present and the future, i.e. the linking of the agricultural policy with aid to the developing countries, since we occasionally have surpluses while many people in other parts of the world go hungry. I should like to say on this point that the production of large amounts of permanent food aid for other countries cannot serve as a basis for our system. The chief way in which we can help is by means of our considerable know-how, i.e. the fact that we in Europe have developed high productivity in agriculture. I should like to remind you in this connection that recent developments in productivity have been so staggering that they would have been unthinkable even to ourselves 10 to 15 years ago. They include such things as new seed grains, new breeds of animals and new varieties within the existing ones. This then, is the way in which we can help the developing countries—by means of our vast knowledge. I feel we must make great efforts to play our part in supporting these countries in the long term, so that they will be able to solve their problems by themselves. In addition, we can give them actual food aid in situations of emergency, as a transitional measure and as part of the technical aid I mentioned earlier, thereby helping to relieve the immediate problems affecting these countries.

If we are to conduct an agricultural policy with prospects for the future, I think this is a matter which must receive considerable attention. I also feel that we are under a great obligation to make unremitting efforts to incorporate such prospects in our agricultural policy, so that it can continue to be one of the major driving forces within the European Community, as it has been in the period which has just come to a close.

(Applause)

President. — I call Mr Corrie.

Mr Corrie. — History has shown that no country can have a strong, healthy economy unless it has a strong agricultural industry. If this is true for a single country, it must be even more so when nine countries come together, as we have done in the Community. So it is vital that the CAP should grow and flourish.

I congratulate Mr Scott-Hopkins on his report and address today and the Commission on its forward-looking policies.

I must be honest and declare a personal interest in the debate in that I farm 900 hectares—both intensive dairy-farming and beef and lamb production—so I know all the problems and joys of being in the agricultural industry. As a farmer, I am sure that the CAP, which at the outset was far too rigid a system, is now, thanks to the flexible approach of the Commission, improving in make-up and in the way that it is working.

We must realize that the scope and type of farming in this huge Community ranges over a wide variety of products and of ways of producing these products. We cannot therefore have an inward-looking industry which ignores the wider implications of its levels of production. We must realize that we are bound to be in a situation in the near future of over-production in almost every agricultural sector. The more efficient we become, the higher our production goes. But in a world where starvation is a major problem, it is surely right that areas that can produce surpluses should do so and, if we cannot sell them, we should trade them.

To my mind, we are still tackling this problem from the wrong end. We should produce what we can and then find ways of doing something with it. In that way we can perhaps find better ways of storing the surplus and processing it. In that way, factories could be built in rural areas which would provide employment as well as processed goods. Surely it is better to have a strong agricultural industry producing surpluses than a weak

Corrie

industry creating high prices to the consumer and making shortages the order of the day.

The major problem in agriculture is the lack of long-term planning and production targets in each section of the industry. This must be looked at, and it must surely come.

There is no point in having one section of the industry in a serious surplus situation and another with a shortage of production, because we then simply get farmers and producers jumping from one product to another and being encouraged to do so by golden handshakes such as we had during the beef-to-milk and milk-to-beef situation in Britain. That merely aggravates the situation.

I fully accept that there are areas where, for social reasons, small family farms should be kept going, but the conception of the CAP must surely be based on the modern progressive farm, be it a family farm or not. We have talked a great deal about family farms today, but it is difficult to define a family farm. I should call mine a family farm, even with 900 hectares, but I should also call it a modern progressive farm. Whatever the Commission does, it must not subsidize small, inefficient farms by penalizing those farmers who have spent a great deal of money on modernizing their farms and increasing production by more economical methods. We cannot penalize one farmer to support another. This would merely be penalizing progress and encouraging inefficiency and penalizing the consumer with higher prices.

Another major problem in agriculture is that the produce is perishable. We have problems of storage. Most of our produce must be harvested when it is ready, be it twice a day for milk or once in two years for beef. For this reason, as Mr Scott-Hopkins said, we must have a better marketing system both within the Community and in the sphere of external trade.

I hope that the Commission will also look at the important rôle of forestry within agriculture, because I am sure that there is much room for expansion in that direction.

Lastly, I should like to mention something which I do not think has, as yet, been discussed within the Commission or touched upon today. I refer to the different types and levels of taxation within the Member States, concerning agriculture—both income and capital taxes.

As I said, much has been said today about family farms. I may not have agreed with some of it, but if the present capital-tax systems which have been introduced by the present government are carried out in my country, there will

certainly be no family farms left, as fathers will not be able to pass their farms down to their sons because of these crippling taxes.

I hope that the Commission will look at that matter in its overall policy.

The CAP has come in for much criticism—in some cases rightly so—but mistakes are being corrected and ideas improved. Mr Scott-Hopkins's report is excellent. As long as this flexible system prevails, we shall reach a situation where we shall have a strong agricultural industry throughout the Community producing food of high quality that the consumer can afford to buy. At the end of the day, if the consumer is not there to buy, it is pointless to go on producing.

I pay tribute to those who work in the industry to make it what it is, and I encourage the Commission to continue the good work for the betterment of the whole Community. There is a long way to go, but I am sure that we are on the right road. With regular stocktaking reports, such as this one, we shall see where we have been, get some guidelines for the future, and then decide where we are going. I am sure that Mr Lardinois is the right man to lead us down that road.

(Applause)

IN THE CHAIR: MR SANTER

Vice-President

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

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, the Commission's stocktaking and Mr Scott-Hopkins' excellent report, which is the subject of this debate, involve us in discussion of the common agricultural policy as a whole and its various components from the time it was introduced up to the present day.

Having been a member of this House for a number of years, it has been my honour and privilege to address colleagues on many occasions in order to explain the position of our Group and sometimes to express more personal opinions.

Looking back on the past, I can see the progress that has been made as the road along which we have come is signposted with Community achievements which are all the more important in that the common policy, except in the context of agriculture, has marked time.

Llogier

Among the decisions which had to be taken, that concerning the structure of farms and their environment assumed primary importance and the discussions it gave rise to were sometimes heated.

I do not for a moment doubt that Mr Mansholt was in earnest when, on the basis of his analysis and calculations, he predicted that the period which lay before us would be marked, both at Community and at world level, by a glut in agricultural production. This accounts for his almost unconditional adherence to the malthusian theory, which for him entailed the need for a substantial reduction in the amount of land under cultivation or suitable for cultivation and the relinquishment of the surplus for leisure and recreation.

Such a decision would have had its repercussions in social and human terms, however.

First and foremost, it would have meant large-scale reorganization of farm property, particularly as Mr Mansholt was firmly convinced that the price policy and the structural policy were closely connected, and that it was urgent and indispensable to produce at the lowest cost in order to satisfy the legitimate interests of consumption and consumers.

This reorganization would have implied the departure from the land of hundreds and thousands of farmers who, once uprooted, might swell the ranks of the unemployed, with serious consequences especially with regard to the family. I am not referring here to elderly farmers, who would have become beneficiaries of allowances made for withdrawing from farming.

Thanks to the tenacity of purpose of our Group and of a certain number of our colleagues, the danger was averted, at least in part. Not without difficulty and after a number of ups and downs, which you no doubt remember, we managed to convince people of the dangers of the very large-scale farming proposed and the need to keep family farms going with or without the 'manpower unit' which we were told was indispensable to the viability of the farm.

Thanks to our initiatives and our amendments, farmers in the least favoured areas of the Community have not been excluded from aid for modernization, and they have in addition been granted specific advantages to enable them to stay on the land, which is essential if we want to check the process of depopulation and protect the environment, a corollary of the leisure policy. But the facts have soon shown how utterly wrong the proponents of the sur-

plus production theory were: the most elaborate agricultural forecasts very often turn out to be as mistaken as catastrophic.

As we predicted, stated and repeated time and again, the tide has turned and here we are faced, at least in the case of certain products, with a shortfall. Other products will be added to the list; sugar and cereals are already affected, and no doubt meat, especially beef and veal, will be before long.

Community agriculture therefore has good prospects, but also an obligation to ensure the continuous availability of supplies to consumers inside and outside our frontiers at reasonable prices.

Under these circumstances, how can we refuse to bring farm incomes into line with those of the other sectors of the economy? This parity, which farmers very rightly claim, is still begrudged them on the false pretext that the estimated cost of the common agricultural policy is too high—a poor argument which has been appropriately dealt with during this debate.

In order to fulfil its obligations, Community agriculture must rely not only on the so-called 'progressive' farms but also, and perhaps especially, and the hundreds of thousands of farms of more modest dimensions managed by families who are all for converting their units into balanced modern farms and ask only to be given the means.

Neither must we leave out in the cold the host of people with other occupations in addition to farming, especially in the less favoured areas, and whom we tend too much at the present time to exclude from direct or indirect income subsidies. Their remaining on the land depends on the supplementary wages they earn, and they deserve equally to benefit from the advantages granted to those who live exclusively from agriculture. This is one situation, among others, where the Social Fund and the Regional Fund should step in and encourage the setting up of small industries and the development of craft trades in rural areas.

But the Community must first concentrate on the sectors affected by the present crisis and which have up to now been more or less neglected, especially the wine, fruit and vegetable sectors.

In the case of wine, you are all aware of the grave difficulties we have experienced and are still experiencing. Regulation 816 soon turned out to be unsuitable in the face of structural surpluses which have unfortunately continued to grow and accumulate. Having at last realized

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this, the Commission has proposed a new regulation, which is now being examined.

In order to avoid the worst, it will first have to promote a policy of quality, doing away with high yields, establishing a strict viticultural land register and also no doubt fixing wine-growing areas outside which planting and replanting should be prohibited. The holding of stocks should be introduced on a general basis in order to ensure the smooth operation of the market. Even so, stabilizing the market by means of distillation cannot be ruled out even as a preventive measure until the other measures have taken effect. In this case, it should be understood that any Member State resorting to distillation will be covered by an intra-Community safeguard clause.

Control should be tightened in order to put a stop to fraud, which we know involves large quantities, and also to imports from third countries.

Problems concerning fruit and vegetables are not unlike those encountered in the wine sector, although what we have here is not so much structural surpluses as poor market organization and failure to respect reference prices when Community frontiers are crossed.

Even so, it must be recognized that the latest regulation has improved matters a little. Unfortunately it covers apples, pears and peaches only, whereas it ought to be extended to include a number of other fruits and vegetables. This suggestion should be borne in mind when the provisions of this regulation come up for revision.

Moreover, we are well aware that fraud is on the increase, both as regards declarations made or omitted by third or associated countries—I have had occasion to speak on this subject in detail—and with respect to import quotas extended with such generosity that one wonders whether it does not sometimes verge on irresponsibility.

Does it make sense, for example, that imported citrus fruits should be allowed to compete freely with our own fruit on our national markets at our peak production periods?

Does it make sense that at this very moment a certain importer in Munich—and I can even show the Commission the circular addressed to hundreds of French wholesalers—should be able to offer certain deep-frozen packaged fruit, e.g. strawberries and raspberries, bearing the name of the country of origin—Poland or Rumania—at prices well below those French producers are guaranteed by crop contracts and

which include processing, bulk transport and delivery to the market place?

On top of that, as we all know, deep-freezing reduces weight instead of increasing it! Under these circumstances, the Community processing industry will have no alternative in future but to terminate crop contracts with producers, despite the fact that they are a development to be encouraged. That is where we are heading! And the list of examples could go on!

According to a wise proverb, 'charity begins at home'. The Commission would therefore be well advised to encourage as far as possible the setting up and the development of producers' associations, intra-Community associations with which it would remain in regular consultation, in order to avoid mistakes of the kind I have just pointed out.

As I want to close on a more general note, I should like to remind you that the sole aim of the amendments tabled by our Group in the Committee on Agriculture was to prepare the way for the future development of the common agricultural policy.

Out of the twenty amendments tabled by the Group of European Progressive Democrats to the report presented by Mr Scott-Hopkins, whom we congratulate once more on his work, we are pleased to see that almost a dozen have been adopted.

They concern especially:

- drawing up a set of agricultural estimates;
- the extension of market organizations;
- the reinforcement of intervention procedures;
- recourse to social and regional policies;
- reduction of the monetary compensatory amounts;
- reduction of the farmers' share of the responsibility.

Today we are tabling further amendments concerning:

- reference to balanced family farms and not to farms described as 'modern', which is a vague and almost indefinable term;
- the strictest respect for Community preference, especially as regards the imports of beef and veal;
- a real incomes policy rather than subsidies to farmers or consumers granted according to the circumstances;

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- a price structure in favour of animal products;
- an adaptation of structural directives.

Subject to these amendments being adopted, we recommend approval of the report before us.

(Applause)

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

Mr Lemoine. — *(F)* Mr President, ladies and gentlemen, the subject of our discussion is the stocktaking of the common agricultural policy. Stocktaking is always useful; it tells us how things stand and shows whether this policy has fulfilled its aims and whether, at the present time and in the long run, it has made life easier for the farmers of our countries.

Today's debate should help us to appraise the situation and form an opinion and, if this stocktaking proves unsatisfactory or brings to light gaps and shortcomings, ought to enable us to propose any corrections and modifications needed.

With this in mind I should like, on behalf of the Communist Group, to raise a few points and express an opinion on this much debated stocktaking.

Let me state first of all that there is no reference whatever, either in the Commission's stocktaking or Mr Scott-Hopkins' report, to a crisis. The word itself is not mentioned even once. As if agriculture and farmers were not badly hit by the crisis whose consequences—inflation, unemployment, austerity—are directly affecting society in the nine Member States, making life increasingly difficult for the masses.

You know very well that this is not the case: far from it. As the crisis gets worse and big business seeks to improve profitability, the majority of farmers today are, to varying degrees, victims of domination by big business.

In the context of capitalist Europe, all this situation does is to increase and aggravate further the problems arising out of agricultural structures inherited from the past.

Is it not true that farmworkers in many regions are unable to become owners of land because they are being deprived of the opportunity as a result of speculative business deals?

On the other hand, monopolies are increasingly imposing upon farmers prices for essential industrial products which are rising far more rapidly than agricultural prices. Consequently,

the farmers are forced to put up with prices which are imposed upon them, but cannot fix their own. This in no way prevents consumers from paying the full price for foodstuffs, burdened as the latter are with taxes and the profits earned by the trusts of the food processing industries and by big business.

Secondly, I should like to point out that the Common Market, in which the CAP—often considered to be its mainstay—has been implemented for over a decade, has not been the golden opportunity for agriculture that was hoped. For many people, this alluring picture is fading and giving way to increasing disillusion.

Contrary to the promises, integration has primarily served only to develop, to a certain extent, capitalist exchanges and to increase competition and concentration. It has accelerated the exodus of millions of farmers and contributed to the state of confusion of agricultural production by simultaneously creating surplus and shortage and by increasing the disparities between regions, countries and categories of farmers.

In ten years, productivity has risen from 100 to 188, but incomes have not followed suit and, in the past few years, 1.5 million farms have disappeared, while 5 million farmers have left the land.

The common agricultural policy has favoured the giants of industry and speculative business at the expense of family farms and their co-operatives, widening further the gap between the prices paid to producers and those imposed upon consumers.

Of course, the situation varies from country to country, but the truth of the matter is that all Member States are affected and there is a tendency to sacrifice national prerogatives to supranational organizations which can only intensify the negative effects of the policy as it stands.

It can in fact be said that this policy has failed to solve the problems of modern agriculture and its development which is indispensable, when there are problems in today's world food situation and in the supply of agricultural raw materials. It is becoming clear that it cannot offer the farming community a real future.

More and more farmers are therefore fighting against this policy and we Communists are at their side to check the attempts of monopolies to make them bear the cost of the crisis.

Today we are not the only ones to say that the common agricultural policy has not lived up to their expectations. Elsewhere people are talking about the mistakes, the setbacks and the

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sometimes dismal failures of this policy. In the case of beef and veal, dairy products, fishery products, fruit and vegetables, wine and, before long, cereals, Community policy is characterized by sharper competition between Member States, the mismanagement of certain markets and the disequilibrium between supply and demand.

Mr Scott-Hopkins himself, albeit very moderately and handling the euphemism elegantly, expresses regret in his report that the common agricultural policy has so far failed to bring farmers' incomes in line with those of workers in industry. He notes a growing disparity in agricultural incomes between regions and between the livestock and the cereals sector. He is afraid that the agricultural Common Market may degenerate into a system of national markets and is disappointed by the absence of true cooperation between Member States.

It is quite clear—for all those who wish to see—that as the crisis gets worse, the behaviour of the member countries derives to a greater extent from the principle of 'every man for himself' than from European solidarity. Where it will all end, no one knows.

The rapporteur stresses finally that the Commission's communication contains no real proposals likely to solve the difficult problems facing us at present.

But he forgets to stress, among other things, that the Commission has not once alluded to the conditions for fixing production prices, that it skims over the activity of the large industrial and banking combines and that, while it is true that the CAP has contributed towards stabilizing agricultural prices in relation to world prices, no one mentions that production prices are far from being stabilized in relation to the costs. The rapporteur does not stress that the number of young people setting up as farmers is still dangerously low and will continue to drop, so much so that, in view of the average age of our farmworkers, one wonders whether our countries will have enough farmers in 10 or 15 years' time.

He does not mention the attempts of the United States to subordinate European agriculture to its own agricultural exports and increase our state of dependence, as illustrated recently by the soya bean policy.

No, we cannot approve of the common agricultural policy as drawn up, pursued and implemented by the Commission in Brussels!

The cooperation we need in the Community must be achieved some other way and must not be restricted to Member States. It should be based

on the respect of essential national interests and reciprocal advantages.

We are against a policy which means sacrificing small and medium sized farms to the larger ones, leading to rural depopulation and a drift from the land. Are there not already four million hectares lying fallow in our Community at a time when the deficit in the agricultural and food sectors is 12 thousand million u.a.?

We are in favour of the development of agriculture as an important economic sector along modern lines, but to achieve this we must have a completely new agricultural policy. For this, urgent measures and fundamental reforms are needed.

Special efforts must be made to improve the lot of the least favoured farmers by guaranteeing production prices which would give producers a fair income, taking fully into consideration the costs they have to bear. The production and marketing of agricultural produce must be improved, in particular by reducing production costs and introducing measures to ensure that the land no longer be an object of speculation or an instrument of power in the hands of capitalists, but an instrument of production placed at the disposal of those working the land, by encouraging the modernization of equipment and supporting the development of mutual aid and cooperation.

We should organize those markets permitting us to guarantee prices corresponding to production costs, to plan production, and to give priority to the marketing of products from small and medium-sized agricultural producers.

By putting an end to the speculation of big business on agricultural exchanges—including the monopolists' practice of increasing the flow of their industrial products into third world countries in exchange for low-price imports of raw materials and agricultural products—the new agricultural policy should favour these exchanges and make it possible to improve cooperation while respecting the mutual interests and the national sovereignty of each country. New relations based on reciprocal interests must be established between all countries without discrimination, with the socialist countries as well as those of the third world. This type of policy should enable us to put exchanges on a sound footing and thereby build up buffer stocks so that aid can be given to the starving nations.

The implementation of the agricultural reforms which we are advocating and which I am briefly outlining would create conditions for the development of the increasingly 'cooperative' modern agriculture necessary for the balance of each nation and capable of ensuring that

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agricultural workers benefit from standards of living, income and work in line with those of other workers.

The seriousness of the present crisis in agriculture clearly shows the need for the participation of new forces, both in the towns and in the countryside, in the struggle for fundamental changes.

In conclusion, I would state that, in spite of the trend of the past few years, the farming community remains an important factor in economic balance, in the independence of peoples and in the standard of living.

Today, there can be no lasting solution to the crisis in agriculture without fundamental reforms to combat monopolies.

To achieve this, joint action by the popular forces against exploitation by big business is necessary in order to impose immediate measures and limit the effects of the present crisis while at the same time working towards an awareness of the changes which are indispensable if we are to draw up another agricultural policy providing farmers with social progress and the comforts of modern life.

This is the essence of the Communist line of action as laid down at a recent conference held in Paris for implementation alongside the agricultural workers of the Member States.

IN THE CHAIR: MR BORDU*Vice-President*

President. — I call Mr Bersani.

Mr Bersani. — (1) Mr President, ladies and gentlemen, let me first of all thank the rapporteurs, particularly Mr Scott-Hopkins, for the excellent reports they have produced. I would add that I, too, consider that this survey makes even clearer the need to satisfy adequately the demand for a profound and fundamental new departure—a demand on which there is almost complete agreement and which is the very essence of the thinking in the Commission's document.

I feel, however, that the Commission document should have gone much further, particularly as regards the prospects and proposals for a fundamental concept of modernization and modification. The proposals are certainly on the right lines, but the objectives which are to be the inspiration and guiding light of the common agricultural policy from now on must be brought forward and spelt out in highly differentiated concrete and fundamental terms!

This agricultural policy has certainly made it possible to achieve important results. There are bright and dark patches, as in any human undertaking, but I believe that, taking a broad look at experience with the common agricultural policy, which remains—as has been pointed out by many other Members—both a mainstay of the Community and a driving force in its development, we must agree that there have also been substantial achievements at the purely technical and economic level.

There are still some large dark spots, however, and it is these that require this detailed review, this new policy. Let me deal briefly with three problems in particular. The first—and I agree with Mr Vetrone that this is one of the most negative aspects—is the grave development of two great zones, or rather of two different agricultural systems. Perhaps this description may go somewhat beyond the actual concept involved; nevertheless I want to stress the concern which I, at least, feel for this creation of two different systems, of two different groups of products, representing two different social and economic frameworks in which the rural populations and farmers live. There is the group of North European products, with high aid and guarantees to which processes producing surpluses are linked, and there is the group of mainly Mediterranean products, with low aid and guarantees and production processes which are usually unprofitable. As Mr Vetrone also pointed out, the first group usually comprises highly capital-intensive farms, while the second group comprises highly labour-intensive farms.

It is clearly becoming increasingly important to find a solution to this situation, and this is directly linked to what the Commission calls a new international balance in the field of agricultural production—the need for which was also stressed by Mr Scott-Hopkins. I say this, bearing in mind also the extremely constructive proposal made here again today by Commissioner Lardinois, and with which I fully agree—the proposal to hold a Mediterranean conference. This is certainly one aspect of this search for international equilibrium, but there is undoubtedly more to the matter than that, not least because we have only just completed negotiations with the 46 countries of the Lomé Convention—and by the end of the year this figure will have risen to 50, representing a good half of the countries of the world—and we know what a delicate and difficult matter the agricultural aspect was in these talks.

We therefore feel that this major problem of finding a new way to balance the two zones, the two groups within the agricultural framework of the Community, must be linked to the

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larger context of problems involving international equilibrium—both in the Mediterranean region and in the countries associated with the EEC by the Lomé agreements, and also, at a more general level, with other countries. Major agreements on products must be accompanied by a new international system of organizing agricultural production. This is the great new development ahead of us, and in which we—as major importers, as exporters, as an area of considerable influence—are increasingly being called upon to follow an active policy, to make constructive proposals.

I should like to finish by drawing attention to two problems which are rather fundamental to today's debate. I refer to the five-year plan. I would agree fully with it, as I agree with the proposals put forward by the various rapporteurs and by many of the other Members who have spoken, but I feel that it must be interpreted more broadly. We know that the agreements with the associated countries have to be reviewed every five years, and it would thus appear sensible to coordinate these periods so as to have an overall framework within which the planning would have real significance—precisely because it covers all aspects, both internal and external, of the agricultural debate.

In conclusion, let me refer briefly to the delicate problem of producer responsibility as seen against the background of surpluses of produce, particularly where this occurs fairly regularly. There has been talk of strengthening the concept of responsibility. I believe we must press for a concept of responsibility, but this should not be interpreted in the somewhat negative sense I think I have noticed in some of the remarks made during this debate, but rather in a positive sense. In this way, this concept of responsibility will be linked to a new method of preparing, developing and reopening the major talks with the producers' associations, and it will hence be regarded in close conjunction with a new method of tackling the various economic, social, technical and production problems.

(Applause)

President. — I call Mr Nolan.

Mr Nolan. — In the five minutes allotted to me I am not going to speak about marketing organization or forward planning. I want to refer to the charter on agriculture of the European Progressive Democrats which was issued recently and to pay tribute to our rapporteur, Mr Cointat, who is a European expert on agriculture, for preparing it. I should like the House to remember that experts from three main

agricultural countries of the Community—Denmark, Ireland and France—were involved in the preparation of this report or policy.

The main point of that policy was the concept of the family farm. We should like to see the family farm such that a man, his wife and his family had a sufficient amount of land and a sufficient income to enable his net income per annum to equal that of people employed in industry, in the public service or in any other type of work. For that reason, we emphasize the family farm.

Apart from that, I should like Members of the House to realize that we in Ireland were very worried before we entered Europe about the Mansholt Plan. Somebody here today mentioned a plot of 500 acres. I could see Europe, or at least the agricultural land of Europe, being developed into big ranches where we had a man and a dog, possibly, looking after 500 acres of pasture-land and somebody from one of the concrete jungles of our cities in Europe driving out once in a while to discover how many cattle were fit for the market, how many were fit for the factory to add, possibly, to our beef-mountain. This is what we in Ireland were worried about. This is what we as three European countries—Denmark, Ireland, and France—were worried about when we stressed this very important point of the family farm.

I could also say the same about cereals or sugar beet. We might have a situation in which acres of agricultural land within the Community became vast areas over which all the farmer owning the land needed to do was to sow the wheat in the spring, reap it in the autumn and sell it. Then we should do away with much more than farming: we should be killing the environment; we should be killing community life within Europe. These are the things we must consider apart from the fact that the main point of our policy was the concept of the family farm.

We have talked about, and we hear a lot about, a beef-mountain. In agriculture, people say, 'We have a beef-mountain'. In France we hear a lot about a wine-lake. It should, however, be remembered that the beef-mountain to which we refer would be only 10 days' beef supply for the 250 million people of this European Community. It is forecast—and I accept the forecast—that possibly in 1976 we shall have a meat shortage.

But why is it that we refer to a beef-mountain in agriculture? A surplus can arise in any business. When a baker bakes his bread and sends out his vans to sell it, he has a surplus every evening. If he accumulates that

Nolan

over the year, he will have a large surplus. In the footwear industry there is a surplus. There is equally a surplus in the textile industry. Because it is agriculture, however, a tremendous amount of publicity is given to this 10 days' reserve of beef that we have in the Community at the present time. As I have said—and I say again and am putting it on the record of the House—it is quite possible that in 1976 we shall have a beef shortage.

In my extra couple of minutes I should like to refer briefly to the monetary compensation amounts. I know that the real solution to the problem is economic and monetary union. At the present time, however, we have a price review twice a year. Why could we not have monetary compensation amounts adjusted twice a year, or even more often if the occasion arose, until such time as we had economic and monetary union? This is important, particularly to countries like Ireland and Great Britain as well as others.

My other suggestion is that we stop this nonsense of floating currencies. Let us all get back into the tunnel, whether we win or lose! I don't think that the floating of currencies is advantageous to the common agricultural policy. I sincerely hope that the currencies that are now floating will stop floating and get back into the tunnel.

I should like to thank Commissioner Lardinois for his answer to me here at the last part-session of Parliament when he said that he would have proposals for a common sheep policy before the recess. I want to thank him sincerely for that. When the Commissioner came to Ireland last week and met the farmers, I was delighted to see a smiling Mr Lardinois pictured in the Irish papers holding in front of him the poster which he had taken from the protest group bearing the words, 'We want a common policy for sheep.' Thank you, Mr President, and thank you, Mr Lardinois.

(Applause)

President. — I call Mr De Koning.

Mr De Koning. — *(NL)* Mr President, the speaking times are clearly getting shorter and shorter, but I should nevertheless like to begin by joining previous speakers in congratulating Mr Lardinois and the rapporteur.

I realize that stocktaking of the common agricultural policy should involve comparing the debits and credits, weighing up the advantages and disadvantages and then coming to a positive or negative conclusion. I do not think, however, that everyone who assesses the common agricultural policy uses this method. Many of them

compare the actual shortcomings with an abstract ideal of completely regulated agricultural production in which supply and demand would be precisely matched, the interests of the producers and consumers would be in equilibrium and the interests of trade with third countries and the need to safeguard supplies for the Community would never conflict. Who would not wish to strive for this ideal?

In my view, however, it is more realistic if one also considers the common agricultural policy in comparison with the only possible political alternative, which we sometimes appear to be approaching, i.e. the aggregate of the various national agricultural policies. It goes without saying that if we were to fall back on this alternative, we would be further than ever from an ideal agricultural policy.

Disturbances in the market would then undoubtedly be greater, costs would be higher and international trade would be further disorganized. When viewed against the background of this alternative, the common agricultural policy has been a considerable success.

This is not to say that no criticisms can be made of it. I should like to go into a number of points more closely. Firstly, I should like to put in a plea in support of the wish expressed in Mr Scott-Hopkins' report for the introduction of supply and demand estimates covering several years. Mr Lardinois showed a certain amount of reserve on this point. He did not wish to go further than to undertake to carry out a trial, nor was he as yet convinced of what the result would be.

I also feel that great importance should be attached to making the agricultural policy transparent, not only for the outside world and the people in Europe, but also for the producers and the politicians involved in agricultural matters. It would be extremely useful if we could draw up an overall estimate for a number of years of the demand on the internal market, the volume of imports and exports which can reasonably be expected, the desirable volume of food aid and the safety margins which are necessary in view of the uncertainty of agricultural production. The necessary production potential, also with the necessary safety margins, could then be established in the light of an estimate of this kind. Measures could subsequently be evolved to adjust the existing production apparatus to the necessary production potential by stimulating some areas and slowing down others. Estimates of this kind are, of course, never accurate, but that is not important. The important thing is that an idea of what can reasonably be expected should be formed in advance and used as a basis for evolving measures.

De Koning

It would also make it possible to explain afterwards why shortages had occurred in some areas and what should have been done to avoid them, why surpluses had been created in other areas and what appropriations must be made in order to reduce them. Criticisms have also been made of the Commission's handling of the meat market. Many of these criticisms are, in my view, inaccurate and unjust. Generally speaking, the Commission did everything in its power to overcome the crisis in the meat market.

I would like, however, to make a criticism of the Commission's cereals policy. At the end of the last season I pointed out in connection with certain oral questions that there were large grain stocks within the Community and that a great proportion of them had not been able to achieve the target price and some of them not even the intervention price.

Mr Lardinois promised on that occasion that the situation would be improved, partly by means of application of the famous Article 4 (2).

However, I see that the situation at the end of this season is still practically as bad as it was.

I was pleased at Mr Lardinois' announcement to the effect that the decision in principle on wheat would be taken in 1976.

I should like to urge once more the introduction of a cereals policy which would make it possible to achieve at least the target price for cereals at a time when the world market price is considerably higher and at least the intervention price in a period where the world market price is considerably lower than the target price.

I should like to leave it at that. The few criticisms I have made in no way diminish my admiration of the report drawn up by the Committee on Agriculture.

(Applause)

President. — I call Mr Della Briotta.

Mr Della Briotta. — *(I)* Mr President, ladies and gentlemen, since I cannot make a general speech in view of the limited time available to me, I shall restrict myself to a few critical remarks which may serve to dispel the rather rarified atmosphere which is distracting us from the fundamental problems behind this study of the agricultural situation within the Community.

I feel that the Commission report has rather skilfully avoided certain problems, among the most important of which, in my opinion, is that of getting the common agricultural policy in balance again and of the different importance attached in the past to vegetable products—in

other words, to typical Mediterranean products—as compared to animal products. And yet there is a great deal of talk about these problems when the 'wine wars' break out or before meetings to discuss the Community's Mediterranean policy! From minor references in the report it is clear that the protection accorded to meat, cereals and milk and cheese products is disproportionately high compared with that accorded to fruit and horticultural products in general, and to wine. The Commission might usefully have indicated the rôle allotted to Mediterranean produce within the agricultural policy. I myself maintain, even in the absence of these official data, that Mediterranean produce unquestionably enjoys very little protection at all—and wine is a classic example.

The market organization which we are now trying to reform—and we still do not know if we will be successful—was introduced in 1970. When the Commission took this step, it was already faced with surpluses of North European products, and it thus wanted to avoid having to mix the butter mountains with wine—and even in cooking, these two are incompatible. The protection machinery for milk is still there, however, as is the protection machinery for butter and meat.

The report ought to have stated what the Community intended doing—whether it intended to renounce its protectionist thinking for all products, or whether it intended to adopt the alternative solution of treating all products in the same way by proposing guaranteed markets with the attendant financial burdens. I have the impression—and I regret to say this—that the Community is leaving things as they are, which in practice means sacrificing the weakest in accordance with an old tenet of capitalist progress. I must also point out that Mediterranean produce has been given Community preferences only in dribs and drabs, and that the financial aid granted has always been very low. And yet we all know that the Mediterranean zone suffers from the fate of being perennially at an economic disadvantage!

Taking only my own country, for instance, it will be remembered that, to start the industrialization of the north, a prohibitionist policy was adopted, to the complete detriment of the wine from the south, which was dependent on the freedom of trade at the beginning of the 19th century. The Common Market aroused hopes of preferential trade outlets to the markets of the north, but the protection was so inadequate that Mediterranean produce is now in decline on the Community markets, as shown by the recent discussions within the Council.

Why is this happening?

Della Briotta

It is because Mediterranean produce has to struggle against international competition in difficult conditions. You who live north of the Alps and who offer industrial products in exchange for competing agricultural products from third countries—you must understand this. It is therefore legitimate to ask the Community not to ignore the Mediterranean facts of life, while not forgetting the agronomic aspects which I feel are also of major importance. Tree crops have cycles of several years, whereas one can quickly make arrangements for breeding, which, while requiring skill, can be done in a shed without any land at all. Planting a vine, an olive tree or a fruit tree, on the other hand, requires a lot of skill, a lot of time and considerable capital investment. It is therefore paradoxical that market organizations should have been set up for products with short cycles, while for those with long cycles there is only support machinery.

Those were the remarks I wanted to make in the limited time allotted to me. I would also ask for an overall policy to be worked out for trade relations and for the protection of native Mediterranean products. This overall approach is essential. If, for instance, the Commission intends to abolish the aid for olive oil and durum wheat, these crops will obviously be dropped and the farmers of Southern Italy will turn to wine. Interfering with oil and wheat thus automatically means more wine—with all the attendant consequences.

In conclusion, may I make one final remark for the Commissioner. As far as wine is concerned, we are still awaiting the measures we were told to expect, and we are still in a state of total confusion. We know that wine confuses the mind, but prolonging the delay in this way—and I can only regret this as a rapporteur and a Member of this Parliament—is irresponsible. Since the wine harvest is due in September or October, and Parliament is going into recess in the middle of July, there is a danger that the wine-growers may again take to the barricades for demonstration which, although we may personally condemn them, are their only legal and effective means of pressure, inasmuch as the other means of pressure seem not to lead to the expected results.

President. — I call Mr McDonald.

Mr McDonald. — I wish to add my meed of praise to Mr Scott-Hopkins on the report before the House and also on the excellence of his presentation this morning on the stocktaking of the common agricultural policy.

The Commissioner, during his address this morning, defended the present system of MCA's, pointing out that with the disorderly monetary situation in the world and, indeed, in our Community, it was necessary to have some formula to enable the agricultural policy to keep going. The Commissioner said it was necessary to bandage the sore—and, of course, when the sore healed the bandage could be discarded. However, I submit it is not as easy as that. Surely it is necessary to change the bandage now and again as the situation demands? Not only is it necessary to monitor the progress of the sore as it deteriorates but also, when the bandage gets too tight, too loose or dirty, it may become more of a hindrance than a help.

I believe the MCA system should be discontinued now. In the short term especial consideration should be given to Member States with depreciating currency problems.

The Commission should concern itself with this matter and should take initiatives in situations such as that in my country where the price of beef on the open market remained below the intervention price for a considerable period. I believe it is true to say that the price has been forced down more or less, not only by the MCA's but by other deficiency payments as well. Indeed, it could be said that the main difficulty in our situation is that it has been left solely to the intervention system to cure a situation and this has not come about: nothing has been done about it in a year.

I would not like anybody to think we were ungrateful or did not understand the intervention system. However, it is a costly system. It has proved of tremendous value to our economy and to our farmers in particular, but it has gone on for a year and the underlying problems have not been cured. Surely it is necessary now to look at the root cause of the trouble and endeavour to effect some new proposals.

I am totally opposed to national measures to correct this kind of situation. I therefore look with confidence to the Commission to propose some dynamic new measures within the framework of the common agricultural policy to effect corrections in this sphere of agricultural production.

We eagerly await, as has been promised by the Commissioner—and I accept his *bona fides* in this matter—the announcement from the Commission of a programme for the common organization of the sheep market—that is, mutton and lamb. I believe even the Commission will agree with me that a common agricultural policy cannot be complete until we have a common organization of the sheep market for mutton and lamb. The fact that one Member State persists

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in opening and closing its market at will is surely not compatible with the Treaty of Accession.

The present undesirable situation is causing many losses and uncertainties. This in its turn breeds a loss of confidence and generally retards the development of sheep, especially in my own country.

In conclusion, I ask Commissioner Lardinois how he thinks farmers' incomes can be brought up to, and kept at, a level of incomes outside agriculture if the producers are to be held responsible for the cost of disposing of agricultural surpluses, as has been suggested.

Everybody has noted the increased prices for farm produce and the high increase in farming over the past five years, but most people conveniently forget the huge increases in farm inputs, which place the increases in real farm incomes, if any, in a completely different category.

I submit that the Commission has the responsibility for ensuring that real or net farm incomes or family farm profits are kept in line, if possible, with the rise in incomes in other sectors. In conclusion, despite what I have said, I wish the Commissioner continued success in the important task of improving the common agricultural policy.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (1) Mr President, ladies and gentlemen, it is my belief that men, countries and institutions are always and everywhere moulded by history—and the common agricultural policy is no exception to this law. Remember that it was conceived in 1958 and implemented in 1960, when the Gaullist government was in power in France, and consequently is certainly not designed to further political union. What, according to the Treaty, should be a minor policy—only one of many—has become a policy of major importance, through its being linked to the political concepts and the interests of one Member State—France—which has succeeded in having the requirements of its own agricultural system granted special recognition. I agree with Mr Della Briotta's remarks on Mediterranean agriculture, but I would point out that organizing the markets for certain produce before the markets for others—and, in particular, dealing with the cereals market first and the fruit and vegetable market last—amounts to satisfying certain interests, to which the interests of Italian agriculture have been substantially subordinated.

We were aware of all this, but we put up with it because the agricultural policy represented a uniting factor, protecting and strengthening the Community, whose interests were regarded as being at once broader and linked to its stability. We accepted it thus to avoid a worse fate—disintegration, dissolution and abandonment. The doyens of the federalist movement should bear this in mind—and I am one of them. We did not set up the Community in order to use all these institutions to control the prices of agricultural produce, far less the reflectors on lorries travelling the roads of Europe. We dedicated ourselves to a major political task which had to be achieved if we were not to become protectorates or colonies of the United States, the Soviet Union, China or some Arab power. Whether we shall succeed in this, only the good Lord and/or our children—or maybe even we ourselves—will know.

I have brought up this problem which I feel is fundamental because I believe that certain criticisms should have been made *a priori*. The most serious criticism of Community policy, however, came from someone who was its first and principal architect—Mr Mansholt. He was acting on the basis of two assumptions which he himself subsequently realized did not apply. I refer in the first place to monetary stability, and hence to the Bretton Woods agreements and their consequences. In fact, as time has passed without the Community's achieving monetary stability, far less monetary union, we have seen a process of disintegration which has resulted in all those well-known expedients, such as monetary compensatory amounts, which help produce to circulate in spite of devaluations, revaluations and all kinds of financial speculation.

The second assumption was founded on the belief that once a common market with equal consumption had been created, the efficiency of the unified market would reflect upon production. For a socialist like Mr Mansholt, this was a strange mistake, since this is an argument which even I could accept, and I am less of a socialist than he.

It is, in other words, impossible nowadays to leave everything to the market machinery. Mansholt realized this, and the outcome of his studies was the structural policy, which is regrettably behind schedule. In this context, I rather fear that Commissioner Lardinois might point out politely that the Parliament to which I have the honour to belong certainly does not have a distinguished record as far as keeping to the deadlines for implementation of the structural policy is concerned. However, we have at least passed the law on application of the

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Community directives, and with a bit of luck they will be applied effectively and consistently.

This means that we must now not only consider the structures—or rather the structural modifications—but we must also draw conclusions from them. In my view, there are two main conclusions. Above all, when we review the policy on agricultural markets, we must take account of a fundamental criterion which was at one time voluntarily disregarded, but which now carries its full weight. This is that there are two types of agriculture: the agriculture of the great European plains, and that of Mediterranean Europe, which covers part of France and Italy, and which will cover Greece, if that country is admitted to the Community as a full member—and this type of agriculture could also cover certain aspects of the Portuguese economy.

It can therefore be said that there is not simply a uniform type of agriculture, but a classification of agriculture according to region—the plains and the Mediterranean zones—and this has nothing to do with the regional policy. The regional policy is a development policy, but the existence of agricultural regions which straddle national frontiers and which even overshadow situations like the one I am describing is a concrete fact. There is in Italy an agricultural region—the Po Valley—which is similar to the European plains, and we all know that vines are cultivated not only on the Mediterranean coast, but also in other parts of France. This view of agriculture on a regional basis seems to me to be extremely important.

Another factor of major importance is the need for planning. That is why I welcome the allusions, in some of the paragraphs of Mr Scott-Hopkins' motion for a resolution, to a five-yearly review of problems and objectives. This takes account of the fact that, just as there is a farmers' Europe, there is also a consumers' Europe. I welcome the concept of consumer subsidies (paragraph 21), just as I welcome, for the farmers, the concept of stabilizing the stock-piles policy—a procedure which should no longer be exceptional, but normal and frequent. Ladies and gentlemen, we must realize that the shortages are no longer a temporary phenomenon, but a permanent one. When, for instance, we say that American policy on cereals or soya-beans has had a disruptive effect on the Community, we are not talking about some American whim, but rather about relations between the United States, the Soviet Union and other countries—in other words, about the enormous pressure of peoples who are striving to improve their own standard of living.

There is, however, no need for the Community to adopt a malthusian policy. This is why I always protest against any scheme for distribution or denaturing. The Community must show some foresight, e.g. by not asking farmers in the province of Emilia-Romagna to plant peach and apple trees, only to force them to plough the fruit under or to destroy it, or at the very most to send it for distillation. Hence, the producers must be induced to produce wine, but if possible due care must be taken to ensure that, whenever necessary, pressure on the market is reduced through distillation. The distillation, however, must be undertaken by publicly-owned distilleries, in which fraud is more or less impossible, whereas this is not the case with certain privately-owned distilleries, who thus take advantage of this procedure. There have been proposals for a Mediterranean conference; others, if I am not mistaken, have proposed in this House that there should be new discussions on the lines of the Stresa Conference. It seems to me that the common agricultural policy needs a 'second wind' and might therefore benefit from such a conference. If these objectives are to be achieved, however, it would be better to hear the views not only of the Mediterranean regions but of the whole Community.

President. — I call Mr Scholten.

Mr Scholten. — (NL) Mr President, I should like to begin with a few remarks about the incomes policy side of the European agricultural policy. On this question the stocktaking report says in paragraph 24c that a fair standard of living must be provided for the agricultural community. It also observes that the disparities between the agricultural incomes in the European countries are still very wide. That is correct. And it is not enough just to say so; something must be done about it. In paragraph 115 the Commission establishes in particular the correlation with the regional and social policies.

My particular aim in taking the floor is to draw attention once more to the relevance of taxation policy. The incomes side of the common agricultural policy, which one might regard as the basic theme of this short speech, is doomed to failure if more uniformity is not achieved in Europe as regards the amounts which farmers must deduct from their profits for taxation and social security contributions. There is little point in granting certain subsidies to farmers under the agricultural policy when such subsidies do not vary according to nationality and place of residence, and then to apply to these subsidies totally different criteria, which do vary according to nationality and place of residence, for the

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purposes of taxation. The net result of the incomes policy measures therefore differs very considerably from country to country and this implies, in essence, a serious distortion of competition between the farmers in the various Member States.

I am aware that taxation is not the only area where the differences I mentioned can be observed. The rights of farmers, especially under the social security systems of the Member States are, of course, also relevant and should be taken into consideration when discussing these matters. The burden of contributions and the social benefits cannot be considered separately from one another. Taxation is, of course, quite a different matter. It is, however, clear that major differences still exist, especially in the field of taxation.

I am not saying that the differences can be done away with in the short-term or that they must be done away with completely. What I am saying is that current differences are too great and that it is especially important for them to be accurately weighed up within the framework of the European policy. Hitherto we have assumed too complacently that the European agricultural policy with its equal prices and equal subsidies would also lead to equal incomes. In reality, things are unfortunately quite different.

This is the background against which my amendment to the motion for a resolution, and in particular the request to the Commission to define the differences I have mentioned, must be considered.

IN THE CHAIR: MR BEHRENDT*Vice-President*

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I think I am bound by courtesy to make a reply. But I also feel it is necessary to answer a number of questions.

It is customary to answer speakers in the order in which they have spoken. But perhaps I may begin with the last speaker and then comment on each speech as briefly as possible in order not to use up more than twenty minutes.

To Mr Scholten I would say that, in the field of social benefits and burdens, we are trying to compare the tax burdens and, where appropriate, the extra expenditure incurred for the benefit of agriculture and horticulture in the

various countries. In so doing we shall of course take due note of the various income levels.

Mr Cifarelli made what I thought was a pronouncement of fundamental importance in a very few words. He appeared as the champion of a more subtle approach to the problem and seemed to be willing to forego endless comparisons of the various regions and to recognize clearly the differences between them. He also associated himself with those who asked that special attention be paid to the problems of the Mediterranean in southern European agriculture.

Mr McDonald emphasized once again the importance of organizing a common sheep market. Mr Nolan mentioned this too. We intend to submit a proposal on this to the Council before the holidays.

Mr McDonald also asked how farmers can earn incomes comparable to other incomes if they have to pay for intervention.

I have never suggested anything of the kind. To accept a share of responsibility in a particular sector to me means something quite different from having to pay for intervention.

Mr Bersani stated quite clearly that the Commission's proposals were in the right direction, and I am grateful to him for saying so.

Mr Lemoine pointed out that the whole Western world was in a state of crisis and that this was particularly so in the case of agriculture. But I should like to draw his attention to the fact that I hear more talk of shortages and crisis in countries with Communist regimes than in the countries of the West. Indeed we sometimes have to deal with problems arising from surpluses. This kind of problem is far more agreeable for the people than the problems of shortages with which people elsewhere are often confronted. Of course, I am not saying that everything is perfect in our Western society; on the contrary, there are still many things we have to improve and many imperfections, but I would stress that the structure of our machinery of production is basically healthy and we can build on this basically healthy production machinery in order to make it healthier and to modernize it more quickly, to bring it more into line with the situation of the market and so on. This is a tremendous task, but with the foundation that has already been laid it should be possible to carry it out.

In this connection I should also like to say something about the family farm. The right wing in particular of Parliament has said much about this. My predecessor has once more been depicted as an ogre. I cannot accept respons-

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ibility for everything that Mr Mansholt said on these matters. He did, however, say one particular thing in this House with which I agree. He once asked the question: what is a family farm? He went on to say: 'l'exploitation familiale, c'est une exploitation ou l'exploitation est tout et la famille rien'. We must be very careful here. We must be very careful to protect family farms in which the farm is everything and the family nothing. We want, and I personally want, sound family farms in which decent incomes can be earned with proper modern equipment. I am convinced that it is possible to achieve this in Western Europe. We must not assume that because a farm is a family farm it must necessarily be treated as such.

I believe we must be courageous enough to say that there are still too many family farms which in fact do not and cannot possibly meet the requirements of 1975.

If we find the courage to do so, I think we can indeed stimulate the development of the sound family farm which in my opinion has a great chance of remaining at the head of West European agriculture in the year 2000. I believe in the continued existence of the sound family farm in agriculture. I am convinced that this type of farm has a great chance in our society of continuing to fulfil a rôle in our food supply in Europe.

We must not, however, assume that these prospects exist for family farms which are much too small, which cannot be modernized and in which much too much is required of the family in order to make a living.

In 1972 the Council, with Mr Cointat as its President, took a number of decisions regarding the modernization of agriculture. The problem was to bring about the development of more modern family farms. The final decision diverged in several respects from the Commission's proposals (I was at that time a Member of the Council). With great difficulty we succeeded at that time in starting something at structural level which is worth continuing and improving.

Mr Liogier has mentioned certain imports which were sold at dumping prices. I should be grateful to Mr Liogier if he would provide me with some data about this. I understood that he was prepared to do so.

Mr Liogier also said something to which I must make a reply.

He spoke of the organization of a wine market and the possibility of introducing an intra-Community safeguard clause.

I hope that in this case he does not really mean what he says. This would in my view be the

beginning of the end of the common agricultural policy. I would ask Mr Liogier if he wants this safeguard clause for wine alone or whether he is also in favour of it for livestock, for example.

I agree with Mr Corrie's general remarks about flexible arrangements and the continuous adjustments to our policy. On the whole I agree with his statement.

Mr Nielsen once more emphasized the need to abolish national support measures. With that too I am in agreement.

Mr Nielsen was not satisfied with the answer I gave yesterday regarding horticulture under glass. I would repeat that I would be pleased to receive precise data from him so that I can check them.

One year ago the Commission allowed Member States to provide assistance to horticulture under glass up to a certain maximum amount. But we cannot go any further than this.

Mr Nolan also mentioned family farms. I do not think that it is necessary for me to return to this subject.

Mr De Koning said he shared the opinion of those who consider that forecasts are desirable for both requirements and production. Parliament obviously considers this important. I have already examined this question and I have not said no, but I have warned of the problems which we shall encounter along our path. If we set ourselves rigid production objectives we must not be surprised to find that we shall be playing into the hands of those who want to divide up production among the various regions of the Community, or even among the various Member States.

I am particularly anxious that the principle of the specialization of production at Western European level might very well suffer a severe blow as a result. I repeat that this is not my last word on the subject. But I just wanted to show this side of the picture.

Mr De Koning dissociated himself from those who criticized the Commission's policy regarding the meat market. But he did not dissociate himself from those who criticized the cereals policy. I should like to emphasize once more that in the past year it has quite definitely not been our policy to favour cereals' growers instead of consumers. We have had to conduct our policy in an extremely difficult situation in which we have had to favour consumers. We must not forget that two-thirds of all cereals are still purchased by livestock breeders for their cattle. In America the reverse has been the case. The

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consequence of this is that 25% of poultry and pig stock and 15% of cattle stock were destroyed. In Europe production has remained at previous levels in all sectors. I think it is a great pity it has not been possible this year to make more wheat available to growers at guide prices. I had expected that it would be possible. Owing to various factors, not the least of which were monetary problems and variation in quality, such sales were inadequate and in some cases did not take place at all.

I repeat that I think this is a pity, but it does not mean that our cereals' policy has not on the whole been a fair one. It is true that cereals' prices for the farmer have not been maximized.

In this year of shortages we have been trying to achieve a balanced position and emphasis has been laid on the needs of the consumer.

Mr Laban again spoke at length about the problems arising from surpluses with which we have suddenly been confronted. However, he mentioned a few products which certainly do not come under this heading in my view. I am thinking of butter, poultry and eggs. We must have a supply of butter at the beginning of winter and it does not look as if this supply will be excessive. Last year we thought the supply would be fully adequate. But it turned out to be just enough at the end of the winter, i.e. in March of this year. So if next September we have somewhat more than we had last year, stocks will not be larger than we can normally use.

I should like to make the following remark about the poultry sector. Fortunately prices for poultry meat have put the sector on a profitable footing for the last few weeks or months depending on the region in the Community.

In the egg sector there are no stocks in the Community, not even of a private nature, but prices are unsatisfactory. We hope that the situation will improve in the near future, but this will depend for the most part on the market. We are currently having discussions with the poultry organizations, represented by COPA, to decide what specific measures can be taken to improve the market situation in the near future. Any improvement, however, will be principally dependent on market trends and the adaptation of production to them.

We hope to submit the amended proposals on wine to the Council at its next sitting. I hope Parliament will be able to devote the necessary time to this. The Committee on Agriculture is willing to work at great speed in order to make proper preparation for this debate.

The situation in the beef and veal sector has improved quite appreciably. Mr Laban spoke of 70 000 tonnes in private storage. I can tell him that this quantity has been dwindling for more than six weeks. There are still of course public stocks which at the moment stand at 68 000 tonnes of tinned meat. We believe, however, that we must keep this supply for one or two years until the market situation changes completely and a possible shortage arises.

There is therefore a supply of 160 000 tonnes of meat, half of which is unboned and the other half boned. Our main aim is to sell the boned meat before the autumn, when a further supply will arrive, and in the meantime to build up stocks as little as possible. The situation is fortunately better than was feared a few months ago. We have still not used up the stocks. We shall probably have to wait another winter to see how things go. Fortunately price levels for producers are on the whole much better now than last year.

There is a real problem in the milk powder sector. Questions have been asked about this in Parliament and I hope to be able to answer them tomorrow evening.

Mr Cipolla mentioned a number of key questions to which he believes we should make a reply. One of the problems concerns butter and vegetable fats. I admit that we do not have an answer ready on this subject. But I would not be surprised if we were able to revert to this problem within a year and a half.

Mr Cipolla supports the idea of the Mediterranean Conference. However, he wants it to take place before agreements have been signed with the various countries in that area. A number of agreements have already been signed, including the agreements with the Maghreb countries and Israel, with which we shall be able to deal by the end of this month. We can solve the problem by defending the interests of the Community products which might suffer from this. I think the Council will be able to give a reasonable answer next week to the Commission's proposals. In connection with the possibility of far-reaching developments in this area—I am thinking for example of the possibility of the accession of new members from this area within the next few years—it is necessary, however, to consider how we can strengthen our own agriculture and horticulture to prepare them for such developments, which would go much further than the short-term agreements currently being negotiated.

Mr President, I am completely in agreement with the introductory remarks made by Mr Früh. In this connection he used the expression

Lardinois

'cornerstone of European cooperation'. I agree with him that this is a correct description.

Mr Howell asked for more statistics. I would remind him that the Community has a large statistics department in Luxembourg. We certainly should not work without statistics. We are, however, dependent on data which national statistical offices supply to us and the required data are frequently late in arriving.

He also stressed that we needed certain supplies. I agree with him. I hope to revert to this point tomorrow in my answer to the questions which will be asked.

Mr Hunault also mentioned the family farm. I agree with him that this farm must be 'balanced', as he puts it.

He also said that there must be a proper guarantee for each product. This need not be the same guarantee in every case, provided we agree that all products cannot be treated in the same way and that we must try to find adequate guarantees suited to each individual product.

Mr Durieux also talked about the cereals policy. I have already made a reply on this matter.

He criticized the Commission on the grounds that the beef and veal market was closed too late because our procedures were not sufficiently flexible. This is a criticism which I refute entirely. If the Members of the Commission are in mutual agreement that a particular market must be closed, the procedure involved is quite straight-forward: the decision is then published and the frontier is closed.

The procedure is thus a perfectly straightforward one, but a far-reaching measure of this type is naturally not taken lightly. If this is what Mr Durieux means, I agree with him. A measure of this type affects the interests of large numbers of people and can have considerable consequences, even for third countries. I therefore consider it quite natural that the Commission should take some pains over a decision of this type. Once the decision is taken, however, the frontier is closed almost immediately, faster than in any Member State. Thus it is not the procedure which is at fault.

Mr Frehsee asked for lists of national support measures. These are now in preparation. It is not true that the Member States do not know what items they must include. We have given precise instructions regarding what is understood by each measure. The Member States have merely complained that the list of questions was so long and that we requested such detailed information. I do not say this to appease their

consciences, but it is at times definitely not a simple task to complete such lists. In the Federal Republic, for example, this procedure involves not only the Government in Bonn but the ministries of agriculture in the *Länder*. The *Länder* all have their own support measures. It is not so easy to manage all this. It is in particular, I assume, not easy for those who have something to hide. I am not saying that this applies to any of the Federal *Länder* or to any other country, but some difficulty is being experienced in answering the list of questions, in particular because the questions are phrased in such a specific manner that it is difficult for anything to be omitted.

I am optimistic that we shall have data for all the Member States concerned by 1 July. We have at any rate brought a considerable amount of pressure to bear on them in order to achieve this, and we shall not fail to announce publicly which Member States have answered by 1 July and which have not done so. I think this may contribute to speeding matters up.

I was most interested in Mr Martens' statement. He showed profound knowledge of the subject in his approach to the question under discussion. Mr Martens is very hesitant as regards co-responsibility. It is not the first time that he has talked about it, but I believe that the idea he has produced will not fall on completely deaf ears.

Mr Martens also stressed that we must give more food aid, and I agree with him. I think it should be given especially to countries which request it, i.e. in the form of wheat and skimmed milk powder. I do not think that we should provide any skimmed milk powder at low prices for our pigs and poultry at a time when, to judge from the reports we receive from all quarters, there is still so much hunger in the world.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — Fortunately there is little left for me to say, particularly after the comprehensive winding-up speech from Commissioner Lardinois.

It has become clear, as I said earlier, that we would highlight some of the unhappinesses and mistakes which have occurred in the Common Agricultural Policy. But I have been glad to note that during this interesting debate some of the successes of the CAP over recent years have been highlighted.

Scott-Hopkins

Noticeable emphasis was placed by honourable Members and by Commissioner Lardinois on the importance of the family farm as a viable, modern economic unit. I agree.

I am grateful to the Commissioner for what I think is a great step forward—with which I hope the House will agree—when he spoke of his preparedness to put forward a plan for cereals and the milk sector on a five-year basis, to be reviewed annually. That is a great step forward, and I hope it will be successful. I shall look forward to seeing the first part of this proposal in the near future.

I think that the House, including Mr Martens—as we heard, a little reluctantly—accepts the co-responsibility of the producer. It is not entirely fair to say that we have not put forward our own ideas on co-responsibility. Over the years we have made suggestions in committee and in this House. The idea of a flexible intervention price, the lowering and raising of the level, has been one suggestion, but there have been many others. I hope that the Commission will come forward with another set of proposals to develop the co-responsibility of the producer and the consumer when production levels get too high.

This has been a worthwhile debate. We have heard many points of view expressed, all of which, although criticizing certain aspects, confirm my original impression and that of the Committee on Agriculture that the Common Agricultural Policy in basis and principle is right. It needs adaptation and help. We are on the right lines in pursuing this policy, but there needs to be greater application by ourselves and the other institutions of the Community to help the policy forward.

I am grateful to the House for the way that it has received the report so far.

(Applause)

President. — I call Mr Liogier.

Mr Liogier. — *(F)* Mr President, I should just like to reply to Mr Lardinois. He asked whether I would agree to the safeguard clause system for wine at intra-Community level being extended to cover meat.

My answer is that it is only possible to compare what is comparable. This is not the case here. I would also point out that when distillation is carried out at a given tariff in a Member State, i.e. when wine is destroyed at that tariff, it is absolutely ridiculous for a neighbouring country to be able to continue to pour its wine

into that Member State at prices well below the tariff for the wine supplied to the distillery!

If this is allowed, Mr Lardinois, it will make the distillation system and its price rates less than useless as the wine taken off the market of the Member State in question will be immediately replaced by even greater quantities from the neighbouring State at a price lower than the distillation price. In this case, distillation will cause a further drop in the rates, although the country using the distillation system is aiming for exactly the opposite result.

President. — I call Mr Houdet.

Mr Houdet. — *(F)* Mr President, I should like to return to one of Mr Lardinois' statements.

In replying to those who questioned him on the wine problem, he promised that, in collaboration with the Committee on Agriculture, a text would be submitted very soon and would be discussed by this House before the summer recess. In practical terms, this means that the text would have to be discussed at our next session from 7 to 11 July, which would mean that the Committee on Agriculture would have to consider it next week. At the moment I have no such text and I can assure you that such an important matter will require lengthy discussion. I cannot harass my colleagues from the Committee on Agriculture and for that reason I have grave doubts as to the time limits, unless the text can be made available now in order that we may discuss it at our next meeting on 27 June.

President. — The general debate is closed.

I should like to point out that we have 38 amendments. That means that in the normal course of events, with five minutes for each one, we are faced with a total of three hours' work. There are also two oral questions with debate on the agenda, which makes another hour's work. That makes four hours in all. Since it is Parliament's duty to consider the welfare of its staff, my personal feeling would be that I should suspend the sitting.

However, we can simplify matters somewhat—our rapporteur, Mr Scott-Hopkins, has been kind enough to agree to it—if Members observe what I am about to propose. The rapporteur will ask to speak each time he agrees with an amendment and will then say 'I accept Amendment No...'. In such cases I ask the House to dispense with moving and debating the amendment in question. Naturally, anyone who wants to may speak. If we adopt this procedure, we shall probably manage without a late sitting.

President

Since the House is fairly full, I feel we should pass this very important resolution.

Are there any objections?

That is agreed.

We shall now consider the motion for a resolution.

I have Amendment No 27, tabled by the Communist and Allies Group and intended as a replacement for the entire text of the motion for a resolution. It is worded as follows:

'Replace the motion for a resolution by the following:

"The European Parliament,

- considering that the common agricultural policy has not achieved the aims laid down in Article 39 of the Treaty of Rome,
- considering in particular that the common agricultural policy has contributed;
 - to speeding up the departure of millions of farmers from the land;
 - to producing imbalances in agricultural production, simultaneously creating surpluses and shortages;
 - to worsening the existing imbalances between regions and countries in the Community,
- considering that the measures adopted have in general, and in particular instances, favoured the major monopolistic industries and speculative trade, to the detriment of farmers and their cooperatives and helped to widen the gap between prices paid to producers and consumer prices,
- considering that the attempt by bureaucracies not subject to the same democratic and administrative control as governments in member countries, to impose the same standards—often contradictory from one year to another—for all the divergent economic, social and structural situations in the Community has worsened the situation of farmers especially in less favoured regions and has led to the wasting of funds from national budgets,
- considering that Community decisions are being made subordinate to a serious extent to the claims and interests of the United States (as has been clear in the case of soya and tobacco) and that the consequences of the policy towards the developing countries and the countries of the Mediterranean Basin has been an attempt, on the pretext of liberalizing trade, to impose in reality the lowest possible prices on farmers in those countries,
- considering that the crisis facing the EEC economy creating increasing difficulties for the population through unemployment and inflation, has particularly serious effects on agriculture and therefore the agricultural policy hitherto followed needs a special and urgent review; a review which will free agriculture from its present straits resulting from the pressure of the monopolies and from the general crisis, guarantee a stable income for small and medium sized farms and reduce production costs by reducing the tax burden

and controlling the prices of industrial products necessary in agriculture,

1. Believes that the document proposed by the Commission is completely inadequate;
2. Invites the Council, therefore, to call a conference open to all economic, trade union and political forces in the Community to draft, on the basis of the experience of the operation of the common agricultural policy to date, a new policy to preserve the objectives of Article 39 of the Treaty of Rome and safeguard the interests of farmers and consumers and to establish between the European Community and all other countries cooperation and trade on an equal footing, on the basis of mutual interest."

I call Mr Cipolla to move this amendment.

Mr Cipolla. — (1) Mr President, Mr Lemoine and I have already stated the reasons for our opposition to the text as it stands, and we have explained the constructive nature of our stance, which derives from the meeting held in Paris by the Communist Parties of the whole of Europe for the express purpose of discussing agricultural problems.

The text we have submitted is the translation, into Parliamentary wording, of the resolution adopted by all these parties. I would point out that the meeting was also attended by representatives from Greece, Portugal and Spain, as well as Switzerland, Turkey, Finland and Austria—i.e. from countries which, although not Member States of the Community, are keenly interested in its agricultural policy. Our aim in this was to demonstrate our critical—but constructive—interest in the common agricultural policy.

Secondly, we wish to draw attention—as Mr Lemoine did a few minutes ago—to another omission in the Commission report, namely the lack of any reference to the current critical situation of the international and European economies. We thus wished to emphasize several aspects, one of which I should particularly like to recall here, since there was a lot of talk in the previous debate about Mr Mansholt's beliefs. I refer to the Community policy of promoting the flight from the land, assuming automatically—and with some justification, at that time—that the factories could absorb any amount of labour made available as a result of this exodus.

Today, however, we are faced with a totally different situation, a situation of widespread unemployment and short-time working. Many hundreds of thousands of country people have left the land and have become small traders—with consequences which are hardly beneficial to distribution costs. This is why we wanted

Cipolla

to stress the problem of this exodus. Finally, I would remind you that our criticism of the centralization of the bureaucracy...

(Murmurs of impatience from some Members)

Our criticism of the centralization in Brussels is not directed at the Commission or the Members of the Commission personally, but at the institutional aspects of the present functioning of the Community.

For all these reasons, we feel—and many other Members might also have felt this way if they had only listened to the opinions expressed by Members of their own Groups...

President. — Mr Cipolla, the group chairmen agreed and Parliament decided to allow speakers only three minutes to move each amendment. So I will not give you even ten seconds more.

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I do not agree with Mr Cippola. I do not agree with either the philosophy underlying his amendment or its wording. I do not think it is for me to go into the details now: the House knows my views and also the views of the committee. I ask the House to reject the amendment.

President. — I put Amendment No 27 to the vote.

Amendment No 27 is rejected.

We shall now consider the original motion for a resolution.

I put the first six indents of the preamble to the vote.

These texts are adopted.

On the 7th indent of the preamble I have Amendment No 32, tabled by the Socialist Group and worded as follows:

'Preamble — seventh indent

Add the following to this indent:

"... although not always at the lowest price;".

I call Mr Laban to move this amendment.

Mr Laban. — *(NL)* Mr President, it is already clear from my statement this morning that, since we have not succeeded in getting rid of the surpluses, we have had to resort to all sorts of measures which have meant additional burdens for the consumer and for the citizen as taxpayer. We feel that, in addition to this consideration, it must be said that stability is not always achieved at the lowest price.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — This was exhaustively discussed in your committee, Mr President, and it was the conclusion there by a large majority that this should not be included. The reason is that the fact that it is not always at the lowest price is amply put forward in later paragraphs, and basically it is not true that it was always so. Therefore, your committee decided that this addition was not necessary here, and I ask the House to reject the amendment.

President. — I put Amendment No 32 to the vote.

Amendment No 32 is rejected.

I put the seventh indent of the preamble to the vote.

I put the eighth and ninth indents of the preamble to the vote.

These texts are adopted.

On the tenth indent of the preamble I have two amendments which can be considered jointly:

— Amendment No 5, tabled by the Group of European Progressive Democrats and worded as follows:

'Preamble, tenth indent

This indent to read as follows:

"— considering that a price policy based on the balanced family farm remains one of the most important instruments for implementing the common agricultural policy,".

— Amendment No 15, tabled by Mr Bourdellès and others and worded as follows:

'Preamble, tenth indent

This indent to be reworded as follows:

"— considering that price policy, together with market policy, is one of the most important instruments for implementing the common agricultural policy,".

I call Mr Liogier to move Amendment No 5.

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, optimum income is not defined in relation to a farm average. To justify its price policy, the Commission of the European Communities often refers to the most modern farms. This is a very woolly concept which seems to be an *a posteriori* justification for the way in which the price policy is currently being conducted, in our view too restrictively.

Rather than a vague reference to justify this or that policy at any given moment, we prefer

Liogier

objective general criteria, defined *a priori*. The fair income for the farmer mentioned in Article 39 of the Treaty of Rome must be applied to a balanced family farm. The successful operation of this type of farm, which corresponds to a kind of optimum example, involves the attainment of three types of balance: balanced income, which must be sufficient to meet the needs of the whole family; balanced employment, based on a minimum of 200 working days spent on farming; and lastly, economic balance, from the point of view of investment return.

President. — I call Mr Bourdellès to move Amendment No 15.

Mr Bourdellès. — (*F*) Mr President, we ought to look at the way in which annual increases in farm prices are fixed. At present they are not, as some would have us believe, based solely on the concept of the 'modern farm'.

Can the Commission prove that it has evolved a sufficiently representative sample, taking into account, on the one hand, all types of production, whether animal or vegetable, and, on the other hand, all the regions of the Community?

The European farm accountancy network is currently using as a basis for its calculations a sample of 13 000 farms out of a total of 30 000. I feel that until the structural policy has brought about the modernization of the family farm, we shall have to resort to other criteria than that of the 'modern farm' in order to fix prices. Moreover, this is what the Council does every year, taking into account a certain number of factors: market situation, external trade, increase in production costs, and sometimes demonstrations by farmers. This always ends with a shrewd compromise.

That, Mr President, is why I prefer not to introduce this concept of the 'modern farm' but to state specifically that price policy, together with market policy, is at present one of the most important instruments for implementing the common agricultural policy.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — Again, Mr President, your committee examined these amendments and rejected them both. I must therefore ask the House to reject them as well. I ask the House to reject Mr Liogier's amendment because, after the debate and the reply from Mr Lardinois, I should have thought it was clear that what we are really after here is the modern family farm, not the balanced family farm. That does not cover a sufficiently wide spectrum. I should have thought that Mr Liogier

could accept the words of the existing text, particularly after what has been said by Mr Lardinois.

As regards Amendment No 15, moved by Mr Bourdellès, I think he was being a little narrow in his thoughts. What we say in the text, as he knows from the committee's discussion, is that the modern farm is one of the most important issues. All the other issues mentioned by Mr Bourdellès—marketing and so on—are taken into account. I think, however, that it would be wrong to put in marketing alone and leave out the modern farm.

I therefore ask the House to reject both amendments.

President. — I call Mr Cointat.

Mr Cointat. — (*F*) Mr President, I notice that between Mr Scott-Hopkins' text and the amendments which have been tabled either by our group or by Mr Bourdellès there is perhaps a misunderstanding as to the wording.

Would Mr Scott-Hopkins be prepared to change, in the version he has proposed, the expression 'concept of the modern farm'—which can mean a farm of 2 000, 3 000 or 10 000 hectares—the expression 'concept of the modern family farm'.

It is a very important problem. If Mr Scott-Hopkins were prepared to replace the word 'farm' by 'family farm', this would satisfy many of us.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — If there had been an amendment of that nature, I would not have resisted it. However, there is no such amendment. Unhappily, therefore, while I agree with what Mr Cointat has said, it is unacceptable under the Rules of Procedure.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is rejected.

I put Amendment No 15 to the vote.

Amendment No 15 is rejected.

I put the tenth indent of the preamble to the vote.

This text is adopted.

On the eleventh indent of the preamble, I have Amendment No 16, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Premoli and worded as follows:

President

'Preamble, eleventh indent

Insert "also" before "to be found".'

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept it.

President. — I put Amendment No 16 to the vote.

Amendment No 16 is adopted.

I put the eleventh indent of the preamble so amended to the vote.

The eleventh indent of the preamble so amended is adopted.

I put the twelfth indent of the preamble to the vote.

This text is adopted.

On paragraph 1 I have Amendment No 28, tabled by Mr Cipolla and Mr Marras and worded as follows:

'Paragraph 1

This paragraph to read as follows:

- "1. Is aware of the fact that at present the common agricultural policy, far from representing a cohesive link between the member countries of the European Community, is a source of continual disputes and disruptive tendencies;"'

I call Mr Cipolla to move this amendment.

Mr Cipolla. — (I) The purpose of our amendment is to ensure that the facts do not continue to be ignored. Mr Cifarelli has just said that the common agricultural policy has so far represented a cohesive link in the Community, but today this is no longer the case. From the point of view of general politics I believe that Europe wants to project its own image and assert its own rôle towards the other countries and to the world, but the agricultural policy as it stands cannot be regarded as the cornerstone of European integration.

We have proposed a substitute text, but we feel that this paragraph should in any case be deleted. Indeed, to describe the common agricultural policy, which has come in for so much criticism and is so full of contradictions, as the 'cornerstone' of European integration is to debase a concept which is politically important and implies an open attitude towards political and social developments in the world as a whole.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — As the House will know, none of these Communist amend-

ments was discussed in committee because the Communist Party did not put them forward.

I do not think the House will expect me to say more than that I disagree with the wording of the amendment. I prefer the words in paragraph 1 of the existing text.

I ask the House to resist the amendment.

President. — I put Amendment No 28 to the vote.

Amendment No 28 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraphs 2 to 5 to the vote.

Paragraphs 2 to 5 are adopted.

On paragraph 6 I have Amendment No 17, tabled by Mr Bourdellès and others and worded as follows:

'Paragraph 6

This paragraph to be worded as follows:

- "6. Requests that such reviews should include five-year production targets reviewed each year to allow for the maximum utilization of agricultural resources;"'

I call Mr Bourdellès to move this amendment.

Mr Bourdellès. — (F) Ladies and gentlemen, agriculture plays a major part in the external trade of the countries of the Community, the world's second exporter of agricultural products, and thus contributes to the balance of trade. Statistics show that the allegations that the EEC constitutes a protectionist, isolationist bloc are quite unfounded.

The trade deficit of the Community, which is a net importer of agricultural products, rose from 7 thousand million u.a. in 1963 to 12 thousand million u.a. in 1973. Though compelled by circumstances to adopt measures limiting exports in the beef and veal sector, it has always respected its contractual obligations, for example those arising from GATT. The convention recently signed at Lomé with 46 CAP countries and the Mediterranean policy are proof of our willingness to cooperate with third countries. I therefore do not see any point in mentioning the necessity for the Community to remain both an importer and exporter of agricultural produce. This would be to state the obvious. The Community will always be an importer of coffee, for example, and an exporter of wine.

I believe that the Community can still expand its rôle as an exporter, in view of the shortage of food products with which the world is thre-

Bourdellès

atened. Do not let us be malthusian while two-thirds of the world's population do not have enough to eat!

I do not see any point in restarting the debate on the Community's rôle as a net importer or net exporter in connection with this stocktaking and therefore propose that the words: 'bearing in mind the necessity for the Community to remain both an importer and exporter of agricultural produce' should be deleted.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — As the House will realize, my case has been made for me by Mr Bourdellès because he agrees with what is in the text—namely, that the Community must remain both importer and exporter. I do not think we can underline this too much to our friends who, no matter what they say, sometimes feel a little suspicious as to whether we will be an inward-looking Community or not. As Mr Bourdellès has said, we will go on exporting as well as importing. We will go on importing because we need to do so.

I ask the House to reject the amendment in order to underline to our friends who are sometimes a little nervous that we shall remain an importing and exporting Community not only now but in the future.

President. — I put Amendment No 17 to the vote.

Amendment No 17 is rejected.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

I have Amendment No 3, tabled by M. Howell and worded as follows:

'Paragraph 7a (new)

After paragraph 7, insert the following new paragraph:

"7a. Requests that the Commission should define, for each sensitive product, such as butter and meat, the amount, calculated in terms of days of supply, necessary to ensure adequate availability, and the level of surplus which would demand emergency disposal, and request that information relating to the actual amount currently held in store should be published at regular intervals."

I call Mr Howell to move this amendment.

Mr Howell. — The purpose of this amendment is to have more information available regarding

our stocks and surpluses. We are often embarrassed by the fact that we think that we have mountains of this or that when we in fact do not have a problem at all. Those who try to discredit the CAP are using this situation to create difficulties for us.

I therefore think that if we knew at regular intervals the size of the stocks and whether they were normal or too low or too high it would be in everybody's interests. Although this information is called for in Mr Scott-Hopkin's report, I believe that this new paragraph would call for it a little more clearly than it is at present. I therefore hope that Parliament will approve the new paragraph.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — It is with reluctance that I rise to say that I do not think that it is necessary for the new paragraph to be added to the recommendation. If my honourable friend will look at Amendment No 30, he will see that whatever gaps are already existing in the text will be covered by that amendment when we reach it, if the House accepts it. I do not think that this is a necessary addition to the text, so I ask the House to reject it.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is rejected.

On paragraph 8 I have Amendment No 33, tabled by the Socialist Group and worded as follows:

'Paragraph 8

In this paragraph, delete the words:

"... the structural policy and..."

I call Mr Frehsee to move this amendment.

Mr Frehsee. — (D) We regard the criticism aimed at the Commission in connection with structural policy as unjustified. The Member States are responsible for the fact that the structural guidelines decided in 1971 have not been implemented everywhere nor to a satisfactory degree. This is not the Commission's fault. We therefore request that the words 'the structural policy and' should be deleted and that criticism should be confined to the competition policy.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I do not understand the reason for the Socialist Group's putting this forward. It was put forward in

Scott-Hopkins

committee, and your committee rejected it. I do not see the reason for returning to it, because throughout the whole tenor of the debate today there have been implied criticisms of the structural policy. We wanted a review of it. Member States in many cases have indeed not put the structural policies into effect, but where in fact they have been put into effect there have been criticisms and we have been asking for a review. So I hope that the House will reject this amendment and keep the text as it is.

President. — I put Amendment No 33 to the vote.

Amendment No 33 is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

I put paragraphs 9 and 10 to the vote.

Paragraphs 9 and 10 are adopted.

On paragraph 11 I have Amendment No 6, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 11

This paragraph to read:

"11. regrets that the principle of Community preference is insufficiently observed in the beef and veal, pigmeat, poultry, vegetable and fruit sectors, especially vis-à-vis state-trading countries;".

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) Mr President, the guarantee mechanism on the internal market has been linked, from the external point of view, to the principle of Community preference. This is a permanent factor which indubitably lends stability to the market.

However, the principle of Community preference has not been respected. To import an appreciable quantity of beef and veal in periods of surpluses, such as were 1973 and 1974, is intolerable. While encouraging the production of 'baby beef' the Community left our borders open. The increase in production together with deliveries from outside aggravated the fall in prices. It seems to us that if the principle of Community preference had been applied strictly and reasonably, much better results would have been obtained.

This is what must be achieved in the future. The system of a single market coupled with Community preference and financial solidarity, which is its mainstay, represents a healthy system for both producers and consumers, and consequently for the whole community.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — This was also discussed in committee, and your committee rejected it. The whole question of beef and veal is discussed in different parts and paragraphs of the report. I have a certain sympathy with what Mr Liogier was saying about state-trading countries, but the terms of the amendment he has tabled on the order paper go much wider. Because of that and because of what happened in committee, I must ask the House to reject it.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On Paragraph 13 I have two amendments:

— Amendment No 7, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 13

In this paragraph, replace the words:

"Notes that the price policy is based on the modern farm"

by the following:

"Believes that the price policy must enable all balanced family farms to maintain a fair income, in particular by means of stronger intervention mechanisms".

— Amendment No 18, tabled by Mr Bourdellès, Mr Durand, Mr Durieux, Mr Jozeau-Marigné, Mr Pianta and Mr Premoli and worded as follows:

'Paragraph 13

In this paragraph replace the words:

"Notes that the price policy is based on the modern farm."

by the words:

"Considers that the price policy can be based on the modern farm only gradually and once the application of a structural policy has allowed a greater number of farms to be modernized."

These amendments can be dealt with together.

I call Mr Liogier to move Amendment No 7.

Mr Liogier. — (F) I have in fact already moved this amendment, the aim of which is exactly the same as the one I tabled when voting on the amendments began, namely to replace the

Liogier

concept of the modern farm by the balanced family farm.

Since I did not obtain satisfaction the first time, I am rather afraid I shall not obtain it this time either.

President. — I call Mr Bourdellès to move Amendment No 18.

Mr Bourdellès. — (F) I might say the same as Mr Liogier: the first amendment I tabled was rejected, and it made the same point!

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I ask the House to reject both these amendments. It having passed the original text as it was, I ask the House to accept that and to reject the amendments.

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

I put Amendment No 18 to the vote.

Amendment No 18 is rejected.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

On paragraph 14 I also have two amendments:

— Amendment No 8, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 14

This paragraph to be reworded as follows:

"14. Believes that a genuine incomes policy must include both temporary supplementary support to certain categories of farms which have not been able during a specific year or will not be able for one more years to achieve a state of equilibrium and full-scale support to the poorest categories of farmers in areas where there is no hope of participation in the classic economic circuit;"'

— Amendment No 29, tabled by Mr Zeller and worded as follows:

'Paragraph 14

This paragraph to read as follows:

"14. Believes that the application of a system of direct income subsidies is extremely useful but that it should be restricted to selective, degressive aids adapted to particular situations with the aim of overcoming structural handicaps;"'

I call Mr Liogier to move Amendment No 8.

Mr Liogier. — (F) Rather than a complex system of aids which would be difficult for their bene-

ficiaries to understand, as they often serve different purposes, we must introduce direct aids. These may be simply complementary aids for certain categories of farmers who for one or more years have been unable to achieve a state of balance. They may also be comprehensive aids for the poorest categories of farmers living in areas in which they cannot hope to participate in the classical economic system.

However, these farmers should produce a reasonable amount of work in order to avoid total dependence on outside aid. The limit beyond which these direct aids could be allocated should be determined in a flexible manner according to sectors and regions.

They might firstly be allocated according to the criterion of surface area, which has the advantage of clarity but is too absolute. This criterion should therefore be weighted by an income factor, a ceiling above which no aid can be granted, regardless of surface area. This income, which is often very difficult to determine, might be the income of the farmer who must pay taxes or who receives an income from another source.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept Amendment No 29, but not No 8.

President. — I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

Mr Scott-Hopkins has asked the House to adopt Amendment No 29.

I put Amendment No 29 to the vote.

Amendment No 29 is adopted.

I put paragraph 14 so amended to the vote.

Paragraph 14 so amended is adopted.

On paragraph 15 I have Amendment No 34, tabled by the Socialist Group and worded as follows:

'Paragraph 15

In this paragraph, delete the second part reading: "intervention arrangements... should be omitted;"'

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept amendment No 34.

President. — I put Amendment No 34 to the vote.

President

Amendment No 34 is adopted.

I put paragraph 15 so amended to the vote.

Paragraph 15 so amended is adopted.

On paragraph 16 I have Amendment No 9, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 16

This paragraph to read as follows:

"16. Approves the idea of increasing the speed of the producers' reactions to market situations, but regards as unfair any measures which force the producers to assume a financial responsibility for so-called structural surpluses for which they are not responsible and which are bound up with cyclical, seasonal and temporary developments on the European and world agricultural markets;"

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) Mr President, we observe that quite recently the Commission intended to force milk producers to accept a share of responsibility. This idea was not unattractive to certain member countries. Germany in particular, despite the fact that there are numerous small farms which are difficult to supervise on its territory.

The Commission wanted to use a tax to penalize milk surpluses. If this tax had been introduced, it would have further reduced producers' income. However, there are now signs that the Community will be faced with a milk shortage, to the extent that the Commission's management will result in a reduction of the capital value of livestock.

The Commission's first assessment therefore seems incorrect. The surpluses were not structural and the proposed sanction is unjust and would be ineffective. In any case, one cannot really talk of 'Community' production, since the United Kingdom imports a large proportion of its cheese and butter from New Zealand, under a preferential system.

Responsibility must therefore not be imposed, but accepted. It must flow naturally from a process of consultation in which intermediaries, processors and distributors have an important part to play.

It is this principle which we succeeded in having accepted in committee and which is expressed in the succeeding paragraph.

This periodic consultation between Community institutions and professional circles is a procedure which already exists in some countries and which must be extended to cover the whole Community. It makes it possible to clarify

where responsibilities lie by getting the various sides to the conference table. This regular dialogue 'would be aimed on the one hand at identifying and refining objectives and on the other at assessing how far objectives have been achieved, in particular where farm incomes are concerned'.

What needs to be done is not to call into question the objectives of the common agricultural policy but to make the improvements which are now essential in a large number of sectors, if only to restore the principle of price hierarchy for animal products.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — We have exhaustively discussed this amendment in committee. As Mr Liogier said, it is taking out part of the financial responsibility of the co-partnership from the producer's angle. After a great deal of travail and debate we came up with the text in paragraph 16 as it is at the moment. This does not represent anything narrow or specific, as Mr Liogier said, but a rather more general principle. I hope that the House will accept the original text. Regretfully, I must ask the House to reject Mr Liogier's text.

President. — I put Amendment No 9 to the vote.

Amendment No 9 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

I have Amendment No 30, tabled by Mr Zeller on behalf of the Christian-Democratic Group and worded as follows:

'Paragraph 16a (new)

After paragraph 16, insert the following new paragraph:

"16a. Considers that producers should be given more comprehensive information on the basis of systematic data concerning the evolution of production potential in the various sectors and that where appropriate measures should be taken to adapt this production to the requirements as this would help to reduce considerably fluctuations on the agricultural markets and the cost of subsidizing these markets;"

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept Amendment No 30.

President. — I put Amendment No 30 to the vote.

Amendment No 30 is adopted.

President

On paragraph 17 I have Amendments Nos 23 and 24, which have been tabled by Mr Howell and must be considered separately.

Amendment No 23 is worded as follows:

Paragraph 17

At the beginning of this paragraph, replace the words:

"the control of production and the management of the markets"

by the words

"production planning and market management".

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept Amendment No 23, which is a drafting amendment.

President. — I put Amendment No 23 to the vote.

Amendment No 23 is adopted.

Amendment No 24 is worded as follows:

Paragraph 17

In the second part of this paragraph, delete the words "not imposed".

I call Mr Howell to move this amendment.

Mr Howell. — I merely thought that the words 'not imposed' were unnecessary. I propose that they be deleted.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I think that probably the House will be in two minds about this amendment, as I am. It is not terribly important. I hope that the House will reject it because it has wider implications than appear on the surface. We had many problems in getting the text of paragraph 17 as drafted. I hope that the House will accept the existing text and not the amendment.

President. — I put Amendment No 24 to the vote.

Amendment No 24 is rejected.

I put paragraph 17 so amended to the vote.

Paragraph 17 so amended is adopted.

I put paragraphs 18 and 19 to the vote.

Paragraphs 18 and 19 are adopted.

On paragraph 20 I have Amendment No 10, tabled by the Group of European Progressive Democrats and worded as follows:

Paragraph 20

This paragraph to read as follows:

"20. Believes that producer subsidies can help only to overcome short-term market disturbances, particularly in the beef sector, and in those sectors where Community production falls short of demand, such as the durum wheat and olive oil sectors;"

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept Amendment No 10.

President. — I put Amendment No 10 to the vote.

Amendment No 10 is adopted.

I put paragraph 20 so amended to the vote.

Paragraph 20 so amended is adopted.

On paragraph 21 I have two amendments which must be considered separately:

— Amendment No 4, tabled by Mr Howell, and

— Amendment No 35, tabled by the Socialist Group.

Amendment No 4 is worded as follows:

Paragraph 21

This paragraph should read as follows:

"21. Recognizes that a degree of surplus is necessary at all times in order to provide a regular sufficiency of any commodity and believes that when excess surpluses occur they should be sold on the world market to the highest bidder while at the same time corrective action should be taken to bring production down to acceptable limits".

I call Mr Howell to move this amendment.

Mr Howell. — In moving Amendment No 4, I merely wish to suggest that we think more clearly about our surpluses and how to get rid of them. It seems to me that our first object should be to feed ourselves adequately, and then we should decide on how much food aid we intend to give to less-favoured countries. That aid must obviously be given regularly, otherwise it will be of no use. If anything then remains, more than we need in stock to maintain sufficiency, we should sell it on the world market to the highest bidder. I believe that this would be the best way out and would save us a lot of embarrassment. I think that in due course we shall come round to this line of thought.

I am airing this point of view even though I do not expect the amendment to be carried.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I am delighted to hear that my honourable Friend does not expect the amendment to be carried, because I must advise the House to reject it. Most of the debate has shown clearly that the House is in favour of short-term consumer subsidy, certainly at the moment. It may be that later what Mr Howell has said will come about but not at this moment.

It would be a pity to reject the existing text, because it embodies the principle I have stated. Therefore, with regret, I must ask the House to reject the amendment.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is rejected.

Amendment No 35 is worded as follows:

'Paragraph 21

Add the following to this paragraph:

"..., but feels that the price policy should take greater account of consumer interests, which would in turn help to restore market equilibrium in surplus sectors;"

I call Mr Laban to move this amendment.

Mr Laban. — (NL) Mr President, we have observed correctly in our discussions that the European agricultural policy has led to a certain stabilization of prices. It is quite clear that consumers benefit from this.

Nevertheless, we have in the past always pleaded in favour of moderate price increases.

This opinion was often recommended by the Commission.

We are now obliged to note that as a consequence of price increases in the beef and veal sector—and this also applies to other sectors—buyers have begun to show a certain hesitancy, which has resulted in surpluses. We feel that in the future greater account must be taken of this aspect.

I hope that Parliament will accept this amendment.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I ask the mover of the amendment to realize that the Commission—and indeed the House—already takes into account consumer interests when deciding what level of production and what level of prices there should be.

In this paragraph we are talking about consumer subsidies, and I should have thought that the amendment was out of place. Of course, attention will be paid to consumer interests. I am not sure exactly what 'greater account' means in this context. Is Mr Laban advocating extending the level to people who are not in need, to those who are in need, or what? This is an unclear amendment, and I ask the House to reject it.

President. — I put Amendment No 35 to the vote.

Amendment No 35 is rejected.

I put paragraph 21 to the vote.

Paragraph 21 is adopted.

I put paragraphs 22 to 24 to the vote.

Paragraphs 22 to 24 are adopted.

On paragraph 25 I have Amendment No 36, tabled by the Socialist Group and worded as follows:

'Paragraph 25

In this paragraph, delete the last part reading: "but considers that... by the Community;"

I call Mr Frehsee to move this amendment.

Mr Frehsee. — (D) In paragraph 25 the new stocks policy proposed by the Commission is approved. The emergency supply to cover internal requirements is to be created as an external trade stock. Paragraph 25 goes on to say that this policy should be financed by the Community. Such a stocks policy already exists in the Member States and is financed by them. So this would represent a further financial burden of the Community. We are concerned about this burden and therefore suggest that the last part of paragraph 25 should be deleted and that the stocks policy should continue to be financed by the Member States.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I hope that the House will reject the amendment, because we are talking about stocks which have not yet existed. They are an extra level of production and are stocks not only for the Community but also for food aid. It is not something which can be financed by Member States: it must be done by the Community itself, whether by the EAGGF or any other instrument. It is a Community burden and undertaking which must be met.

Scott-Hopkins

This matter was discussed in committee, which adopted the text of paragraph 25 as it stands. I therefore ask the House to reject the amendment.

President. — I put Amendment No 36 to the vote.

Amendment No 36 is rejected.

I put paragraph 25 to the vote.

Paragraph 25 is adopted.

I put paragraph 26 to the vote.

Paragraph 26 is adopted.

On paragraph 27 I have Amendment No 25, tabled by Mr Früh, Mr De Koning, Mr Martens and Mr Zeller on behalf of the Christian-Democratic Group and worded as follows:

'Paragraph 27

This paragraph to read as follows:

"27. Considers, however, that effective action in the wine sector is impossible without a serious quality policy, under which the product is evaluated in terms of natural alcoholometric grading and other quality criteria, with strict provisions against artificial enrichment;"

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept Amendment No 25.

President. — I put Amendment No 25 to the vote.

Amendment No 25 is adopted.

I put paragraph 27 so amended to the vote.

Paragraph 27 so amended is adopted.

I have Amendment No 2, tabled by Mr Della Briotta and worded as follows:

'Paragraph 27a (new)

After paragraph 27, insert the following new paragraph:

"27a. Rejects a policy of rationalization of the wine market confined to a series of restrictive choices as regards internal supply and demands a policy of protection against excessive imports from third countries and a policy to stimulate demand, with particular emphasis on the need to eliminate excessive taxation in some countries is responsible for reducing consumption;"

I call Mr Cifarelli to move this amendment.

Mr Cifarelli. — (I) The aim of this amendment, which was drawn up by Mr Della Briotta and which I have taken over, is to add a new paragraph 27a. It concerns two aspects of the

problem of rationalizing the wine market: on the one hand, the elimination of restrictions as regards internal supply which in some countries often takes the form of excessive taxation, and on the other, protection against excessive imports.

Anyone familiar with the history of the wine market knows that it is sometimes influenced by dubious situations or out-of-date legislation. I therefore ask the House to approve this amendment.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I can sympathize with Mr Cifarelli in his desire to eliminate excessive taxation, not only here but in every respect.

This matter, however, was discussed and rejected. In view of Mr Lardinois' statement, in the very near future new proposals in the wine sector may well be coming before the Committee on Agriculture.

I therefore ask Mr Cifarelli and his group to withdraw the amendment.

If this is not done, I ask the House to reject it.

President. — Mr Cifarelli, do you uphold your amendments?

Mr Cifarelli. — (I) In view of the explanations, and in particular the assurances, given by the Committee on behalf of which the rapporteur is speaking, I withdraw the amendment.

President. — Amendment No 2 is thus withdrawn.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

I have Amendment No 1, tabled by Mr Della Briotta and worded as follows:

'Paragraph 28a (new)

After paragraph 28, insert the following new paragraph:

"28a. Considers that in the case of olive oil, too, the production target price should reflect the actual rise in costs and that aids should be calculated on the basis of the price actually obtained on the market, even when the latter falls below the level of the market target price;"

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I reject the amendment.

Scott-Hopkins

A long debate took place on this. The House will know our problems over olive-oil.

I know I am pre-empting what Mr Cifarelli will want to say, but I hope that after we have heard him the House will still reject the amendment.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) This amendment raises the problem of calculating the actual cost of the production of olive oil. It is an old request, put forward by Italy, an olive oil producing country, that the actual cost should be assessed and allowance made for it, even when it does not correspond to the market target price.

It has been complained in the past that the price may exceed the market target price fixed by the Community before each olive oil year. To prevent this happening the amendment asks that this arbitrary fixing of the market target price should be replaced by one reflecting actual production costs.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — Unchanged! (Laughter)

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

I put paragraphs 29 and 30 to the vote.

Paragraphs 29 and 30 are adopted.

On paragraph 31 I have Amendment No 37, tabled by the Socialist Group and worded as follows:

'Paragraph 31
Delete this paragraph.'

I call Mr Laban to move this amendment.

Mr Laban. — (NL) We are not making a serious point of this. But we would point out that in another paragraph there is a clear reference to the need to compile an inventory of national assistance measures. We therefore consider it totally unnecessary to treat a particular sector separately.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I think Mr Laban is wrong. He will recall that the committee decided overwhelmingly to include this. We want harmonization in the control of national

measures, particularly regarding fruit and vegetables.

The whole tenor of today's debate underlines the fact that this is what the House wants. If we remove it, we shall be failing in our duty to underline this fact. I therefore believe that paragraph 31 is essential.

I ask the House to maintain the paragraph and reject the amendment.

President. — I put Amendment No 37 to the vote.

Amendment No 37 is rejected.

I put paragraph 31 to the vote.

Paragraph 31 is adopted.

I put paragraph 32 to the vote.

Paragraph 32 is adopted.

I have Amendment No 11, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 32a (new)

Under the heading "Animal Production", insert the following new paragraph before paragraph 33:

"32a. Considers that objective factors currently leading to a reduction in stockfarmers' incomes and to a potential beef and veal shortage in 1976 make it necessary to restore the price hierarchy in favour of animal production;"'

I call Mr Hunault to move this amendment.

Mr Hunault. — (F) Mr President, ladies and gentlemen, a few years ago a degree of production planning was introduced in order to enable the incomes of breeders, handicapped by the lack of proper structural organization of the market, to catch up with other incomes. This year objective factors again pointed to the need for a hierarchical increase in favour of animal production. The high price of animal feeding-stuffs resulted in a sharp increase in breeders' cost, and the opening of the borders, plus the stabilization of consumers' purchasing power, aggravated the cyclical fall in prices and, consequently, the fall in breeders' incomes.

In these circumstances a proper consultation policy should have set out to improve the levels and the prices of intervention. As it is, stockfarmers remain the least favoured category since at the last Brussels agreement their intervention prices, i.e. the normal price which they can hope to receive for their animals, increased less than the guide price and less than the intervention price for cereals.

Hunault

Instead of a recovery of the production cycle, it is to be feared that there will be a drop in the capital value of animals which may well cause a glut on the beef and veal markets. This situation might lead us to expect a structural surplus in 1975, which in fact would merely herald in a shortage in 1976, owing to a reversal of world market trends and the high social pressure on the breeding market. The same applies to other kinds of meat, in particular pig meat and poultry. In this case, planning has been of a fairly weak and highly dubious kind and sacrifices fundamental principles of economics to a system of aids distributed according to criteria of lowest short-term costs. The probable result of this is that we shall be desperately short of beef and veal in 1976. We therefore request in this amendment that the price hierarchy should be restored in favour of animal production.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I ask the House to reject the amendment. For one thing, this is the completely wrong place for it. It would come in under the plant product section. It is dealt with in the next few paragraphs of the resolution dealing with animal matters.

I do not think we need to over-stress that dangers may exist. This is understood. We are taking provisions, as is the Commission.

I ask the House to reject the amendment.

In any case, I do not know what 'hierarchy' means in this context...

Mr Cointat. — You are not being serious. If you had been in the Community ten years ago, you would know!

President. — I put Amendment No 11 to the vote.

Amendment No 11 is rejected.

On paragraphs 33 and 34 I have Amendment No 12, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraphs 33 and 34

Replace these two paragraphs by the following text:

"33. Does not approve the Commission's proposals to introduce a degree of financial responsibility on the part of the producer for surpluses in the dairy sector by means of a two-stage application of target and intervention prices;"'

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) The arguments are obviously the same as for paragraph 16.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — With regret, I reject this.

President. — I put Amendment No 12 to the vote.

Amendment No 12 is rejected.

I put paragraphs 33 and 34 to the vote.

Paragraphs 33 and 34 are adopted.

I put paragraph 35 to the vote.

Paragraph 35 is adopted.

I have Amendment No 13, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 35a (new)

After paragraph 35, insert the following new paragraph:

"35a. Fears that the Commission's proposals to introduce greater flexibility in the intervention arrangements for the beef and veal sector might tend to exclude certain qualities of meat from intervention;"'

I call Mr Hunault to move this amendment.

Mr Hunault. — (F) Mr President, it is necessary, in particular for animal production, to make provision for a substantial drop in the level beyond which the intervention mechanism operates in all countries and regions. The system must be tightened up if it is to be effective. Firstly, intervention must be permanent. The regulations must make it possible to record trends in prices in any region. These trends may then be rapidly reflected in the Community index. Depending on the case, the intervention mechanism then operates. This system, which exists only in part for beef and veal and which the Commission wanted to abandon during the last price negotiations, should, on the contrary, be expanded.

Interventions must also be fixed in such a way as to be preventive, and consequently less costly.

The Commission often requests the Council to review intervention levels and export refund levels in the light of the economic situation. It has just introduced greater flexibility into the intervention mechanisms for the beef and veal sector, a measure which is tending to exclude certain qualities of meat. This is not a good policy. These levels must be fixed permanently, regardless of the intervention price, in order to

Hunault

afford farmers making investments a certain degree of security.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I do not believe that the argument which we all know Mr Hunault is putting forward is a correct one. I do not think that the flexibility which has been introduced by the Commission in the case of beef and veal intervention will exclude anything. I therefore ask the House to reject this amendment.

President. — I put Amendment No 13 to the vote.

Amendment No 13 is rejected.

On paragraph 37 I have Amendment No 20, tabled by Mr Bourdellès and others and worded as follows:

'Paragraph 37

This paragraph to read as follows:

"37. considers that the introduction of greater flexibility in intervention arrangements depends on the formulation of a long-term stockfarming policy;"'

I call Mr Bourdellès to move this amendment.

Mr Bourdellès. — (*F*) Mr President, the introduction of greater flexibility in intervention arrangements is having very harmful psychological and financial consequences for breeders, whose incomes continue to be below those of other categories of farmers.

We therefore request that the review of the intervention mechanisms should be linked to the formulation of a long-term stockfarming policy, which has never been undertaken.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — That is not how the English version reads. The way the English version reads is that we must wait for the formulation of any long-term stock-farming policy before the introduction of greater flexibility in intervention arrangements. It would be disastrous if one did that. Apart from the fact that there has been a great deal of flexibility already introduced, if we had to go on waiting for formulation and acceptance by national governments, this might mean postponement to the medium or long term before any flexible arrangements were brought in. This is not what the committee decided, nor what the House is talking about today. I therefore ask the House to reject the amendment.

President. — I put Amendment No 20 to the vote.

Amendment No 20 is rejected.

I put paragraph 37 to the vote.

Paragraph 37 is adopted.

I have Amendment No 21, tabled by Mr Bourdellès and others and worded as follows:

'Paragraph 37a (new)

After paragraph 37, insert the following new paragraph:

"37a. Reaffirms the need to continue application of the safeguard clause with regard to beef and veal imports, as a logical consequence of the Community preference system advocated and accepted by the Member States, so long as the market continues to yield surpluses;"'

I call Mr Bourdellès to move this amendment.

Mr Bourdellès. — (*F*) Mr President, ladies and gentlemen, on page 16 of the stocktaking of the common agricultural policy, we read: 'a difference of more than 50% was recorded between farms engaging in general agriculture and these engaging in stock rearing'.

The situation in which the breeders thus find themselves is largely due to the inadequate policy conducted in the last few years by the Community regarding imports from third countries, in particular under the shortage clause. In July 1974 the Community decided to implement the safeguard clause and the situation seemed to be returning to normal. But for the last few weeks now the price of large bovine animals has appeared to be crumbling. Is it therefore really the right time to abolish the safeguard clause? Is it not, on the contrary, necessary to maintain it as long as the Community market shows a surplus and as long as the market price is below the guide price? When the market recovers its equilibrium, it will be advisable to introduce a strict control mechanism for imports, with import certificates being delivered only on the basis of quarterly stock-taking.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — There is no mention in my text of doing away with the safeguard clause, but I do not think this is the point at which to bring it in. This is the point discussed in the committee. This is the text without the addition of Mr Bourdellès' amendment and I therefore ask the House to reject it.

President. — I put Amendment No 21 to the vote.

Amendment No 21 is rejected.

I put paragraphs 38 and 39 to the vote.

Paragraphs 38 and 39 are adopted.

On paragraph 40 I have Amendment No 19, tabled by Mr Bourdellès and others and worded as follows:

'Paragraph 40

This paragraph to read as follows:

"40. Regrets that in its stocktaking the Commission has given so little place to the poultry sector which is beset by major difficulties, and believes that steps must be taken by an intra-professional body to stabilize the markets;"

I call Mr Bourdellès to move this amendment.

Mr Bourdellès. — (F) Mr President, poultry farming is largely unaffected by the organization of markets at European level, which explains the anarchy which prevails in this field. All the attempts to organize it, including national measures, have failed because they did not succeed in conciliating the interests of the various parties involved in the poultry sector: feedingstuff manufacturers, hatchery operators, breeders, slaughter-houses and retailers.

I think it is necessary to regulate supply by controlling production mechanisms, and that steps to stabilize the markets must be taken by an intra-professional body.

No such attempt can be made, however, to organize the market without new European regulations on eggs and poultry. The existing provisions, which do not provide for intervention, were adopted at a time when the Six showed a deficit in this sector.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — This was debated for a long time in committee and the idea of bringing in an inter-professional body, although it has its attractions, would, as the House will realize, take the control away from the existing institutions and would make it much more difficult to control when problems arose in that particular sector. Your committee had to reject it and I ask the House to do the same.

President. — I put Amendment No 19 to the vote.

Amendment No 19 is rejected.

I put paragraph 40 to the vote.

Paragraph 40 is adopted.

I have Amendment No 14, tabled by the Group of European Progressive Democrats and worded as follows:

'Paragraph 40a (new)

Under the heading "Structural Policy" insert the following new paragraph before paragraph 41:

"40a. Urges that the structural directives which were formulated in 1971 and which are difficult to apply should be adjusted, on the one hand, to encourage the young to stay in farming and, on the other, to render more flexible the criteria for allocating modernization grants, since the allocation of funds should be less complex and more general;"

I call Mr Hunault to move this amendment.

Mr Hunault. — (F) Mr President, I already commented on this amendment during my speech in the general debate.

President. — What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — This was not discussed at any length in the committee. Nevertheless, I think it is already there in the existing paragraph 41. Although it brings in one more element—namely, the young—I think it is an unnecessary addition to the text. Whilst I have no great objection to what is being said by the mover of the amendment, I think it is unnecessary and I advise the House to reject the amendment.

President. — I put Amendment No 14 to the vote.

Amendment No 14 is rejected.

I put paragraphs 41 to 45 to the vote.

Paragraphs 41 to 45 are adopted.

I have Amendment No 22/rev., tabled by Mr Scholten on behalf of the Christian-Democratic Group, and Amendment No 31, tabled by Mr Brøndlund Nielsen, which can be dealt with together.

Amendment No 22/rev. is worded as follows:

'Paragraph 45a (new)

After paragraph 45, insert the following new paragraph:

"45a. Is of the opinion that there are differences in the Member States in the taxation of agricultural incomes—especially in the calculation of the liability to tax (estimates instead of actual income)—differences which have a considerable influence on the spending power of farmers in Europe and hence also on the competitive situation in the European agricultural market; is of the opinion that the same applies to differences

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in social security payments; requests the Commission to prepare as soon as possible an inventory of these differences and if possible to propose measures to put an end to the abovementioned distortion of competition;”.

Amendment No 31 is worded as follows:

‘Paragraph 45a (new)

After paragraph 45, insert the following new paragraph:

“45a. Is of the opinion that there are differences in the Member States in the taxation of agricultural incomes—especially in the calculation of the liability to tax (estimates instead of actual income)—and in taxation of production areas, differences which have a considerable influence on the spending power of farmers in Europe and hence also on the competitive situation in the European agricultural market; is of the opinion that the same applies to differences in social security payments; requests the Commission to prepare as soon as possible an inventory of these differences and if possible to propose measures to put an end to the abovementioned distortion of competition;”.

What is the rapporteur’s position?

Mr Scott-Hopkins, rapporteur. — There is precious little difference between the two. Perhaps the drafting is a little more accurate and a little more specific in Amendment 22/rev. I suggest that the House should accept Mr Scholten’s Amendment No 22/rev. I hope that, in the light of that, Mr Nielsen will see his way to withdraw his amendment, which would then be superfluous.

President. — I call Mr Nielsen.

Mr Brøndlund Nielsen. — (DK) Mr President, I am bound to say that in my view there is a slight but significant difference. Taxation affecting agriculture includes taxation on the land used for production. I would therefore regard it as perfectly reasonable if, assuming that we agreed to Mr Scholten’s amendment, we also inserted the small phrase which I have proposed, so that this form of taxation is also included in the study and in the stocktaking.

President. — I put Amendment No 31 to the vote.

Amendment No 31 is rejected.

I put Amendment No 22/rev. to the vote.

Amendment No 22/rev. is adopted.

I put paragraphs 46 to 48 to the vote.

Paragraphs 46 to 48 are adopted.

On paragraph 49 I have Amendment No 38, tabled by the Socialist Group and worded as follows:

‘Paragraph 49

Delete this paragraph.’

I call Mr Frehsee to move this amendment.

Mr Frehsee. — (D) Mr President, in paragraph 49 the Committee on Agriculture submits to Parliament the request that all transitional arrangements for the new Member States should be terminated forthwith.

We are slightly surprised at this request. We were also surprised in committee to observe that nationals of the new Member States voted for such a proposal. We have doubts as to whether this is legally possible. We also have doubts about the consequences of such a decision. Before the vote is taken we should very much like the Commissioner to state his position on paragraph 49.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, to terminate transitional arrangements is not impossible in sectors in which we must launch a completely new policy or in which the policy is drastically revised, as was the case, for example, in the sugar sector. On the whole, however, I think that this should only happen when it also happens in the industrial sector. When the new Member States joined the Community, provision was made for a balance between what was required in agriculture and what was required in industry. We can, of course, speed things up. The original Community did this too. The various stages were implemented more quickly. This might be possible in this case, but I seriously doubt whether it will be possible for agriculture alone.

President. — What is the rapporteur’s position?

Mr Scott-Hopkins, rapporteur. — Purely as the rapporteur for the Committee on Agriculture, I will say only that the committee accepted paragraph 49. The committee voted on it and there was a majority to keep it. I must therefore recommend the House to keep paragraph 49 as it is and to reject the amendment...

Mr Laban. — It is impossible!

Mr Scott-Hopkins, rapporteur. — ... It is not impossible, from what we have just heard from the Commissioner about speeding up and what was done by the Six. That is what might hap-

Scott-Hopkins

pen should the Council and the Commission decide that is the way to go.

President. — I put Amendment No 38 to the vote.

Amendment No 38 is rejected.

I put paragraph 49 to the vote.

Paragraph 49 is adopted.

I put paragraphs 50 to 56 to the vote.

Paragraphs 50 to 56 are adopted.

On paragraph 57 I have Amendment No 26, tabled by Mr Aigner on behalf of the Christian-Democratic Group and worded as follows:

'Paragraph 57

This paragraph to read as follows:

"57. Believes that it is essential, if incorrect allocation of EAGGF funds is to be avoided, that a European Audit Court be set up and internal controls intensified."

What is the rapporteur's position?

Mr Scott-Hopkins, rapporteur. — I accept the amendment.

President. — I put Amendment No 26 to the vote.

Amendment No 26 is adopted.

I put paragraph 57 so amended to the vote.

Paragraph 57 so amended is adopted.

We shall now consider the motion for a resolution as a whole.

I call Mr Cointat for an explanation of vote.

Mr Cointat. — (F) Mr President, we have debated at great length, we have battled over the amendments and the motion for a resolution; our rapporteur, Mr Scott-Hopkins, has done a great deal of work and we thank him for the efforts he has put in.

I regret to say, however, that the Members of the Group of European Progressive Democrats will abstain during the final ballot, for the following two reasons.

Firstly, and I think that this is no more than a misunderstanding, there is the problem of the balanced family farm; the term 'modern farm' can lead to all sorts of abuses, and we do not think that the European Parliament will be prepared to accept it. We wish to stress how

attached we are to this concept of the *balanced family farm*.

The second reason is the rejection, which we have some difficulty in understanding, of the amendment regarding the need to restore the price hierarchy in favour of animal production. As Mr Lardinois very well knows, this price hierarchy was obtained by the Ministers of Agriculture in 1971.

President. — I call Mr Cipolla for an explanation of vote.

Mr Cipolla. — (I) On behalf of the Communist and Allies Group I wish to announce that, for the reasons which Mr Lemoine and I have already explained, we shall vote against the motion for a resolution. We regard this stock-taking of the common agriculture policy as inadequate, as do many of those who have spoken today, even if they do not vote in accordance with their statements. This is not the fault of the Commissioner or the Commission, but is due to the fact that in the present crisis this policy needs to be completely reviewed. Furthermore, we reaffirm the need for a conference including all the political and social forces in the Community. This conference would be a sort of second Stresa and would provide the common agricultural policy with new foundations better suited to the needs of the present.

President. — I call Mr Thornley for an explanation of vote.

Mr Thornley. — I want to give a brief explanation of vote. I shall have to desert my group and abstain on this report, because I do not think that Parliament understands the problems of the small family farm. The European Progressive Democrats have outlined this, in my view, correctly. For that reason, I shall be abstaining.

(*Applause from the benches of the European Progressive Democrats*)

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

The resolution so amended is adopted¹.

(*Applause from the European Conservative Group*)

¹ OJ No C 157 of 14. 7. 1975.

7. Oral questions with debate: Situation on the Community beef and veal market — Changes in the intervention system for beef and veal

President. — The next item is an oral question with debate by Mr Durand, Mr Durieux, Mr Premoli, Mr E. Muller and Mr Pianta to the Commission of the European Communities on the situation on the Community beef and veal market (Doc. No 85/75) and an oral question with debate by Mr Gibbons, Mr Cointat, Mr Herbert, Mr Hunault, Mr Liogier and Mr Nolan on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on changes in the intervention system for beef and veal (Doc. No 127/75).

The first question is worded as follows:

'Subject: Situation on the Community beef and veal market.

While the Community continues to hold considerable stocks of beef and veal, the Commission has just decided to relax the safeguard clause suspending imports of beef and veal from third countries. Under the 'Exim' procedure, vast quantities of beef and veal will probably again arrive on the Community market resulting in a slump in prices and a glut in storage depots. In that case the Community may well have to dispose of stocks that are virtually unsaleable on the Community market, as happened recently.'

Does the Commission not feel its recent decision is likely to cause serious disturbances on the Community beef and veal market? Does it consider it possible to reconcile this measure with the overwhelming need to guarantee stable prices and minimum incomes to breeders?

The second question is as follows:

'Subject: Changes in the intervention system for beef and veal.

The Group of European Progressive Democrats, in view of the fact that

1. large quantities of livestock for slaughter will arrive on the market in the coming months, although the average beef price in the Community has not reached the guide price,
2. the Commission has decided to change the intervention system to reduce the quantities of beef subject to intervention,

asks the Commission whether it does not think that these decisions will harm Community producers who are obliged to turn to external markets where their unfavourable position is made worse by the paralysing effects of compensatory amounts.'

I call Mr Lückner for a procedural motion.

Mr Lückner. — (D) Mr President, I was somewhat surprised, and not only myself, but my colleagues Mr Fellermaier and Mr Kirk too, when we learned that these two items were still on today's agenda.

I would remind the House that we, that is the chairmen of the groups, held a short meeting with the President yesterday and agreed, in examining today's agenda, that it would be a good idea to incorporate the two oral questions into the general agricultural debate. And I think this has been achieved. I cannot imagine that at this hour anything new can be said on these matters, especially as a vote has already been taken on the paragraphs to which these questions relate. I would therefore be very grateful if the two groups concerned would respect the arrangement we came to yesterday and refrain from starting another agricultural debate now. If they cannot comply with this request, I shall have to ask that these two items be declared closed.

President. — According to the Rules of Procedure, groups and individual Members of Parliament are entitled to table questions. We cannot therefore declare the two questions closed if their authors do not withdraw them.

I call Mr Gibbons.

Mr Gibbons. — Much as I would like to meet your wishes in this regard, Mr President, I must remind you that we regard the recent change made in the intervention system for beef and veal as being very serious indeed for certain parts of the Community. It is therefore urgent that this matter be ventilated now rather than at the next part-session. I therefore regretfully have to say that I would object to the postponement of this question.

President. — I call Mr Durand.

Mr Durand. — (F) Mr President, I would just like to remind the House that I tabled an oral question on 20 April or thereabouts, which for various reasons has not been discussed.

I can assure you, Mr Lückner, that I do not intend to speak for very long, but following on from my oral question, I have three more questions to ask, which will not take more than five minutes and, without wishing to be offensive, I must say that I do not see why you want to stop me from speaking. What would be the point of waiting for the July part-session? My question, which was originally put two months ago, would then be three months old and would no longer be of any topical interest at all. I should therefore like to explain my question without further delay.

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

Mr Fellermaier. — (D) Mr President, we would have appreciated it if the groups had kept to the agreement reached by the chairmen yesterday. This is the whole point of inter-group agreements, though I admit that situations may arise in which chairmen bind their groups to an intergroup agreement without being able to consult each individual member. This is a matter of internal group politics. Since the authors of both questions seem to be insisting that this question should be dealt with now, although the House has stated its opinion, in a debate lasting all day, on the question of the beef and veal sector, although opinions have been stated on this in Mr Scott-Hopkins' report and in the amendments, and although the Commission has made a lengthy statement about it, I move that in accordance with Rule 32e, we should proceed to the next item on the agenda.

President. — I call Mr Durieux for a procedural motion on behalf of the Liberal and Allies Group.

M. Durieux. — (F) Mr President, as Mr Durand recalled, this question was due to be debated at a previous part-session, but was not in fact considered. It seems to me, therefore, that as he only needs five minutes to explain his question, we can easily afford to give him a hearing.

President. — I am very sorry, Mr Fellermaier, but if representatives do not comply with the arrangements they have made, there is unfortunately nothing that Parliament can do about this. The Rules of Procedure do not allow me to delete these items from the agenda.

I call Mr Lückner for a procedural motion.

Mr Lückner. — (D) Mr President, I would like to explain that it was not my intention to prevent a fellow representative from speaking. I regard myself as too good a democrat to try to do anything of the kind. I merely wanted to draw attention to the arrangement which the groups had made with the President of Parliament yesterday.

I agree with Mr Fellermaier when he says that we all find ourselves in situations in which we reach inter-group agreements with the President involving commitments which are not always approved by everyone.

If the members insist, I withdraw my procedural motion and offer my apologies. I was not so familiar with the Rules of Procedure.

President. — I call M. Fellermaier for a procedural motion.

Mr Fellermaier. — (D) I too withdraw my procedural motion. My Group will, however, not be taking part in this item of the agenda.

President. — I call Mr Durand to speak to the first oral question.

Mr Durand. — (F) Thank you, Mr Lückner. I would say to Mr Fellermaier that I am unmoved by his disdain. Having said this much, it seems to me that if we had been spared this procedural discussion, the substance of the question might already have been dealt with by now.

Turning to the matter in hand, we are all aware of the very serious breeding crisis caused by the massive imports of meat. The safeguard clause gave breeders a glimmer of hope, but on 23 April the Commission decided officially to announce its decision to reopen, at least partially, the Community frontiers which had been closed since 16 July 1974. This decision did not take us by surprise, as Mr Lardinois had already informed us of his intentions. But it still caused quite a stir among the Community's breeders, especially French breeders, who for almost two years now have been suffering from the effects of a seriously depressed market on which surpluses continue to prevail.

According to this decision, the Community will be able to import, from now until September, 50 000 tonnes of beef and veal and 60 000 lean bovine animals for fattening.

This decision was taken just at a time when the Community meat market was beginning to recover somewhat. We therefore have serious reservations about it.

These measures seem to us untimely and dangerous, possibly more because of their psychological effects than because of their direct effects. We would have understood the Commission giving in to pressure from the third countries if there had been a shortage of beef and veal on the Community market and if the average market prices had reached guide price level. But this is not the case since, firstly, supply still exceeds demand and large stocks are adversely affecting prices and, secondly, market prices are still appreciably lower than Community guide prices. In such circumstances what credibility can be attached to the basic regulations of this market which define the guide price as the average price which should ideally be reached on our Community markets?

At a time when prices are still well below this average, when prices should be supported by intervention measures, while storage depots are still well stocked, the Commission adopts a

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measure which threatens, by reason of its psychological impact, to jeopardize a recovery of the market prices which breeders have been awaiting for many long months. In taking such a decision against the advice of several Member States, the Commission seems to have forgotten the mistakes which have been made in the management of this market and which are largely responsible for the long period of stagnation it experienced following the imports which took place before the safeguard clause came into force.

We shall no doubt be told that the imports authorized until 30 September are small in quantity. This is so. The precautions taken in applying the 'Exim' procedure mean that these imports will be offset by equivalent exports. But is the Commission quite sure that it can properly supervise this complex mechanism which threatens to open the way for further frauds? Is it able to enforce the regulations governing these imports? Will it not extend their validity beyond 30 September and—this is what we fear—allow even more imports? In short, will it not throw wide open a door it has already pushed ajar and thus do great harm to fatstock breeders?

Another problem arises in relation to the assurances given regarding the quality of the meat imported. Is it refrigerated meat, and what animals does it come from? It may be observed that carcasses are transported in the holds of cargo ships, they are then unloaded by cranes and stored in the ports. What guarantees do we have from the health point of view? Not so long ago, imported meat brought in a type of foot-and-mouth disease against which the vaccines in our possession were powerless, and we were forced to finance the manufacture of effective vaccines, the active elements of which were held in reserve in Iran or Turkey.

I know that your job is a difficult one, Mr Lardinois, a very difficult one indeed, that certain third countries are impatient to sell us their meat and that certain intermediaries are all too keen to play their part. But for us this is all the more reason to emphasize the anxiety of our breeders.

(Applause)

IN THE CHAIR: MR SANTER

Vice-President

President. — I call Mr Gibbons to speak to the second question.

Mr Gibbons. — I thank the House for bearing with me and my Liberal colleagues. As I said to the previous President, we consider this matter to be of such urgent importance that we cannot afford to have it postponed to the next part-session.

Towards the end of May, the Commission adopted a number of measures which changed the system of intervention for beef in the Community. These decisions were taken with a view to reducing the amount of beef going into intervention storage, especially in my own country.

At that time, Ireland was accused of abusing the system of intervention, a charge which was totally unfounded. A more realistic charge is that the means advocated by the Commission for limiting the intervention are obviously discriminatory and aimed at those producers whose reference price has been consistently the lowest in the Community.

In Ireland, where beef is a major export, the average prices are still over 20% lower than the Community considers to be a fair return for producers.

The intervention system, as we all know, was intended to keep up prices for the benefit of producers. Now that this outlet is to be limited, prices are bound to fall further and farm incomes will be even more adversely affected than they have been in the last 9 or 12 months. Irish meat-factories were forced to avail themselves of intervention as it offered the best price and the greatest return to the producer. In effect, especially towards the end of last year, intervention was the only market available to Irish producers and they had to resort to intervention. This fact of being driven into intervention continued into this year. The Commission's answer seems to be simply to close the door which is open to everybody except ourselves, also apparently because the Irish receive a far smaller price for their beef than anybody else in this allegedly common market.

Irish producers did not have a fair opportunity of supplying their beef to export markets. The markets were already over-supplied, and even though Irish beef was cheap in price, the incidence of monetary compensatory amounts priced that beef out of the market.

At the present time, the MCA is the biggest single obstacle that the Irish producer has to face. We have always been major producers of beef, both live cattle and chilled and frozen meat. Although the United Kingdom was and still is our greatest market, we had built up major outlets in other countries, outlets which were expanding until MCAs priced our quality product out of these very markets.

Gibbons

In 1973, Ireland's first year of membership of the European Communities, we exported 48,152 tons of beef to the original six Community members—i.e., double the level of the previous year and almost equal to the amount shipped to Britain. In addition, 100,000 head of cattle were exported to the Six in 1972. In 1973 the total was 65,000 head.

That provides conclusive evidence of the ability of Irish meat-factories to market beef on the continent when trade is not hampered by other factors.

Irish producers had a good, quality product and they sold it to a continental market which found it very suitable for its needs. This quality beef is still available and is suitable for the continental market, in spite of some recent suggestions that were reported to have been made to the contrary. Irish beef exporters had developed a good market on the Continent, and they are not so naïve as to abandon such a trade for the temporary security of intervention. It is very noticeable that the virtual cessation of Irish cattle and beef exports to the Continent and the corresponding increases in sales to intervention coincided with the application of monetary compensatory amounts charged by the Community.

If we take the example of exporting one Irish animal to Germany—the Member State where levies are highest—the total cost comes to £134, or 270 u.a. This is made up of £28 in insurance and transport costs, £39 in levies arising from the Accession Treaty, and no less than £67 in MCAs. The existence of such a barrier makes it impossible to build up a steady trade. In fact, the difficulty of exporting against MCAs is getting greater as the pound becomes weaker.

The existence of MCA's, in effect, severely restricts free access to the market place. In fact, it prevents any access to the market place—a right which was guaranteed by the Treaty of Rome and which has not yet materialized. On the contrary, MCA's have induced 'unnatural' exports of beef from hard-currency areas like Germany and Denmark to the United Kingdom, which was our traditional market. This would seem to indicate that the system of MCA's lends itself to profiteering. This should be investigated and, if there is any profiteering, it should be eliminated.

It is obvious that MCA's are producing distortions of competition between Member States, distortions which are seriously affecting the incomes of Irish beef-producers. As we are the biggest net exporters of beef in the Community, some means must be found of ensuring continued access for our cattle and beef exports

to continental markets, without the crippling effects of these taxes.

Such a measure is essential to stabilize the beef-market in the Community. The uncertainties of the last year-and-a-half have driven many herd-owners out of beef and back into milk production. The Community is now faced with a substantial beef shortage in 1976. The disappearance of almost every beef herd in the country is not to be welcomed. While the present instability continues, farmers cannot be blamed for seeking a reliable and more stable line of production. This situation can only lead to further instability in agriculture generally as we fail to arrest the cyclical alternation of shortages and excesses.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I shall reply as briefly as possible, because we have in fact talked about these problems in the course of today's debate on the agricultural stocktaking report.

In reply to Mr Durand I would like to say this. Not a single extra tonne of beef or veal will arrive on our market before mid-October as a result of the relaxing of the safeguard clause, because the 'Exim' procedure stipulates that there must first be exports without refunds before anything can be imported. First one pays customs duties and receives compensatory amounts and then one must register for a levy. This week we must assess the first registrations, which concern 4 700 tonnes. The market is not quite so busy as we had hoped. I believe that this system enables us to have special relations with third countries without prejudice to our own market and without costing us any more. On the contrary, it is in fact yielding a profit in the form of customs duties and registrations for levies.

Secondly, I should like to say something about the importing of young stock. Italy has received the authorization to import about 60 000 animals until 1 October, while it already imports 120 000 animals per month from France.

On the other hand, Yugoslavia and Austria in particular have granted us not inconsiderable concessions for the importing of wine and dairy produce. With regard to the importing of young stock we require that they should remain on the farm for at least 4 1/2 to 5 months. Before 1 October, therefore, not a single extra tonne of meat will arrive on our market as a consequence of these measures. After 1 October the supply of meat from young stock will increase by stages. In September, therefore, we shall

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have to take a similar measure for the following 4 to 5 months. I have, it is true, been heavily criticized on this matter in France. When discussions on this were over, I talked to some very reasonable people whom I asked why it was that they had become so worked up about it, since there was clearly no reason to do so. They replied: 'We have to get worked up, because if we don't you people in Brussels go even further.' Seen in this light, I understand their attitude but I do not find it particularly praiseworthy.

I should now like to say something regarding Mr Gibbons' speech.

It must be pointed out that the situation in Ireland has improved quite considerably. A year ago the meat market in Ireland was certainly not depressed. Nevertheless, at the moment, as a result of the strike by veterinary surgeons, the price is 22 to 23% higher than last year. I believe that we must be extremely careful as regards the prices we fix for beef and veal. Beef and veal are very complex products for which coefficients must be used and these coefficients are never exactly adapted to the market. One has to deal with so many different variants and qualities that, when adjustments are not made, one suddenly discovers that for certain qualities one is running right into the intervention system, because the market situation changes. Last year we adjusted the coefficients. This occurred then to the advantage of the producers. A month ago we made a slight downward adjustment to the coefficients in practically all the Member States, not just in Ireland, with the precise aim of keeping up with market trends.

If we do not do this, national governments are compelled to intervene. About five weeks ago the situation arose in which the Irish Government simply said to the slaughterhouses: 'You may deliver only so much.' The French Government said a few weeks ago: 'You may deliver only so much.' It will not have been recorded in this way in the newspapers, but that was more or less how things went. It seems to me that when such things result from the coefficients not working properly, it is we who are actually put in the dock. That is highly dan-

gerous, because the difference on the market between surpluses and shortages is often very small. If simultaneous adjustments are not carried out, considerable costs arise as a result of intervention and it is then necessary to sell at reduced prices.

Of course, I appreciate the fact that the honourable Members show such an active interest in this matter. But I would ask them to understand the difficult position in which we find ourselves and the fact that we are confronted with the need to react as effectively and as quickly as possible to market trends and, as far as possible, to maintain a minimum amount of contact with our traditional suppliers.

President. — I have no motion for a resolution on this debate.

The debate is closed.

8. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Wednesday, 18 June 1975, with the following agenda:

9.00 - 11.45 a.m.:

- Question Time;
- report by Mr Kaspereit on the Community's position in the GATT negotiations;
- oral question with debate on relations with the Chinese People's Republic;
- report by Mr Walkhoff on the European Schools system;

12.15 p.m.:

- formal sitting in honour of H.E. Mr Cearbhall O'Dalaigh;

3.00 - 6.00 p.m.:

- continuation of the morning's agenda.

The sitting is closed.

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

SITTING OF WEDNESDAY, 18 JUNE 1975

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 9.05 a.m.)

President. — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Document received

President. — I have received the following document:

— report drawn up by Mr Boano on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation fixing the main intervention centres for oil seeds for the 1975/1976 marketing year and the derived intervention prices applicable in these centres (Doc. 151/75).

3. Question Time

President. — The next item is questions to the Commission of the European Communities (Doc. 136/75), pursuant to the provisions of Article 47 A, paragraph 1, of the Rules of Procedure.

I would ask Members, when putting their questions, to adhere strictly to the procedure laid down in these provisions. The Commission representative responsible for the subject involved is asked to reply to the questions and to any supplementary questions.

I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, at the previous part-session I asked the Commission for a list which the Commission undertook to provide. This list, containing several hundred proposals with which the Council has not yet dealt, has been sent to me personally. It is in French, since there was not enough time to have it translated. I had asked explicitly for the list to be made available to Parliament, but it has been sent to me personally and in a foreign language. I am surprised that it was impossible to translate the list, and I would ask you, Mr President, whether you will assist me in taking steps to have this list made available to Parliament in all the Community languages, so that it is at everyone's disposal. This information is essentially of interest to us all. I would ask for your help in this matter, Mr President. I have written to the official concerned, expressing my dissatisfaction, but this will probably not have much effect.

President. — I would ask the Commission whether it can reply immediately to Mr Broeks' question.

Sir Christopher Soames, Vice-President of the Commission. — I am very sorry; I cannot go into details of the question raised by Mr Broeks, but I have taken careful note of what he has said and will have it looked into immediately.

President. — I call Oral Question No 1 by Mr Fellermaier. It is worded as follows:

'Does the Commission believe that its proposals for aid to Portugal are economically and politically sufficient?'

Sir Christopher Soames, Vice-President of the Commission. — Last week the Commission sent to the Council a comprehensive set of proposals for the extension and expansion of Portugal's existing agreement with the Community covering agricultural and industrial trade, the treatment of Portugal's migrant workers in the Community, and industrial, technological and financial cooperation and special financial aid. They are aimed at being both economically and politically effective.

Mr Fellermaier. — (D) Can the Commission tell us something about the present status of the negotiations between the Portuguese Government and the Commission's departments? Or can the Commission—in view of the announcement by the President of the Council that talks are being held at ministerial level—tell us whether it is involved in this procedure, about which the members of the Political Affairs Committee were informed by the President of the Council at its meeting in Dublin on European Political Cooperation the week before last?

Sir Christopher Soames. — The Commission has been involved in this all the way along. We have had many preliminary contacts with representatives of the Portuguese Government. We have also had a preliminary discussion in the Council of Ministers. This will be discussed in detail; what we have now proposed as a result of these preliminary discussions will be discussed in the Council of Ministers on 24 June, but it is not until that discussion is completed and a decision taken by the Council that there will be any question of formal negotiations. We look forward to moving into that area after the Council meeting.

Mr Normanton. — Whilst welcoming the view of the Commission that help should be forthcoming to Portugal, at least in principle, may I ask the Commission whether it will assure the House that such help will not be forthcoming so long as the present government continues to pursue policies of confiscation of non-Portuguese industrial and business enterprises and so long as the present government pursues policies which are totally alien to those of us in this House who believe in the concept of parliamentary democracy? But with that reservation may I say that I welcome the move which is being made by the Commission to enter into negotiations.

Sir Christopher Soames. — I am grateful to my honourable friend. In the Commission's view aid of this kind should be seen clearly in the perspective of the establishment in Portugal of a pluralist democracy.

Mr Jahn. — (D) Does the Commission not consider that the amount of economic aid should be linked to the admission and guarantee of democratic liberties, particularly the admission of the Christian-Democratic Party?

Sir Christopher Soames. — I would not go further on the admission of any particular party. This is not the point. We must surely be aware that the internal affairs of Portugal are matters for Portugal herself. We should bear in mind the conditions that we want to see in Portugal—namely, the development towards a pluralist democracy—and what the Community, in the political circumstances which exist in Portugal, is prepared to offer to the Portuguese Government.

Mr Kirk. — While I would accept the Commissioner's view that the internal affairs of Portugal are matters for Portugal, we cannot overlook the fact that, if the Community is to assist the Portuguese Government in any way, it has at least the right to require from the Portuguese Government some recognition of what the Portuguese people themselves have indicated that they wish to see through the ballot box. Therefore, whether any one particular party is involved or not, would it not be important for the Commission to make it plain that that is its view?

Sir Christopher Soames. — Do I understand that there is to be a debate on this whole subject, Mr President? If so, there is a whole case that I should very much like to develop to the House. If there is to be a series of about 20 questions before we have a debate, I think that perhaps it will lose some of its point. Perhaps you could give some guidance, Mr President.

President. — I call Mr Fellermaier for a procedural motion.

Mr Fellermaier. — (D) Mr President, in view of the House's keen interest in the present situations with regard to Portugal, I propose on behalf of my Group that there should be a current affairs debate at the end of Question Time.

President. — In accordance with the Rules of Procedure, I shall consult the House on this proposal at the end of Question Time.

Oral Questions No 2, by Miss Flesch, and No 3, by Mr Kaspereit, have been withdrawn.

I call Oral Question No 4 by Mr Van Der Hek, whose place is taken by Mr Leenhardt. It is worded as follows:

'Could the Commission provide details of the proceedings of the last session of the Ministerial Council of the OECD at the end of last May and about the outcome of that meeting; and how, in the light of that meeting, does it view the prospects of establishing a rational organization of markets in raw materials?'

Sir Christopher Soames, Vice-President of the Commission. — I apologize that this is a longer answer than I would like to give at Question Time, but a very broad subject has been raised.

The debates at the OECD Ministerial Council meeting at the end of last month dealt with many different aspects of the world economy, but they gave most attention to raw materials and to relations with developing countries.

On raw materials, the ministers underlined the need for adequate supplies of raw materials at fair and remunerative prices. They stressed the interdependence of consumers and producers and their common interest in avoiding excessive market fluctuations.

To give effect to their ideas, the Council of the OECD set up two high-level working groups, one concerned with raw materials and the other with relations between OECD countries and developing countries. The Community is taking part in both of these groups.

Before the OECD meeting, the Commission sent to the Council a paper setting out the approach which the Community might take to raw materials problems which affect developing and other producer countries. In this paper the Commission suggested a number of areas for specific action. Of these the most important are, first, reduced protection by industrialized countries against the first transformation by producer countries of their raw material resources. Secondly, the Commission proposed that the Community should consider a wide range of raw materials for commodity agreements, and, thirdly, the adoption of a system for the stabilization of export earnings.

The Commission last week sent further more detailed papers on commodity agreements and stabilization of export receipts elaborating the analysis of possible courses of action and giving its view. Our aim is to contribute to the more rational organization of markets in raw materials, of which the honourable Member rightly stresses the importance.

Soames

The Commission considers that the Community has a significant part to play in the construction of a new relationship between the developed and the developing countries which will ensure, particularly to the neediest amongst them, a larger share of the world's economic prosperity.

What is needed now is to get away from the discussion of slogans and procedures and to focus the debate on the practical measures by which this objective can be pursued. The Commission considers that its recent proposals to the Council provide the basis for launching a constructive dialogue.

Mr Leenhardt. — (F) Does Sir Christopher Soames feel that the latest thinking with respect to raw materials, particularly in the United States, is really conducive to genuine negotiations between petroleum producers and consumers?

Sir Christopher Soames. — Yes. The changes in United States' policy in this regard have been very helpful. Indeed, the United States administration has publicly announced that they would favour the reconvening of the conference and would be prepared to do everything to help in this regard. That is not to say that there are not still considerable differences of approach, of emphasis and of nuance, and sometimes more than that, as to where and how we should take it from there. But, broadly speaking, we agree with the United States. It is the Community's view, too, that we must get this dialogue under way properly and not, as the last one was, limit it merely to procedural matters. We must cut through these and get down to the heart of the matter.

Mr Noè. — (I) I should like to emphasize more or less the same argument and ask the Commission whether, in this vast field covering all resources, it is giving priority to oil.

Sir Christopher Soames. — Undoubtedly oil will be a, if not the, major feature in such a dialogue. Indeed, the original concept was that it should be a dialogue between producer and consumer countries of oil. It was made clear, however, by the producer countries that in their view they wanted to extend this into other spheres, notably raw materials and development generally. On reflection we feel that this may well be good.

What the Commission has done is to send proposals to the Council which make a total package. After the experience of the first abortive

discussions in Paris—they were abortive in that they did not lead us anywhere immediately, but they served a certain purpose in enabling us to see what was the position of the developing world in this regard—we believe that the proposals as a package in their entirety which we put forward—although we are not saying that they were perfect proposals—are sufficient to give a broad idea of where we believe the Community should be aiming in this regard. I think it would be along those lines that the conference could reconvene.

Sir Brandon Rhys Williams. — Quite apart from oil, there are important questions of price stabilization affecting crop products and metals. Is it reasonable to hope that the Community will obtain better cooperation from the United States in regard to these materials also than, for instance, in recent years where the attitude of the United States towards price stabilization schemes has been so negative?

Sir Christopher Soames. — I see what the honourable Member means; I take his point. We have discussed these matters with the United States and I believe that their minds are now turning more towards commodity agreements. This is a matter which will be coming up later in debate in the context of the MPN. As the honourable Member will be aware, we have tabled as a Community proposals for certain commodity agreements.

What we propose in the paper which has gone forward is that the list should be extended to cover certain minerals. Of course a commodity agreement of this character can never hope to get off the ground unless it is supported wholeheartedly by the major producers and consumers.

Otherwise it can be killed very easily, as we have seen in the past.

When people say to me: 'Ah, but the wheat agreement did not prove a great success', the answer is that it was not wanted to be a great success and certain countries wanted to wring its neck from the moment it came into being. It is no good approaching commodity agreements with that attitude.

Mr Normanton. — While the House will undoubtedly welcome much, if not most, of the content of the statement made by the Commission, would not the Commissioner agree that the concept of this international division of labour, which is much publicized and much promoted, when applied to raw materials would inevitably lead to major closures of Community processing plants? In particular I would refer to the non-ferrous processes.

Normanton.

Will the Commission therefore assure the House that the academic intellectual argument along those lines will not unduly influence the Commission in the formulation of its long-awaited policy statement on the industrial future for Europe?

Sir Christopher Soames. — Of course, this is an important aspect and it is one which it is in the Community's interest to bear very much in mind. I think we have to concentrate our minds on this. If we want to avoid the errors of the 1950s and 1960s, when prosperity grew quickly in the developed world and the difference in the standard of life between the developed world on the one hand and the developing world on the other grew wider rather than closer, we must look to see what measures we can take to ensure that this does not happen in the future and that there is a better spread of prosperity throughout the world.

It is absolutely logical that developing countries should indulge to a greater and growing extent in what is commonly known as downstream activities with their own raw materials produced in their own countries as a normal step in the process of industrialization of their own countries.

I absolutely take the honourable gentleman's point that the impact that this might have on industry in the Community must affect our thinking, and it must affect the tempo and speed at which we move along in certain directions.

The honourable Member said that he felt that the House would agree with some at least, if not much, of the paper put to the Council. I believe in my heart that the House will agree with the general argumentation and indeed the manner in which it is presented.

Mr Jahn. — (D) Now that Sir Christopher Soames has told us about the failure of the Paris Energy Conference, I should like to ask him whether the Commission will now cooperate with the other industrial nations in working towards a new conference to discuss all problems involving raw materials, or how does he otherwise see future developments?

Sir Christopher Soames. — I tempered the word 'abortive' by saying abortive in the sense that it did not lead immediately anywhere. However, I went on to say that it was certainly not a useless meeting and it had its uses in that it enabled each side to see the general approach of the other.

I question whether it is wise to have to think in these terms of a conference including every producer and every consumer. We have this in the United Nations already where there are forums in which these matters can be discussed.

I think the concept here of having a number of countries sufficient to cover the interests of the broad range is the right one, but it must be sufficiently small to be able to get a worthwhile and valid result out of these discussions.

Mr Burgbacher. — (D) Does Sir Christopher Soames not feel that linking the negotiations on energy problems and those on raw material problems will result in an unacceptable delay in reaching decisions on energy policy which should be taken as soon as possible?

Sir Christopher Soames. — No, I do not think that this need necessarily happen. In my view this conference, if it is a success, is likely to last a long while. On that I would agree with the honourable gentleman. I think that the idea of different committees for different problems is a realistic possibility.

However, I believe the modalities would be better discussed once the conference convenes, rather than people trying to lay down hard and fast rules which others would be bound either to agree with or to disagree with before the conference starts.

I think we want to keep an open mind as to how best to handle this. I very much agree with the honourable gentleman that there will be certain matters and certain problems, notably in the energy sphere, which are of vital and immediate importance and which hopefully can be brought to the surface very early on in the discussion and resolved, but resolved against the background of the understanding that there will be ongoing discussions of other matters of interest such as raw materials in general.

President. — Since the questioner is absent, Oral Question No 5 by Mr Radoux will be answered in writing.¹

I call Oral Question No 6 by Lord Bessborough. It is worded as follows:

'What measures is the Commission taking to encourage the exploitation of the new methods of remote sensing from aircraft and satellites for the survey of natural resources, particularly for overseas development, and for the monitoring of the European environment and the neighbouring areas?'

¹ Cf Annex I.

Sir Christopher Soames, Vice-President of the Commission. — New techniques for remote sensing by satellite or aircraft can and, indeed, do already assist in making inventories of resources and in forecasting their development. They are and will be increasingly a useful means of surveying man's environment and they could make a valuable contribution to the administration of certain Community policies. These techniques are, indeed, of the greatest interest to every country which is developing its resources, but, of course, it is for each of them to decide whether and how to make use of them.

The Commission is actively considering the areas in which remote sensing is of practical utility in relation to the Communities' policies and it is working closely with the European Space Agency in studying the backup facilities which are needed as the opportunities offered by remote sensing are exploited and ways are found of improving the distribution of data and pictures transmitted by satellite.

Lord Bessborough. — While thanking the right honourable gentleman for his not wholly discouraging reply, may I ask him whether the Commission would be prepared to support what we call indirect action research contracts with centres in Member States, perhaps by arranging joint European monitoring programmes making the kind of studies that the right honourable gentleman has mentioned, or by commissioning specific aid projects for developing countries?

Sir Christopher Soames. — The honourable gentleman has said he found my answer not discouraging. In reply to his question, I would say it is not without the bounds of possibility.

Mr Noè. — (I) Does the Commission not think that the Ispra Centre, which has been working in this field for some years, could be entrusted with collecting the data from the satellites and distributing them to the Member States? In particular, does it not think that, in addition to the environmental field, which Lord Bessborough rightly mentioned, the Ispra Centre could cooperate with other European centres in observing phenomena connected with urban problems, which are such a serious feature of modern society, so that the development of a conurbation could be followed with the help of data transmitted over a period of time from a satellite?

Sir Christopher Soames. — Yes, sir. I agree with the honourable gentleman that this is indeed an area where these techniques might be of considerable use and that some investigations have already been made. ISPRA is very much aware

of this area and also very much aware of the extent to which these new developments could assist Community policies. I am thinking also, not only about policies within the Community, but also within the context of its aid to the developing world. I agree with the honourable gentleman that urbanism, its spread and its effects could be looked at through this device. This is a new area, as the honourable gentleman is aware, but it is an area which I think gives cause for considerable investigation.

Mr Giraud. — (F) Do you not think that there is no point in trying to limit the scope of this kind of research? It would be more appropriate to hope that this equipment will be used in all cases where it might be needed, since the scope of the information obtained by these satellites or by other new methods very often exceeds expectations. Any list of specific objectives would therefore fail to cover everything. Let us just state that we must use this kind of research to help the Community.

Sir Christopher Soames. — I know that the knowledge of the honourable gentleman in this field is considerable. I assure him that the point made as to how one sets about this is indeed something which we shall take slowly and we will feel our way into this new area. It could be useful, but one does not want to spread one's effort too wide. I agree that one needs to concentrate it.

President. — I call Oral Question No 7 by Mr Seefeld. It is worded as follows:

"The Yugoslavia freighter "Cavtat" with its highly toxic cargo, which for the past years has been lying on the sea-bed close to the Italian coast off Otranto, presents a serious threat to the lives of local residents, tourists from many Member States and people who eat the fish caught there.

Will the Commission therefore state whether it is aware of its responsibility in respect of precisely those health hazards for which individual States consider themselves to have only limited liability, and will the Commission use this occasion to prepare more effective measures to combat pollution of the sea?"

Mr Lardinois, Member of the Commission. — (NL) The Commission is fully aware that it, too, has a certain responsibility in the fight against marine pollution, and it has thus not omitted to take certain steps in this field. In this context, I would draw attention to our reply to Mr Laban's written question at the end of 1974.

I would again point out that the Commission will shortly be submitting proposals to the Council on:

Lardinois

- a) the control of the pollution in the Mediterranean;
- b) waste products in the production of titanium dioxide;
- c) the prevention of pollution resulting from the exploitation of natural resources;
- d) the quality of the water for mollusc cultures.

In any case, the Commission's responsibility is complementary to the national and wider international responsibilities.

Mr Seefeld. — (D) The reply to the question of what should be done to combat pollution was extremely precise. May I, however, return to the first part of my question and ask what the Commission is doing to remedy the present deplorable situation off the Italian coast as quickly as possible?

Mr Lardinois. — (NL) The Commission of the European Communities unfortunately does not yet have any facilities for raising the ship. We are naturally in touch with the Italian Government on this matter.

It will also be one of the items discussed at the Barcelona Conference.

Mr Jahn. — (D) Do you not think that, in addition to the Commission's proposals, we must at least ensure that the Member States make contractual arrangements to combat marine pollution, particularly in offshore waters, and to apply common standards?

Mr Lardinois. — (NL) I agree fully with the honourable Member.

President. — I call Oral Question No 8 by Mr Delmotte. It is worded as follows:

'In view of the fact that the Council has taken no action on the Commission's communication on multinational companies, what does the Commission itself intend to do to ensure that work is resumed in this area, and what does the Commission see as the main obstacles to real progress here?'

I call Mr Borschette to answer the question.

Mr Borschette, Member of the Commission. — (F) The difficulties encountered in adopting the Commission's proposals on the multinational concerns are not due solely to the delicate and politically complex nature of the multinational concerns, but also — and I must stress this — to the need, in many cases, for a harmonization of legislation, which the Member States regard as an attack on their national integrity in fields

which, by their very nature, are governed by the public authorities.

Renewed progress, at Council level, in this matter or along some of the avenues proposed is thus directly linked—quite apart from the problem of the multinational concerns—to the possible chances of renewed general or specific progress towards economic and monetary union.

Bearing this in mind, and considering also the economic and political context, the Commission proposes to reactivate the debate within the Council, priority being given to the following fields: workers' rights, reciprocal assistance between Member States in all tax matters, Member States' attitudes towards the problems posed by multinational concerns in developing countries, the coordination of banking operations and takeover bids and, finally, the supervision of mergers.

This does not mean that the Commission is dropping the other proposals contained in its 1973 programme. The Council has, in any case, been occupied with certain other plans and proposals for too long now.

Mr Leenhardt. — (F) May I thank the Commissioner for the details he has just given us and for the new approaches made to the Council in the fields he has listed.

I would recall that this House adopted, almost unanimously, a report giving strong support to the Commission communication on the establishment of a legal framework for the activities of these multinational concerns, and that Parliament attaches great importance to the continuation of efforts in this direction.

We must not forget that one of the major factors affecting world-wide inflation is precisely the uncontrolled activity of these multinational concerns, which go in for large-scale self-financing in various countries and apply price agreements which are extremely dangerous and, in practice, prevent prices falling. We therefore attach great importance to the Commission's efforts in this field. I would add that one of the reasons for our efforts to achieve progress towards the European unification which the Commissioner mentioned is the fact that we feel the national authorities to be unprepared and powerless in the face of these multinational concerns.

President. — Since this speech contains no question, it does not require a reply.

Mr Delmotte. — (F) As the author of the question, I should like to thank the Commission for Mr Borschette's reply and say how glad I

Delmotte

was that to some extent he circumscribed the field of action for future work. However, in view of the status of the work in the Council, does the Commission think it will be possible to make progress towards public supervision of the multinational concerns in the Community?

If so, can it give us some indication—even if it is only approximate—of the time which would be needed to achieve this?

Mr Borschette. — (*F*) To be perfectly honest in view of the present state of economic and monetary integration, I do not think that any great progress is possible, for the reasons I have already given.

At the same time, I would remind the House that anything we achieve within the Community is only one stage on the road towards solving this enormous problem of the multinational concerns. The problem will have to be tackled at OECD level, for Europe, and in a more general way within the framework of the United Nations. Since this phenomenon is, by definition, multinational, it calls for international—even world-wide—solutions. I have already had occasion to state my belief that we should draw up, within the framework of the United Nations, a code of behaviour for the multinational concerns.

Sir Derek Walker-Smith. — Would Commissioner Borschette make clear that the Commission recognizes that multinational companies are part of the economic mechanism of the modern world and that the Community should take an outward-looking view of these matters?

Will the Commissioner therefore resist measures, animated by whatever ideological or idiosyncratic motives, to exercise discrimination against multinational companies as such and consider and evolve the necessary safeguards within the more general context of the Community's current review of company law and practice?

Mr Borschette. — (*F*) There is no doubt that the multinational concerns are a feature of our modern economy which must be taken into account. The Commission feels that no distinction can be drawn between multinational concerns and other companies.

I have already had occasion to tell this House that, under the Treaty of Rome, there can be no question of discriminating against the multinationals, although, of course, this does not mean that the multinationals, like any other companies, do not have to observe certain rules. Since multinational concerns are a new phenomenon, they call for new solutions.

Mr Noè. — (*I*) May I ask Commissioner Borschette whether in the autumn Parliament will have the report on the enquiry which I understand the Commission currently has in hand, so that this problem can, once and for all, be the subject of a serious discussions after adequate preparation.

Mr Borschette. — (*F*) I think Mr Noè is referring to the report on the multinational oil concerns. If that is so, the answer is yes.

Mr Jahn. — (*D*) Do you agree that an initial step would be to approximate the codes of conduct relating to the multinational concerns—as has already been discussed with these concerns by a Committee of this Parliament in the USA and in Europe—so that we could thus reach agreement and proceed to further measures?

Mr Borschette. — (*F*) I do not by any means exclude the possibility of a dialogue between the Community institutions and representatives of the multinational concerns, but it goes without saying that, if this dialogue is to be complete, it must involve the two sides of industry.

Mr Patijn. — (*NL*) Does the Commissioner not agree that the statement he has just made, to the effect that he is not very optimistic about the prospects for progress, is a somewhat defeatist attitude, in view of the fact that he is responsible for competition policy and his colleague, Mr Gundelach, is responsible for the internal market? In both these sectors, policy may be substantially affected by the activities of multinational concerns on the Community market.

Mr Borschette. — (*F*) All I can say to Mr Patijn is that we exercise our responsibility where we are already in a position to assume it, i.e. in the field of competition policy, in which we are also applying the Treaty provisions on multinational concerns with the same vigour as those on national or European companies, even if their head office is in a third country.

I did not say I was pessimistic a short time ago, but that I did not feel much progress could be achieved in the present state of economic and monetary integration. However, this will not prevent the Commission's exercising all its responsibilities, first of all by pressing the Council, if possible, to approve the regulations and proposals already submitted to it, and then by submitting a number of proposals which are at present being drawn up, and which the Commission announced in its 1973 communication.

Mr Fellermaier. — (D) Mr Borschette, would you agree with me that, among other things, non-discrimination in the world-wide responsibility of the multinationals would also involve their treating their employees more fairly by not—as has frequently happened—making them the plaything of business interests without any social guarantees?

Mr Borschette. — (F) It is clear that the question raised by Mr Fellermaier is a fundamental one, since it involves all the activities of the multinational concerns.

This problem concerns not simply the employees in one country alone, but those in all the countries of the Community, since the closure of an undertaking belonging to a multinational concern in one country may also raise problems in other countries. It is essential to find an answer to this fundamental question, first of all at Community level and then within a much wider context.

President. — I call Oral Question No 9 by Mr Noè. It is worded as follows:

'Does the Commission not consider it desirable to update as soon as possible the study undertaken in 1965 by Mr Eich on the Community's oil resources and their exploitation, in order to enable the Community bodies concerned to obtain adequate information?'

Mr Borschette, Member of the Commission. — (F) The Commission is closely following the question of the reserves and exploitation of hydrocarbon resources throughout the world, and more particularly within the territory of the Member States. In addition to the publication mentioned by Mr Noè, the Commission has published studies of oil reserves within the Community and throughout the world, e.g. in an 'Initial draft for a Community energy policy', published in 1968, and in 'Survey and medium-term forecasts for the oil sector in the Community' published in 1972.

In addition, the question of hydrocarbon reserves is dealt with each year in the report on the energy situation in the Community. Nevertheless, Mr President, I will not deny that it is difficult for us to obtain the necessary data and information from the Member States, and also to put them to good use if—shall we say—they are passed on to us by inadequately trained staff.

Mr Noè. — (I) May I ask Mr Borschette whether, if we are to have a coherent energy policy, he does not feel it would be useful—I might almost say essential—to draw up forecasts so that we can have an overall picture of the possible oil resources of our Community, as is already being

done in the nuclear sector, where there are five-year maximum and minimum forecasts of the generating capacity which each Member State will be installing—and hence of the total nuclear generating capacity available to the Community. Does the Commissioner not feel that it would be useful to fill this gap in future?

Mr Borschette. — (F) I agree fully with Mr Noè, and I maintain that it is essential not only to have the necessary data, but also to make long-term projections, without which we shall not succeed in mastering certain aspects of our economy. This was also the reason why, several months ago, the Commission asked Lord Kenneth to study the best methods for the Commission to draw up these economic projections in the future.

I recently met Lord Kenneth, and he informed me that he would be sending the Commission a report—probably this autumn—on how it should draw them up.

President. — I call Oral Question No 10 by Mr Bordu. It is worded as follows:

'In its reply to an oral question (H-40/75)¹, the Commission solemnly reaffirmed "the horror with which it regards any violation of human rights and any attack on democracy". In the Federal Republic of Germany, however, an increasing number of citizens are being denied the fundamental freedoms, in particular the freedom to choose one's occupation.

Does the Commission consider that such encroachments on the fundamental freedoms accord with the spirit and the letter of the Treaties?'

Sir Christopher Soames, Vice-President of the Commission. — The honourable Member gives no indication in his question of the specific cases which he evidently has in mind. Unless he is ready to be more specific, it is not possible for the Commission to answer his question.

Mr Bordu. — (F) The specific question was submitted in writing in February, but has still not been answered.

I would point out there is present in this House a delegation of German democrats who are only too willing to list a large number of specific cases.

(Mixed reactions)

I would also add that Parliament, together with all democrats, must not remain indifferent to the measures taken in West Germany against people who are acting within their constitutional rights.

¹ Debates of the European Parliament of 14 May 1975 (provisional edition) p. 120.

Bordu

Furthermore, Mr Tindemans has been entrusted with the task of preparing a file on European Union, in which questions of human rights will be dealt with. It is precisely with reference to human rights that these questions will also be raised.

In view of Sir Christopher Soames' reaction, which I fully appreciate, we propose that a Parliamentary committee of enquiry be set up to advise Mr Tindemans on these problems.

We sincerely hope that our German Socialist colleagues will take note of the moves being taken in their country and that they will put a quick end to the intolerable political discrimination against these West German democrats.

Sir Christopher Soames. — I still have had no specific question from the honourable gentleman. I have heard a speech, but not a question. On the other hand, he referred to a written question that was put down earlier in the year, and this gives me a guide to his thinking.

The honourable Member must understand that the Commission explained in its written answer to this question that the Treaties establishing the Community do not affect national rules on access to and exercise of any particular occupation in any Member State. They provide only that these rules should be harmonized to facilitate the Community's principle of freedom of movement. The Treaties imply the elimination of discrimination, except in relation to public service occupations, against Community nationals moving from one Member State to another, but they do not affect the rules which are applied indifferently to anyone exercising a particular activity within a Member State. I certainly would not like to suggest that Prime Minister Tindemans should raise this matter, which is essentially a matter for individual member countries, not for the Community.

Mr Corterier. — (D) Will the Commission take note of the fact that this alleged delegation of German democrats, mentioned by Mr Bordu, is in fact a group controlled by the German Communist Party which is attempting now—after failing miserably in all elections in the Federal Republic—to bring its propaganda into the European Parliament? And does the Commission not agree that the German Social-Democrats do not need to be given any lessons in democracy by French Communists, who have always kept silent on the suppression of human rights in the Soviet Union and in the countries of Eastern Europe?

(Applause)

Sir Christopher Soames. — I am sure that the German Government will be most interested in the remarks and the interest taken in them by the honourable gentleman who posed the question. As I said, however, much of what he was talking about was something which was entirely an internal matter for one Member State. I know that the honourable gentleman who has just put a supplementary question to me would not like to draw me along this line.

Lady Elles. — Will the Commissioner confirm that in cases of violations of human rights all Member States have procedures available to them as ratifiers of the European Convention on Human Rights? If the honourable Member who put the question believes that these people have had their human rights violated, he has the mechanisms and procedures available.

Sir Christopher Soames. — That is correct.

Mr Ansart. — (F) I share Sir Christopher Soames' wish to be fully informed, but—Mr Commissioner—you would be informed if you received the delegation here from the Committee on the banning of professional activities. Are you prepared to listen to it?

Mr Corterier, I am amazed that you should twist such a serious question against the Communist and Allies Group by treating it as one of minor or secondary importance—I might even say, in a spirit of anti-communism from a bygone age. The question of freedoms is a serious matter!

In any case, it is not true that this delegation is inspired by the German Communist Party, since the Committee includes a German Socialist, a Member of the Liberal Group and a Communist—all three of them lawyers. Are you prepared to listen to them?

We, for our part, have already done so. We were extremely moved and worried by what they told us. It is extremely important that they should be heard, especially since West Germany is involved.

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

Mr Dykes. — Mr President. I think it is an abuse of Question Time to use it as a forum to make long-winded speeches.

President. — Since the author is absent, Oral Question No 11 by Mr Artzinger will be answered in writing.¹

¹ Cf Annex I.

President

I call Oral Question No 12 by Mr Normanton. It is worded as follows:

'Having regard to the consistently declared policy of the Commission in its opposition to monopolies and restrictive practices, how does it view the fares cartel on the cross-Channel ferries operating between Belgium, France and Britain?'

Mr Borschette, Member of the Commission. — (F) Fares cartels between Belgian, French and British companies operating cross-channel ferry boats will have to be examined in the light of the rules of competition laid down in the Treaty of Rome. Commission enquiries in this sector have been postponed until such time as the results of the Monopolies Commission enquiry in the same sector are available. Account must also be taken of the decision of the Court of Justice in case No 167/73, Commission French Republic.

In this case, the Court confirmed the applicability of the general provisions of the Treaty to maritime transport, and hence the application of the rules of competition to such transport.

In the absence of a specific implementing regulation for Articles 85 and 86 of the Treaty of Rome, pursuant to Article 87, the Commission could at present act only under the provisions of Article 89.

It is thus examining, on the one hand, the possibility of submitting to the Council a specific draft regulation, in accordance with Article 87, and, on the other hand, the possibility of applying Article 89 direct.

I shall not fail to inform you of the steps taken by the Commission.

Mr Normanton. — I am grateful to the Commissioner for his reply. Would he not agree, however, that in the case of the 'Mary Poppins' affair the exercise of what one might describe legalistically as a practice in the restraint of trade was exercised by the representatives of organized labour rather than by the parties to a price-fixing arrangement?

While reconfirming my own deep and abiding belief and the belief of this House in the concept of legitimate trade unionism, may I ask the Commissioner whether he agrees that there is growing evidence of the violation of Articles 85 and 86 of the Treaty of Rome in this context? Will he, therefore, include this particular aspect of restrictive practices in the extremely important and valuable work of his directorate?

Mr Borschette. — (F) The 'Mary Poppins' business is a completely different matter. I am aware of it, and we are at present studying the

question. Essentially, this is not a question of competition, but probably more one of the internal market. I would therefore ask, Mr President, not to have to reply to this today.

Mr Dykes. — While entirely appreciating Commissioner Borschette's difficulties and the limitation of power of action of the Commission on this matter, may I press him a little further? If a German company or any company were to try again to bring in another ferry boat in this highly controlled monopoly, might the Commission be prepared to express at least a preliminary opinion, in view of the possibility of such an incident occurring again?

Mr Borschette. — (F) This really is another matter. I do not think that the rules of procedure for Question Time allow a completely different subject to be brought up under an oral question.

I do not wish to make a statement today, since our investigations are not yet far enough advanced.

President. — I call Oral Question No 13 by Mr Früh. It is worded as follows:

'What experience has the Commission had with the "assistance threshold" in the context of Directive 72/159/EEC on the modernization of farms and does it envisage any adjustment of the threshold in the light of this experience?'

Mr Lardinois, Member of the Commission. — (NL) The modernization directive has been in application only for a very short time in some Member States. We therefore have insufficient experience—at least as far as the Community as a whole is concerned—for us to be able to ascertain at this stage what changes might be needed.

I think the modernization directive will have to be studied again in detail once we have gained wide experience with it in the whole Community.

Mr Früh. — (D) Mr Lardinois, you know that this directive has been applied in the Federal Republic of Germany for some time now. May I take it from your answer that you will press for this to be done in all the other countries, and that the Commission—provided experience shows this to be necessary—would be prepared to modify the directive, since—in the Federal Republic in particular—the assistance threshold has turned out to be too high in some regions, particularly when agricultural income is compared with non-agricultural incomes. We would ask the Commission to investigate also whether other factors might not also be taken into consideration—e.g. the profitability of the farm, the

Früh

family situation, the need to promote farming in certain regions, and other criteria which we would gladly supply.

Mr Lardinois. — (NL) I can only confirm that, once we have gathered as much experience in the other Member States as in certain areas of the Community, we shall be making a critical study of the whole question.

Mr Scott-Hopkins. — Would the Commissioner give an undertaking that within the next 12 months he will allow the House to see a resumé of the effect of directives 159, 160 and 161 on mountain farming in those countries which have put them into practice so that we can make an assessment of what is happening and how many countries are operating them properly?

Mr Lardinois. — (NL) I shall see whether this is possible.

President. — Question Time is closed.

May I thank the representatives of the Commission for their replies.

Oral Questions No 14, by Mr Gibbons, and No 15, by Mr Zeller, could not be dealt with because of lack of time and will be answered in writing.¹

4. Debate following Question Time

President. — I have a proposal from the Socialist Group requesting that a topical debate be held on Portugal.

I would remind the House that a time limit of one hour will be imposed on such a debate, excluding the speaking time allotted to the Commission. This will of course affect the timetable of today's proceedings, and we shall very probably have to postpone Mr Walkhoff's report on the European Schools until a later part-session.

Does anyone wish to speak on this proposal?

We shall therefore proceed with this debate.

I call Mr Fellermaier to speak on behalf of the Socialist Group.

Mr Fellermaier. — (D) Mr President, Sir Christopher Soames has stated, I am happy to say, that the Commission is considering increased aid for Portugal. But I think I ought right away to tell Mr Normanton that I do not believe we should be primarily concerned with whether the safeguarding and preservation of traditional

central European company structures constitute a precondition for aid to Portugal.

One might just as well question the United Kingdom's right to assistance from the Regional Fund merely because Britain has nationalized industries or because more nationalization may be on the way.

What is the point at issue? It is that the Commission, the Council and Parliament should realize their joint responsibilities and help to increase and safeguard the freedom of the Portuguese people. This freedom can only be increased and safeguarded if we help this country quickly and unbureaucratically. There are already 270 000 unemployed in Portugal, 150 000 Portuguese are expected to return from Angola and swell the ranks of the unemployed, there is a catastrophic drop in the rate of investment, which had already fallen sharply during Caetano's regime, tourism is dwindling, inflation is now running at over 30%, and the transfer of income by Portuguese workers to the Community is dropping back. I should like to place these facts before the House today. I should further like to report the impression gained by a delegation of my Group in numerous discussions it held last week in Lisbon, not only with the Armed Forces Movement but also with leading representatives of the Socialist Party and the government, that this country is in a state of ferment, viz. the daily struggle of a great democratic party led by Mario Soares, which has been massively endorsed by the Portuguese people, and which can be the guarantee of a pluralist democracy, even though it is constantly under vicious attack by the Communists. It would be most interesting to hear the views of the French Communists in the House on this matter. I believe that we should not interfere in a country's domestic affairs. If Portugal manages to achieve its own particular brand of socialism, the European Socialists will respect the way in which it is achieved. However, I would add that for us socialism is conceivable only in a pluralist democracy, and we are worried that pluralist democracy is currently being threatened by the treatment of the 'Republica' newspaper.

But, I would also stress that those who conclude from these facts that the Community should draw up a set of conditions, and who insist that everything must first of all be 100% democratic, will not help the Portuguese people, but will conceivably place Portugal in a situation in which a right-wing coup is a real possibility.

In my opinion the Community's effectiveness must be measured by the extent to which it helps the Portuguese economy out of the red,

¹ Cf Annex I.

Fellermaier

not so much by revising the trade agreement as by providing rapid and comprehensive financial assistance. Portugal's debts, after all, mean an increase in poverty in that country.

If we consider the overall situation in the Mediterranean, we cannot remain indifferent to the events in Portugal. Therefore I feel, Sir Christopher, that you should give us more specific information as to the content of the Commission's proposals to the Council of Ministers, and in particular in what order you intend to implement the plans drawn up by the Commission, and how far you intend to use the European Investment Bank in a direct effort to promote Portugal's economy and thus help to achieve economic stability. In Portugal this is a precondition of political stability, and of support to those sincere democrats in Portugal who are daily struggling to safeguard this fledgling democracy.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I thought, Mr President, that it might help if I were to say a few words at the beginning of this debate, and of course I will wind up afterwards and do my best to answer as many points as possible which are raised by honourable Members during the course of the debate.

I think it is of great assistance, both to the Commission and to the House, that we should have the opportunity to hold this debate today. It is a very opportune moment, before this matter is discussed within the Council of Ministers. As I have had the occasion to tell the House before, the Commission attaches high importance to the course of events in Portugal and believes firmly that it is in the interests of the Community that it should do everything in its power to help Portugal along the road to a pluralist democracy.

To give effect to this view, the Commission last week sent forward a comprehensive set of proposals for the extension and expansion of Portugal's existing agreement with the Community. This follows extensive preparatory discussions with members of the Portuguese Government and Administration as to what could be done within the treaty itself that we have with Portugal, and particularly with the evolutive clause which is very open and permits a considerable extension of action on behalf of the Community.

Following on these discussions, the EEC-Portugal Joint Committee has met and has

decided that from its point of view we would both now like to move into a period of negotiations. It is for this reason, therefore, that the Commission has now sent forward its proposals to the Council of Ministers. They cover a number of *volets*. There is an agricultural *volet* and one on industrial trade. They cover industrial, technological and financial cooperation and the treatment of Portugal's migrant workers in the Community.

In the Commission's view by far the most important part of these proposals, given the present situation in Portugal, is, as Mr Fellermaier rightly said, for an immediate and substantial financial effort by the Community and its Member States on behalf of Portugal. As we see it, this effort would anticipate the conclusion of the negotiations which might take some time and the necessary ratification of a formal financial protocol, which experience has told us does take a long time, and there is no time to lose in this regard.

It is intended to help secure the economic and social foundations for a pluralist democracy in Portugal. The impact and the success of this special financial aid will of course depend to a very great extent on the speed with which it can be implemented. It is our hope and our belief that if our proposals can be translated into rapid action they will be of real assistance to Portugal.

This major proposal for immediate financial aid to Portugal derives from our view that the continuing deterioration of the economic situation in Portugal is itself more and more jeopardizing the evolution of political events in that country. There is no doubt that when the old régime was overthrown in April 1974, Portugal was immediately confronted with a series of daunting economic challenges and she had to face these challenges at a time when world economic conditions, and particularly runaway international inflation followed by a deepening recession, made this all the more difficult.

Without attaching responsibility to any one factor—be it political or be it economic—it must be clear to all observers, I think, that this situation has been getting steadily worse and now bears all the marks of a vicious circle linking lower investment, rising unemployment, a widening balance of payments deficit and almost complete stagnation of the economy.

This Community aid that we have proposed will hopefully help the Portuguese Government to reverse these dangerous trends, although it must be clear that, as in many other countries in the world, no amount of external aids can

Soames

replace the need for successful domestic economic policies.

As I said at Question Time, Portugal's internal affairs are entirely matters for Portugal. But these proposals represent the practical expression of the Commission's view that the Community should help Portugal to progress towards a pluralist democracy, as the elections showed that her people wished to do. We firmly believe that it is in that context alone that they must be considered and put into effect.

I think that I have now said enough as a first contribution to this debate. I will try to reply to specific points as they are raised.

As I have said before in this House, I believe that we all have a duty, while expressing our great sympathy for the Portuguese people and our hopes for their progress to democracy, to be careful to say nothing in this public forum which will directly or indirectly make that progress more difficult. Of course, the Commission and the House as a whole wish Portugal well in the terrible difficulties confronting it at the present time.

(Applause)

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

Mr Lückner. — *(D)* It was indeed most helpful of you, Sir Christopher, to speak right at the start of the debate and reveal something of the plans and ideas being discussed by the Commission. Your comments have the full support not only of my Group but also of all European Christian-Democrats.

I address these remarks not only to you, Sir Christopher, but also to my colleague, Mr Fellermaier.

In view of the limited speaking time, I should like, Mr President, merely to clarify a point made during the last debate on this subject. It was stated at that time that Mr von Hassel, the Vice-President of the Bundestag, had suggested, during a visit to Lisbon—though not in this capacity but as President of the Union of European Christian-Democrats—that he would declare himself opposed, on behalf of European Christian-Democrats, to investment in Portugal. I do not believe that this point has since been clarified, and so I should like to take the opportunity today of doing so quite unequivocally: both before and after the elections of 25 April the European Christian-Democrats repeatedly made very emphatic and unanimous declarations that they were in favour of improving the Community's economic and financial

assistance both under the evolutive clause and independently of it, since we agree with you, Mr Fellermaier, that the Community should do its utmost, in this process — which is of great political and indeed historical significance for the whole of Europe — to achieve a pluralist democracy in Portugal.

I am obliged to you, Mr Fellermaier, for the very fine but none the less necessary distinction that you drew in saying that you favoured socialism in Portugal, but within a pluralist democracy. I was waiting for this question to be clarified, because in Portugal, as we know, there is also the other form, namely, pluralist socialism, and this would be a threat to democracy. I am therefore very glad that this question has been settled today. We are in favour of a pluralist democracy. I would once again emphasize that we Christian-Democrats also support the remarkable struggle now being led primarily by Mario Soares, the leader of Portugal's strongest democratic party. We are concerned here not so much with our relations with those of a similar political persuasion to ourselves as with the strengthening of democracy and safeguarding of progress towards democracy in Portugal.

I should like to conclude, Mr President, by addressing a few words primarily to Sir Christopher. The day before yesterday in Strasbourg I received a written report from a reliable source that recently in Lisbon a well-known lawyer named Rui Pena was arrested by the government with no reasons given, and that he has been under arrest for almost three weeks without being allowed to receive visitors or to speak to a lawyer. I mention this here in public because it is the first case of its kind which has been brought to my notice. I would like in this way to react quickly against this sort of thing; it must not become common practice, for I must make it quite clear that what is concerned here is not just the banning of professional activity—that would be quite another thing—but a violation of human rights.

I would most earnestly request you, Sir Christopher, to bring this matter up in your conversations in the appropriate manner and urge that the situation be remedied. I read with great interest the statement made to the press a few days ago by Mr Simonet. This statement was rather more far-reaching politically than yours was today, Sir Christopher.

He said that real and lasting links between Portugal and the Community could obviously be based only on respect for democratic progress. I agree wholeheartedly with this. I would ask you to look into the matter I have just

Lücker

referred to. You will be receiving a letter from me during the course of the day. I know that you have ample opportunities of discussing this matter. Thank you.

(Applause)

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

Mr Leenhardt. — (F) Mr President, we are most appreciate of the statements made by Sir Christopher Soames. Just now, during Question Time, the Vice-President of the Commission stated very clearly that we should not interfere in Portugal's domestic affairs. This, as he has just repeated, is most important. It is quite pointless to offer assistance to Portugal if we make this assistance subject to various conditions.

Admittedly, it is difficult at present to forecast the political development of Portugal because the general assemblies of the Revolutionary Council, unlike parliamentary assemblies, deliberate in secret, but our colleagues are unnecessarily anxious about the future of pluralist democracy in Portugal.

The situation is still very open, in fact. We should not forget that Portugal has just emerged from a period of fifty years of fascism which created shameful injustice and caused immense suffering to the Portuguese people. The present government is provisional, and is now going through a transitional period.

It is true that several leaders of the Armed Forces Movement maintain that they are seeking a new form of democracy in which political parties are not the only interpreters of the wishes of the people.

However, we should not despair of seeing these members of the armed forces discover, at the end of their search, that in the whole world there are only two sources of power: the assent of the people through universal suffrage and force.

(Applause)

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

Mr Berkhouwer. — (NL) On behalf of the Liberal and Allies Group, I should like to say that it seems self-evident to us that both we ourselves and the other groups whose views we have heard so far—though I am inclined to wonder whether all the political parties which are represented in Parliament will take part in this debate—believe that a democracy must

be pluralist. In other words, a parliamentary democracy implies the existence of different parties. A single-party regime under which votes can be cast for only one party is in our view not a parliamentary democracy. The world is, regrettably, full of systems of government of this type. There are countless autocratic regimes in the world. This morning's papers strike fear into our hearts with their reports of what is happening to certain Europeans in Africa. We can see how many totalitarian regimes there are in the world today and how widespread are terror, aggression and repression.

We naturally agree with what has been said by the various speakers, namely that we must not interfere in the internal affairs of Portugal as she is constituted today. All well and good; we shall not go to Portugal and tell her people what to do. But the question arises whether what is happening in Portugal at the moment and what is not happening in Spain and whether what is or is not happening in other countries around the Mediterranean, is not an internal European affair.

The point is that these events have repercussions which go beyond the frontiers of individual countries. It is a matter which concerns us directly. *Nostra res agitur*; I subscribe to that. Our relations with the Portuguese people are at stake. These relations go beyond the frontiers of that particular country. This also applies to Spain. When I speak of other countries around the Mediterranean it may easily be guessed what countries I have in mind.

The previous speaker has just pointed out that Portugal is emerging from a fifty-year period of dictatorship. But, quite frankly, I wonder—and I am not contending that this idea is confined to the liberals; other speakers before me have already brought it up—whether we must not fear a development which we have witnessed repeatedly in the world, namely a swing from one extreme to another.

This morning's 'Figaro' contains the following comment:

'The present climate is not one of conciliation. For several days now radio and television have been repeating the words of Otelo de Carvalho: "After the coup d'état of 25 April, all the counter-revolutionaries should have been herded into the bullrings of Lisbon and shot".'

Mr President, this is what is being said at the present time by one of Portugal's leading figures who, according to rumours, is about to introduce a military dictatorship, a so-called 'left-wing' dictatorship. I myself do not distinguish between extreme left and extreme right. Extreme left

Berkhouwer

and extreme right systems are both totalitarian. Both systems imply that one has to keep one's mouth shut, because, if one opens it, one is likely to get a kick in the teeth.

(Applause)

The same idea can be found in Alexander Solzhenytsyn's 'Gulag Archipelago', in which he says: 'left and right mean precious little to me; they are labels which men stick on each other's backs and which can easily change.'

That is what I as a liberal European fear may happen in Portugal. I shall therefore conclude by asking a few questions. Is there not a terrible danger that we pluralist democrats in Western Europe will delay too long in sending help to the Portuguese people? With whom and with what authorities is the Council of the Commission holding talks in Portugal at the moment? What stage have these talks reached? the newspapers have said that Brussels is proposing massive economic aid. I am in favour of this. But I just hope that these funds will not be diverted into the pockets of the leaders of a dictatorial, totalitarian regime so that economic aid is never in fact achieved.

(Applause)

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

Mr Kirk. — We are faced today with a potential dilemma which quite clearly Commissioner Soames recognized in the statement that he made. The dilemma is this. It is clearly our duty to give aid to Portugal in the catastrophic economic conditions in which she finds herself, which were so ably set out by Mr Fellermaier and which I do not need to repeat. It is equally clearly right that we should not interfere in the internal affairs of another country, although we showed less inhibition in the past, I think, in the case of other countries associated with us than we have done so far in the case of Portugal.

There may well come a time, however, when we shall have no choice but to consider whether these two propositions are not in themselves contradictory. I would not say that that time has come yet, despite many distressing occurrences within Portugal. Mr Fellermaier understandably referred to the struggle being put up by the Social Democratic Party in Portugal, and we all appreciate the great fight that Mr Mario Soares is putting up. I appreciate why Mr Fellermaier placed so much emphasis upon it. But those whose political views are slightly closer to those of Mr Lücker and myself have already found that they are unable to put up a fight.

The Christian Democratic Party has been banned in Portugal already. The Centre Democratic Social Party has been so harassed that it can hold no meeting in public. Its annual congress was broken up—I was a witness to that myself, as were my friends Lady Elles, Mr Bertrand from the Christian-Democratic Group and Mr von Hassel—with the consent and, indeed, the connivance of the authorities in the area. Therefore, although we can still say that pluralistic democracy exists in Portugal—the elections have taken place and the convention is meeting, although it is doing so under conditions laid down beforehand by the Armed Forces Movement—if things continue as they are, at what point does the principle of giving aid to a country in grave economic difficulty begin to conflict with the principle that we do not interfere in the internal affairs of an associated country?

That is the dilemma which I put to Sir Christopher today. I realize that obviously he cannot answer it in specific terms—nobody can—any more than we can expect him to give us details of the type of aid that he is proposing to the Council of Ministers. This House must, however, be very vigilant indeed as to the way in which things develop, as vigilant as we were in the case of Greece a few years ago, and we must have very much in the forefront of our minds that there may come a time—although I hope it will not happen—when we have to say that these two things conflict to such an extent that we have to make a choice one way or the other.

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

Mr de la Malène. — (F) Mr President, my brief comments are on the same lines as those made by the previous speakers.

The revolution in Portugal aroused great hope, followed by great anxiety, and periods of hope and anxiety have alternated ever since. We see free elections being held, but certain parties being banned; the socialists are winning, but their only newspaper has been prohibited; the President of the Republic speaks of pluralist democracy, but the Communist Party is infiltrating all the key sections of the country, and thus it is that the principle of respect for minority groups and parliamentary democracy are abandoned, adherence to the Atlantic Alliance is denounced and congresses are prohibited, just to give a few examples.

This revolution is—we all feel—of capital historical importance. Despite the fact that the territory is small and whatever the trend of future relations between the Armed Forces

de la Malène

Movement and the Communist Party, Portugal's geographical position means that this turn of events is of primary importance to the Mediterranean, the Iberian Peninsula and the Atlantic Alliance. It is of crucial importance, and the effects are already making themselves felt in relations between the Communist Party and the Socialist Party. The Portuguese revolution is having repercussions in all member countries and throughout Europe.

In the meantime, the Portuguese economy is collapsing; unemployment stands at 7%, inflation at 30% and the other factors are no better. The economic situation could have very serious consequences. What then is to be done? Everyone agrees that we should not interfere in internal Portuguese affairs; the Portuguese must make their own choice, but they must also judge the consequences of their choice and we can only draw conclusions from it.

We must try to avoid a repetition here of the grave mistake made in the case of Cuba. We must support Portugal, but only a democratic Portugal. And we must be sure that the changes which are indispensable are carried out in a climate of freedom. There is no place in our Community for a people's democracy: let there be no mistake about that.

We must also find out whether the radical options which the Armed Forces Movement has adopted in the context of internal policy are carried over into foreign policy. We are told that this will not happen, but how can we be sure?

Summing up our position, I could say that every time her people opt for solutions along the lines of those chosen by Europeans inside the Community, Portugal can be sure that Europe will do everything she can to help her and to establish close and staunch ties with her.

With this in mind, my group approves the policy outlined by the Commissioner in the context of the de facto agreement Mr Simonet spoke about some time ago.

(Applause)

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

Mr Ansart. — *(F)* Mr President, I think that in dealing with this issue the House would be well-advised, as advocated by certain members, to steer clear of interference in the internal affairs of the Portuguese people.

I have just heard a variety of comments. This subject could be debated at length; some of our

colleagues who did not have much to say in the way of protest when Portugal was under a fascist dictatorship are apparently not over-enthusiastic today about the positive changes which have finally come about. I shall not dwell on that.

Our long campaign against the Salazar regime is an eloquent testimony of how anxious we are to see freedom flourish in the world and in Portugal.

Our view is that today's debate should go no further than acceptance or refusal to help Portugal on the basis agreed upon, i.e. that Portugal fulfills the conditions of democracy to which we attach so much importance.

As a matter of principle and also because it is a reasonable attitude in our changing world of today, we should always avoid interfering in the affairs of governments and their peoples, for they alone have the right to decide how to run their countries. We should not presume, either today or in the future, to dictate how nations should move towards democracy. That would be unacceptable, as it would mean interference in the internal affairs of the countries concerned and a denial of national sovereignty and democracy.

Portugal has just emerged from a long period of gloom and still has many obstacles to overcome while beset by numerous threats and obvious dangers, and our hope is that her Government and people be granted the aid as well as the material and moral support they urgently need, in order that democracy and the freedom it brings may go from strength to strength there.
(Applause from the Communist and Allies Group)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, ladies and gentlemen, let me first say that, as Christian-Democrats, we welcome the House's unique agreement as to the usefulness of discussing this situation today. On a recent important occasion—the eve of the Portuguese elections—there was no such agreement. Secondly, I should like to remind members that only recently have the necessary steps been taken by the Portuguese concerning a possible extensive application, as outlined by Commissioner Soames, of the evolutive clause stipulated in the existing trade agreement between the EEC and Portugal.

In this connection, the Portuguese Government was required to take decisions and options over which the Community has shown an attitude

Bersani

of goodwill since the start of the new course of political events.

As a number of colleagues have emphasized—Mr Lücker in particular—there are two aspects to the question before us. On the one hand, we are convinced that it is necessary, along the lines indicated here by Commissioner Soames, to supplement the existing agreements with Portugal and the clauses provided for therein in order to help that country and its people in the very difficult economic and social predicament in which they find themselves. Everyone agrees with this in the main.

On the other hand, as Mr Kirk has also pointed out, we are in a way conditioned, politically speaking, by the very principles of our Community. The problem is not so much a desire to interfere in another country's internal affairs as the wish to be consistent with ourselves and with the principles and procedures—both those included in the Treaty and those established by a quarter of a century's tradition—which make the EEC a democratic community. The positive stand that we want to take, especially with regard to serious social and economic problems, is clearly connected with the line of conduct that we have always pursued in similar situations, so consistently as never to leave any room for criticism.

Moreover, the political situation today in Portugal is unclear. The information we receive is often very disturbing. I would in fact like to remind Mr Ansart that we are not interpreting facts, but taking into account unambiguous statements, such as the extremely disturbing ones recently made by the leader of the Portuguese Communist Party, Mr Cunhal, who said that for the Portuguese Communists elections in general, and those of 25 April in particular, had a very relative value, just like the multi-party system. In addition, there is undoubtedly serious *de facto* discrimination against a number of parties. Certain political groups are prevented from exercising their basic rights, while the fundamental freedoms of thought, speech, press and association are limited.

It is therefore obvious that it is not a question of our interfering in other people's affairs or of criticizing the methods used to achieve a democratic system independently. On the other hand, we are witnesses to situations in which some of the universal rules which, since the time of Ancient Greece, have been considered as essential to the exercise of citizens' basic rights in any system purporting to be democratic, are apparently not observed. These things have to be said today.

It would be hypocritical of us not to take into account established facts, of the seriousness of which we are all aware.

For this reason, I approve of a serious and objective effort, along the lines proposed by Vice-President Soames, making suitable use of the evolutive clause, to provide Portugal with prompt and effective aid at this very difficult moment. At the same time, I agree with the responsible and objective appraisal which has been made of the political situation from the standpoint of democracy. The solution to be adopted cannot be divorced from the appraisal and verification of the pluralist democratic framework, to which, moreover, Mr Fellermaier was the first to refer. In addition, I think we should make a better effort to provide information in Portugal on the Community and its initiatives in the context of its relations with associated countries, as these might usefully be brought to bear on the numerous and difficult problems arising out of the process of decolonization in agricultural territories.

honourable Members, I support what the Chair—In this sense and spirit, Mr President and man of our Group has said and agree with the proposals and statements made by Vice-President Soames.

(Applause)

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, I should like to make two points. Firstly, I wish to associate myself with the speakers before me who have stated—and I hope it is true—that the democrats in this House unite in refusing to make qualitative distinctions between the democratic parties in Portugal, which at present find themselves faced with increasing obstacles in their efforts and opportunities to function in a pluralist democracy. Secondly, I should like to affirm that we all still support the granting of aid to Portugal, where the economy is in a state of collapse and on the verge of bankruptcy.

I nevertheless feel that the House should make it quite clear not only to the Commission, but also to the Council of Ministers and the people of Portugal that we wish to know, as the speaker before me, Peter Kirk, asked in very clear terms, at what point we must decide whether to continue giving economic aid or, if faced with a development towards dictatorship in Portugal, to cut it off.

We know and are most disturbed by the fact that the free expression of opinion by the media in Portugal is being prevented. The last organ of the free press, the 'Republica' is in the final

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throes of a struggle for the right to appear again. If its publication is not allowed, the Portuguese people will have no access to free information and without a free press a pluralist democracy and society cannot develop.

Mr President, I believe that we should tell the Commission that we must heed the warning example set by Greece. In the case of Greece, we acted, and rightly had no compunction about suspending relations with a right-wing dictatorship. We do, however, also know that the suffering endured by the Greek people for seven years was prolonged as a result of bilateral economic aid. The question is, should we not say at this point, loud and clear, while the Portuguese people is able and is allowed to listen, that we have our principles and our priorities even in questions of economic and financial aid for this people, but that our principles prevent us from granting aid to what is every day turning more clearly into a cynical military dictatorship led by the Communists in Portugal? For who can guarantee that the aid we give will be used for the purpose intended, that is to help the people of Portugal and to stabilize democracy and guarantee Portugal's future as a part of a democratic Europe?

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I do not think one could conceive of a better time or a more responsible debate than that which has taken place in this House at this juncture over this matter of enormous importance to our Community and, indeed, to the whole Western world. I think that the timing is good and, as Mr Blumenfeld has just said, these remarks are addressed to the Commission.

It falls to me to have the privilege to wind up this debate, but what has been said in this House will also have been noticed by representatives of Member States who will be discussing this matter in less than a week from now at the next meeting of the Council of Ministers.

I wish first to address myself to one or two specific points raised in the debate and then turn to the general theme.

I thank Mr Lücker for telling me that he has sent me a letter about the imprisonment of this gentleman. When I receive the letter, I will of course look at it, examine it with all sympathy and see whether anything can be done.

Before turning to the main theme, I would like to pick out in particular what I thought was a good point made by Mr Berkhouwer.

It was an interesting and most valid point to those, including myself, who were saying that it was not for the Community to interfere in the internal affairs of a country outside our borders, but on the other side that this was an internal European problem and we had to face that it was an internal European problem. How right that is. It is an internal European problem. If it was not for that, why would we be debating this and why, indeed, would we be thinking in terms of giving very considerable aid and assistance in any way that is possible and could be fruitful to Portugal if it is not because we are so conscious of the weight and strength and importance to the Community and to the whole of Western Europe, and outside also, that Portugal should continue along the road which her people have so clearly chosen towards a pluralist democracy?

This brings me to the next specific point raised by Mr Ansart. He was talking in terms of welcoming Portugal's move towards 'democracy', but I noticed he was the one honourable Member in a debate who did not put the word 'pluralist' in front of the word 'democracy'. I think this is what we feel: how do we define democracy if it is not as a pluralist democracy? This is what we mean when we say democracy. We do not mean single parties and single lists.

The theme of the debate was referred to by Mr Leenhardt who put his finger on the point that it is too soon to despair. We should not be talking in terms of despair where Portugal is concerned. This was mentioned by him, by Mr Kirk, by Mr Berkhouwer, by Mr de la Malène, by Mr Bersani and by Mr Blumenfeld. The whole theme was that of course we must help, but in what political circumstances do we help? The finger was put on the point by Mr Kirk who highlighted the anxiety which exists in the House and was repeated by Mr Blumenfeld, namely, if the Community decides to go forward with these programmes, what would be the situation that would lead the Community as it were to freeze what it had decided to do?

As Mr Kirk readily recognized this is a hypothetical question which he would not expect me to answer, but I agree that it highlights the situation. This will undoubtedly be a factor in the discussions which will be taking place in the Council of Ministers. It will inevitably be so.

Mr Blumenfeld referred specifically to Greece. The Community has shown through experience, through its actions, that it wishes to help democratic countries, but when that stops—if a po-

Soames

litical turn is made which in our sense of the word renders it non-democratic—the Community is capable of changing its course, and indeed desires and demands that that course should be changed, as was done in Parliament over the question of Greece.

This is not, I repeat, a question of interfering in another country's internal affairs. It is not so. It is that we decide that we will give certain help. When democracy was overthrown for a period of time in Greece, what the Community did was to take note of existing political facts in another country and it drew its own conclusions and made its own decisions. This is what the Community does.

Looking now at the case of Portugal, what is it that the Commission is recommending to the Council of Ministers? It is, first, a number of *volets* of agriculture, as I mentioned in my first speech, industry, workers, and a financial protocol. All this will take time. It is not the question whether a few thousand more or less hectolitres of port are to be sent from Portugal into the Community at a lower tariff that will resolve the problems of Portugal. It is not that. It is not by a slower dismantlement of certain tariffs. It is not through that that the economic problems of Portugal will be resolved.

In Portugal investment has pretty well dried up now and it was, anyway, too low. It was only about 15% of GNP before this situation arose. It was too low, anyway, and it has now completely dried up.

It is to this kind of matter that the Community must address itself if it is wondering how it is to help Portugal.

In our view and that of the Community, it would not just be money that would be handed over. What the Commission is proposing is that we should discuss with the Portuguese authorities certain projects which could be in the interests of Portugal, and that these projects should be seen through by a form of coordinating committee of Member States, of the Commission and of Portuguese authorities, to take them project by project.

I think that the House can see how our minds are working. This is not a massive sum to be given from one day to the next. One must question oneself as to the extent of the capacity of Portugal to digest such aid at the present time.

All these things have to be thought through, but I think that where this debate has been so useful is that it has shown to the world that this Parliament thinks that it is right that the Community

should offer aid, should offer real, genuine, worthwhile assistance to Portugal in the context of the expressed desire of the Portuguese people to proceed towards a pluralist democracy, that the aid is linked very clearly in the Community's mind to this; and history has shown that this is how the Community approaches these matters and that it is capable of being flexible when political events demand that it should be.

I think that the message that goes out from this House and from all parts of this House is perfectly clear to the world to see and in particular for Portugal to see. I am sure that this will be a great help in the discussions that will be taking place in the Council of Ministers and I am sure this debate will really have been of great assistance.

President. — The debate is closed.

IN THE CHAIR: MR BERKHOUWER

Vice-President

5. *Presentation of two Petitions*

President. — I have received from Mr Erich Heimeshoff, Mr Raoul Nachez, Mr Werner Kiessling and several thousand other signatories of the 'Europa-Aktion 1975' of the 'Verband der Heimkehrer, Kriegsgefangenen und Vermissten-Angehörigen Deutschlands' (German Association of war veterans, prisoners-of-war and relatives of those reported missing) a petition on a draft constitution establishing a European government.

This petition was formally handed over to me last Sunday when I had the honour of representing Mr Spénale at the first European Congress held by this Association on 15 June 1975 in Saarbrücken.

It has been entered under No 3/75 in the register provided for in Rule 48 of the Rules of Procedure and referred to the Political Affairs Committee.

I have also received from Mr Peter Becker, Mr Helmut Stein, Mr Gerhard Stuby and eight other signatories a petition concerning restrictions on the choice of certain occupations in the Federal Republic of Germany.

This petition has been entered under No 4/75 in the register provided for in Rule 48 of the Rules of Procedure and referred to the Legal Affairs Committee for consideration.

6. *The Community's position in the GATT negotiations*

President. — The next item on the agenda is a debate on the report drawn up by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the Community's position in the GATT negotiations (Doc. 106/75).

I call Mr Kaspereit.

Mr Kaspereit, rapporteur. — (F) Mr President, the Committee on External Economic Relations felt that Parliament should report on the Community's position in the GATT negotiations as soon as these negotiations, which opened officially in Tokyo on 14 September 1973, had got off the ground. They had been held back pending a vote by Congress on a text authorizing the American Government to negotiate tariff reductions with the main trading powers. This was granted at the beginning of the year—but, as we know, under conditions which are sure to affect the progress of the negotiations and will continue to do so.

The GATT negotiations therefore began on 13 February, and are being continued by six specialized working-parties, which began meeting in March.

This is not the first time Parliament has reported on these important negotiations. In 1973, the Committee on External Economic Relations produced an excellent report drawn up by its chairman of the time, Mr de la Malène, on the future approach of the Community to the coming multilateral negotiations. Also in 1973, at the Twentieth Joint Meeting of the Members of this Parliament with the Consultative Assembly of the Council of Europe, a working document was drawn up by the Committee on External Economic Relations on problems connected with tariff negotiations and the discussions of questions of world trade within GATT.

Finally, in March, the matter of the Community's position on participation by the Commission in the Geneva negotiations was discussed in connection with an oral question tabled by the Group of European Progressive Democrats.

The report we are considering today asks us to deliver an opinion on the modifications the Commission has made to its communication to the Council on the adoption of an overall approach to the multilateral negotiations of April 1973. These modifications naturally originate in the widespread political and economic changes in international economic relationships

which have taken place since the spring of 1973 and which were bound to influence the outcome of the multilateral negotiations.

Without going into detail, I would note that the strategy then adopted by the Community had two main objects: to consolidate and continue the liberalization of international trade and to improve the opportunities for developing countries to participate in the expansion of world trade.

The Commission laid down five essential elements of the action necessary to achieve these objects: firstly, action on industrial customs tariffs in the form of qualified and significant reductions, without, however, accepting that total elimination would be a desirable or realistic measure; secondly, abolition of non-tariff barriers to trade; thirdly, the negotiations of trade agreements in the agricultural sector; fourthly, the resolve to improve, by tariff and non-tariff measures, the Community's relations, and those of industrialized countries generally, with the developing countries; fifthly, a new implementing mechanism for the safeguard clauses.

As I have said, the world economic situation has considerably deteriorated since the Tokyo Conference. Inflation, monetary uncertainty, the scarcity and increased cost of important primary products and energy sources and recession have led to a growing conflict in the relations between poor and rich countries and have hampered the achievement of the GATT objectives of international growth and interpenetration through an increasing openness of markets.

These developments have led more and more states to try to solve their economic and trade problems by introducing essentially protectionist measures reminiscent of the disastrous trends that emerged in Europe towards the end of the twenties. While the industrialized countries have tended to resort to protectionist measures of this sort and have taken a pernicious 'every-man-for-himself' attitude, the producers of certain primary products have become aware of their growing power, not only to control quantities and prices but also at the political level.

In view of this new situation, in which maintaining and safeguarding supplies will in future be at least as important as abolishing customs duties and other obstacles to trade, the Commission has updated its overall approach by adding a new chapter to this document. It hopes that a negotiated solution to the problems will be found and that there will be in particular a better stock-taking of measures relating to

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export restrictions and the creation of a code of good conduct for their application.

Moreover, the increasing importance of trade between the Western countries and the East has prompted the Commission to devote attention to this question. Negotiations are necessary, if only because these countries do not have the instrument of customs duties, and regulations on quantities are therefore of fundamental importance. The committee therefore feels that something must be obtained in return for each concession made, and tariff reductions granted by Western countries must be duly compensated for.

The report which I have the honour of submitting stresses the fact that the progress of the multilateral negotiations will be greatly influenced by the attitude of the United States. We must accept that there are many conflicts of views between the Community and the United States, both on fundamental matters and on procedures. The United States wish, for instance, to achieve a number of results before the end of the year, while the Community, in accordance with the method adopted under the Kennedy Round, would prefer to take stock of the outcome at the close of the negotiations.

A good example of the situation is provided by the problem of non-tariff barriers. The inventory taken by the GATT Secretariat shows that there are 850 of these. That is the extent of the difficulty! The position of the developing countries is easy: they need only ask to be allowed to maintain non-tariff barriers which protect their markets, since the principle of non-reciprocity was decided on in Tokyo. The only instructions given to the Community negotiators seem to have been to negotiate case by case. The Americans are, however, required by the Trade Bill to submit every concession to Congress and wish to discuss only the principal barriers to trade, conclude arrangements before the end of the negotiations and get through the parliamentary procedure to which they must submit without delay. All involved are therefore aware of the possible consequences of the American Congress having the authority to go back on the decisions reached by negotiation.

In view of the uncertainty of such a situation, the Committee on External Economic Relations hopes that the Commission will also reserve the right to revoke decisions taken if any amendments are made by the American Congress.

The Committee on External Economic Relations also welcomed the flexibility of the Community's position in that the mandate to negotiate does not apply strict rules governing every

possible detail. It would, in fact, hardly be possible at the present time to forecast the outcome to be expected from these multilateral contacts.

According to press reports—and I would ask Sir Christopher Soames to be good enough to confirm, and, where necessary, enlarge on them—progress seems to have been made on the initial discussion on trading safeguards.

But we should like to know if the rather vague instructions given to the Community negotiators are the result of a deliberate approach or serve only to hide differences between the nine Member States. We should like to know the Community's attitude to the position of developing countries that ask for special treatment. We should like, finally, to know the reaction of the Americans, whose government is required by the Trade Bill to increase duties in the event of a balance-of-payments deficit, and has flexible provisions for determining the threshold for implementing safeguard measures in the event of excessive imports.

There also seem to be differences of opinion between the Community and the United States on the procedure for negotiating customs tariff reductions in the agricultural sector. We welcome the fact that the Community was able to get separate treatment for agriculture in the discussion, and we welcome the creation of subgroups on cereals, meat and dairy products; but we would ask the Commission whether it is true that its negotiators have stated that the outcome of the Tokyo Round would have certain repercussions on the mechanisms of the Common Agricultural Policy and what precisely this means. We also know that the head of the American delegation at the GATT negotiations, Mr Frederic Dent, had talks in May with Sir Christopher Soames on the prospects for the Tokyo Round, without going into the technical problems, and that both sides declared themselves satisfied with the work done by specialized groups and sub-groups. Sir Christopher Soames will perhaps be able to tell us more about his talks. Subject to these reservations, Parliament should in general terms support the Commission's efforts to oppose traditional protectionist tendencies and create international rules which will help to promote world trade in the interests of all, particularly the developing countries.

But we must not forget that our efforts will be useless and that a world trade liberalization policy will come to nothing unless and until there is a return to stability in the international monetary system, without which the world economy will always be subject to the same crises and imbalances as in the past few years.

Kaspereit

We know that the difficulties in this sector are enormous and that, as the most recent talks in Paris have shown, there is still a long way to go before an agreement can be reached that will satisfy the interests of the United States, those of the other industrialized countries and those of the developing countries, who are aware of their growing importance in the world economic community.

In Tokyo, where the awareness of these problems was very high, it was stated that the monetary negotiations and the GATT negotiations would proceed separately. This is not a good method: the conclusions reached at the various negotiations must be obtained at the same time; otherwise—and it is useless to hide the fact—we shall not have met our main obligation in the present talks, which is to improve the standard of living of all nations.

Those, Mr President, are the points I wished to make. We shall have to return to these problems in the coming months. For the present, I wish to ask Parliament for its approval of the motion for a resolution submitted by the Committee on External Economic Relations.

(Applause)

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

Mr Klepsch. — (D) Mr President, ladies and gentlemen, on behalf of my group I should like to thank in a very special way the rapporteur, Mr Kaspereit, and all the committees that helped in the preparation of his report. I feel that a most complex and intricate subject has been dealt with in a most comprehensive and painstaking manner and that, thanks to the co-operation we have got from the Commission, we are now in a position to take up a clear and definite stand on the matter.

As we are all aware, the resumption of the GATT negotiations, which in practice have only just got under way, having had to wait on the American legislation on foreign trade which was passed by Congress only last December, has made it necessary for wider powers to be given to our negotiating team. I should like to begin by referring to this extended mandate and say that we feel that it was very wise to give it the necessary flexibility. It is perfectly obvious that the changed world economic situation and the many other problems that have come to the forefront have had serious repercussions. The fundamental point I should like to stress is that all the measures we have taken must be seen against the background of the need to lend new stability to the world monetary system; if this

cannot be brought about, then the entire position will inevitably remain very difficult.

We are faced with three sets of problems, and I should like to state them here without assigning them any particular order of precedence. One set of problems arises from the fact that the US Congress has decided that all results of the GATT negotiations that are relevant to its own proceedings must be put before Congress for consideration and ratification. I feel that this fact should lead the Commission to adopt an equally cautious position so as to give itself room for manoeuvre, if necessary. The fact is that there are quite a few problems in this very connection, and I feel that I should state them quite clearly. The phasing out by the USA of non-tariff barriers to trade is something that still calls for much negotiation under the terms of GATT. I need only refer to the *American Selling Price*, which to our way of thinking is a breach of the provisions of GATT, since it gives the American producer a significant headstart, as far as price is concerned, in competition with imported products, or to the *Domestic International Sale Corporation*, which we regard as a camouflaged export subsidy, or to the *Buy American Act*, which involves a blatantly, protectionist purchasing policy on the part of American public institutions, something which is also not quite in harmony with the provisions of GATT.

A matter of particular concern to us, however—and I should like to stress this point very strongly—is the introduction of a new code of industrial standards, since, if our information is accurate, this new code of industrial standards would differ from the code of standards used in European countries. This factor, though of a non-tariff nature, may have quite extraordinary effects for the future. I should like to corroborate what the rapporteur also has said on this matter and impress on the Commission how gravely concerned we are.

The second set of problems concerns trade with the countries of the Eastern bloc. In our debate later today on China, we shall probably have an opportunity to look at these problems from another angle. I should only like to repeat what was said in this chamber during the debate on the Conference on European Security and Co-operation, to the effect that we are glad that in the negotiations on the second CESC package the Commission and the Member States steered an unaltered course and insisted that reciprocity must be demanded in the case of all concessions granted and that a balance of interests must be ensured in all the matters being dealt with.

I think we all realize clearly by now that the entire question of regulating quantities, as set

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out by the rapporteur in his report, is a vitally important one. In this connection, however, we now have the scheme offered to the state-trading countries as our guide. It gives me great satisfaction to be able to put it on record here that with one country at least, namely, with the People's Republic of China, the negotiations started off with this basic point of departure. I cannot stress too strongly that we expect the Commission not to waver one whit from its basic stand for reciprocity, certainly not during the forthcoming negotiations in GATT or in areas adjacent to GATT.

The third set of problems is perhaps the one that poses the most serious difficulties. Developments in recent years have lent added urgency to the new question with which we are faced today, namely, that of maintaining and safeguarding our sources of supply, especially for raw materials and energy. Our access to mineral reserves and our supplies of raw materials and sources of energy must be secured. This endeavour must be given to priority and seen in its proper position in relation to further liberalization of world trade.

We are very pleased that the Commission has devoted especial attention to this set of problems, which, we feel, will occupy a particularly important place in the GATT negotiations. We should like to assure the Commission of our fullest support in the line it intends to take on this matter, as it has explained it to us.

To conclude, I should like to express my warmest thanks for the report that has been put before us. I realize that certain options have been kept rather open in it in order to enlist agreement from all quarters. However, I should like to stress how indebted we felt to our rapporteur at all our committee meetings and how wholeheartedly we set out to support him in all he was endeavouring to do.

On behalf of my group, I should like to state that we will support this motion for a resolution unreservedly.

(Applause)

President. — I call Lord Reay, draftsman of the opinion of the Committee on Development and Cooperation.

Lord Reay, draftsman of an opinion. — First, I congratulate the rapporteur on his useful report. If I may take this opportunity to do so, I wish to thank my colleague, Mrs Kellett-Bowman, for having taken over the drafting of the opinion of the Committee on Development and Cooperation on my behalf at a time when I was unable to arrange to be in Brussels and for hav-

ing done so successfully and by all accounts most ably.

I wish to make only a limited number of observations. First, I take up a point which Mr Kaspereit mentioned both in his speech and in his original report and which Mr Carpentier also mentions in his opinion from the Committee on Economic and Monetary Affairs with regard to the importance of GATT at the present time.

It is easy to lose sight of the value of GATT. The negotiations under GATT are protracted and they are exceedingly complex. They often appear to be about matters of no very great importance, matters of detail, fractions of percentages and so forth, and certainly to the layman all together they are quite impenetrable. However, it must be of supreme importance to maintain in being an institution which can regulate international trade and which can establish proper conditions of competition in international trade. This is something which in particular must be of value to the Community, whose standard of living depends to such an extent on maintaining the highest possible level of world trade.

Moreover, this is something which might be very much threatened at the present time. Great temptations exist for countries to try to protect themselves at the expense of other countries, to try to create an advantage for themselves in the present economic conditions. It has never been more necessary for countries to submit themselves collectively and voluntarily to international discipline in this regard.

I turn now to the question of the developing countries, taking into account the increase in power which has accrued to countries in the Third World as a result of their growing political maturity, of their capacity to organize among themselves and so on, and also the natural growth of pressure on the supplies of industrial raw materials and others which to a large extent are to be found in countries in the Third World—not evenly spread throughout the Third World, but within countries in the Third World. It must be important to incorporate developing countries as far as possible into the GATT machinery and into the support of GATT as an institution. To do this, it will be necessary to meet any of their reasonable demands.

Here I should like to ask the Commissioner a question. The Community from the beginning has made it plain that one of the two elements in the strategy of its approach to the GATT negotiations in this round was to improve the developing countries' opportunities to participate in the expansion of world trade.

Lord Reay

The question is: what exactly is the way in which the Commission thinks that the developing countries will be benefited in the Tokyo round? Does it consider that the opportunities principally lie in giving advantages to the developing countries in the field of stabilizing markets for certain of their export products in cases where developing countries, or certain of them, are heavily dependent on the exports of certain products, by means of commodity agreements in food products, and so on?

Does the Commission think that the opportunities principally lie in the field of removing non-tariff barriers where surely the developing countries must be in need of assistance to find their way through the complexities and the restrictions—even the most legitimate restrictions—which govern the trade rules for the industrialized countries, for example, in the field of health regulations or in the highly complicated implications of the numerous different tariff headings, and so on?

Or does the Commission think that the opportunity principally lies in the possibility of reducing tariffs on processed and semi-processed goods so as to stimulate processing as an activity in the developing countries? I know that the Commissioner referred to this as an objective during Question Time outside the framework of GATT, but perhaps he could say whether this is incorporated in the approach of the Commission to the GATT negotiations themselves.

I know that the Commission cannot be asked to reveal concessions it may have up its sleeve; it has claimed that the interests of the developing countries should be advanced in the Tokyo round, but it has not, I think, ever given a very clear idea of the areas in which it thinks this could best be done. I should therefore like to press the Commission on that point.

Finally, I should like to ask what the attitude of the Commission is with respect to the maintenance of very low tariffs. I wonder if the Commissioner would give an opinion on the assertion which my committee makes indirectly in its opinion that customs tariffs of 5% or less cost more to administer than they bring in in revenue. I wonder if this would correspond with the Commission's own calculation? If so, of course, this would constitute a good reason for abolishing such low tariffs; but is it the case that the Commission wishes to maintain the lowest tariffs and resist pressure to remove the lowest tariffs, in order to offer, or to be seen to offer, what must be rather minor trading advantages either to the developing countries generally under the generalized preferences system or, perhaps more especially, to the ACP countries under the Lomé Convention?

If it is the case that the Commission wishes to maintain even these very low tariffs in order to maintain differentials, does it think that the maintenance of tariffs which cost more to administer than they raise in revenue is really the most efficient means of discriminating in favour of countries or groups of countries which the Commission is bound to discriminate in favour of, or wishes to discriminate in favour of?

These negotiations will go on for a long time. We are likely to revert to them in discussion in Parliament in the future. It is not easy to see how or when they will end. However, one thing is clear. The prospects for our economic future and for the world's economic future are improved by their existence and depend to no insignificant extent on their outcome.

(Applause)

President. — We shall now interrupt the proceedings in order to welcome H.E. Mr Cearbhall Ó Dálaigh, President of Ireland, who is honouring us with a visit.¹

The House will rise.

(The sitting was suspended at 11.45 a.m. and resumed at 3.10 p.m.)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — The sitting is resumed.

We now resume the debate on the report drawn up by Mr Kaspereit (Doc. 106/75).

I call Mr Patijn to speak on behalf of the Socialist Group.

Mr Patijn. — *(NL)* Mr President, I am sorry that the rapporteur, Mr Kaspereit, cannot attend this debate. I should nevertheless like to thank him for his excellent report, to which he gave us a good introduction this morning.

My group welcomes the submission of this report at this particular time, since we are still in the middle of negotiating and this gives us an opportunity to discuss what has been achieved to date.

I congratulate the Commission on the mandate it has received from the Council. Sir Christopher Soames and his colleagues have been given a very free hand in the Geneva negotiations, which is a good thing.

¹ See Annex II.

Patijn

Of course we all realize that, as a result of the general economic recession, the Tokyo Round does not have the same importance as the Kennedy and Dylan rounds of a few years ago. Mr Kaspereit and Mr Klepsch both made the same observation this morning. Tariff matters and the removal of trade barriers are perhaps less important at the moment. Yet we must negotiate our future trade relations and not concentrate merely on the economic difficulties of today.

It is always interesting to note that in the GATT tariff negotiations the United States and the EEC tend to dominate the scene. There is a total of 83 countries participating in the negotiations, but if the EEC has not defined its mandate or if the American Government has not received the authorization of Congress, the other 81 countries must wait. I read somewhere the heading, "Two against the crowd", and there seems to be some truth in this. If Europe has a part to play, it is above all in the field of trade. We constitute a trading bloc without whose participation tariff negotiations would not have much significance. If we do, however, participate, and the same applies to the United States, these negotiations assume a far greater importance.

We must realize that this places a tremendous responsibility on the Community; together with the United States, we are responsible for the success or failure of the Tokyo round. If we fail to reach decisions or to cooperate within our own bloc, the Tokyo round will fail too. This is something which we must realize, as it makes the responsibility of the European Parliament and the Commission even greater.

First of all, I should like to say something about tariffs.

The United States want a general reduction of approximately 60% in the tariffs under consideration in the Tokyo round and the abolition of tariffs below 5%. The EEC mandate stipulates that there must be a threshold. The Commission's document of October 1974 recommended that we should not abolish all the low tariffs, so as to retain a negotiating margin. Here I would ask the same question as Lord Reay did this morning. What do we mean by this? Why must we retain a negotiating margin? What are we aiming at? What do we want to keep? Is it a certain protection which we wish to keep in hand, or do we want to be able to exchange it in so-called preferential agreements with others?

Or perhaps we are concerned with the system of generalized preferences and we should like to maintain a generalized preference for the

developing countries, even if only a very small one?

In this connection I should like to make a few remarks on preferential agreements. Of course it is a good thing that we have a Tokyo round and that we are negotiating a world-wide reduction of tariff and non-tariff barriers; but at the same time we are busy concluding bilateral agreements as part of our Mediterranean policy and other bilateral relations.

This is an odd situation. What in fact are we up to? Are we concerned with a reduction of world trade barriers and are we doing something special for our friends in the Mediterranean? Or are we concerned with a general reduction? I also question in this connection our policy of preferential agreements. I feel this is a sphere in which we must be particularly careful: we must not upset the entire GATT system for the sake of bilateral relations. Preferential agreements are usually not compatible with the general rules of the GATT. It would be different if we were seeking to maintain a certain margin in order to be able to give something extra to the developing countries which come under the system of generalized preferences. If this is the case, I should like to ask the Commission how the matter stands tariff-wise. Do we apply the system of generalized tariff preferences for the ACP countries or do we not? For clarity's sake I should very much like to have an exact answer to this.

The second point I would raise concerns the long-standing problem of the reciprocity of preferences. In this report, Mr Kaspereit deals at considerable length with this matter. In his opinion, all negotiations should be carried out with a view to liberalization based on reciprocity. So far so good. He must understand, however, that we broke with the principle of reciprocity when we concluded the Lomé Convention. In signing this convention we unanimously abolished the principle of reciprocity at the request of the 46 states with whom we concluded the agreement. I should therefore like to ask the Commissioner whether he does not share my view that the principle of reciprocity cannot apply to developing countries. I think in fact that an agreement was reached in Tokyo on this very matter. I shall come back to this question later, as I have tabled an amendment which we shall shortly be discussing.

The third point I should like to raise concerns the tropical products from developing countries, which are, of course, especially important for these countries. I feel we should do more in this field, even if it means stepping outside the system of generalized preferences.

Patijn

The Commission's communication to the Council of October 1974 states that in this particular sector the Community must draw the consequences from the ACP negotiations. I should like to know that consequences the Commission has drawn from the fact that the Lomé Convention has in the meantime been concluded, and what it proposes in this field. It is obvious that since the Lomé Convention has been concluded, the Commission must have worked out by now a new approach to the question of tropical products, in accordance with the intention it expressed in October 1974. If this is the case, I should very much like to hear about it.

My fourth point concerns the system of generalized preferences. I am sure that everyone present will agree that in this field the Community has led and is still leading the way. This is another matter which is of considerable importance to the majority of the countries participating in the Tokyo round. Eighty-three countries are involved, of which a very high percentage are developing countries.

At the moment, the system of generalized preferences is an autonomous one. It is an autonomous concession granted by the Community to the developing countries, a concession which is not firm and can be withdrawn or limited if there are reasons for doing so. Should we not try to bind the generalized-preference scheme contractually in this round of GATT negotiations? In my view, the advantages would be the following:

Our present autonomous concession would become a firm obligation as part of the GATT, an obligation to which we would be contractually bound. Further, it would be possible within the GATT to harmonize the concessions which the rich countries grant one another through the preference schemes. It would also be possible to use the GATT institutions to bring about a confrontation of all those involved to discuss the application of the different preference schemes. This should be one of the foremost concerns of the Community, and I should very much like to hear the Commissioner's views on this.

My group hopes that the peaceful atmosphere of Geneva will be conducive to a successful continuation of this Tokyo round. These negotiations are of considerable importance for the rich countries, because they offer the opportunity of modifying a large number of tariffs and particularly non-tariff barriers. Mr Klepsch made this point earlier, and indicated that this aspect would give the rich countries a fairly clear measure of the importance to them of the Tokyo round. These negotiations are particularly important for the developing countries, since

they hope through them to arrive at last at something truly significant for them, i.e., the achievement of an economy which will enable them to sell their products on the market of their choice. This must really be their most important aim, towards which all financial development aid should be directed. After all, the ultimate aim of development cooperation is to help the developing countries to stand on their own feet. In this context, too, the Tokyo round is significant. Our best wishes go with the Commission during the coming months of negotiations, and, like everyone else, we hope that the Tokyo round will be as successful as previous GATT tariff negotiations.

(Applause)

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

Mr De Clercq. — *(F)* Mr President, ladies and gentlemen, on 20 May 1975 the committee adopted this report and the motion for a resolution unanimously. I should like to congratulate the rapporteur on behalf of my group.

The report deals first with the essential elements of the approach drawn up by the EEC in 1973 for the negotiations, and then goes on to the essential adjustments made to the EEC's position in the 1975 negotiations.

In view of the changes in the world economic situation since the first Tokyo conference of 1973, the negotiations have had to take account of two new factors: export restrictions and the Eastern countries.

The committee describes the present situation as follows: the GATT negotiations, known as the Tokyo Round, are in their initial stage, during which groups of experts will prepare tariff definitions of units of account, customs values, reference years, etc.

Because of the delays which have occurred, it will probably no longer be possible to close the negotiations in 1975, the date laid down in Tokyo in 1973. In 1976 there may be new delays because of key elections in a number of important participating countries. It is therefore almost impossible to make any predictions on the course the negotiations will take.

The Committee on External Economic Relations is therefore able to say that at the moment the Community's negotiating position, so far as is known, seems balanced and suitably flexible. It will enable the Community to speak with a single voice in this important international forum.

The Committee on External Economic Relations supports the efforts made by the Commission

De Clercq

to oppose traditional protectionist tendencies and to create flexible international rules, applicable to both producing and consumer countries, which will help to promote world trade in the interests of all nations, particularly those of the developing countries, without allowing this new international order to lapse into *dirigisme*. The committee is aware that such a result may only be maintained in the long run on the basis of a reorganized international monetary system.

The committee particularly welcomes in its report the opening of the new GATT negotiations, in which about 90 countries will be participating. It considers the negotiations, against the background of the difficult situation of the world economy, as a demonstration of the resolve of the various governments to safeguard, by means of joint efforts, the present achievements, to adapt them in the light of altered situations and to avoid the risk of disorganization of the world market.

(Applause)

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

Mr Knud Thomsen. — (DK) The European Conservative Group is very satisfied with the preparatory work done on the subject before us today. In our opinion the Council has given the Commission a balanced and flexible mandate, and Parliament has given a good and very uniform explanation in the report and in the opinions of the other three committees.

We consider Mr Kaspereit's report to be satisfactory and thorough.

We must admit, Mr President, that we are not going to the decisive Tokyo round of negotiations with the same high hopes that we at any event entered the Kennedy round with. Several factors have changed.

The original aim of the GATT negotiations was to remove barriers to trade and to help liberalize world trade. Naturally, this is still the aim. But—and this point has been made in several of today's speeches as well as in the report and the opinions of the other three committees—another aim has appeared since we started the Kennedy round, namely, access to raw materials, so that there is reciprocity between countries that produce raw materials and industrialized countries.

Another point made in the report and the opinions of the other three committees is that, since we are attempting in the GATT negotiations to reduce tariff and non-tariff barriers to trade, the results of the present negotiations might be completely upset by sharp fluctua-

tions in our exchange rates. What has been stated in the report and the opinions of the other three committees is true, but we cannot pass over one aspect of the problem if there remains another aspect to be considered. We must conduct the GATT negotiations on tariff and non-tariff barriers to trade with the aim of liberalizing trade and obtaining free access to raw materials, and then hope that we can solve the allied problem of creating a stable worldwide exchange system through other bodies and in some other way.

I should like to add one remark on a point made in Mr Kaspereit's report and taken up by Mr Klepsch, namely, the unpleasant fact that the American Congress has to approve the results of the negotiations and may therefore alter them. I fully endorse Mr Kaspereit's comment in paragraph 11 of the report that the Commission should therefore also reserve the right to revoke the decisions taken if any amendments are made by the American Congress.

Since this can be regarded as criticism of our American friends, I should like to point out that, if I have not misunderstood the situation, the Commission has a certain negotiating brief and certain powers which imply—in the case of non-tariff barriers to trade and the related negotiations that the Commission's decisions have to be approved—not, unfortunately, by the European Parliament but the nine national parliaments, and I feel that the difference from a legal point of view is not so great as it is being made out to be. The American Congress will approve the American decision. If, by virtue of its negotiating brief, the Commission comes to a decision on non-tariff barriers to trade, that requires changes in legislation, then in my opinion that decision should be approved by the nine national parliaments irrespective of the American Congress's deadline.

I should like to ask Sir Christopher Soames whether he can possibly tell us how true my view is that there is greater equilibrium than we can judge from the documents.

One last remark. My fellow group-member, Lord Reay—and I think others—has asked whether it is worth collecting 5% customs tariffs. Mr Patijn has dealt with the question of general preferences, which will clearly become of less importance the more we reduce customs duties.

As a former industrialist, I would like to point out that 5% protection is some protection and provides some basis for negotiation at international level. If a man is out in the frost and cold with only his trousers on, and his trousers represent 5% of his clothes, he will not take his

Knud Thomsen

trousers off; he will keep them on as long as he can.

Please excuse this very irreverent comparison, but I think there is something in what I have said.

As I said at the beginning on behalf of my group, we are satisfied with the preparatory work. We hope the Commission will come to us with a successful outcome eventually; the matter will repeatedly be brought to our attention.

If I have dealt with this subject in detail, Mr President, it is because this is the last time I shall have the honour of speaking in the European Parliament. Although I may speak later, I should like, through you, Mr President, to express my thanks for the two-and-a-half years I have spent here. Thank you for the warm friendship and comradeship. I have enjoyed my time in the European Parliament, and wish it all the best in the future.

(Loud applause)

President. — Mr Thomsen, in my capacity as President and therefore as spokesman for this House, I should like to say to you that we all much regret your departure. In response to the words of recognition which you have addressed to the House, I should like to return the compliment and thank you for your loyal collaboration.

I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — It is both an honour and a cause for sadness for me to follow my good friend, Mr Thomsen. Like you, Mr President, and the rest of us gathered here, I wish him well in his future life.

As a member of the Committee on Development and Cooperation, I congratulate Mr Kaspereit on his excellent report. I am particularly interested in the non-tariff barriers and his words on the agricultural sector.

Yesterday, thanks to my friend, Mr Scott-Hopkins, we had a most useful stocktaking of the Common Agricultural Policy, which is, as Mr Kaspereit observed, a special subject of the negotiations. There can, I think, be no doubt in anyone's mind, as the draftsman of the opinion of the Committee on Development and Cooperation observed, that the CAP has been of great benefit to the countries of the Community and, their strength having been built up, it has enabled them to help the developing countries. However, it is vital to secure an even closer liaison between expanding agricultural production within the Community and food aid both in general and in emergencies.

Since as a farmer I know only too well that bad harvests unfortunately strike many countries at the same time and that the developing countries, with their low level of production and nutrition, are especially vulnerable, it is vital to use the opportunity offered by good harvests and expanding production in the Community to provide against the bad years for those who are less fortunate than ourselves.

The key here is the financing of the stocks. I cannot think of a better use of Community funds than to achieve at one and the same time greater expansion and stability in agricultural production within the Community and much-needed regular aid to the developing countries.

I wish also to draw the attention of Parliament to the immense advantage which would accrue to the developing countries with little cost to the developed countries if consumption taxes on tropical agricultural products were to be gradually abolished, with a correspondingly large increase in consumption throughout the world, which would provide much greater stability and prosperity in particular to the poorest of the developing countries.

I therefore ask the Commission to urge this course on member governments.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — In reply to this interesting and constructive debate, I will try to pick up the many points raised by honourable Members.

I should like, first, to congratulate the rapporteur and his committee and the other committees which have provided the material for this report and an excellent basis for our debate today. As I have said before in the House, I greatly welcome these opportunities to discuss what are by any judgment going to be lengthy and complex negotiations. Up to now their progress has been limited, so I am not in a position to give more than a preliminary interim report today.

As the House is aware, the substantive phase of these multilateral trade negotiations began in Geneva only on 11 February of this year, having been delayed for nearly 18 months while the United States Trade Act, which provided the essential negotiating powers for the US negotiators, was passing through Congress. When this essential precondition for effective negotiations was finally fulfilled, the Community for its part was ready immediately to engage in substantive negotiations across the whole area covered by the Tokyo Declaration.

Soames

Indeed, the negotiating declarations with which we began negotiations in February went rather wider than we had first envisaged in the Community's overall view of these negotiations, for they included for the first time, as Mr Klepsch has pointed out, certain provisions relating to export restrictions and to the problem of access to supplies of raw materials—matters which had come very much to the fore during the period between the formal opening of the negotiations in Tokyo and their effective start in Geneva this year.

Since February the work in Geneva has been continuous and intensive, and it has been possible to mark out the broad lines of the negotiations which must be undertaken in the individual sectors. A large number of working-groups and sub-groups have been established, and they are now beginning to get their teeth into a whole mass of detailed problems.

So far, it must be admitted that the work has been more of a procedural and tactical nature and we are a long way yet from being able to say what sorts of solution we can hope to see at the end of the day. However, it might be useful if I were to pass rapidly in review the progress which has been made in the various sectors and, in so doing, pick up points made by honourable Members.

I should like, first, to mention the matter of tariffs. Mr Kasperreit's report—correctly, in my view—emphasizes that the lowering of tariff barriers to give improved access to markets can no longer be an exclusive object of these rounds of negotiations in Geneva. Yet it nevertheless remains true that an agreed formula for tariff reductions will be a key element—indeed, it will be a *sine qua non*—in the success of the negotiations.

When I hear it being explained, as I sometimes do—this was a point which I thought that Mr Thomsen made very effectively—that tariffs are no longer of much importance, then from now on I will think of Mr Thomsen's trousers. I am often struck by the contrast between that view, on the one hand, and, on the other, the cries of protest that go up from individual industries when it is suggested that their tariff protection, albeit small, should be reduced.

In any event, the Community's approach to the tariff field consists of seeking a substantial reduction, linked with a harmonization of the levels of tariff, so that there will be a steeper reduction of higher tariffs than of the lower tariffs. We indeed have now put forward as a working hypothesis in Geneva a tariff formula which will achieve this object and will result in tariff reductions being a function of the existing level of duty.

There has been some initial support in the negotiations for such a formula, although certain delegations would prefer to concentrate on a linear reduction of the type which was applied during the Kennedy round. But this does not find favour with us, because it does not satisfy one of the main objects of our approach, which is harmonization.

Therefore, the main feature of our formula is that the higher be the tariff the greater be the cut in order that we can achieve both aims simultaneously—first, a reduction of tariffs and, secondly, a move towards the harmonization of tariffs.

There is much work to be done comparing the various formulae which will be put forward. Ours will by no means be the only one. This work of comparison is now going ahead, but I doubt whether we shall progress far in this sector until the autumn, when the US Administration will have completed the hearings which they are carrying out. Thereafter I hope that we shall be able to make more rapid progress.

Then there is the extremely important sector of non-tariff barriers, where we are grappling with a mass of such measures. As Mr Kasperreit pointed out in his opening speech, there are 850 of them which have been notified to the GATT. That is a lot of non-tariff barriers.

Since February 11 a number of groups of barriers have been selected for initial examination. They have been allocated to four different sub-groups in Geneva. The first sub-group will deal with customs procedures such as valuation and customs nomenclature. The second sub-group will deal with technical barriers to trade. This is where the proposed standards code comes in. The third sub-group will look into the remaining quantitative restrictions currently being maintained, and it is linked closely to the problem of the adaptation of safeguard procedures, which is being discussed in parallel elsewhere in the negotiations. The fourth sub-group will deal with subsidies and countervailing duties—an area where there are constant irritants in our relations with the United States arising from the lack of an injury criterion in United States' legislation governing countervailing action. All other members of the GATT have the injury criterion built into their countervailing injury formulae. It is a considerable irritant between the Community and the United States that, even after the Trade Act has been passed, the injury element is still not there.

Non-tariff barriers is a big subject. I will not weary the House by going into too many of the non-tariff barriers in great detail, but perhaps it

Soames

will bear with me if I single out the question of the proposed code of standards.

The Community has accepted the principle of negotiating a code which would be designed to prevent obstacles to trade arising from the adoption of new standards—for example, quality or safety standards or measures taken to protect the environment. The principle is thus not at issue, but the practical application of such a code provides difficulties. I should like to tell the House about this.

Within the Community we are committed among ourselves to a substantial effort to do away with national technical barriers to trade—my friend Mr Gundelach is deeply involved here—and, where necessary, to introduce Community-wide standards observed throughout the Member States to do away with barriers to trade among ourselves.

We are ready to agree to these new Community-wide standards' being subject to an international code—that is the Commission's view—but only to the extent that our negotiating partners will be similarly bound to give country-wide effect to this same code.

At this stage in the negotiations, it is still unclear whether certain federal states—there are a number of them—can make an internationally negotiated discipline binding on their state governments in the same way as the Community as a whole would be bound by the provisions of such a code.

Moreover, where industrial standards are established in the private sector, the applicability of an international code is a moot point. So, although this is an area in which we would dearly like to make progress, the House will appreciate that there are difficult matters for negotiation before agreement can be reached, and that this is not something which we should give away unless our partners are prepared to come along on the same basis as ourselves. I think that this is highly important for the development of world trade. We must all march in step on this subject.

On agriculture, too, for all the difficulty that this sector presents, work is well under way. Three negotiating sub-groups have been set up to deal with cereals, meat and dairy products—all areas where the Community is ready to negotiate international agreements.

On cereals in particular, the Community has now tabled comprehensive proposals for a world agreement, to which I hope our negotiating partners will give very serious consideration in the coming weeks. Here is an area in which,

if the will is there, rapid progress could be made and where the making of such progress would be of benefit to everyone concerned.

There is, of course, a delicate problem involved in fitting into the framework of the negotiations going ahead in Geneva the more limited discussions on stockpiling which are taking place at the same time in London following last year's World Food Conference. The Community is taking part in both these sets of discussions, and it is operating in both on the basis of guidelines set out in our negotiating directives for the MTN.

The point I should like to make clear today is that we are bound to measure the possibility of participating in limited stockpiling arrangements against the progress being made towards a more extensive world agreement at the negotiations in Geneva. That is what we should all be aiming at—not merely agreement on stockpiling, but stockpiling as a central feature of commodity agreements to be arrived at in Geneva.

I very much welcome the emphasis placed in the report before the House and in the resolution on the inter-relationship between access to markets and access to supplies. Much was made of this point by Mr Klepsch in his speech.

This latter issue, bound up as it is with the problem of export restrictions, is now being tackled in Geneva—and the Community has a great interest in seeing what results are achieved. Of course, it will not be easy to make progress in this area, which has never been covered in previous rounds of trade negotiations. It is something new. It must be clear that to a considerable extent progress in Geneva will depend on what is done in other international fora, where discussions are likely to go ahead on the whole question of raw materials supplies and access to them.

The House will know that the Commission has sent forward in recent weeks a series of proposals to the Council—we discussed these earlier today—on raw materials, which will be a new and, in our view, constructive approach to the problem. If agreement can be reached in the Council to put forward such proposals on behalf of the Community and to discuss them in depth with the countries supplying raw materials, this will be an important additional element in the Geneva negotiations.

I now come to a matter which has featured very much in the debate. Various honourable Members have talked about the developing countries and their place in the Geneva negotiations.

Soames

As we have always made clear that we would, the Community is seeking to take account of the interests of the developing countries in all the individual sectors of the negotiations. Lord Reay asked specifically in what areas and how we intended to take account of developing countries' interests. My answer is that I think we must take account of them in all sectors of the negotiations. This point was also made much of by Mrs Kellett-Bowman.

What does this mean that we should do? I shall come to the question of the GSP next. First, we must develop the Generalized Preference Scheme, because as tariffs are reduced between industrialized countries the effect of this—unless one looks out and takes care to develop the Generalized Preference Scheme—is to tend to erode the GSP because every reduction of tariffs is a reduction of preference.

Secondly, we must lower tariffs on first transformations, which is something else we discussed at Question Time this morning.

Thirdly, we should reduce tariffs on tropical products. We have asked the developing countries to let us have a list of the tropical products to which they attach particular importance.

Fourthly, in a certain limited number of areas we must retain even low tariffs among industrialized countries so as to give a preference for developing countries through the GSP.

That brings me to the point made by Lord Reay, who asked why we do not do away with low tariffs and whether it is not a fact that low tariffs are so costly to raise that when one gets below 5 per cent one wonders whether it is really worth while. I would make the point I made earlier: ask the industrialists. They think that it is worth while. Secondly, it is not proven that one would save all that much, because one has to have one's customs anyway for high as well as low tariffs. If we were working only on low tariffs what Lord Reay said might be right, but we are working on a broad structure of high and low tariffs. In addition, of course, one would be making the GSP that much less effective if we did away with all the tariffs of 5 per cent and below because we should still be giving a 5 per cent preference on a 5 per cent tariff to industrialized countries producing the particular commodities.

Fifthly, we should try to find special solutions in the non-tariff barrier field to help the developing countries.

Sixthly, we should seek to stabilize prices and supplies through world agricultural agreements.

Seventhly and lastly, I think that our ideas on raw materials, on the stabilization of receipts of exports and on spreading more widely the range of commodities which might lend themselves to having world commodity agreements—I think that all these are ways in which we can help the developing countries in the negotiations. There are, therefore, many permutations and combinations of which one can conceive in this regard.

Now I come to the point made by Mr Patijn as to whether the Generalized Preference Scheme should continue to be autonomous or whether we should not be ready to bind it in this round of negotiations. I do not think it would be right to think of making these arrangements contractual. I will explain why, and I have high hopes that I shall carry the honourable Member with me in my argumentation.

If we made the GSP contractual and if we were to bind it, we should block any chance of further liberalization of world trade between industrialized countries because we should be giving and binding a certain degree of tariff preference. If between industrialized countries there were, say, on a particular item a 10% tariff, and if we were to bind that 10% preference to the developing world, we should be making it impossible for ourselves to reduce that 10 per cent tariff in the future. I do not think that this is right.

This will not be the last tariff round. I think it would be unwise of us to think of binding this or making it contractual. The Community is, however, willing, and has already said that it is willing, to commit itself to the continuation of the GSP beyond 1980. Indeed, I must say frankly that I cannot at the moment see the Generalized Preference Scheme coming to an end.

I could not envisage it. I think it is something with which we are living. However, it is one thing to have this in one's mind and to say that we will go on after the original period, which ended in 1980—which was first agreed in UNCTAD—and that we for the Community's part will continue with that, but quite another thing to bind it.

I come now to the question of reciprocity. We certainly do not seek for reciprocity from the developing countries. We regard reciprocity through different spectacles, as it were, when we are dealing with developing countries and with industrialized countries. This is quite clearly set out in the Tokyo declaration. But I do not think it would be wise, frankly, to take the view that no developing countries should make reciprocal contributions in these negotiations. I would not even go so far as to say that

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this should be done in principle. I think what we want to do is to look at it in a different context, and I do not think we should permit ourselves not to be prepared to ask the developing countries for reductions, for instance, in their non-tariff barriers and some reciprocity for what we shall be doing ourselves.

Obviously, it is not equivalence of reciprocity that we are seeking. In my view it would be a mistake—and I would counsel the House against this—to go so far as to say that in principle or otherwise we go for no reciprocity from the developing world, because I can think of a number of very rich developing countries from whom we shall be wanting to seek considerable reciprocity.

I trust I have not wearied the House too much with this progress report on the work going on in Geneva, but a point on which I think the House would like me to touch is: Where do we go from here?

The next milestone in these negotiations will be the meeting of the overall trade negotiating committee in July. This meeting will in its turn be looking forward to the next meeting of the committee in November. We shall need to look carefully at the work that has been done so far and to see whether there are certain spheres which ought to be given priority in the work in the coming months.

It may well be that we shall agree with our negotiating partners that certain sectors would merit a major concentration of effort with a view to getting closer to solution at an early date. But I take the view that it would probably be unwise to say more than that and to say that one was seeking, as some have suggested, to draw up a list of subjects for speedy completion and agreement—a kind of mini-package, as it has sometimes been described.

The problem about this is that one negotiating party's priority is usually almost by definition another negotiating party's major difficulty. One can spend hours and days wrangling over what subjects should be put in the mini-package. The United States might have something which for them would be very easy. They think, 'All we have got to do is ask it of our partners'. But from the partners' point of view this might be something it would be very difficult to get. We must remain flexible in this regard. We should not lose sight of the fact that the object of these negotiations is to achieve a balanced overall solution. It is evident that many of the subjects under discussion, although not all of them, cannot be self-balancing in themselves. This simple fact means that if we are to achieve an overall balanced solution, it can only be by

setting off the advantages in one sphere against an acceptable degree of imbalance in another. This in itself argues for a continued effort to advance along a broad front.

In conclusion, I would like to state very clearly the Commission's view that these negotiations are of the greatest importance for the future. In the immediate present, I believe they are playing a part in containing the threats of protectionism which today menace the world trading system. The mere presence of the negotiators of the main trading-partners of the world in Geneva working towards a greater liberalization of the system and its adaptation to the conditions of the seventies and eighties is in itself a break on protectionist pressures. But, more important than that, it enables us to look forward to and work for a period when we shall have come out of the present world recession and when the issue of specific measures of liberalization will be a less sensitive one in domestic politics.

We must never forget, when exposed to the day-to-day pressures for a more restrictive attitude in these negotiations, that the changes we are negotiating are not for implementation tomorrow or even for next year, but for a period towards the end of this decade. It is about that we are talking. It is critical that we should not be put out of our stride by the troubles, very considerable though they be, that surround us today.

Meanwhile, our work in Geneva is not going too badly, and the Community's voice has made itself heard. We were the first to table a tariff formula.

We were the first to table a proposal for a cereals agreement. The first proposal to be tabled for a commodity agreement was made by the Community. I am not saying that great progress has been made, but, so far as the discussions have gone at the moment, I think the Community can feel it is playing an active and a prominent part in these negotiations and that is the way I believe the House would like us to keep it.

(Applause)

President. — The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 and 2, I have no amendments or speakers listed.

I put these texts to the vote.

The preamble and paragraphs 1 and 2 are adopted.

President

On paragraph 3, I have Amendment No 1 by Mr Patijn adding the following at the end of this paragraph:

'...; no reciprocity should, however, be required of the developing countries;'

I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I see from Sir Christopher's answer that he does not agree with me. However, I think it is a question of placing the right emphasis on the right thing. Sir Christopher is talking about the rich developing countries and I am talking about Chapter IV of the GATT Agreement, which deals explicitly with the principle upheld in my amendment.

I fully understand that there is no question of not asking for anything in return from the oil-producing countries, for instance, although they are officially classed as developing countries. Of course this is not the aim, and Sir Christopher and I are in agreement on this point. One could perhaps name a number of rich countries in this connection, but I can't think of any at the moment. What we are concerned with is what we agreed to at Lomé and what is laid down in Chapter IV of the GATT Agreement, which must serve as a basis for deciding how the GATT is to evolve.

I consider what Mr Kaspereit said in his motion for a resolution inadequate because no distinction is made as regards reciprocity. I should therefore like to add the following words: 'however, no reciprocity should be required of the developing countries'. In this case we agree as to what developing countries are. And in this case oil-producing countries cannot be considered as developing countries. Both Sir Christopher and I know this; and under these circumstances I have no option but to uphold my amendment. I request Parliament to adopt it.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, I am sorry to have to differ with my own political comrade-in-arms, Mr Patijn, on this matter. He said earlier that he regarded paragraph 3 as being 'too generalized'. He was referring to the Convention of Lomé and to GATT. But this amendment of his is equally generalized, since even the rich oil-producing countries are still regarded as developing countries and, in fact, have their names in black and white on the list of developing countries. If we make no distinction and simply say that we mean all the developing countries on that list, then quite obviously the rich countries are going to point to the fact that their names are on this list as developing countries and they are going to claim the same ad-

vantages. For this reason, therefore, I must ask my colleague, Mr Patijn, to make some distinction in his amendment.

He can do this by making his amendment refer to the 'poorest developing countries' or to the Lomé countries or in any other way he likes. However, in the light of world developments since 1973, he cannot speak simply of the 'developing countries' without making any distinction. Unless some distinction of this kind is made, I cannot see my way to supporting the proposed amendment.

President. — I call Mr Thomsen, deputizing for the rapporteur.

Mr Thomson. — (D) Mr President, I should like to speak here in two capacities, first as the 'ghost' of Mr Kaspereit and then as spokesman for the European Conservative Group. There is no great difference between the two.

Mr President, Mr Kaspereit has had to leave, but he has left a note for me, part of which I shall read to you. It concludes as follows:

(F) 'In reality, we are up against a purely tactical problem. We must help the Commission in its negotiations. We should ask it, therefore, to tell us plainly whether the proposed amendment is of advantage to it or whether it is merely an inconvenience.'

(The speaker continued in English)

That is the word! From what I have already heard from Sir Christopher, I think that this amendment is of no help to the Commission. It could be inconvenient. That is what Mr Kaspereit has left behind him.

If I may now go over to my other capacity and speak on behalf of the Conservative Group, I think that we can quite agree to what Mr Lange has just said. The intention of Mr Patijn is a good one, but Mr Patijn tries to solve a very difficult question in a very simple way and this cannot always be done. I think that generally there ought to be a difference in what can be demanded back from developing countries and what can be demanded back from developed countries.

I understood from Sir Christopher that he realizes the difference here, but the spectre is quite another one! We want, for instance, this time access to raw materials. This can be demanded as a consequence of the negotiations from the developing countries. Also on such things—I do not know so much about it as Sir Christopher—as the technical barriers to trade, we can demand what I call the good and proper behaviour of these countries, too. There are many barriers to trade which they should accept when they

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want to be in good company with the Community.

For this reason, without having discussed it with my group, my advice to the group is to go against the amendment of Mr Patijn, well-intentioned though it may be.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I just wish to say that I do not believe that there is any difference between Mr Patijn and ourselves in the Commission on what we are trying to arrive at here. I said that I go along with him. We do not need to be told this, for evidently we are bound to take a different attitude towards the developing world as regards reciprocity than towards the industrialized world.

I earnestly ask Parliament not to try to pin me down in advance and get me to say that there will be no reciprocity asked for from any developing country in these negotiations before the negotiations have even got under way. I think that that would be weakening our hand and that it would be played back to us time and again. It is not just a question of whether it would be the poorer countries or the richer countries where we drew the line. It is the principle.

I do not know whether, as the negotiations go on, we shall not say, 'What about this non-tariff barrier that you have here? There is no reason for you to keep this, and it would be better for it to be swept away in the refuse bin.' If then those countries are going to turn round and say, 'Your own Parliament says that you are not asking for this', I shall be in a difficult position and I would rather that Parliament did not ask me for this.

As the negotiations get under way we are going to get down to realistic and tangible situations. If honourable Members do not think that I am being reasonable in these negotiations, I am sure that they will have a way of 'larruping' me and that I shall have deserved it, but I ask Parliament not to give me a sort of prophylactic 'larruping' and not to do it in such a way as to tie my hand in these negotiations before they have even started. I like to think that the honourable gentleman does not see me as a hard-nosed extremist whose only object in these negotiations is to prise what he can out of the developing world. That is not what I am after. I ask that the House leave my hands free at this point of time in the negotiations.

President. — I call Mr Van der Hek.

Mr Van der Hek. — (NL) Mr President, I am under the impression that we are very close to the truth. We must understand that if we really come out against the principle of non-reciprocity with regard to the developing countries, we shall be farther away from our aim than ever. This is why I do not understand Sir Christopher's refusal to fall in with our wishes. Chapter IV of the GATT Agreement has been accepted for years now and it says that in general no reciprocity will be required of the developing countries during trade negotiations. Why should the Commission and the European Parliament not confirm this?

I feel that Mr Lange was right in drawing attention to a problem which has only recently acquired significant proportions—namely, the fact that we are now dealing with rich and poor developing countries. This is a distinction which should perhaps be made, and may be... the author of the amendment would like to lead the way. It must be possible to show that the Community still upholds its fundamental principles.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, as my friend Mr Van der Hek has in fact already said, we are not really at odds, and we should not act as though we were. I will gladly try to modify my amendment in the light of the observations made here. I therefore propose that my original Amendment No 1 should read: '...; in principle, no reciprocity should be required of the poor developing countries'.

If Sir Christopher could accept this, I am prepared to alter my amendment as I have just indicated, and I request you to put it to the vote.

President. — An amendment can normally be voted on only when it has been printed and distributed in the official languages.

Does the House decide otherwise for this one occasion?

That is not the case.

I therefore put to the vote Mr Patijn's amendment in its original version.

The amendment is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I put paragraphs 4 to 14 to the vote.

Paragraphs 4 to 14 are adopted.

I call Mr Giraud.

Mr Giraud. — (F) Mr President, I should simply like to say that the remarks made by Mr Patijn were not at all in vain and that they have been perfectly well understood. I believe that Sir Christopher Soames will agree.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I think that the subject which was brought up in this amendment and the fact that we have had this debate shows that we are on the same wavelength. None of us is wanting to do something different. It was merely a question of the form of words which was chosen. I think we all accept the spirit in which Mr Patijn moved his amendment.

(Applause)

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

The resolution is adopted.¹

7. Oral Question with debate: Relations between the EEC and the Chinese People's Republic

President. — The next item on the agenda is the Oral Question, with debate, tabled by Mr Lückner, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Allies Group, Mr Kirk, on behalf of the European Conservative Group, Mr Fellermaier, on behalf of the Socialist Group, and Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities on relations between the EEC and the Chinese People's Republic (Doc. 126/75).

The question is worded as follows:

'In view of the importance of the decision by the Chinese People's Republic to recognize the EEC as such and to accredit an ambassador, could the Commission give fuller details on the present state of contacts between the EEC and China and the developments which may follow?

What are the possible implications of these developments for relations between the EEC and other third countries?'

I call Mr Kirk.

Mr Kirk. — Mr President, that I have been asked by my colleagues to introduce this question is a great and weighty privilege, one which I would like to think is due to the fact that all the other political groups had been seized with the realization that the Conservative

Group could speak happily for all of them. Unfortunately, I fear this is not the case.

It is the desire of the chairmen of the political groups listed here to provide an opportunity for Sir Christopher Soames to make a statement and, indeed, to answer any questions that he cares to answer about his recent visit to China and the events that have flowed from it. All I am asked to do on behalf of my colleagues is to set the scene in which we hope to hear his statement.

I think that it is not exaggerating to say that the decision of the People's Republic of China to recognize the European Economic Community and to appoint an ambassador to it is probably the most far-reaching event to take place in the field of the Community's external relations, certainly since the enlargement of the Community two-and-a-half years ago. It is therefore not unreasonable for Parliament, even at very short notice, to ask the Commissioner responsible to make an early statement about this matter. This is a question put down purely in order to enable us to have a first look at this development, a development of very considerable importance to us in Parliament as well as to those we represent.

Sir Christopher will have noticed that the question is phrased in two compartments. I hope that his answer will also touch on these two elements. The first is really the state of relations between the Community and the People's Republic of China and the developments that may flow in bilateral relations between those two. We know that he had very fruitful discussions in Peking. We know that as a result of them an ambassador is being accredited to the Community. We should like to know a little more about the way in which Sir Christopher sees this developing in trade terms, economic terms, and so on. Secondly—this perhaps is as important, though rather more difficult to forecast—we should like to know the implications of this for our Community relations with other third countries.

We are, I think, realists enough in Parliament to appreciate that, flattered as we undoubtedly are by the decision of the People's Republic of China to recognize the Community and accredit an ambassador, it did not do so solely because it fell in love with Sir Christopher and his bright blue eyes or because it fell in love with the Community and its particular structure and wanted to support it in every way it could. I am sure that it did so because it realized that economically it was to its advantage as it was to ours, but equally I am sure it did so for political reasons as well—not unconnected, perhaps, with

¹ OJ No C 157 of 14. 7. 1975.

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its relations with the Union of Soviet Socialist Republics.

Clearly it is of interest to us to know what is the Commissioner's assessment of the effect of this development on our relationship with the state-trading countries to the east of us, with whom our relations up to now have been of a rather prickly nature.

So there are two aspects which we would like the Commissioner to explore with us, if he would be so good—I apologize to him; we are working him terribly hard today, but it shows the interest that we have in his department—first of all the strict bilateral relations, and secondly what might be called the knock-on effects of this on our relations with other countries.

That is all I need to say in putting this question on behalf of the political groups. We look forward with great interest to hearing what the Commissioner has to say.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — I am grateful to Mr Kirk and to all his colleagues who have initiated this debate on what Mr Kirk has rightly described as a notable diplomatic and political event. Perhaps it would be of greatest use for the House and for the debate if at this early stage of the debate I were to convey a few thoughts to the House on this visit and what came from it.

The question put down to the Commission shows the keen interest in relations between China and the Community which is felt in this House and reflects, I am sure, a wide public interest too. I have already reported to the Committee on External and Economic Relations on the outcome of my visit to China from 4 to 10 May; but I am glad of this opportunity to make a report to the whole House.

I apologize for being so much on my feet today. All I can say, Mr President, is that it is not my fault that these matters are put down one after the other. If honourable Members are tired of my face I hope they are not tired of what I am trying to say.

The purpose of the visit was to make the first contact at a political level between representatives of the European Community as such and governmental leaders of the People's Republic of China. There have, of course, been a number of visits to Peking in recent months and years by ministers and Heads of Government from the Member States of the Community, but they have in all cases visited China as represent-

atives of their countries and not of the Community as such. The Chinese initiative to invite me as Vice-President of the Commission in charge of external relations for direct talks with those in China responsible for relations with Europe was greatly welcomed by the Commission and I hope by the House as well.

During my visit to Peking I called on the Chinese Prime Minister, Mr Chou En-lai, and had a considerable talk with him and Vice-Premier Li Hsien-nien. I had two lengthy talks and a dinner with the Foreign Minister, Mr Chiao Kuan-hua. I also saw the Minister for Foreign Trade, Mr Li Chian, and his Deputy, Mr Yao, and my officials followed up these talks in two sessions with officials from the Ministry of Foreign Trade.

My talks with Chinese government leaders were comprehensive, very frank and, for me, most stimulating and agreeable.

In addition to discussing the future relationship between China and the Community, our exchange of views covered a wide range of issues in the international economic field. We discussed the evolution of the relations between the developing and the industrialized countries, with particular reference to international problems like energy, raw materials and food. It was able to give some account of the prospects for the development of the European Community and for the evolution of its relations with various other parts of the world. We also discussed Chinese attitudes on these matters, which were set out to me particularly by Mr Yao.

It was encouraging to hear at first hand a re-iteration of the long-standing position of the People's Republic of China of support for the efforts we are making towards greater unity in Europe. It was also encouraging that both sides were convinced of the need to conduct future international economic discussions in a spirit of dialogue and cooperation and not one of confrontation.

As the House will be aware, two significant points emerged in respect of bilateral relations between China and the European Community. In the first place, the Chinese Foreign Minister informed me that his government had decided to establish official relations with the Community as such and intended to accredit an ambassador to the Community. I was able to welcome this decision unreservedly on behalf of the Community and to make it clear that we regarded it as a most constructive step towards developing a closer and more fruitful relationship between China and the Community.

The Minister of Foreign Affairs recalled in this connection China's well-known position in the

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matter of Taiwan, a question to which the Chinese Government attach great importance. He enquired about the Community's attitude to this question, and I explained that matters such as the recognition of states did not come within the responsibility of the Community; but I was able to satisfy my Chinese hosts that, in keeping with positions adopted at various times by the Member States, the Community does not entertain any official relations with Taiwan or have any agreements with it.

As to trade relations between the People's Republic of China and the Community, which was the next major point of the bilateral aspect of our talks, the starting-point of our talks with the Minister and the Vice-Minister for Foreign Trade was that the Community took over responsibility for commercial policy in relations with China as from 1 January 1975. The individual trade agreements between the Community's member countries and the People's Republic of China had expired. We confirmed the Community's readiness to negotiate an appropriate Community trade agreement to take the place of these expired agreements between China and the various Member States. At the end of last year, I had myself already conveyed this readiness to the Chinese authorities, together with a copy of the outline trade agreement which we had discussed and which had been approved in the Council of Ministers. This was the outline of the sort of agreement that the Community envisaged itself being able to make—subject, of course, to discussion and negotiation with the state-trading countries.

The Chinese Ministers told me that they had decided to give positive consideration to this proposal. They made it clear that they see it as a logical consequence of their decision to establish official relations with the Community that those relations should also be extended to trade. They said, 'Once we recognize the political existence of the Community, and we applaud it, it is natural that we should follow its rules and be prepared to trade with it in the way it expects us to trade with it.'

Indeed, we started right away with an exchange of views on different aspects of such an agreement. These talks were continued at official level, after my meetings with the Ministers, between officials on our side and theirs in Peking. We have thus already laid the ground-work for further exploratory talks on the conclusion of a trade agreement, and we agreed that the next phase of this exploration would take place in Brussels.

I hope that the House will share the Commission's pleasure that it was possible during this first contact to make such substantial progress.

We have now taken a first step towards a closer relationship, which I believe will prove to be of considerable significance both to the People's Republic of China and to the Community.

Two questions seem to have attracted particular comment. Here I come to the point made by my right honourable Friend about two aspects—one the bilateral and the other the multilateral aspect of the question. The first question is that of the prospects for the Community's relations with China; the second concerns the implications of the Chinese decision for the Community's relations with other parts of the world.

On the first of these questions, there is no doubt that trade with China offers the Community considerable possibilities in the long term. It is too soon to say what immediate results trade negotiations with China may lead to. We have not yet discussed particular sectors with the Chinese in any detail, but the extent to which we can expect an early increase in the Community's trade with China depends on a number of factors. It depends, first, on the Chinese Government's own decisions on the rate of economic development they wish to pursue within China and the extent to which this development will need to be assisted by importing capital goods from abroad. So far they have tended to seek to rely for the most part on their own resources, but there are certain imports that they have and wish to make.

It will also depend on the competitive position of Community industry in relation to Japanese and United States industry. If the Chinese Government decide to step up the tempo of their imports, there will be considerable competition among the countries of the industrialized world for that trade. Therefore, it will largely depend on our own competitive position.

There are other factors which are still unclear, but one thing is certain. The establishment of normal, official relations between China and the Community will lead to greater understanding between the two. Having an ambassador accredited to the Community will permit the development of frequent and natural contacts not only with the Commission, but with Parliament, the Permanent Representatives, and all the Community institutions. This is bound to increase both Chinese understanding of the Community and the Community's familiarity with Chinese views and interests.

On the other question—the wider implications of the Chinese decision—I should like to make two points. First, it is our hope that this closer relationship will lead to a fuller understanding on the part of China of the Community's positive attitudes towards the developing world. We dis-

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cussed these questions in some detail in Peking. I emphasized that it was our intention to keep the Chinese Government informed of our thinking and policies as these evolve.

I believe it is reasonable to hope that our views will be taken into account by the Chinese in the attitudes that they themselves adopt in these matters, both in their bilateral relations with developing countries and in multilateral fora.

Secondly, I have heard it suggested that the Chinese willingness—this point has been touched upon by my right honourable Friend—to negotiate a trade agreement with the Community is likely to inhibit Russia and the other countries of Eastern Europe from doing the same.

I am confident that this is wrong. These governments will make their own judgments for their own reasons on when they will be ready to treat with the Community as such on commercial matters, as does not only China but the whole of the rest of the world.

I do not believe that, for instance, the Russian decision in this matter is likely to be influenced by the actions of China or any other country. They will surely be guided by what they conceive to be in their own best interests.

It remains, of course, our hope that the time will soon come when the Russians and the East European countries will treat the Community in exactly the same way as do our trading partners in every other part of the world.

So much for that aspect of matters. I think we will just let things take their course and develop. It is my profound belief that the motor of decision among the countries of Eastern Europe will be what they regard as their own interests.

There is one point, and a particularly important one, over which I found myself in complete agreement with the views of my Chinese hosts. This was the future of the Community. They consider it is in the interests of everyone that Western Europe should be strong and united. They think it less likely to be a potential battlefield if it is united, and they see it as having an important rôle to play in the world at large.

The Commission's view, which I hope is shared by the House, is that China and the European Community have much to gain from the closer and more confident relationship which now opens up before us—both of us peoples of yesterday, both of us peoples of tomorrow.

(Applause)

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

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, over two years, ago, when this Parliament set aside an hour of each part-session for discussion on matters of topical interest, I made a plea in the first of these hours for the Commission to be given wider powers and freedom of action in the matter of developing relations between the European Community and the People's Republic of China. It is a source of great satisfaction for us here today to hear Sir Christopher Soames report on the practical steps that have been taken to build up these relations. The fact that so much time has elapsed since I first raised the matter is no harm at all, as it seems to me that the time has been put to very good use. Foreign policy is not something that can be shaped overnight; it needs time and patience, particularly where Asian countries are concerned. China is the hundredth state to recognize the Community. This means that an overwhelming majority of all the states of the world have acknowledged the reality of the European Community and come to terms with it. The accrediting of a Chinese ambassador to the Community, the exchange of delegations and information and the promotion of trade is of economic and political importance for both parties. Sir Christopher has pointed this out, as has also our friend, Mr Kirk.

There are a number of points that we have to bring home to ourselves if we are to guard against getting the wrong slant on the whole situation. Any keen observer of Chinese reactions to world political questions in recent years will have noticed that Chinese policy-makers were quite clear-sighted and realistic about regarding the European Community as a third world power. This idea of the third world power has occupied a prominent place in all China's diplomatic overtures and propaganda campaigns in recent years. It wished to indicate by this that it ranked itself in fourth place, or, as its Foreign Minister and its propaganda agencies have been insisting recently, it wanted to have several power centres in the world, not just two power-blocs in a state of perpetual confrontation.

If we make a critical analysis of statements from Chinese sources, we see that their assessment of the European Community's importance is based on the twin realities of industrial potential and volume of foreign trade. China concludes quite logically that a strong economy and foreign trade add up to a successful foreign policy and direct or indirect power, which cannot be overlooked as a factor on the world scene.

The European Community, which has been exercising sovereign responsibility for foreign trade since 1 January of this year, has established contacts with all the state-trading countries with a view to negotiating joint trade agreements

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with the Eastern-bloc countries. At the end of 1974, as we have been informed, outline trade agreements were forwarded to the state-trading countries. China was not excluded from this, especially as it had already made it quite clear that it was prepared to recognize the European Community if the political and economic situation were favourable.

The economic advantages to be derived from a development of relations are obvious. Already the Community is one of China's main trading partners, behind Japan but still ahead of the United States, even though the volume of trade with China is still very limited by comparison with trade with the rest of the world.

China, as Sir Christopher has hinted, seems to have now emerged from a period of isolation from the outside world and to have realized that its economic development can only be secured with the help of the industrial nations. One characteristic feature of this new approach is China's readiness gradually to abandon its insistence on the principle of an equal trade balance and to step up imports even if it means incurring foreign debts. It is very important for the Community, therefore, to cultivate good trade relations with this thriving country, whose size is so enormous with its 870 million people that it boggles the imagination.

We should therefore leave no stone unturned to develop our trade relations as rapidly as possible, since it is in the best interests of both parties. Now what is the position with regard to the political basis for these relations? The first thing I should like to stress in this connection is the undisguised sympathy China has shown to all endeavours towards European unification. It has not closed its eyes for reasons of political dogma to the reality of the new European situation, as has been the case, unfortunately, with the Soviet Union. We may, therefore, rest assured that a united Europe occupies a very prominent place in Chinese foreign policy. China's main problem, however, remains its relations with the Soviet Union. This must be admitted. In its relations with the Soviet Union it can only be of advantage to China to have a strong Europe as a counterweight. China supports our efforts towards unification, therefore, not only for their own sake but also, and principally, because they fit in with China's own plans. This does not mean, of course, that we should not welcome Chinese support or make every effort to enlist it on our side.

The European Community is keenly interested in living in peace—I stress in peace—with all the peoples of this earth. We are pleased that we have taken a further step along this road in our relations with China. We hope that it will be

followed by further similar steps where the East European states and the USSR are concerned. We have drawn up an outline agreement, which we submitted to the interested parties at the end of last year. The USSR, Poland, Hungary and Rumania have got the message that from now on they will have to deal with Brussels, and it is for them to make the next move. The news that the People's Republic of China was to send a permanent representative to Brussels as a result of its negotiations with Sir Christopher Soames caused a great stir, not only in Europe but throughout the entire world. It is, I should like to stress, a development of prime importance in world politics.

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

Mr Carpentier. — (*F*) Mr President, ladies and gentlemen, every one of us, I believe, is aware—as previous speakers have said—of the importance of this event. But I wonder if its importance is appreciated.

I had the privilege of accompanying the delegation from the French National Assembly which, led by Mr Peyrefitte, went to China in July 1971. It stayed there for three weeks; it was shown many things, and it had many talks with the Chinese government at the highest level. To appreciate fully the importance of this event requires an exact understanding of what China is today. We may say with complete objectivity that in 25 years China has freed itself from what was practically a system of slavery.

Everyone now has enough to eat in China, everyone is decently clothed, has medical care and learns to read and write. Twenty-five years is not a long time in the life of a country. That is the greatness of the achievement of the present government, besides uniting the country and driving out the invader. And now it has approached the European Economic Community and accredited an ambassador to it.

I make these few brief remarks in the hope of overcoming certain preconceptions which might be held by some Honourable Members or by public opinion in the Community. We are dealing with a great country and a great people, and we must welcome the decision it has taken.

There are some who cannot resist the temptation to look for more or less underhand reasons behind this decision. I do not share their view. The action of the Chinese People's Republic is, in my opinion, an expression of support for the European Economic Community and shows the interest they take in us. We must now make sure that we make progress in our relations with them.

Carpentier

But I should not like us to confine ourselves to the trading aspects. Obviously, the People's Republic of China is interested in trading with the Community, just as we are interested in trading with them; but there is more to the question of our relations with the government and people of China than that. I believe that we must go further, in particular in the field of cultural relations. It is not just a matter of one country and one Community deciding to enter into trading relations; it is also an encounter between two civilizations—the old civilization of Europe and the millennial civilization of China, which, if we go to the heart of the matter, have some features in common. We must therefore do more than merely accommodate our mutual interests.

In conclusion, I would say that I hope that the relations, which have scarcely begun today, will tomorrow be as wide-ranging as the problems they will help to solve, and that they will perhaps one day lead to a change in the balance of power in the world. Perhaps the old Europe and the People's Republic will establish relations based on different kinds of attraction than those we know today, and in such a way the balance of power in the world will be better assured as a result of their collaboration.

I feel, therefore, that this event will be regarded as a historic one in years to come and by future generations. A large part of the credit must, of course, go to Sir Christopher Soames. We must pursue this course conscientiously and without considering ulterior motives, in order ultimately to realize what is today only a faint hope—the establishment between our old continent and China of increasingly firm relations which, I am utterly convinced, will make the world a safer place for humanity tomorrow.

(Applause)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — I was entirely fascinated by Sir Christopher Soames's account of his discussions with the Chinese authorities in Peking. I should like to congratulate him more particularly on the able way in which he dealt with potentially explosive questions such as the recognition, or otherwise, of Taiwan.

The Liberal Group can, of course, only welcome the establishment of some sort of relationship between the European Communities and the People's Republic of China. It is perfectly true that the recent signs of Chinese interest in the development of the Community are chiefly due to the possibility that, over the years, the Community may tend to become an international

entity the very existence of which may act as a counterpoise to the exercise of Russian pressure on the northern and eastern boundaries of the People's Republic.

The Chinese are likewise no doubt concerned with the possibility that one day, if our Community does not develop into a coherent entity, the Soviet Government may, by one means or another, control it politically, thus adding immeasurably to its power and influence in the world generally, and notably to its ability, should it so desire, to interfere in the internal affairs of China.

But it is not only such considerations that must lie at the root of any successful and enduring cooperation between Europe and China. I believe that at any rate the present Chinese leadership is genuinely well-disposed towards the creation of what may be called a European presence in world affairs for both cultural and economic reasons.

Although the Chinese naturally describe themselves as anti-imperialists—we know that—they no longer tend to associate imperialism with Europe. And they seem to be less suspicious of what some nations of the so-called Third World regard as neo-imperialism on the part of the ex-colonial powers. Thus the Americans, who for evident reasons are not now, perhaps, so influential in the Far East as they were a few years ago, should surely not object to a kind of special relationship between the People's Republic and Europe; for such a relationship, if it could be developed, might well have a stabilizing effect on the relations between the industrialized and non-industrialized nations generally. I was most interested in what the Commissioner had to say on this point.

All this, I must admit, is theorizing, and from a practical point of view there may not, for the reasons given by Sir Christopher Soames, be very much to do in the immediate future to stimulate trade between our Community and China by means of some general agreement which he will try to negotiate. But China is nevertheless developing at a prodigious rate, and in the absence of any internal collapse or natural disasters her influence on world events will undoubtedly increase. Therefore, we ought, if we can, to have a common policy towards that great country.

I may be optimistic, but I can only hope—perhaps Sir Christopher will say what he thinks in this regard—that the Commission will some day be able to establish some kind of office in Peking or Shanghai. Why not? After all, it should not be too difficult for our nine governments to speak with one voice as regards China. One of

Lord Gladwyn

them already has a kind of special outpost on the Chinese coast which it seems very much in the Chinese interest to preserve and which in any event they now make use of in a big way to promote their trade. But there is no reason why, for this reason, the other eight governments should not attempt to concert their policies *vis-à-vis* Peking—on the contrary. I need hardly say that what may eventually be decided on this point would have no unfavourable effect on the possible future relations of a commercial nature between China and COMECON.

I should like to make one other point before I conclude. A few years ago, when I was in this forum in another capacity, I took the lead in urging the initiation of a study of Chinese methods of developing what was a predominantly agricultural community by labour-intensive projects rather than by the excessive employment of machines. We must recognize that, whatever views we may hold of their political philosophy, the Chinese have, since 1948, succeeded in abolishing famines, in encouraging industry and, indeed, in notably raising the whole standard of living of the Chinese people without any external aid whatever. This can hardly be said of quite a number of developing countries, which since the war have had the advantage—if advantage it be—of vast sums in the way of financial and, indeed, technical aid pumped into them from the West. There must surely, therefore, be some lessons we can learn from Chinese techniques, and if the Commission ever gets established in Peking or Shanghai it might be of considerable use in reporting on such developments.

Some experts hold, I know, that the astonishing Chinese effort of recent years is the result of the oldest continuing civilization in the world—for that is what it is—pulling itself together and making use of its inherited traditions and skills. That may be. But other developing countries have had the advantage of very old continuous cultural traditions also and yet do not seem to have had the same success in either adapting themselves to the techniques of our brave new world or inventing new ones of their own.

All things considered, therefore, I regard a developing relationship between Europe and China as something which should be encouraged by all means in our power. One hopeful sign is in any case that there is, mercifully, no need to speak of any *détente* in our relations with China. No doubt the Chinese are still in their own opinion, as they call it, the Middle Kingdom and the centre of the world, but they show no sign of wanting to impose their own philosophy on the Outer Barbarians.

The basic wish of the race of Han is to be left alone. If this is accepted it becomes apparent, at

any rate to my mind, why the present question before us has been put down in the name of all the groups in this Assembly except the Communist Group, because evidently the Soviet Union does not want to leave China alone any more than it wants to leave any other nation alone.

Those are the thoughts that I should like to submit. Perhaps Sir Christopher could comment on them?

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

Mr Lenihan. — Previous speakers have emphasized the fact, which I think needs to be said again, that the mission of Sir Christopher Soames, as Vice-President of the EEC Commission, to Peking has been a milestone in the development of relations between the Community and the rest of the world. Indeed, the Lomé Convention signed in the current year shows that what we are about in this Community is not only being a trading bloc but being a union of civilized European nations which have something very basic to contribute, both in the broad area of geo-politics *vis-à-vis* our relationship with China and in the very practical area of links with the developing countries of the Third World in the Caribbean, in Africa and the Pacific, with which we can profitably trade and exchange also on a cultural level.

Basically, this represents an intelligent, sophisticated approach towards the broad geopolitics of the world as it now exists, and this should be Europe's main contribution to ensuring that that type of approach is brought to bear on international problems.

Some of our friends do not have as practical an approach, and I think it is very important—and this is the view of our group—that the initiative which has now been sponsored and will have its first fruition in the form of diplomatic relations being established by the People's Republic of China should be followed by trade relations and a trade agreement, again taking it gradually, and that furthermore there should be a spread of information and knowledge between the massive People's Republic of China of 870 million people and the Community of Europe, our community of 250 million. We represent two substantial unions of civilized peoples who can exchange on every level, starting on the diplomatic level that is about to be established, moving on into the trade and economic area and, we hope, from there into the information, education and cultural area.

Lenihan

We have to recognize that in the world of today the old balance-of-power idea, given a new civilized and sophisticated dimension, may be the best guarantee of peace in the immediate and near future. There is a recognition in this Soames initiative of the fact that we are a political as well as a trading community. There is recognition of this also in the Lomé Convention. We have here two examples in this current year of Europe's taking initiatives in the broader political or geo-political sense and emphasizing again that we have a positive contribution to make in this area where other peoples may not have the same sophistication and sense of history which this Community had and which enabled it to deal on this basis with a very historic people. I was certainly encouraged to hear Sir Christopher's remarks. I heard them earlier on, on his return at a committee meeting. We must hasten slowly but firmly in this area. There is no intention on the part of the Community—I think that this should be emphasized—to move in this direction in any narrow, hostile sense *vis-à-vis* our friends in Eastern Europe, in the USSR and indeed in the United States of America; broadly speaking, what we must seek to achieve is a reasonable balance in the world today.

In that balance the United States of America, the European Community, the USSR with its East European states, China and the great emerging countries of the world all have a part to play. Nobody has a predominant or an aggressive part to play. By seeking to harmonize the balances throughout the whole world, the Community itself can play a very real, practical and fruitful rôle.

It is in that spirit that I view Sir Christopher Soames's mission and feel that there is a real part to play on the part of the Community to which we belong. We can play our rôle within the European, Mediterranean and African context and recognize the position of the other great peoples in other areas of influence and seek by our leadership to promote the whole global balance which is required. I believe that this is the intention and the spirit of the initiative shown by the People's Republic of China in establishing diplomatic relations with the Community, and I take it that it is in that spirit that Sir Christopher Soames is acting on behalf of the Community.

Our group feels that this is the right direction in which to go. I come from a country that many years ago proposed—at a time when it was very unfashionable and unpopular to do so—that the People's Republic of China should be admitted to the United Nations, and I am very glad that we are now taking initiatives in Europe to ensure that we cement and consolidate a relationship

that cannot be anything but fruitful, without any spirit of hostility towards any other group or any other interest area of the globe in which other groups of nations may feel that they have a part to play.

(Applause)

IN THE CHAIR: MR BERSANI

Vice-President

President. — I call Mr Dykes.

Mr Dykes. — Unless other speakers catch your eye, Mr President, I may be the only Member not speaking on behalf of a group but expressing more of a personal view whilst at the same time wholeheartedly endorsing all the views so far expressed by the group spokesmen.

I should like to echo the congratulations already conveyed to Sir Christopher Soames on this remarkable, interesting and, in the long term, significant achievement i.e., not only his visit to China on behalf of the European Community but also this notable development in it.

Sometimes debates in this Parliament, if no one speaks after the groups have had their say collectively, are regarded as relatively dull. However, in this instance there is a self-evident, warm and obvious reception for this major and interesting development.

As Sir Christopher Soames has suggested, I think all honourable Members will adopt his wait-and-see approach to ascertain how this matter will develop in future. However, it is a major step and has been registered as such in the newspapers of the world, not only in our own European newspapers.

I should like to express one or two brief thoughts in the short time available to me.

Like our French Socialist colleague who referred to the visit of the Peyrefitte delegation from France in 1971, two years later, in 1973, I had the privilege and pleasure of visiting the People's Republic of China. Whilst the internals and intrinsics of China's history and recent development are in themselves only secondary to the development of their external relations with the Community, it is none the less wholly fascinating for the Western visitor to see the remarkable achievements of that unique country. I hope that the proposal by the authorities in the People's Republic of China that we should have formal diplomatic relations is not, as it might be considered, based on those real-political and geo-political considerations of a counterweight to the Soviet Union emanating from the future of the Community and all that. I hope that it is

Dykes

also a genuine mutual attraction, on the European Community's part for this unique country in the East and on their part for a unique, new, political, social and economic development in Europe. I hope that this mutual attraction, if it exists, will lead to all kinds of practical things in future, but it would be wrong and premature to try to spell out detailed matters at this stage.

I hope that it will not be too long before Sir Christopher can come back to the House and give us more information about the putative trade agreement between the Community and China, but now is not the moment for it.

I hope that it will not be too long before we can contemplate a European Economic Community trade-fair in the People's Republic of China, either in Peking or, more appropriately, as has taken place on many occasions with individual countries, in Shanghai, perhaps not necessarily dealing only with trade. I hope that the Chinese authorities will be prepared to allow a lot of exhibition material about the development of the Community to be shown, perhaps in the capital city, to demonstrate to the Chinese people what this unique, new experiment of the European Community means.

There are many other matters to which I could refer if time were available. Those are some general sentiments. While echoing on a personal basis the warm sentiments which have been expressed regarding this first new, small step for mankind, I should like to point out that we have official Chinese observers here today in the gallery. I hope that, despite the fact that this has been a relatively quiet and straightforward debate, they will not think that it has not been regarded as very important to all the Members of this House.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission. — This has been a valuable debate. I am glad to have had the opportunity of setting out these thoughts to Parliament and of getting the reactions of honourable Members.

I think that one could pull out two themes from the debate. One is satisfaction, so far as it has gone, that this is something notable and good. I think that we are all agreed that this is not something which other countries need feel should make them any more reticent than they are in their dealings with the Community. This is all for good and none for bad.

The second point is that this is inevitably a slow process. It is something which is just beginning, but is of considerable importance to the 800 million or 900 million people in China, which

is a fantastic country with enormous resources and potential. We are now setting out on a road leading to a new relationship. An excellent Chinese saying which I learned while I was there is that the longest journey begins with the first step. We have together taken the first step along a road of cooperation and understanding, which I hope will be reflected not only in bilateral terms, but in terms of what I might call the whole North-South complex. I should like to think that we are setting out in step together along this road.

I am grateful to honourable Members who have taken part in the debate and welcomed this event and who, like myself, see it as something which in future might be seen to have been of substantial importance.

President. — I have no motion for a resolution on this debate.

The debate is closed.

8. Address by the President of the Council

President. — Ladies and gentlemen, the President-in-Office of the Council has informed me that he would be glad to wind up, with a brief speech this evening, the six months during which he has exercised the presidency of the Council of the European Communities.

I therefore have the honour to call Mr Fitzgerald, who, by his outstanding commitment, dynamism and efficiency during the last six months, has demonstrated so well his ardent faith in Europe.

(Applause)

Mr Fitzgerald, President-in-Office of the Council. — Mr President, I thank you and the House for the courtesy of allowing me to pay my respects to Parliament at the end of my presidency. I thank you, Mr President, and your colleagues for the kind remarks that have been made about the Irish presidency during these six months.

It has been an eventful period. I would pick out a couple of outstanding events which will certainly remain in my memory. The negotiations with the ACP countries in January, with the Abidjan Parliamentary Conference sandwiched between them, were an unforgettable experience. I am grateful to have had the opportunity to play a part in it, aided a little, perhaps, by the fact that Ireland's historical experience has been closer to that of many of those with whom we were negotiating than the experience of some of our partners.

FitzGerald

The first consultations between the presidency of the ACP countries and the Community are taking place at this moment in this building and have been temporarily interrupted for me to make these few remarks. The ACP, therefore, is very much present in my mind at the moment.

We also had the re-negotiation of the terms of Britain's membership on the basis agreed in Dublin. I am glad that the majority in the United Kingdom referendum and the turn-out of voters was so high, even if it was not quite up to the standards of the Irish referendum three years earlier.

I am sorry that I shall not be in Parliament to join in the welcome which I know will be extended to the representatives of the British Labour Party, who will bring new strength to this body.

Another major event in this period was the Euro-Arab dialogue. At the time that we took over the presidency, the dialogue was in difficulties. It is now under way. Although during the six months renewed difficulties arose at different times, they have been overcome. According to the news that I had from Cairo last week, it seems that we are now beginning to make practical progress in this matter. One of the aims that I set myself was to leave the Euro-Arab dialogue in better shape than we found it and to get it under way during our period of office in the presidency. I hope that we have succeeded in that.

We also had the important conference in Paris—the preparatory Producer-Consumer Conference. I know that that was not a success in the sense that it did not lead to agreed results. None the less, it was not a failure either, in the sense that it did not bring to an end the work of seeking to avoid confrontation between producers and consumers and of seeking to bring the two to work together.

In this task the Community rôle has been primordial. It is the Community which has been playing the primary rôle in trying to find a way through the difficulties and trying to prevent a confrontation between the industrialized and the developing countries.

I think the Community actions at that conference helped to ensure that it did not end on a sour note, as it might so easily have done, and it has therefore left open the possibility, which has now become much more clear-cut since the OECD meeting several weeks ago, to take up this matter again to make a second and successful effort to bring the producer and

consumer countries together to discuss energy and raw materials.

The last of the few points I wish to mention particularly and to which we have had to give our attention during this period is the situation in Portugal. We have in recent weeks prepared the way for a programme of aid to Portugal in the perspective of a democratic development, there which we all hope for at this critical moment in the history of that country. It would, I think, be tragic if a reversal of the democratic process there should take place and should inhibit the provision of aid and assistance which the Community, I think, is willing to provide to Portugal on its way to democracy. I hope that the preparatory work we have undertaken towards this end will not be found to be in vain but can be put to good use and will help the process of democratization in that country.

These are some of the main events and the main preoccupations we have had during this Presidency. However, I should like to add that it was one of the principal objects of the Irish Presidency to strengthen the relationship with Parliament. We in the Council cannot always help towards this end by agreeing with Parliament on every issue. In a Community of nine, as I have said before in this House, policy is sometimes decided by a majority of one against a minority of eight or by various other numerical divergencies between the partners. It is not always easy to get nine countries to agree to make progress in the direction which Parliament wants. But after two-and-a-half years in the Community, I am more than ever convinced that further progress towards European integration cannot be made except through the evolution of Parliament, through a parallel development in the powers of Parliament and in its method of election.

On Ireland's proposal, it has been agreed, subject to two reservations which I hope will very soon be lifted, that direct elections will take place from 1978. These direct elections, if they are to be meaningful and if people are going to feel it worth while to come out and vote, must be preceded by a strengthening of Parliament by giving it some legislative rôle in the two years ahead. I express a personal view, as you can imagine, on this point: I am not speaking for the Council at this moment. It is my personal conviction that these direct elections must be preceded by a strengthening of Parliament. Direct elections will be followed by a rapid expansion of Parliament's functions and powers, because this will be demanded by Members who will then draw their authority directly from the peoples of Europe and will be able to talk on different terms to the Coun-

FitzGerald

cil of Ministers as against what it may be possible for Parliament to do at this time.

Freed from the responsibilities of my neutral rôle in the Chair, I can assure you, Sir, and Members of this House that I will in the months and years ahead press strongly for progress along this road, which is the policy of my government and the purpose and intent of my country.

Thank you very much for the kindness you have shown to me throughout this six months. I hope I may be permitted to return from time to time even in the four years that will elapse before the next time I am entitled to be here as President. I look forward to maintaining the close contacts I have built up with you, Sir, and the other Members of this House during this period. Of course, there is always the possibility I might be coming back as a Member, but I do not hope for that, certainly within this particular period. *(Laughter)* However, if by any chance a change of government occurred, I would hope that as a compensation for that I should find myself sitting on these benches.

(Loud applause)

President. — Mr FitzGerald, the rapid synthesis you have just offered strengthens our appreciation of the work you have done in such a truly European spirit.

The applause of this House is, I think, proof in itself of our unanimous feeling of gratitude.

(Applause)

9. Change in the agenda

President. — This morning, President Spénale informed the House that it would be very difficult to deal this afternoon with Mr Walkhoff's report on the European Schools system.

Since we have only a few minutes left before the end of this sitting, I propose to the House that we defer this report.

I call Mr Walkhoff.

Mr Walkhoff, rapporteur. — *(D)* Mr President, in view of the importance of the European Schools and the fact that we have only 25 minutes left, I agree with you that we should not try to deal this evening with the 'own-initiative' report on the European Schools. In this short time it would not be possible to ensure that all who wanted to speak would have a chance to do so. Furthermore, some col-

leagues who wanted to speak on this subject, including, for example, Professor Meintz of the Liberal and Allies Group, left the House this morning after President Spénale's announcement.

Mr President, I should like to ask you to consider whether it might not be possible to deal with the 'own-initiative' report on the European Schools to-morrow at 3.00 p.m., that is to say, at the same time as it was originally planned to have it to-day. If this cannot be done, then there is probably nothing we can do but deal with the report at the next part-session in July, though I regret this very much. At any rate, I should like to ask you to see to it that this report is then given a suitably prominent place on the agenda, so that there can be no doubt in the public mind as to the importance we attach to the problem of the European Schools. I think, in fact, that this report should again be put on the agenda for Wednesday or Thursday.

President. — I call Lord Gladwyn.

Lord Gladwyn. — I support what has been suggested.

I propose that this item be put off until our next part-session, in July.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission. — *(F)* Mr President, in view of the importance of the matter, I, too, should like to recommend that this item be postponed until the July part-session and not entered in tomorrow's agenda.

President. — Since tomorrow's agenda is already very full, I propose that the debate on this report be deferred until the July part-session.

Are there any objections?

It is so decided.

10. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Thursday, 19 June 1975, with the following agenda:

9.30 a.m. and 3.00 p.m.:

— Statement by the President-in-Office of the Council on the social situation in the Community;

— Oral Question, with debate, on information programmes on nuclear power-stations;

President

- Report by Mr Härzschel on financial and technical aid to non-associated developing countries;
- Joint debate on
 - the report by Mr Zeller on two regulations on measures in favour of the ACP countries;
 - the report by Mr Nolan on the Lomé Convention, and
 - the report by Mr Bersani on trade arrangements with the OCT associated with the EEC;
- Report by Mr Memmel on the financing of nuclear power-stations;
- Report by Mr Gerlach on the implementation of the Communities' budget for 1971;
- Report by Miss Flesch on the draft estimates of Parliament for 1976.

The sitting is closed.

(The sitting was closed at 5.40 p.m.)

ANNEX I

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

Question by Mr Radoux

Subject: Financial problems posed by unemployment in the Community.

Could the Commission give its opinion on the creation of a European fund to meet the financial problems posed by unemployment in the Community?

Answer

In 1973 the Commission put forward an idea for a Community intervention system for unemployment benefits (in particular in its communication on the progress achieved during the first stage of economic and monetary union and in its Guidelines for a Social Action Programme).

Furthermore, the study group on 'Economic and monetary union—1980' has also proposed a number of measures, including the *creation of a Community system of unemployment benefits.*

The Commission, wishing to gain further information on this subject, decided to examine the *various aspects* (economic, financial, social and institutional) of this problem. The examination, which is being undertaken jointly by the Directorate-General for Economic and Financial Affairs and the Directorate-General for Social Affairs, is at present in progress with the collaboration of specialists from two university institutes (Berlin and Delft).

The Commission therefore feels that it will be in a position to issue a final statement by the end of the year.

Question by Mr Artzinger

Subject: Tyres purchased over the border

Does the Commission consider as being compatible with the EEC Treaty the practice of customs authorities at the Franco-German frontier of exempting car tyres purchased over the border from both French and German value-added tax when carried away loose but of applying value-added tax on both sides of the frontier when the tyres are fitted in the country of purchase, and how does the Commission propose to remedy this situation?

Answer

The Commission thinks that the failure to subject to VAT goods transported by persons travelling from one Community country to another (exemption in the importing country on goods for which tax exemption was granted in the exporting country) is contrary to Community regulations, as regards both the VAT system as a whole and tax exemption.

The Commission has ordered an inquiry into the allegations made by the Member and into the non-application of VAT to loose motorcar tyres at the Franco-German border.

It will announce the outcome of this inquiry as soon as possible.

Question by Mr Gibbons

Subject: Skimmed milk powder mountain

As the European Community, having recently suffered the ill effects of a butter mountain and presently facing the ill effects of a beef mountain and a wine lake, is now facing the embarrassment of a skimmed milk powder mountain, will the Commission outline the current situation and state what measures it intends to take to keep the problem under control while preserving the incomes of dairy farmers in the Community?

Answer

The quantity of skimmed milk powder that cannot be sold on the internal market can be estimated at some 500 000 tonnes for 1975. In the two previous years, the corresponding quantities were 430 000 and 380 000 tonnes respectively.

If these quantities cannot be exported, they must be stored or else find other outlets that do not interfere with normal market relationships; this would involve great technical and financial difficulties.

Some 600 000 tonnes of skimmed milk powder are at present in official stores. The export possibilities for skimmed milk powder are limited. For 1975, they can be put at around 280 000 tonnes, 80 000 tonnes of this being in the form of food aid.

The Community's share in total world trade in skimmed milk powder is about 40%. Large price reductions are not likely to increase this share.

The Commission is investigating all possible outlets for the existing stocks of skimmed milk powder in the Communities.

Question by Mr Zeller

Subject: Use of the EXIM system in beef and veal trade with third countries

Does the Commission not agree that the 'exim' trading system recently applied to beef and veal trade with third countries could, in the context of the monetary compensatory amounts, encourage and facilitate profiteering and fraudulent operations by allowing, for instance, those involved to collect both the compensatory amount for export from the F.R.G. and the unit compensatory amount for import into Italy or the United Kingdom? What measures does the Commission intend to take to prevent such practices?

Answer

On 26 April 1975 the Commission instituted the 'EXIM' system within the provisions of the safeguard caude. I gave a full explanation of this measure at Parliament's second April part-session.

Under the provisions of this system refunds are withheld from applicants for import certificates; the import levy to be paid is fixed by the Commission by an adjudication procedure. This in no way affects the application of customs duties, monetary compensatory amounts and compensatory amounts under the Treaty of Accession.

These monetary compensatory amounts are the same for the EXIM system as for normal supplies between, for instance, the Federal Republic of Germany and the United Kingdom.

The re-importation into the Community of products previously exported from the Community is subject to full customs duties and levies and as a result the charges for imports of this kind are so prohibitive as to preclude such speculative imports as those referred to by the Honourable Member.

ANNEX II

Address given on the occasion of the official visit by H.E. Mr Cearbhall Ó Dálaigh, President of Ireland

ADDRESS BY MR SPÉNALÉ

President of the European Parliament

Mr President, Your Excellencies, ladies and gentlemen,

'Céad Mile Fáilte', a hundred thousand welcomes, Mr President.

It is both a great honour and a great pleasure for me to welcome you here today on behalf of the European Parliament.

You are the first Head of State of the Community to pay us an official visit.

Perhaps that is because you accepted an important European legal appointment as Judge in the Court of Justice of the Communities after being President of the Supreme Court in your own country for 12 years.

Perhaps it is because Ireland is the country in which 83% of its people voted 'yes' most convincingly to Europe.

We and our partners from Africa, the Caribbean and the Pacific were made keenly aware of your belief in Europe at the last Joint Committee meeting in Dublin: aware of the kindness of the Irish people, their frankness, their ability to express themselves, to give advice and to smile even at times of stress; we sincerely appreciated the simple and warm welcome given by all your institutions, your Prime Minister, the Speakers of your Chambers, and in particular the welcome given by you as President of the Republic of Ireland.

None of us will forget it. The simplicity and delicacy of your opening speech and the cordiality and goodwill with which we were received were undoubtedly largely responsible for the good work done at the final meeting of the Joint Committee which had been assigned a highly important task, completing it in Dublin with an eye to the future and without regrets.

Almost every day for the past six months we have been reminded of this belief in Europe through the exemplary, untiring, generous and loyal action of Mr Garret FitzGerald, President-in-Office of the Council of the Communities.

(Applause)

What is bad is that each country expects them to defend its own interest before the common interest by using the right of veto which is conferred on each by the Luxembourg compromise and which is contrary to the letter and spirit of the Treaty.

If we succeed in changing that and if, through elections to the European Parliament by direct universal suffrage the people themselves are given a part to play in the construction of Europe no difficulty will prove to be really insurmountable and, regardless of the time limits or the stages we must pass through, the future of Europe will be assured.

Those, Mr President, are the brief views I wanted to express. You may rest assured that they are shared by the vast majority of this House.

Your country, though small in population, of modest economic strength and not long independent, has, through the warmth, intelligence and devotion of its people, very quickly assumed a prominent place in the Communities.

History will record that it was during the Irish presidency that, despite our slowness, the most comprehensive and generous agreement ever concluded

between industrialized and developing countries was signed at Lomé after Mr Garret FitzGerald and the Commission of the European Communities and Mr Claude Cheysson in particular, whose work we shall also remember, had convinced all concerned that this great humanitarian step should be taken.

The fact that you have visited us in Brussels, Luxembourg and now here in Strasbourg confirms that the action of the President-in-Office of the Council was not an 'accident' but an expression of the belief in Europe which the Irish people as a whole manifested in their referendum and which guides all their authorities up to the highest: you, Mr President.

The fact that you wanted to address us is an example of the respect for democracy which Mr FitzGerald shares.

We know that from now on in the tasks before us, the construction of Europe and the extension of its democracy—and the two are inseparable—we can count on Ireland. We have the greatest respect for you personally and for your country, and we thank you.

(Loud applause)

ADDRESS BY HIS EXCELLENCY MR CEARBHALL Ó DÁLAIGH

President of Ireland

(F) Mr President, distinguished representatives. Here in Strasbourg, in the year 843, while taking the oaths known as the Oaths of Strasbourg, neither Charles the Bald—whom I resemble a little—*(Laughter)* nor Louis the German, spoke their own language. Today, I propose to invoke this precedent and consequently not to address you in Gaelic.

(E) Permit me first of all to thank you, Mr President, on behalf of my wife and myself, for your kind invitation to us to be present here today. Permit me also to thank you for your warm words of welcome which have made our visit here not only an honour, but a deeply felt pleasure.

Your Irish colleagues, Mr President, know only too well that I have had an unfulfilled ambition to be a parliamentarian. There is, however, a counterweight that I can bring forward against this unhappy state in which I find myself. Please allow me to explain what I mean in Italian.

(I) You will perhaps recall the story about young Corregio, who finding himself one day in Bologna before Raphael's magnificent portrait of St. Cecilia, said with a certain timidity, but also with a touch of pride: 'I, too, am a painter'. I, paraphrasing Corregio's words, can say: 'I, too, am a parliamentarian'—and that for two reasons.

In the first place, as you know, the Lower House in Ireland is called the Dáil, that is the Assembly. My surname derives from this word and means a person who frequents assemblies. I also have, under another heading, the right to speak in front of your Assembly, a right which has a much better legal basis than that suggested by my surname. It is given to me by the Constitution of Ireland, which states formally in Article 15(2): 'The Oireachtas (that is, the national Parliament) shall consist of the President and two Houses.' Therefore, Mr President, I introduce myself as one of you.

(Applause)

(F) To have this opportunity to attend the European Parliament is a unique experience for me and gives me a chance to obtain a real and first-hand understanding of much of what the Communities are all about. Here are assembled the representatives of the peoples of the Member States who reflect in their presence that marvellous cultural and linguistic diversity which is our heritage. And yet the underlying reality of the European Parliament is that transcending all diversity and national frontiers is a commitment, shared

by all the representatives, to the great endeavour of building a new Europe. Representatives may, and do, differ about how precisely to realize that end and that, of course, is what politics is all about, but it is this shared purpose of the Members which has illumined Parliament's contribution to the construction of the Community to date, and which will provide the essential guidelines for its rôle in the future.

The European Parliament is the democratic base of the Communities, and because it is close to the people it is essential that its voice be heard on all issues of major importance to the Communities and that its opinions be taken fully into account in the formulation and implementation of Community policies. I realise that Parliament may not consider that it yet has sufficient powers, especially legislative powers, to truly fulfil its functions as the Community's representative institution. This is particularly true if its powers are compared with those of the national parliaments in the various Member States. Yet I am convinced that the Community is a dynamic organism and that the balance of power between its institutions is subject to evolution and change. In this context you must find the commitment of the other institutions to strengthening the powers of Parliament encouraging.

Recent developments in regard to the holding of elections to Parliament based on direct universal suffrage must also be encouraging to you. A majority of the Member States, including Ireland, have indicated that they favour the holding of direct elections to the European Parliament at an early date, and there is the real possibility of such elections being held in a few years' time.

Of course, I am fully aware that the holding of direct elections presents problems: the tricky problem of the dual mandate, the difficulties of reconciling the electoral systems and traditions of the various Member States, and other obstacles of a practical nature. I know, however, that this Parliament is tackling these difficulties and looks forward to the day when it will have a system of direct elections which will preserve the links with the national parliaments of the Member countries.

All this, however, is only one aspect of the larger task of working together to create institutions capable of meeting our future needs. These needs are indeed unique—there is no precedent in this or any other continent for the Europe we are striving to build. The past offers no examples of the democratic, step-by-step creation of a union of historically, culturally and linguistically diverse states.

(D) The experience of all nine Member States must be pooled to achieve this goal. The contribution of our German friends, with their two-tier system of government, will be particularly valuable in this respect.

(F) May I conclude by expressing a personal philosophical viewpoint on the subject of the difficulties to be overcome and the stages still to be covered. Everyone is familiar with the play written by Labiche in the middle of the 19th century entitled 'Mr Perrichon's journey'. Mr Perrichon decides to take his wife and his daughter, Henrietta, to the Alps. At that time such a trip was a formidable undertaking: people did not often travel to the mountains. They arrive at the Gare de Lyon. I quote:

Perrichon: This way... Let's not split up, or we'll never find each other again. Where's our luggage? Ah, good. Who has the umbrellas?

Henriette: I do, papa.

Perrichon: And the overnight bag? The coats?...

Mme Perrichon: Here they are.

Perrichon: And my Panama hat?... left in the hackney carriage. No, I have it in my hand. Lord, am I hot!

Mme Perrichon: It's your own fault, you rush us, you bustle us about. I don't like travelling like that.'

And Perrichon answers with what, in my opinion, is the quintessence of wisdom. He says: 'It's the start of the journey that's difficult. Once we've arrived and settled in...' I agree with that: once we've arrived and settled in, everything will be fine.

(Loud applause)

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IN THE CHAIR: MR MARTENS

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. *Announcement by the President*

President. — I have informed the Council of the European Communities that the Committee on Budgets has delivered a favourable opinion on three proposals for the transfer of appropriations from one chapter to another within Section III —Commission—of the general budget of the European Communities for the financial year 1975 (Docs 91/75 and 92/75).

3. *Council statement on the social situation in the Community and the outcome of the Council meeting of 17 June 1975*

President. — The next item is the statement by Mr O'Leary, President-in-Office of the Council,

on the social situation in the Community and the outcome of the Council meeting of 17 June 1975.

I call Mr O'Leary.

Mr O'Leary, President-in-Office of the Council. — I had the opportunity during the last six months of having an exchange of views on two occasions with the Committee on Social Affairs and Employment of this Parliament, in Brussels in January and in Dublin at the beginning of this month. I welcome the opportunity presented today of continuing this dialogue in plenary session in Parliament.

I conceive my task today to be, to the best of my ability, to provide a short report to Parliament on the outcome of my tenure of the office of President of the Council of Social Affairs.

When I took up the office of President in January of this year unemployment had already reached socially unacceptable levels in most member countries. Now in June, six months later, unemployment in all member countries remains high at a time when the seasonal upturn should have reduced the numbers of workless in all European countries. So my major pre-occupation throughout my presidency has been my concern with the unemployment crisis in each member country. My main effort has been directed to the preparation of a Community response at the social affairs level to the crisis of unemployment.

It was my opinion in January and it remains my opinion in June that the institutional res-

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ponses of the Community were and are not adequate. If the unemployment experienced by all Community countries was to be met by an adequate Community response, I believed it to be necessary that our social policy must relate to the real life problems of ordinary people, which can be summed up in the one word 'unemployment'.

I thought that the first step must consist of an appraisal of the efficacy of our existing policies and a measurement of the adequacy of the institutions. I believed that those best capable of making this appraisal and of measuring the adequacy of the institutions were those charged in the various member countries of the Community with financial and social matters. I refer to the finance and labour ministers. I believed that what was required was an authoritative re-evaluation of present policies, of the adequacy of our institutions, and an assessment of the adequacy of all possible measures against the scale of the problems before us, leading, hopefully I would have thought, to early Community action.

Therefore, I sought a meeting of finance and labour ministers. Why was such a meeting necessary? The meeting was necessary because almost 7 million people, if we include those on short time, are presently affected by unemployment. No country of the Community remains untouched by it.

In traditionally strong as well as relatively weak economies, sectors like building and construction, chemicals and the motor industry have seen their work forces receiving assistance from the state through unemployment schemes. They have seen more of their workers in those sectors receive more unemployment assistance from the state than at any other period since the establishment of the Community.

The experts tell us that unemployment more or less at present levels will continue, if unchecked, well into next year. Unemployment of the degree that we are experiencing or of the duration that we may anticipate is different in quality and in kind from the purely temporary unemployment fluctuations experienced in the 1960s.

If unemployment is not to be the experience of yet larger numbers of people throughout the Community, if the spread of unemployment is to be checked, a transnational response is required of our Community. Again, therefore, I believed that finance and labour ministers meeting together would be a first step in the coordination and preparation of the necessary policies. Because the great test is whether our social policy is to have any real content, a test answered by our response to this question of unemployment.

The great issue facing us as a Community is the choice of means by which we return to a better employment situation while at the same time avoiding aggravation of the present inflationary situation. There is an obvious link between present levels of unemployment and present levels of inflation. In their home countries our citizens look to ministers of labour and social affairs to do something about such questions. They look to ministers of finance and economic affairs for solutions to inflation, and they look to ministers of labour and social affairs to do something about unemployment.

While this prevalent attitude perhaps oversimplifies the problem, this approach at any rate exists. We know that unemployment, to be dealt with at national level, requires a wide range of economic policies. Inflation cannot be tackled without looking among other things at the supply side of the labour market. At national level we try to reconcile economic and social policies within the cabinet itself. However, in the Community a chasm appears to separate decisions in the financial-economic area from decisions in the social area.

We cannot aspire to be a Community with a common market, with free movement of workers, a Community hopefully moving towards economic and monetary union, if we are not even ready to discuss the conjuncture of economic and social policies within the institutions of the Community.

I therefore sought that meeting. I delay on this point because I think that our failure to have this meeting relates to a central weakness in our Community. I may tell the Members of this Parliament that the desire to have that meeting had the absolute support to my certain knowledge of one finance minister. It had the support of the President of the finance ministers, Ritchie Ryan, my own colleague in government. There may have been others supporting it in principle, but to my certain knowledge one finance minister supported it consistently.

Such a joint meeting of finance and labour ministers requires adequate preparations beforehand. I would hope that such a meeting will soon take place. The question is presently before the Committee of Permanent Representatives and I hope that Members of Parliament will take up this question energetically, because the conjuncture of economic and social policies which I believe to be necessary will require a good deal of support in this Parliament and elsewhere to make it happen.

At our meeting of the Council this week, we considered the question of unemployment and we took certain decisions in that area. Before coming to that, however, and before I give the

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impression that perhaps no progress has been made, I would say that if it is true that action in the area I have mentioned requires more than government action, if it is true that there is a rôle for both sides of industry, both unions and employers, as was recognized at the summit conference in Paris, it is heartening and encouraging to note that both sides are meeting and using the Standing Committee on Employment much more frequently than in the past. We have had two such meetings.

During the past six months that committee has met in February and June. It has been examining the major problems facing us in the employment sector. We have examined in detail the general employment situation and further prospects, the rôle of the Social Fund in the present employment situation, the problem of illegal immigration, the problems among young people and the difficulties of young people in integrating in the working environment. That committee is now working extremely effectively.

The degree of consensus at the last meeting on the difficult problems of unemployment among young people, on the rôle of the Social Fund, on the question of illegal migration and on the necessity of a common Community response to it, all encourage me in my belief that that committee will be much more effective in the future.

At our Council meeting this week, in looking at the question of unemployment, realizing that one-third of all those unemployed are the young, the Commission put before us a document which had the following elements: it had a sectoral emphasis and it had an emphasis on categories.

As Members may be aware, in looking at the scale of this problem there is a division of opinion between those who argue for treating the unemployment situation as a cyclical phenomenon and those who are more concerned with the longer-term, more difficult problems of structural unemployment. In the proposal from the Commission before the Council this week, both those elements were present and, naturally, there was a division of opinion on the correct emphasis to be assigned to both these elements in the present situation.

At the Council meeting, delegations pointed out that the present cyclical unemployment could lead to aggravation of unemployment due to sectoral imbalances and that economic measures which are purely anti-crisis could be most beneficial in the strongest regions which have always enjoyed industrial supremacy. There is, therefore, a need for a sectoral and regional response in addition to an immediate reaction to the cyclical element in the present unemployment crisis.

Those were the two strands in the argument at the Council meeting this week. Considering the limits there are to budgetary spending in this area, obviously a selection must be made. There is a tendency at our Council, as at other levels of decision making in the Community, to say, 'Since we cannot come to agreement on this matter, let us postpone any action to await further study'. However, because both at the Standing Committee on Employment and throughout the presidency it had been my concern to make some response to the question of unemployment, I pressed on those present at our Council meeting that, in the absence of agreement on a total response, we should take action in favour of helping to solve the employment problems of young people.

Therefore, abstracting from the discussion which took place on the matter, I put before the Council a suggestion which met with their approval. On getting the cooperation of the Commission to that approval, we made a decision as a Council this week that aid should be made available from the Social Fund for specific operations likely to facilitate the geographical and vocational mobility of young people under 25 years of age who are unemployed or seeking employment, on the understanding that priority would be given to young people seeking employment for the first time. To deal with the sectoral and regional elements which require further study, the Council also undertook to discuss by 30 November 1975 a proposal to be submitted by the Commission under Article 4 of the Council decision of February 1971 intended to facilitate the geographical and vocational mobility of people who are or have been employed in the sectors particularly affected by the recession-related employment imbalance, taking due account of the regions hardest hit by unemployment difficulties.

Thus at its meeting this week the Council of Ministers has responded to some extent to the problems of the young unemployed. Of course, it is only a very faltering first step, but it has immediacy and it meets part of the real problem of unemployment.

I submit here that a constant weakness in Community response is the fact that we may not meet crises as they occur, that we appear to stand aside as a crisis deepens and that we rely perhaps on institutions and on policies unrelated to that crisis. At least I can say that in the area of young unemployed, the Council has reacted with a certain immediacy.

Secondly, agreement was reached in the Council and a decision was made by the Council regarding the application of the principle of the 40-hour week and four weeks' annual holiday. This

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recommendation provides that these two principles should be applied throughout the Community as soon as possible and by 31 December 1978 at the latest.

The Council also took decisions concerning the programme of pilot schemes and studies to combat poverty. Under the agreement Community aid will be granted to promote or provide financial assistance for pilot schemes and studies intended to improve the understanding of the causes and scope of poverty and to combat it. Appropriations for this purpose will be provided in the 1975 and 1976 budgets.

On the question of the access of women to employment, training and promotion, as we did not have the opinion of the Economic and Social Committee in time and because there was a certain delay in the preparation of material that could permit us to make a decision in this area, we did not reach a final conclusion on these items at our meeting this week, but I hope that early on in the Italian presidency full decisions will be arrived at in this area clearing the way for a directive to be drawn up, especially since this is women's year.

The principle of equal treatment for men and women workers will I hope, be brought to a speedy end in discussions in the Economic and Social Committee.

These were some of the items on which we reached agreement at our Council meeting this week. I mention them to inform the Members of Parliament of the work of the Council and some of the present preoccupations. From the start of the presidency to this conclusion, my preoccupation has been the necessity to respond to the great problem of unemployment. This unemployment which all member countries are experiencing unfortunately is unlikely to be of short duration. It is likely to continue into next year. I would think that we would be failing the peoples of the Community if our social policy was not grappling with the answer to that great issue.

The question we must ask ourselves is this: is the sum total of the Community response to unemployment to be a dependence on existing institutions like the Social Fund, dependence on the possibility of national programmes to meet unemployment, with overall a blind faith that the beneficial effects of an upturn in the American economy next year will turn back unemployment in Europe?

I believe that awaiting an upturn in the American economy is no substitute for the development of a planned response here in Europe to the question of unemployment now. If we are to begin that planned response, it

needs both sides who are involved—finance and social affairs ministers. I hope that Members of this Parliament will agree with me on the necessity for such a meeting, if we are to commence this planning task.

Finally, Mr President, I will state the questions that remain with me on leaving this presidency. Is the present Social Action Programme relevant to this new situation? The Social Action Programme which the Council of Social Affairs is working on was drawn up at a totally different period than the one we presently live in. Does anyone question that Europe and the world after the oil crisis retain the same features as the world we knew before? Surely there has been a complete transformation requiring a changed emphasis in our reactions to it. The question to be asked is whether our Social Action Programme is relevant to the real problems of ordinary people, in this new situation, whether the programme concentrates only on the technical adjustments of a growth period in employment, a period no longer with us.

Another question that remains with me is the difficulty that exists at Community level of reacting to new situations as they occur, the apparent immobility of Community policy-making. What is to be done about that?

All these questions remain with me as I end this presidency, and these are questions which I would like the Members of Parliament to consider today.

(Applause)

President. — I call Mr Hillery, Vice-President of the Commission.

Mr Hillery, Vice-President of the Commission. — The serious deterioration in the employment situation over the past year demands vigorous action on the part of both Member States and Community institutions. Any marked reduction in the current high levels of unemployment will depend upon the coordinated implementation of both active manpower policies and policies for the reflation of aggregate demand within the Community. It is for this reason that the Commission endorsed the usefulness of a joint Council meeting of ministers of finance and of labour or social affairs. Indeed, I would like to see a meeting involving both sets of ministers and the social partners taking place. The Commission stands prepared to undertake any preparatory work necessary in the event of a joint meeting of the Council, and has already submitted a draft agenda to the Council for such a meeting. So far, however, the Council does not appear to have decided on the holding of such a meeting.

Hillery

I wish to take this opportunity of drawing the attention of Members of Parliament and others to the extent to which the Commission has itself responded to the worsened employment situation. At the same time, I wish to comment on the relevance of the Social Action Programme adopted by the Council some 18 months ago to the current social situation within the Community.

The Social Action Programme identified three major objectives in the social field—full and better employment, improved living and working conditions, and greater participation in economic and social decisions. These objectives are as relevant today as they were 18 months ago, and probably more so. Nowhere is the extent of this relevance more evident than in the field of employment policy. Widespread dismissals and short-time working are taking place throughout the Community while the opportunities open to those entering the labour market have been drastically curtailed. The fact or the threat of unemployment preys on the minds of ordinary men and women to a greater extent than at any other time in the past two decades.

The Social Action Programme provided a framework for a series of measures aimed at solving important social problems. Within this framework, the Commission has responded to the worsening employment situation in a wide range of practical ways. I will mention just four examples of such action. The directive on mass dismissals adopted by the Council six months ago will ensure that, where groups of redundancies occur, minimum standards of prior warning and consultation with those involved will apply, while training and placement services will be given an opportunity to find new work for those displaced. The draft directive on equal treatment for men and women at work, the Commission's proposed action programme for migrant workers and the Commission's programme in the field of youth employment, will all help to strengthen the position of those most likely to bear a disproportionate share of higher unemployment and reduced job opportunities.

The resources of the European Social Fund continue to reinforce the vocational training programmes of Member States—programmes which have taken on a heightened significance in the light of current and impending changes in the structure of employment. It is heartening that the Council has approved this week a new opening of the Social Fund (Article 4) to deal with youth unemployment, particularly those seeking their first job. It also undertook to take a position by 30 November next on aid to sec-

tors most affected by the employment crisis taking due account of the regions.

Finally, the re-activation of the Standing Committee on Employment and the regular meetings of senior employment officials at Community level are providing valuable opportunities for the identification of ways to combat current unemployment levels and of the contribution which Community institutions and resources can make to this end.

While fully conscious that inflation and unemployment constitute the major problems facing the Community today, the Commission has continued to work for the carrying out of other parts of the Social Action Programme. The Commission's work in the areas of living and working conditions and of participation has not been curtailed, for two important reasons.

First, while recognizing economic realities, the Commission believes that the Community should serve to foster social progress at all times, not merely during periods of rapid economic growth. It is precisely during periods of economic recession that the problems of poverty, of bad living conditions and a host of other social problems become really acute. To curtail the Commission's activities in these areas at each downturn of the business cycle would be to provide ready-made propaganda for those who see the Community as a business partnership with no more than a public-relations concern for the social problems of individuals. In this connection we welcome the Council's approval this week of the Community poverty programme.

Second, to assert that the Commission's work in the areas of living and working conditions and of participation is not relevant to the problems of inflation and unemployment is to misunderstand the nature of these problems. The difficulty that Member States now face in reconciling full employment and price stability is not an abstract economic problem but arises from the conflicting social pressures acting on governments in their attempts to balance the two. The sacrifices entailed in restoring both stable prices and full employment will not be acceptable to society at large unless economic policies for the creation of income and wealth are firmly linked to comprehensive social policies involving a wider distribution of such income and wealth. Improvements in living and working conditions and greater participation in economic and social decisions are indispensable elements of such comprehensive social policies.

The Commission does not claim that its proposals and actions can solve all the social problems now facing the Member States. The fact

Hillery

is that Community institutions possess neither the powers nor the material resources that would be needed to get to the roots of these problems. Thus it would be illogical to attack Community institutions for failing to restore full and better employment while the power to implement the requisite fiscal and monetary policies remains firmly in other hands. Instruments such as the Social Fund can only complement effective policies at national level, not serve as a substitute for them. Some find it expedient to attack Community institutions when national policies fail to solve national problems. In this connection I am reminded of a recent statement by the British Chancellor of the Exchequer to the effect that those who seek foreign scapegoats for their domestic difficulties are living in a cocoon of fantasy.

The Commission has already fulfilled a substantial proportion of the obligations that it undertook under the Social Action Programme. In implementing this programme and adjusting priorities within it the Commission has both promoted a creditable Community response to current social problems and provided a starting point for the sound development of Community social policies over the longer term. I have therefore to reject the view that the Social Action Programme is either unrealistic or irrelevant. I believe anyone genuinely concerned to see the Community foster social progress will join me in doing so.

(Applause)

4. Welcome to Mexican delegation

President. — Ladies and gentlemen, I have great pleasure in welcoming to the distinguished visitors' gallery a Mexican parliamentary delegation which is here on an official visit.

The delegation, headed by Senator Enrique Olivares Santana and Deputy Carlos Sansores Perez, includes representatives of the two Chambers of Congress of the United States of Mexico.

Very useful exchanges of view have already taken place during this visit, the first official contact between Mexican and European parliamentary representatives. It shows Mexico's interest in the European Community at a time when the negotiations for a cooperation agreement are hearing completion.

Our Assembly extends a fraternal welcome to the representatives of the Mexican people and wishes them all success during their visit.

(Loud applause)

5. Council statement on the social situation in the Community and the outcome of the Council meeting of 17 June 1975 (cont.)

President. — We shall now resume the discussion on the Council statement on the social situation in the Community and the outcome of the Council meeting of 17 June 1975.

May I point out that after a statement by the Council or the Commission, the chairman of the parliamentary committee responsible may speak for five minutes and members may ask short concise questions for a total of fifteen minutes to clarify certain points in the statement, without this giving rise to a debate.

I call Mr Bertrand.

Mr Alfred Bertrand, Chairman of the Committee on Social Affairs and Employment. — (NL) Mr President, there is little point in listening to a statement by the Commission and/or the Council, if the Parliament is not allowed to react to it. Otherwise Parliament is no more than a recording machine and not a forum for debates. I felt it necessary to draw the attention of the President of the Bureau to this question in connection with the application of the Rules of Procedure. This problem must be approached differently.

I should like to use this opportunity to thank the President-in-Office of the Council and the Vice-President of the Commission for having asked, on the basis of rule 31(3) of the Rules of Procedure, to address this Parliament on the social situation. I am most grateful to the President-in-Office of the Council for the great efforts he made during his term of presidency to make appropriate new progress in the Council in the area of social policy. I am sure, however, he will agree with me that the report on the last meeting of the Council of Ministers of Social Affairs is discouraging, if real progress is to be made in the social sector.

There were five points on the agenda and four of them had been formulated in 1974. They came up for consideration at a time when they had ceased to be topical. And in respect of those four points not one single practical decision was taken in the Council. A decision of principle was reached to combat poverty but its implementation was blocked because the Council was unwilling to accept the Commission's proposal of extending the programme for a two-year period. Because of this decision of principle, the programme cannot be effectively implemented.

No decision was taken on the subject of equal treatment for men and women because the

Bertrand

Economic and Social Committee had not yet submitted its opinion.

The Commission had proposed the introduction of uniform working hours by the end of 1976. However, the Council decided that the date should be changed to December 1978 and it provided for so many exceptional arrangements and non-binding measures for the Member States that the content of this programme has been shorn of nearly all substance. That is the reality today.

In the context of the new structural measures, the President of the Council made an interesting statement on unemployment among young people. That is indeed a difficult problem. But what positive measures has the Council taken to deal with it? Will it be possible to do anything with the 50 million u.a. available this year?

I should like to hear a clear statement from Mr O'Leary as to what is happening in the matter of staffing at the Directorate-General. There are many rumours that the staff strength is to be cut by 25 persons at the very time when a serious effort must be made to pursue a social policy and we have to note that the Directorate-General itself is unable, because of staff shortages, to follow the functioning of the Social Fund satisfactorily. Is it true that there are to be staff cuts instead of adaptations to the changed circumstances?

I agree with the President-in-Office of the Council that it is no longer possible to believe seriously in social policy if a joint Council meeting of the ministers of economic affairs, finance and social affairs cannot be convened to consider problems of the present crisis such as inflation and unemployment.

I agree entirely with Mr O'Leary that there is no point in submitting social action programmes to the Council if the Council is unwilling to engage in a thorough discussion of these three problems in the context of present developments, at a meeting of the ministers of economic affairs, finance and social affairs.

I should like to ask the chairman of Parliament's Committee on Economic and Monetary Affairs, Mr Leenhardt, whether he and his committee will support us in appealing to the Council to convene this joint meeting a serious approach to the problems.

My speaking time is up and I shall stop here. I hope, however, that members of the Committee on Social Affairs and Employment will put further questions to the Presidents of the Council and Commission.

(Applause)

President. — Questions may now be asked for a total of fifteen minutes.

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

Mr Albertsen. — *(DK)* Mr President, I should first like to thank the President of the Council for his statement and to put some questions on behalf of the Socialist Group.

Firstly, let me say that I fully agree with his view that there is a need for a meeting between ministers of finance and ministers of social affairs to discuss these serious social and labour problems. The Socialist Group fully agrees with his assessment. I would appreciate it if he as an ordinary member of the Council could give Parliament his word that during the next President's term of office he will bring the subject up again since that will be the only way of getting to the heart of the problem of serious unemployment in the Communities.

Secondly, I would appreciate it if the minister would give us his opinion of the size of the Social Fund. We were pleased to hear that it has recently been increased, although the increase does not meet with the expectations of Parliament or the Committee on Social Affairs and Employment.

I should like to ask whether in his opinion the Social Fund is large enough in view of the new and important tasks before us.

My third question concerns a remark made by Mr Hillery. Does Mr Hillery feel that the social policy and the social action programme drawn up in 1973 are really capable of coping with today's problems and the problems that might arise between now and 1977?

Fourthly, how soon can the Permanent Representatives be expected to put forward proposals on equal rights for men and women?

Lastly, I should like to know whether the Council has said anything about how the Standing Committee will continue its activities.

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

Mr Marras. — *(I)* At last, Mr President, thanks to the initiative shown in Dublin by the Committee on Social Affairs, we can spend half an hour debating the principal problem facing our Community today, that of five million unemployed, of millions of young people who cannot find jobs.

It seems incredible, but this Parliament of ours, so often critical—and rightly so—of other Com-

Marras

munity bodies, can find time to spend whole hours discussing, for example, imports of 10 thousands cattle into certain countries of the Community or entire days considering the various aspects of the passage of 1 000 hectolitres of wine from one member country to another, while it cannot spare even half a day for dealing with this problem. For this, I believe, some of the responsibility lies with us: there exists in fact a report which the Committee on Social Affairs was to present to Parliament on social trends in the Community and which has still to make its appearance in this House.

I felt it essential to make these preliminary remarks before putting some specific questions to Commissioner Hilery and President O'Leary. I would ask President O'Leary why a few measures it would not be at all difficult to implement—as, for example, the abolition of work beyond the weekly 40 hours—cannot already be adopted as anti-cyclical measures that would be highly effective in checking unemployment.

I should also like to ask him why he does not consider the possibility of lowering the pensionable retirement age as an equally effective way of widening the scope of employment for young persons.

I should like to ask Commissioner Hillery what reply should be given to the question put by the President of the Council—that is, whether the present social programme is really adequate to cope with the problems facing us. The question by President O'Leary clearly invited a negative answer, and I believe that the Commission too should take the same view.

President. — I call Mr Burgbacher.

Mr Burgbacher. — (D) Mr President, ladies and gentlemen, on the serious and moving problem of unemployment among young people, to determine its causes and ascertain how it can be remedied, I would urge the Commission—and ask the Commission to make appropriate representations to the Member States—firstly, to define a uniform age limit for the concept of unemployment among young people in the individual countries—at present the limit varies depending on the age of the legal majority; secondly, to ascertain what percentage of unemployed young people have not completed a course of schooling; thirdly, to determine what percentage of unemployed young people have no occupational training and fourthly, to find out what percentage of unemployed young people would be prepared to acquire occupational training either by retraining or by a genuine course of vocational training.

I consider these statistics essential if we are to clarify the reasons for the extent of unemployment among young people.

President. — I call Lady Elles.

Lady Elles. — As so often happens, I am in complete agreement with the comments of my colleague Mr Marras about the failure to use Parliament for debating the essential problems of the Community.

The questions which I should like to put concern primarily unemployment of the young. We hear about meetings between finance and labour ministers. Why is there no meeting between education ministers? Surely what is happening is that children are being educated for jobs which do not exist, and it is high time that the correlation between education and jobs available was studied in far more depth.

Why is it that so many children leave school and are not trained for any of the jobs which are available? Why is there not a study of the vacancies which exist in the Community and which are not being filled either by the young or by the more elderly members of our Community and for which we have to rely on outside workers from third countries to do the job which apparently our young people are not being trained to be either willing or capable of doing?

Fourthly, what vacancies are there for apprenticeship schemes? Why have we heard nothing about apprenticeship schemes for the young leaving school? Why is it that the European Social Fund can help only those who have already had a job but is not able to consider helping those who have not yet been taken on for a job? We need only to look at the enormous figures of the young unemployed leaving school and to know that for something like 2 000 vacancies there are over 100 000 applications, as was published in a recent article.

The equal treatment of men and women is, of course, an objective to be desired. Why have we not heard that already in the draft directive there is a proposal that social security benefits should be equalized so that pension age is the same for both men and women? As Mr Marras rightly pointed out, this would surely make a contribution to easing unemployment, because it is at the other end of the scale, the 55-to-60 age group, that so many people are unemployed and drawing unemployment benefit with no hope of a future job. Is it not better that they should be entitled to draw their occupational or national pensions at an age when they can consider retiring and taking up other interests? It

Lady Elles

seems to me that the social policy of the Community has miserably failed to deal with any of the aspects facing the Community today.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, I share the viewpoint of the colleagues who have spoken before me. I too regard it as a very serious matter that over the last few months we have attached so little importance to the tragic problems that directly affect the very substance of the life of the peoples of the Community. I hope, therefore, that our Assembly will as soon as possible decide to bring up this problem in a debate of a nature commensurate with the gravity of the situation.

Secondly, I should like to ask President O'Leary whether his judgement as to the inadequacy of the Community's social programme is the outcome of a personal assessment or the conclusion reached by the Council of Ministers for Social Affairs.

Furthermore, given the obvious diversity of political opinions on the adequacy or inadequacy of the social action programme to the situation we are considering, I would put this question to Commissioner Hillery: taking into consideration also the statements by Mr O'Leary and the judgements arrived at here by almost everybody, does he not think it a matter of urgency to study measures for adjusting the present social programme? Personally I am convinced that such a course is unavoidable.

In conclusion, I endorse the remarks made by colleagues on the need for urgent practical measures in the interest of young people. However, does not Commissioner Hillery think it essential to look into the whole question without further delay, all the more so as the scholastic year is now coming to an end and hundreds of thousands of young people coming face to face on the labour market in a situation that threatens to rob them, at the very time when their adult life is about to begin, of any hope of finding constructive employment?

President. — I call Mr Rosati.

Mr Rosati. — (I) Mr President, the President-in-Office of the Council has spoken of a very important problem, one which has also been dealt with by the Commission representative and by the speakers who have preceded me: the question of young people. Now, it has been said, among other things, that a third of unemployment affects young people. This is a hard fact which of itself demonstrates the seriousness of the situation. However, it is quite clear from

the speeches. I have listened to that up till now very little, if anything, has been done to improve the situation.

My question is this: does a realistic programme, at least for the future, exist for solving this problem?

President. — I call Mr Härzschel.

Mr Härzschel. — (D) Mr President, I too am dissatisfied that we have so little time to discuss this vital Community problem.

I would, however, ask the President of the Council whether the Council still subscribes to the principle laid down by the Heads of State or Government at the summit conference in Paris to the effect that social and economic policy should be given the same framework as the other policies?

Why have the finance ministers so far refused to take part in a joint discussion of the problems of social policy? It is after all true to say that all the measures so far taken under the social programme amount to no more than 'fine weather measures' which are not adapted to the present problems.

Can the President-in-Office of the Council say whether in the meantime conversations have taken place between the presidents of the labour administrations of the Member States to discuss problems of unemployment with particular reference to young people? If so, what proposals did they make?

May I add one last question: to what extent will it be possible to make greater use of the Regional Fund to combat unemployment?

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, my question is a simple one: can the President-in-Office of the Council say why there are always marathon agricultural meetings but never a single marathon meeting of social ministers?

President. — I call Mr O'Leary.

Mr O'Leary, President-in-Office of the Council. — I thank Members for their observations. I apologize to Members if I perhaps spoke at too great length. Since our discussion here this morning may bear fruit in other discussions at other times in the life of Parliament, I thought that for what it was worth I would give Members if not the fruit of my experience of six months' presidency at least some indication of my conclusions after holding that office over the six

O'Leary

months. I will attempt to be brief and concise in answering such a wide array of questions.

It is not my intention, and never has been, to cast entire blame on any particular level of decision-making in the Community. The proper thing to have in our Community is what the Prime Minister of Britain on one occasion, speaking of relations between one department of state and another, referred to as a state of creative tension. What we should have existing between different levels of decision-making in the Community is a state of creative tension.

The President of the Council, a minister of my own government, Mr FitzGerald, at a function last night referred humorously to the fact that this relationship exists, for example, between the Council and Parliament.

I therefore believe it right that that creative tension should exist as it does exist between Council and Commission in social affairs. But it would be a mistake—and this is why I question the relevance of the Social Action Programme now—and it would not serve our purpose to say that everything regarding social policy is satisfactory and in no need of re-evaluation or change. I must stress it is my personal belief that the Social Action Programme is no longer relevant to present conditions. It was drawn up in early 1973, and the world changed in October of that year for ever. Since the world has changed, it is important, if our social policy is to be relevant, that we reassess it. There is no point in deluding ourselves that it can remain relevant in a situation that has changed so radically.

A question was raised about the need for this meeting of finance and labour ministers. I believe a solution to present unemployment is a problem of such ramifications that it is beyond the capacity of any Member State on its own. In this Community of which we are all members, because the problem requires a Community response, it should not be suggested that the requirement is a question of general Community action, or simply a means of providing home alibis for problems better settled at home. Indeed, if we are truly to understand the nature of our Community, should we be using such phrases as 'home governments' or even 'foreign governments'? We are all members of the one Community. If a problem requires a trans-national response, as I believe this problem does, let us admit that it requires that trans-national response. National programmes alone will not bring us back to European economic and social equilibrium. It is a serious underestimation of the nature of the present crisis to believe that national programmes can be sufficient.

I hope the resources of the Fund can, therefore, be made more adequate arising from this re-examination. If given the resources, it would be possible to expand rapidly the help available for the newly unemployed and the old unemployed. The Fund can do this only if the necessary resources are given to it.

I agree that the Social Fund is not adequate. Here I think the Commission should come forward with proposals. We must not wait until 1976 for a re-evaluation of the efficacy and size of the Fund. The problems before us require that exercise to be entered into now. Before that is done, however, we must have proposals from the Commission.

On the question of the 40-hour week, I am disappointed that we did not get a date earlier than 1978. Conditions vary from country to country. This problem was underlined by various deputations and delegations referring to the economic situation now facing them.

We cannot deal with the problem of reduction of pension age in isolation. It is a question of resources. This brings me back—and I know I am like a long-playing record on this theme—to the necessity for a conjunction of economic and social policies. A reduction in pension age could be dealt with only on a planned basis. That would require detailed examination.

This week we made a decision concerning youth. The financing of that decision is, of course, a matter for the finance ministers—the people who will not meet us. I hope that finance ministers will come to benevolent decisions in this area. To assist the finance ministers, we would require a proposal from the Commission to ensure that the necessary institutions come to decisions in this regard.

I emphasize, therefore, that whilst over the past six months the inability of the Community to respond to the situation I have mentioned remains, nevertheless, progress has been made in certain areas. We have made progress on youth unemployment and on the question of women. It is true that, because of institutional delays, we are not yet in a position to have a directive on this matter, but I have every confidence that the directive will emerge after the next Council meeting.

It is true we have responded to the poverty situation. These schemes and studies will be taking shape over coming months.

It is not, therefore, a totally depressed picture that I come here to present to you. Some progress has been made. Admittedly it is not sufficient progress. The need still remains for this conjunction of social and economic policy.

O'Leary

My final words are these. As to the difficulty in coming to an analysis of what is wrong with our Community, there is no point in blaming the Commission alone, in blaming ministers alone or in blaming Parliament alone.

All of us together in one form or another share responsibility for this immobility. Again I speak personally. This difficulty arises when I speak as President of the Council. It is impossible, in my experience, to separate one's personal beliefs from the office one holds at any one time although I have done my best to separate them here this morning in my comments. It remains my personal belief that the opacity that exists in decision-making is such that each level may take refuge in the immobility and lack of decision-making at another level.

All of us together in principle are in favour of so many wonderful things. Together—Parliament, Commission and Council of Ministers—we share equal responsibility for the immobility which afflicts us in certain vital areas.

I believe that the test by which ordinary people in each Community country will judge whether the Community exists will depend on the manner in which we respond to the greatest single problem facing ordinary people in the Community—unemployment.

Foreign ministers may say that the Community exists, finance ministers may occasionally say that the Community exists, and Members of this Parliament may say that the Community exists, but ordinary people will conclude and decide on its existence only if Community policies seem to be relevant to their needs.

My personal submission is that our policies in the social area are no longer relevant to the needs of ordinary people. Therefore, my recommendation, and the purpose to which I am committed in the area of social policy, is to get the earliest re-evaluation of social policy, to work consistently for this conjunction of policies in finance and social affairs. Hopefully, also, I may depend on the support of Members of all ideological persuasions in this Parliament, because the necessity of achieving some kind of social cohesion in our Community resides in our ability to bring forward coordinated policies in this area. I think that is a cause to which each Member of this Parliament can be committed and still be faithful to whatever ideology she or he espouses.

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission. — I find myself committed to protecting the institutions of the Community to some extent.

I should like to take up the last words of Mr O'Leary, who said that if ordinary people do not see immediate results in their ordinary lives from policies of the Community to meet their problems they will think that the Community does not exist. They may equally feel that governments do not exist if they do not produce policies to meet their problems.

That was the theme of my introductory remarks. The powers and the finances necessary to be instruments of policies to meet the present situation do not lie in the hands of Community institutions. We need combined activity between Member States' governments and Community institutions. But I think that from time to time, when we demand too much of the Community institutions, we may be damaging them in their main long-term problem—the building of Europe. Europe is there to be built. We will have difficulties, but we must not destroy the possibility of building Europe by bringing too many problems to the institutions without giving the institutions the instruments and the resources to deal with them.

I have had some questions which it may be appropriate for the Commission to answer. However, it is not necessary to have a proposal from the Commission for the Council to meet. The Commission has prepared an agenda for such a meeting and is prepared to undertake any work necessary towards the success of such a meeting, because it believes that it should take place.

I should like to see a meeting of the Council with those ministers who control the financial resources and with those labour ministers who are so much in the front line regarding the present problem. But Europe must make this next step in participation and bring in the social partners to the main socio-economic discussions.

This brings me to the relevance of the Social Action Programme. Participation was a large element of that programme. I do not think that anybody here would ask us to drop it.

I have referred to the protection of workers in the case of mergers and mass dismissals, of equality of treatment for women and men and of poverty programmes. This is the Social Action Programme which people are saying is not relevant. I say that it is relevant. It is now more relevant than ever before because injustices are more harsh on those suffering from them in times of recession. I do not accept that the Social Action Programme is irrelevant.

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If the Social Action Programme is not adequate, this can easily be dealt with, because the Council, by resolution, adopted certain priorities among the Commission's proposals for a Social Action Programme. I am sure that the Council could at any time extend those priorities and make the resources available for the implementation of very worthwhile programmes.

I would not like this House to go away with the idea that the programme of the Community in relation to poverty has in any way suffered a serious setback. The programme as we have put it forward has financing for two years, and there are of course strong feelings about the degree of expenditure which should be entered into now. But the Commission has the right to come along in two years' time and propose continuation of the same programmes, pilot studies or new studies.

I think that Parliament will find, and we will hope for support from Parliament, that this excellent idea which, as was said at the Council, is the first attempt to deal with an area outside the labour area, will be one of the most important Community initiatives taken under the Social Action Programme. I think that it will be a success. It is a programme of studies and I do know that those dealing with it who understand poverty feel that after these studies are made the Community will be for the first time in a position to deal with chronic incurable poverty, which has not been dealt with by national governments. I should like to tell Parliament that I think that the poverty programmes will go ahead and that the results will be well worth while. We will continue to seek the support of Parliament.

As for youth employment, the Commission prepared documents for the Standing Committee on Employment. I should very much appreciate a debate in Parliament based on these same documents. In the documents we were able to point out what Lady Elles has pointed out. All our education systems are wrong in so far as they are judged by their capacity to prepare people for work in our society. In every Member State the education system is inadequate and needs immediate appraisal on the basis of whether young people are being fitted for employment.

On that basis I had to recommend to the Standing Committee on Employment not to seek an increase in the school-leaving age, because that would be only continuing young people in a system already inadequate, not seeking to prepare them, but continuing their frustration with such a system.

We were able to point out to the Standing Committee on Employment that there are jobs in the Community which are not filled. These jobs are not filled for want of adequate education, for want of adequate training facilities, for want of educational and training guidance, and for want of adequate services of placement. Our proposals to the minister at that time were that all these services should be coordinated because they do not exist at Community level. Member States must coordinate, and the Commission has put itself at the disposal of the Member States to so coordinate their placement, guidance and training services as to fill the jobs available.

We were able to point out to the Standing Committee on Employment that there are jobs available and not being filled, jobs that should be done and that are not being done and that Member States could very easily with some investment—not investment that would cause inflation—create jobs for young people in public service which would not be careers for them but which would at least enable young people to tap the generosity which is theirs and give it to public service, whether in hospitals or in terms of the environment, in terms of the aged, or in whatever other public service where we can see a lack now—jobs for a temporary period before they take up career jobs.

That is another area where the Member States can take action. We have previous examples in some of the Member States and in states outside the Community. I am thinking of projects in Canada and in the United Kingdom. There are projects which can be established for young people to give them employment before they take up whatever they select as their full-time career for the rest of their lives. There are jobs that could be done in the schooling area on which the Commission is making studies now.

I think that at a later stage, after taking up employment, before they get into their late twenties, young people should be offered the opportunity of paid education at a time when they can make much better use of it than at the end of their formal education period.

I have taken up the necessary contacts. We had hoped to have the Member States join with us to follow up these different points, which are practical points, and the Commission will take whatever necessary steps are available to make contacts with the Member States to follow this up.

As regards the incapacity of the Social Fund to deal with young people, I should like to say that the Social Fund—by the regulations and I think also by the Treaty—is prevented from

Hillery

paying for the continued education of young people; but if young people are in the market seeking employment, then the Social Fund can help them. It is not necessary to have had a first job. If they are on the labour market, available for employment, then I think that the regulations permit the Social Fund to help them and we will follow that up to find some way of helping young people.

Mr Bertrand spoke of the staffing problems of the Commission. He will appreciate that the arrangements for staffing within the Commission are for the Commission itself. I know that he is justified from a political point of view in asking whether the reduction in staffing means a change in policy or a slowing down in policy. The Commission decision is that the programme be fulfilled and that the tasks undertaken in the Social Fund be fully carried out, and if necessary the staff will be reviewed each time we have some programme or some part of a programme to carry out. It is not a matter of reducing the programme. No political decision has been taken to diminish the social activities. It is an internal adjustment arrangement. In an answer to a parliamentary question recently, the Commission replied on these lines, stating that staff would not be reduced to the extent of damaging the progress of social action in the Commission. As I say, after that it is a matter for the Commission to so arrange its manpower as to get the best possible from it.

As regards the amount of money in the Social Fund, I should like to say to Parliament that the Social Fund is for the training and retraining of workers, helping their geographical and technical mobility. When we have massive unemployment, as we have now, the first reaction is to say that we must have a massive Social Fund.

If the Social Fund is to be used only for training and retraining, it can be used only for jobs which are available. The Social Fund amount is therefore related to the new employment that is possible. It is not a fund for unemployment. If Parliament or the Council wished to have a fund for unemployment, that would be a new proposal. The Social Fund, however, as a fund for training, retraining and adjustment of workers, cannot be used for unemployment alone.

The size of the Social Fund is not at all adequate in relation to the proposals coming into the Commission from the Member States which supply the money for the Social Fund. We have had to create criteria so that we can divide, not on a national basis, the money available for the best of the projects; but we could use

a great deal more money in the Social Fund on useful projects.

Having said that, I would add that the draft budget for the Social Fund for 1976 contains quite an increase over 1975. I shall be looking forward to the full support of Parliament and, of course, to the Council commitment to grant this budget, because such experience as I have had to date makes me feel that a great deal of work behind the scenes and in public will be needed on the part of those who are committed to a bigger Social Fund to make sure that it becomes a reality. As I say, the Commission has a proposal for a generous, marked increase, and we will seek the support of those who see the value of the Social Fund in making sure that it becomes a reality.

The Commission has prepared documentation for the Council and for the Standing Committee on Employment on youth employment, on the coordination of placement services and the coordination of employment policies in the Member States. If at any time Parliament would like a longer discussion based on full information, I would certainly be very pleased on behalf of the Commission to say that we can fully document such a discussion.

The final question concerned work sharing. One of the proposals of the Commission to the Standing Committee on Employment, in addition to the filling of existing jobs and the creation of new jobs, concerned the possibility of premiums for employers to help youth employment. We brought forward the whole idea of the sharing of work.

Ninety-one million man-hours of overtime are worked in the Community every week. If one regards a week's work as being 40 hours, those 91 million man-hours seem to me to represent possibly two million jobs. Thus the sharing of work, and not only a reduction in overtime, has great possibilities in relation to a shorter working time.

I know that in the Federal Republic there has been a great campaign to share out work, and in the Federal Republic there are at present 900 000 part-time workers, a figure which represents a saving in the unemployment figures. It is, therefore, an area which we have presented to the Standing Committee on Employment for study. It is an area worthy of study but it will require sacrifices from a large number of people.

For that reason again, it will require the support of everybody concerned in the political arena, in the Member States and here, to convince those who have employment and income that they should share with those who are less well-

Hillery

off. I think again that the relevance of the Social Action Programme is based upon that: that no matter what level of wealth exists in the Community, the distribution of this wealth will always be a central problem. The Commission sees it that way.

(Applause)

President. — The discussion is closed. The statements by the Council and Commission will be referred to the Committee on Social Affairs and Employment.

6. Verification of credentials

President. — At its meeting of Wednesday, 18 June 1975, the Bureau checked the appointments of Mr Ansart, Mr Bordu, Mr Bourdellès, Mr de Broglie, Mr Carpentier, Mr Cointat, Mr Cousté, Mr Durieux, Mr Faure, Mr Hunault, Mr Kasperreit, Mr Krieg, Mr Lagorce, Mr Laudrin, Mr Leenhardt, Mr Lemoine, Mr Liogier, Mr de la Malène, Mr Emile Muller, Mr Pinata, Mr Rivière, Mr Spénale, Mr Terrenoire, and Mr Zeller which had been announced by the French National Assembly on 16 June 1975.

Pursuant to Rule 3 (1) of the Rules of Procedure, the Bureau has made sure that these appointments complied with the provisions of the Treaties.

It therefore asks the House to ratify these appointments.

Are there any objections?

These appointments are ratified.

7. Oral Question with debate: Information programme on nuclear power-stations

President. — The next item is Oral Question No 105, with debate, by Mr Hougardy on behalf of the Liberal and Allies Group to the Commission of the European Communities, on the information programme on nuclear power-stations (Doc. 124/75).

It is worded as follows:

Subject: Information programme on nuclear power stations

In view of the limited nature of conventional energy reserves, nuclear power stations now represent a feasible alternative source of energy.

Can the Commission state whether it has drawn up an information programme at European level to enable all citizens to reach an objective opinion in full knowledge of the facts?

Can the Commission also state which parts of the EAEC Treaty can still serve as a legal basis

for the expected development of nuclear energy, in order to dispel the impression of public opinion that that Treaty is now obsolescent?'

I call Mr Hougardy to speak to the question.

Mr Hougardy. — (F) Mr President, nuclear energy has become competitive because of the increase in oil prices following the Yom Kippur war. It must, however, be recognized that certain currents of opinion immediately launched a campaign of opposition to the construction of nuclear power stations.

However, as the 1975-1985 plan for energy development has shown, nuclear energy is without doubt the only immediate prospect if Europe is to be made less dependent on imports in years to come. We must realize that an energy crisis may occur at any time and there can be no doubt that if the 1975-1985 plan is not implemented, the European Community would have great difficulty in overcoming this failure.

I should like to take opportunity to congratulate Vice-President Simonet, and through him the Commission, for their vigorous efforts to ensure implementation of the 1975-1985 plan. But this is also the reason why the Liberal and Allies Group has asked me to put a question to the Commission in order to ascertain whether, because of the limited stocks of traditional energy, the Commission has prepared a European-wide information programme in order to make public opinion aware of the advantages of nuclear energy; such information must of course be accompanied by objective data enabling all our citizens to reach an informed opinion on the whole complex of problems surrounding energy.

The Liberal and Allies Group regrets that the Commission has failed to undertake an extensive information campaign in good time although it has practical means of informing public opinion. Fortunately, we have learnt from an article published by Agence Europe that the Commission is preparing to take steps in the area of information in order to make known what exactly is involved in nuclear energy and, more specifically, to show what protective action is being taken from the point of view of the population and environment.

We should like further details from the Commission showing whether this information campaign will deal with third party liability and insurance for the power stations covering the risks they may present, radiological protection of workers and citizens, processing, transport and storage of radioactive waste.

The hearing of experts by the European Parliament's Committee on Energy, Research and

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Technology demonstrated to us that the Joint Research Centre is recognized as a valid body to deal with reactor safety.

We have observed that the campaign against nuclear energy centres essentially on the supposed lack of safety, on the risks of a nuclear explosion imagined by badly informed men or organizations whose good faith is not immediately apparent in their campaigns. The Commission therefore has a basis of scientific information to launch a campaign which is both indispensable and decisive. By launching this objective campaign, the Commission will prove to the citizens of the nine countries that it is not simply bypassing the problems which are of concern to them.

We consider it essential for this information campaign to be conducted by the Commission in the immediate future, failing which the national authorities will try to solve the problem in a disparate manner on their own. There would then be no point in regretting the resurgence of nationalism to the detriment of the Community idea which is also shaken.

At its last study meeting, the Liberal and Allies Group put forward a series of concrete proposals. Perhaps some of our suggestions could be taken over and enlarged upon in the Commission's information programme. May I recall them briefly.

The development of nuclear energy is irreversible; this is confirmed by the degree of competitiveness reached in 1974 by comparison with conventional power stations. An increase in the number of nuclear power stations can therefore be expected and the production of nuclear energy must also be concentrated on large units based on the most modern techniques which must, however,—I would stress—be well-tested in order to limit the risks.

At the same time standardization should be ensured on a Community basis for the methods of construction of reactor components in order to accelerate the authorization procedures for the siting of nuclear power stations; this procedure is generally too slow, lasting as it does for an average of three years. This measure would allow a division of labour on a European scale with favourable repercussions in terms of a reduction of production costs.

This observation is not without importance at a time when some states have reached the limits of possible savings in the energy sector.

Finally, the European Liberals insist on the idea of setting up a joint enterprise responsible for the storage, treatment and transport of radioactive waste even if they have the impression

that the Commission is rather reticent on this point.

At a recent conference in Paris, Mr Spinelli mentioned the possibility of setting up, under the aegis of the Commission, a European Agency responsible for the definition and management of joint programmes for the European aerospace industry. This seems to us a valuable suggestion and we Liberals keenly hope that similar action will be taken for the storage, transport and reprocessing of radioactive waste products which undoubtedly present serious problems at present.

This joint enterprise would be placed under Commission control. The Community would finance it in conjunction with the national states and private capital and nothing would prevent the subsequent conclusion of world-wide agreements. Germany has already thought of a formula of this kind for processing its radioactive waste.

Those are the points I wished to make, Mr Simonet. In my view, public opinion is impatiently awaiting an initiative from you in the area of information in order to programme viable solutions in good time.

These thoughts and the announcement of the programme recently approved by the Commission to supplement its new energy policy strategy and targets for 1985, lead the Liberal and Allies Group to attach maximum political importance to the statement which will be made today on behalf of the Commission in reply to my question.

(Applause)

IN THE CHAIR: MR YEATS

Vice-President

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — Mr President, I think Mr Hougardy was right to raise the question of informing public opinion on the economic, social and ecological consequences of the accelerated development of nuclear energy.

For a group of countries such as ours, which, with a few exceptions, have few conventional energy resources, this accelerated development is in fact the only way of enabling us to reduce our dependence on imported energy. I therefore believe that the initiative taken by the Commission and approved by Parliament — on which the Member States have adopted a favourable decision of principle tending to give priority to

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the development of electrical energy and, in the context of this development, to ensure that by 1985 half the electricity generated in the Community as a whole is produced in nuclear power stations—is a wise decision because it accords with our intentions: first to diversify our sources of energy supply, secondly to limit as far as possible—this does not amount to a great deal as yet—the share of imported energy and thirdly to try to prepare the conditions which will enable us to ensure at a given time—probably at the turn of the century—the progressive replacement of oil by other energy sources.

There remains the fact—and here I believe that Mr Hougardy's question is particularly appropriate and opportune—that, in the present state of our democracies and having regard also to the great movement of dissension which has developed in a number of industrialized countries—I am not questioning the legitimacy of these movements—against some of the least favourable aspects of industrial development, there remains then the fact that a particular effort of information must be made first by the Community authorities—I shall indicate in a moment what I mean by this—and secondly by the Member States.

There is not a single Member State—and some members of this Parliament could speak with more authority than me on the subject—which is not experiencing at present very great difficulties in implementing the decisions of principle taken at Community level, i.e. in deciding firstly on the need to increase its nuclear equipment and secondly—this is a much more delicate problem but an inevitable decision if nuclear power stations are not to remain on the drawing board—on their siting.

Some of the Member States have far more stringent social discipline than others and many of us were surprised to see that in one of these Member States—rightly famous for the solidarity of its social structures and the vigour of its political power—the development of movements of dissension made it impossible to build one particular power station.

Thus we are indeed confronted with a major problem since we are not living at a period in the history of our democracies where it is possible to deal summarily with the organized opposition of a fraction of public opinion which, basing its views partly on justified considerations and accurate information but also in part on inexact or incomplete data, considers that the implementation of the nuclear development programme is a considerable threat to the health of the population, to the chances of survival of the ecological environment and, in general, to

all the factors which go to make up the quality of life. Through its traditional techniques, information supplied to accredited press representatives, information publications or campaigns organized by the Directorate-General for Information, the Commission has tried, although so far not altogether adequately, I must admit, to answer the concerns expressed whenever it has submitted a proposal to the Council or a matter has been presented to Parliament. I must also say, however, in answer to Mr Hougardy's question, that so far this effort of information has concentrated on particular details; it has been too fragmentary and not always very coherent so that the implications of the replies or attempted replies given have not always been readily understandable.

However, it seems to me—and here I would go further than Mr Hougardy—that in this connection two types of problems must be raised when a specific information campaign has to be organized in connection with each decision and a permanent structure of information is set up, and even perhaps a structure for discussion with what are considered qualified circles representing public opinion and expressing the concern of the latter about nuclear development programmes.

The first of these problems is economic in nature. Mr Hougardy has not alluded to it but it is important to deal with it here. This is the problem of determining the comparative cost.

One of the arguments put forward, on the grounds of ecological or social concern, by the opponents of the accelerated development of nuclear energy is that the latter, contrary to what has sometimes been rightly stated—I shall perhaps have an opportunity to demonstrate this to a later sitting of Parliament or perhaps to its Committee on Energy if the latter gives me occasion to present the file we have prepared—in fact costs far more than is generally suggested when justifying the accelerated development of nuclear energy, if all the related financial costs are taken into account.

A first attempt to clarify the matter must be made by the Commission with the cooperation of the Parliament and Member States, to show that the costs attributed to the development of nuclear energy are not the costs which must in fact be taken into account by the nuclear industry which may well be competitive with other energy sources once a given production threshold is passed. We must therefore show that the accelerated development of nuclear energy is not an intolerable burden on our economies which it would be preferable to replace by maintenance of the existing structure of energy consumption in the context of inter-

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national agreements to be concluded with the petroleum producing countries, thus maintaining our present state of dependence. It is important to demonstrate this fact which leads to a basic political choice: are we to attempt to reduce our dependence on imported energy sources, in particular oil? If so, and if we give privileged treatment to the development of nuclear energy, would that political choice be economically and financially justified? Could we make it under acceptable conditions to the Community economies?

I shall be more concise on the second type of problem—with which Mr Hougardy has sufficiently dealt—which must also be the subject of a systematic and ongoing information campaign.

The Commission must be able to organize its different services in an attempt to resolve the conflict of the Joint Research Centre to which Mr Hougardy referred. I personally hope that these services can be regrouped in order to form, within the Commission, an organization specifically responsible for studying and solving safety, ecological and environmental problems which are matters of legitimate concern to the public. In this way the Commission would have technical structures whose activities would be the basis of the regular information we must provide to public opinion if we are to be able to achieve our targets at the level of the Community and Member States.

I think that Mr Hougardy's question has been put at the right time. Psychologically and politically it provides a basis from which we can together achieve what we want, namely a reduction in our dependence on imported oil under economic and social conditions such that there will not be a reaction of rejection and refusal by our citizens which would prevent us from achieving our aims.

(Applause)

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

Mr De Keersmaeker. — *(NL)* Mr President, the oral question by Mr Hougardy has given us an opportunity to consider once again the problem of informing the European public on the subject of energy supplies.

In its document of 8 January 1975, the Commission emphasized the problem of safety and public health. Substantial amounts are being spent on research in this area.

On 20 February last, Mr Vandewiele, in presenting his report, drew attention to the fact that

the number of nuclear power stations planned at present will not be completed on time. In the Netherlands Parliament, the decision has been taken, partly under the pressure of disappointed public opinion, to delay the proposed programme considerably over the next five years.

In all the Member States, we note that Parliament and public opinion are strongly influenced by well-organized pressure groups which often put difficult questions regarding the safety of the planned nuclear power stations.

We have therefore stressed the need for a large-scale, ongoing information campaign which must reach every sector of the population.

This question was raised again during the plenary sitting of Wednesday, 9 April in connection with the Noè report on the Programme for the management and storage of radioactive waste.

Several Members, speaking on behalf of their groups, have now pointed out again that there is growing unrest and opposition to the construction of new nuclear power stations.

Why!, Kaiseraugst, Fessenheim, Basle, Nieuwpoort and Zeebrugge are merely some of a series of places where there is unrest.

We cannot be at all surprised that a large part of the population feels uncertainty and doubt in this matter. Their uncertainty is heightened by the complex technology involved and in particular by the differing and conflicting statements of the experts and the horror which is still keenly felt at everything which recalls the terrible atomic bombs dropped on Nagasaki and Hiroshima; rightly or wrongly, a link is established between the consequences of the atomic bombs over all these years and the consequences of the peaceful use of nuclear energy in the future.

The information measures which Parliament considers necessary cannot be taken exclusively by the federations of electricity boards.

Rightly or wrongly, they might be thought to be hiding certain risks. We must add that certain action groups—as our colleague, Mr Hougardy, just said—sometimes approach this problem with doubtful objectivity.

In each of the Member States a responsible information campaign must be conducted with the support of a genuine Community programme using all the modern mass media.

We would also like the Commission to inform us what measures are being considered for the early adoption of Community legal pro-

De Keersmaecker

visions and nuclear engineering rules and guidelines for the approval and construction of nuclear power stations in the Community.

Our groups hopes that today's debate will lead to something more than the repetition of a number of wishes which have already been formulated in the past. The problem of energy is up for discussion not only in Europe but throughout the world. The problem of alternative energy sources is particularly important. We must formulate and implement a policy on this matter. It is very interesting to note that the Commission has in mind a particular policy. I can give it the assurance that if public opinion is adequately informed on this matter, a great deal of unrest will be calmed. It is a pity that marathon sessions are held on agricultural policy but not on the social situation. My colleague, Mr Giraud, just put a question on this subject.

It is also very easy to give a reply. There is no overall and integrated social policy. There is simply a fragmentary approach to certain specific aspects, and the same is true of energy policy.

Be that as it may, the present confusion in peoples' minds cannot be a healthy basis, from the democratic angle, for the implementation of an energy policy. I believe we must make a start on a far-reaching study. What Mr Simonet just said is encouraging.

We must give effective, open and objective information to public opinion. If we make this the first priority of our policy, we must also show a willingness to provide the necessary funds.

(Applause)

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

Mr Flämig. — *(D)* Mr President, ladies and gentlemen, it is not possible to engage in a new nuclear energy debate in the space of a few minutes. All we can do is to outline very briefly the views of the Socialist Group which are not meant in any way to encroach on the Community's energy programme and the individual national energy programmes harmonized with it. This means that nuclear energy is still seen as the principal alternative to traditional energy sources and that the programme must be implemented smoothly.

We have heard now about the 'objective information of all citizens'. Mr Simonet has said that the Commission has repeatedly stated its clear opinion in Agence Europe and certainly also in the Official Journal and in press communi-

qués. However, we doubt whether that is sufficient to inform all citizens—in the words of the question; we believe that the statements by the Commission in its official publications and in the Official Journals find a very limited readership. Therefore, we consider that it is essentially a matter for the national governments and certainly also for the industrial interests concerned to provide information here. The emphasis must, however, be on the word objective—that seems important to us; the nonsense talked in certain countries, organizations, environmental protection groups and civic initiatives is quite terrifying. There are so many so-called experts! Some understate the facts and must be criticized for unilaterally representing industrial interests. Others exaggerate and pretend that a nuclear power station is nothing less than a potential bomb, although every student in his first course of natural science will know that a bomb works with 92% enriched uranium while a nuclear power station works with 2-3% and cannot possibly explode.

We must tell our citizens quite clearly that we in Europe have to learn to live with this new source of energy and with this new risk. Our citizens in the Community and elsewhere in the world have learnt to live with gas for cooking and heating purposes although every year houses explode and some local newspapers still report the incidents. We have learnt to live with fertilizer factories and chemical plants although sometimes an entire industrial complex blows up with twenty, thirty or over a hundred dead. We have learnt to live with electricity although more than one thousand persons die each year in the Community from electric shock. We have learnt to live with motor cycles and cars although more than 30 000 persons in the Community are sacrificed on the altar of transport every year. Imagine the outcry if there was one single death in the nuclear energy sector.

How much has been written and spoken throughout the world, although we know that, for example, poisonous potassium cyanide is processed by the ton in steel-hardening workshops and that it is even stored by the kilo or perhaps in even greater quantities sufficient to poison the entire European Community, in large ironmongery stores. We have learnt to live with nerve poisons such as E 605 and nobody talks about them. But since the protest movement does not at present have a Chile, Biafra or Portugal to protest about, a new reason for protests has been found—namely the supposedly greedy industry which is trying to foist a useless source of energy onto our peoples. We are told: get rid of nuclear power-stations and use the sun, wind and geothermic heat,

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although every expert knows that these sources cannot be sufficient.

Our conclusion then is that objective information is necessary but, as we said, it will be more a matter for the national governments. We might therefore hope that responsible politicians at national and Community level would make a clear statement in favour of nuclear energy and that the government leaders, Council presidents, Commission presidents and Commissioners, would speak openly about this new form of energy, its problems and risks.

Paragraph 3 asks whether the Euratom Treaty is still relevant or outmoded. We have heard little in answer to this question. We believe the Euratom Treaty should be carefully reviewed to ascertain whether sufficient attention is given to the subjects of safety and information.

(Applause)

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

Mr Leonardi. — *(I)* I am glad to hear from the reply given by Commissioner Simonet that the Commission has finally given up the attitude of detachment which it appeared to have adopted at one time in this field. It seems to me that here too, as in other sectors, there are groups of interests which are trying, not to explain and clear up the situation, but to sow panic and help in withholding information. I agree with Mr Simonet that democracy and respect for public opinion should not become an obstacle to progress. We should therefore do our utmost to keep the public informed and to take cautious decisions that will make it possible to utilize nuclear energy as a substantial element of energy policy.

In this connection I should like to recommend the Commission to circulate as soon as possible one of its publications in which it would not confine itself merely to explaining its position but would also review the arguments advanced by the opposition, refuting them with an analysis of the damage they have caused by impeding the implementation of certain projects or causing them to be postponed. Each one of us has noted, in fact, that in many cases public opinion has been influenced and stirred up by utterly false information.

Seeing that we are all in agreement on the general state of affairs, we should try to pool our efforts with a view to overcoming the present obstacles and going ahead despite the activities of those who oppose the necessary progress.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, allow me to thank Mr Hougardy for the opportunity he has given me to turn to this argument. My thanks are also due to Vice-President Simonet for his incessant efforts along lines the same as ours.

Yesterday, during Question Time, I dwelt on the possibility of the Community member countries, and therefore of the Community as a whole, determining what would in future be the minimum and maximum values of the nuclear power-stations to be constructed.

Today, returning to the specific argument, I would add that the gap existing between these values is still very wide owing to the elements of doubt in their assessment which only facts and figures can gradually help to reduce. These elements of doubt stem essentially from three factors: first and foremost the availability of sites, on which a highly important report will shortly be presented by Mr Walz; secondly, the industrial capacity of each individual country in relation to the programmes indicated; and finally the availability of funds to cover these commitments, for everybody knows that the installation of a nuclear power-station is far more costly than that of a conventional thermal power-station, even if the fuel used is cheaper.

Associated with these problems there is another — as pointed out by Vice-President Simonet — namely, that of the final cost of the kilowatt-hours produced from a nuclear source. In this connection I would merely mention the fact that in my country, for example, certain regions are asking for something in return. Molise has asked for the construction of a canal-port costing 12 000 million. Well now, should we charge this sum to the nuclear power-station or not?

This Parliament, as Mr De Keersmaeker has pointed out, has already discussed a number of specific problems which contribute to the information to which Mr Hougardy has referred. More precisely, these problems are as follows: the reprocessing of the plutonium produced in the power-stations at present in operation, the disposal of the irradiated waste produced by them, and the safety of the power-stations. On this last problem Mr Müller produced a report which we considered recently. For the rest, we await the important report by Mr Walz on the choice of sites. In addition, Mr Springorum, the chairman of the Committee on Energy, has asked me to make a study shortly of the problem of the renewal of the nuclear core. This problem differs to some extent from that of processing the fuel, because it also involves the steel rods surrounding the fuel. In Europe there are only two works, one near

Noë

Cherbourg and the other in Karlsruhe, capable of treating these rods with a view to excluding injurious effects, but this naturally poses transport problems.

With this in mind, I should like once again to propose that once the consideration of these five points has been concluded—and, given their complexity, each of them must be dealt with separately—Parliament should draw up a report covering the whole subject and including also the problem of transport, something which at times is neglected when the individual problems are being considered but which in fact merits the closest study. This will make a contribution to the action which Vice-President Simonet is going ahead with and which we all endorse.

I believe that a report by the Parliament which gave a conspectus of the situation and could be presented in the autumn following such a searching study might well provide a valuable political contribution. This could also meet Mr Hougardy's proposal that a Community company be set up for processing radioactive waste.

In conclusion, I would add that although I did not take part earlier in the discussion on social problems and unemployment, I am firmly convinced—as Mr De Keersmaecker also pointed out in passing—that the search for a timely—even, I might say, intelligent—solution to this class of problems would make it possible to create the conditions necessary for coping also with unemployment.

In other words, we must avoid the pursuit of a social policy standing on its own; we must instead arrive at solutions that will make it possible on the one hand to make available to our Community the energy without which it will be utterly impossible to absorb unemployment, and on the other hand to create substantial facilities for additional employment. The false reports that Mr Flämig has rightly criticized will find a suitable answer in this report.

(Applause)

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

Mrs Kellett-Bowman. — I have listened with considerable interest, particularly to the remarks of Mr De Keersmaecker. There is much public concern about the safety of power stations in every country of the Community.

I live only two miles from the latest of our nuclear power stations, which is not yet in operation. Over the last six months a considerable campaign has developed on the safety

aspects of that station, which is in a very populous area.

I agree with Mr De Keersmaecker that if the public had more information on this matter, many of their anxieties would be dispelled. As Mr Simonet observed, there are many accidents in all other types of industrial processes, but the subject of nuclear power is so much more emotive than electricity, gas, chemicals or other industrial processes. If we had more information, I believe that this programme would go ahead more smoothly than it does at the present time. I believe that people are entitled to know not only the degree of risks involved in these stations, minimal though in many cases they are, but the steps being taken on their behalf by public authorities and the steps which each citizen should take in the unlikely event of a disaster. It is no use authorities in nuclear power stations and generating boards having contingency plans ready if citizens are not fully acquainted with them. It is no use saying that they have plans for public safety if each citizen does not know what part he or she must play in them.

Therefore, I strongly urge that the more information that is given to our citizens, the more smoothly this vital programme will go forward with the full backing of public opinion.

(Applause)

President. — I call Mr Van der Hek.

Mr Van der Hek. — (NL) Mr President, I shall refrain from commenting on nuclear energy or other forms of energy but I wish to make a few observations on the subject of information about these types of energy. I believe that this is the subject concerning us at present. It is true that we have no special Commissioner or permanent committee to deal with the problem of information but as politicians we are all concerned with this problem. It therefore seems useful to me to say a few words about it. This is all the more true after Mr Hougardy's comments. If I were to say in the Netherlands, in the tone just used by Mr Hougardy, why we need a European information programme and why that programme must say quite clearly how safe, desirable and cheap nuclear energy in fact is, I should do so if I wanted to achieve two results, i.e. no nuclear energy and resistance to the European Community. The tone he used is the one which irritates listeners and hardens views. We must make sure that we do not create more opponents to nuclear energy by pursuing a particular policy; we must also recognize that if the European Communities do this then we shall also arouse more opposition to the Communities as such. The Com-

Van der Hek

munities will then be seen as the institution par excellence which wishes to 'sell' nuclear energy to the people in whatever way it can.

In my view—this is my experience and I understood from what Mr De Keersmaecker said that this is also the experience in other countries—it must be made perfectly clear that the decision to build a nuclear power station is determined by arguments for and against, and quite definitely also by arguments against building a station.

In view of the differing attitudes in our Member States, I consider it comprehensible for the Member States' governments to undertake the task of information; the European Communities as an institution should not do so. If they do, they will run the risk I have just outlined.

(Applause)

President. — I call Mrs Walz.

Mrs Walz. — *(D)* Mr President, ladies and gentlemen, in almost all the Community countries resistance to nuclear power stations has grown and is still growing now. This despite the fact that there is no alternative yet to nuclear energy which can safeguard our jobs and a modest rate of growth for the future. The fears of the population are heightened by the fact that by the year 1990 one half of our electricity consumption is to come from nuclear energy which means the construction of hundreds of power stations in Europe, preferably in nuclear 'parks' with accompanying preparation and waste storage plants.

Whether these plans can be implemented even in part depends on whether the approval of the population can be gained even in those countries where federal or central authorities take the ultimate decision and court rulings cannot lead to the prohibition of construction.

There have been a great many gaps in the information of our citizens, firstly because the scientists themselves initially considered this information unrealistic and unnecessary, secondly because the presentation of the facts is extraordinarily complicated and thirdly because excessive delays were feared leading to cost increases.

Today, however, detailed information has become urgently necessary unless the entire nuclear energy programme is to be allowed to founder. The citizens concerned must therefore be involved in the decision right from the start, through press, radio and television reports and also through exhibitions and meetings on the spot. Public hearings should be organized as they are in Britain, for example, where the

opponents can indicate their reasons and the advocates be cross-questioned. The interests of the persons directly affected and of the entire region must be very carefully weighed up. The dialogue with the public authorities must be intensive and, if possible, a liaison committee should be set up to provide all the information which the population wants.

The question of the acceptability of a site depends on the extent to which the population of the country is affected by implementation of a project. National and regional limits should not be a consideration. Close to frontiers decisions on sites must be taken without reference to those frontiers. Even within the European Community this means breaking new legislative ground, although a start has been made. Examples are provided by the terms of Article 137 of the Euratom Treaty and the Commission's efforts to bring about a simplification of safety criteria. The position in regard to neighbouring third countries is still quite unclear. Here the Community should act as a single entity instead of aiming at bilateral agreements between Member States and these third countries.

(Applause)

President. — I call Mr Burgbacher.

Mr Burgbacher. — *(D)* Mr President, ladies and gentlemen, the house will certainly be grateful to Mr Hougardy for his oral question which has given us another opportunity for a short nuclear debate. We are still more grateful to Vice-President Simonet for his observations. I would recommend my colleagues to read what he said very carefully, since I personally am convinced that there are still important reservations on certain major aspects. Information is good and necessary. It can, however, only be successful if it proves to our citizens that reactors are not a serious risk. That evidence is, however, very difficult to provide and I am very pleased that it should be so difficult because the only convincing demonstration would be an accident without harmful consequences. That is something we do not wish for. It is very difficult to convince our citizens. The only thing remaining is to do what our colleague, Mrs Walz, has said; I fully support her comments. But you would no doubt be surprised, Mr Vice-President, if I did not also express some criticism. I believe that nuclear energy is not the only alternative to escape from the crisis. Many of my colleagues in this House know what I mean and I hope you will bear with me if I say a few words on the subject: I am referring to domestic energy sources, in particular coal; not coal as such for the final consumer, but gasification or liquefaction of coal. The competitiveness of con-

Burgbacher

verting coal by the various methods available has not yet been clearly demonstrated but it is growing day by day as reactor costs rise, and in the last eighteen months, there has been an upward surge in capital investment costs.

I agree that nuclear technology can provide the most promising source of energy for the future. We are in full agreement on that score. But I do not agree with the timing, especially for the period up to 1985 at which date the current energy programmes of the Community and individual national governments end. I consider this time scale quite impossible since 1985 is only ten years off. Any of us who has concerned himself with reactor technology knows from experience that ten years elapse between the planning and availability of electricity from a nuclear reactor. But where can we see a start being made on the reactor technology involved by our energy programmes; a start is only being made on a very modest scale, if at all. What then will happen if the calculations are not correct and who will fill the gap if delays occur—for justified or unjustified reasons—in the reactor sector? There will then only be the possibility of renewed dependence on oil or a reversion—I apologize for repeating this—to our old coal which dirties your hands when you touch it; but thanks to our modern technology there is no need to touch it, not even at the coalface.

How will raw materials be supplied in the reactor industry? In my own country, the Federal Republic, supplies are ensured by agreements until 1978 or 1979. But not afterwards. And it is only afterwards that the real demand will arise.

Will we be able to buy enough unprocessed uranium anywhere in the world or will the uranium supplier countries not follow the present example of suppliers of other raw materials and ensure the enrichment of uranium themselves? In that case we shall only be able to buy enriched uranium. But these purchases must be secured by contracts in good time. It is not a significant drawback if uranium prices rise because reactor costs are determined largely by capital investment which makes up a decisive proportion of the overall cost.

Reactors can only be used economically if they function throughout the year, i.e. if possible for 6 000 hours. That is only possible by linking them up to a large grid and not by working simply for local energy supply purposes. But do all countries want to join such a large grid system? That question remains open. I personally favour a system of this kind which has already been developed to some extent but not everywhere. If nuclear reactors operate for 6 000

hours, other power stations which have so far covered energy requirements will have to be run down. But this means that the cost of generating current at them will be higher than in the past. When comparing the costs of nuclear reactors are we to take only the price of current at the main switch of the nuclear power station or are we also to include the secondary costs in the grid or at other power stations? This is a very important questions. The grids themselves will also have to be redesigned if the main source of supply is suddenly to be at a different point. The strength of the network will have to be adapted to ensure that the high production can be handled.

Not all these aspects have been fully calculated as yet. To my knowledge, there has been no precise calculation—except by the persons directly concerned—of the upward change in the cost price of reactor current in the last two or three years.

I would therefore suggest that the Commissioner and his colleagues should make this calculation again and compare the results with other costs. But I would suggest that they wait until October before doing so because the original basis of calculation, oil, may then have changed to a new level.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — Mr President, I wish to thank the various speakers and before answering them, may I say that their observations will be useful elements for the Commission and in particular for me, to guide our work in the weeks and months to come when we seek a solution to this basic problem of information.

My reply to the various speakers will be arranged round four basic ideas. The first, raised by Mr Burgbacher, relates to the very foundation of energy policy. I anticipated somewhat his last question by saying, in my first reply to Mr Hougardy, that it was not sufficient to answer social or ecological concerns, but that we must first establish in a clear and irrefutable manner the economic and financial conditions under which nuclear energy is to be developed. It is quite sure, as Mr Burgbacher mentioned, that if all the investment costs are considered there are a number of additional burdens by comparison with other sources of energy, in particular coal. If, before even embarking on an information campaign on social and ecological factors, we wish to assert political credibility in economic terms, we must also reply to questions such as those raised by Mr Burgbacher.

Simonet

Respect for the time limits also give us grounds for real concern, as we fully realize. To the extent that a disparity may appear between our target, having regard to the anticipated needs in 1985, and the availability of nuclear energy, we must be able to take appropriate measures in particular in the area of coal. You may rest assured, Mr Burgbacher, that one of the first concerns of the Commission at the present time—we discussed the matter only yesterday again in the Energy Committee—is to implement a coherent coal policy according to that source of energy the place it must have in our energy policy.

The second line of comment dealt with the methods and content of information. I would say to Mr De Keersmaecker that information is not given for its own sake. There must be a real substance behind the message and the techniques of information campaign is precisely the set of regulation measures and recommendations which it can address to the states dealing with all the conditions designed to guarantee safety.

There are then two separate stages in our approach: firstly, preparation of the texts and cooperation with the Member States to create the conditions for genuine safety and, secondly, the fullest possible information on what has been done in the Community and by the Member States. I am grateful to Mr Leonardi for his suggestion. I think too that in this effort of information we must be as practical as possible and show that for each of the real or assumed risks referred to by public opinion, there is not only a technical reply but also a legal and political answer.

Thirdly, Mr Van der Hek raised a question of a more political nature. I think he is right on one point. This is above all a political problem and I think too that the parliamentarians gathered together here have a basic responsibility in this effort of information.

Why after all should Parliament not deal with this problem and organize on its own, not a campaign but at least the possibility of obtaining opinions and information on the various views and concerns expressed about this problem? In cooperation with the Commission, we could then try to answer these concerns. I recognize, with Mr Van der Hek, that this is a political problem in which Parliament has a major role to play.

On the other hand, while recognizing that his fear of seeing the opponents of the development of nuclear energy and the opponents of the Community join forces is well-founded, I maintain that, despite that risk, we—that is

the Commission and the Community—must assume our responsibility not in isolation and outside the Member States but with the Member States and, in such an essential area, at Community level.

Finally, Mr Flämig after referring to all the nuisances with which we have to live—and to which I might perhaps add Bordeaux wines of doubtful origin or chemically suspicious Port wine/asked me what legal instrument we have to implement our nuclear development programme.

The EURATOM Treaty still provides the basis for us to continue our nuclear development policy. Some of its provisions are irreplaceable, for instance Article 40 which provides the possibility of defining, at Community level, the aims of nuclear development and implementing programmes, and Chapter V which provides for the formation of joint enterprises benefiting from specific financial advantages, and Article 172(4) which was taken as the basis for the Commission's proposal on the financing by loans of the construction of nuclear power stations dealt with in Mr Memmel's report. Here we have a number of irreplaceable provisions and they will, I believe, constitute the legal basis for the political effort on which we have embarked.

(Applause)

President. — I have no motion for a resolution on this debate.

The debate is closed.

8. *Commission communication on financial and technical aid to non-associated developing countries*

President. — The next item is a debate on the report drawn up by Mr Härzschel on behalf of the Committee on Development and Cooperation on the communication from the Commission of the European Communities to the Council on Community financial and technical aid to non-associated developing countries 1976-80 (Doc. 133/75).

I call Mr Härzschel, rapporteur.

Mr Härzschel, rapporteur. — *(D)* Mr President, ladies and gentlemen, I have the task today of presenting to you a report on the financial and technical aid from the Community to non-associated developing countries.

The aim of this programme is to grant aid to developing countries which have not in the past received any resources from the European

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Development Fund. This new form of aid may be seen as a complement to the association policy, generalized preferences, food aid and the measures already taken in the context of the Cheysson Fund.

The action programme in favour of non-associated countries is justified because the general economic situation and above all the terms of trade of the poorest developing countries have deteriorated in recent times. In these particular countries, aid is extremely important because otherwise the hopeful signs of improvement may be jeopardized by the rise of energy costs. This aid must therefore be continued. For example, in a large and densely populated country like India, the security of food supplies and the positive economic developments would be set at risk and any improvement prevented if we did not continue our help with a view to promoting self-sufficiency and a stronger economy. The same holds good for the other countries which are to receive this aid. Referring to the Bersani report on the Communities' global policy of cooperation with the developing countries, and with particular reference to paragraph 3 of this motion for a resolution, our committee believes that this aid must be used where it is most urgently needed and that it should go primarily to the poorest sections of the population to improve their living standards.

The technical and financial aid programme for the non-associated countries therefore concentrates on four points:

1. Provision of adequate food supplies,
2. Promotion of regional cooperation and integration,
3. Means of immediate action in the event of disasters, and
4. Measures to promote exports.

The Committee on Development and Cooperation is convinced that the coverage of food requirements is an important task and complements the structural programme because all development programmes can be successful only if the population has assured food supplies.

The increase in the Community's food aid independently of the current food aid programme, will be an additional help to these countries. We welcome the fact that this aid will go primarily to the overpopulated and starving countries of the Indian sub-continent.

We, in the committee, also felt that all possible measures must be taken in the developing countries to improve agricultural production, fish-raising and fishing. In our view, this also includes the supply of agricultural equipment,

seeds and fertilizers. Priority should be given here to crops for domestic consumption because an optimal effect can be achieved in that area at low cost.

It goes without saying that these efforts must be combined with all possible measures for better storage and marketing. These include improvements in rural infrastructures and occupational training facilities. Side by side with the development of agricultural structures, the development of craft industries and small trade concerns should also be promoted.

The improvement of regional cooperation and integration is important. It serves to promote economic and structural projects of interest to several countries, to improve the infrastructure of whole areas and allow mass production at low unit cost.

These and similar measures will lead to an increase in demand, because without demand backed by purchasing power there cannot be an effective market or a cure to poverty.

As the development of trade is a key factor in the improvement of the economic situation of the developing countries, the planned measures to increase exports must be given particular encouragement.

In our discussions in the Committee, we also agreed that the Community should take an active part in the discussions on the definition of an economic order and we should do so in a serious attempt to make a positive contribution on this matter.

The provision of means of immediate action in the event of disasters is also very important and is welcomed by the committee. The necessary conditions should be created in this area for disaster aid to be given rapidly, flexibly and without bureaucratic obstacles. It goes without saying that transport and distribution costs must be paid up to the ultimate destination to ensure that there are no delays and that the aid actually reaches those who need it. We also support the Commission's view that this aid should be concentrated on the poorest countries and, because of the limited resources available, we call for flexible distribution criteria allowing an optimum aid effect to be achieved.

I cannot discuss here all the details of the report such as the question of whether Community aid should be given directly or indirectly. The Community aid should certainly be identified as such but if free organizations provide effective help they can also be supported. Determination of the identity of aid is in my view less important than the effectiveness of the aid itself. In view of the great need of some developing

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countries, the proposed amount of 100 million u.a. for the first year of the five-year period is relatively modest. The total of some 750 million u.a. provided for the five years is also inadequate in view of the magnitude of the task. However, we welcome the Commission's proposals, especially in view of the critical economic situation in the Community and elsewhere in the world.

The committee has considered how additional funds could be freed for this purpose. It therefore asks the Council and Commission to examine whether these resources could not be supplemented by loans from the own resources of the European Investment Bank. As the Commission has not attached a financial summary to its communication, our committee believes that a draft Commission regulation, containing the exact financial and budget items, should be submitted to Parliament in good time, i.e. before this expenditure is fixed for the first time, in the context of the budget estimates for 1976. We are also convinced that this expenditure is of a non-compulsory nature. We therefore regret that the Commission has not classified it and hope that this will not result in any delay.

To sum up, the Commission's views on technical and financial aid from the Community to non-associated developing countries can be considered positive. The proposals are reasonable and balanced and will be of valuable assistance to the poorest developing countries.

In the report we also draw express attention to the fact that the obligations under the Lomé Convention must be given priority. Lomé was a political decision for all the partners. The hopes placed in the Lomé Convention must on no account be disappointed.

Technical and financial aid to the non-associated countries does, however, complement other forms of development policy. The means and procedures used here must help to place development aid on a stronger Community basis. Closer cooperation with the countries providing bilateral aid should also be aimed at.

Mr President, the Committee on Development and Cooperation welcomes in principle the fact that this communication expresses the Community's resolve to assist the non-associated developing countries as well as others. It views it as a further step towards world-wide cooperation with the developing countries. The committee therefore urges this House to approve the programme and the resolution submitted to you.

(Applause)

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

Mr Aigner. — (D) Mr President, my dear colleagues, I should like to say on behalf of my group that we are in complete agreement with the report and with the spoken comments of the rapporteur. We approve of the Commission's overall approach and hope that it will meet with continued success along these lines. I shall confine myself to a few remarks.

Naturally the Community knows—as does this House—that with the Lomé Association Convention it has taken on for our African, Caribbean and Pacific countries commitments going well beyond any it can enter into for the rest of the world, for the whole Third World.

Mr President, this afternoon we shall certainly be paying a tribute to one of our best African friends. The news which reached us yesterday of the senseless murder of our friend Sissoko shocked us all very deeply.

I mention this at this stage because this shock has perhaps brought fully home to us once again how strong our responsibility has become, if only because of the human commitment of the Institutions to our associated partners. During the last discussions in Dublin it was Mr Sissoko himself that dwelt on these human aspects, this permanent dialogue between the associated partners and the Community, as the most precious feature of our policy. This new dimension, which no Member State has on its own and which only the Community possesses, ranks as an absolute commitment for my group also.

Lord Reay, you have here tabled an amendment—which has my full backing—under which the Community's general cooperation policy shall in no-way be permitted to impede the continuation and further development of cooperation with the ACP countries. That is also the firm intention of my group. We are concerned here with a special responsibility, and it is precisely the ACP countries that have stressed their political faith in this Europe and not merely the desire for special economic and trade relations. It was Mr Sissoko himself who again and again underlined this political decision of the associated partners.

Mr Cheysson, in spite of the special relations which cannot be ignored for historical, traditional and cultural reasons, in spite of these relations of which we are all in favour, we must recognize the fact that the Community, as the largest trading partner in the world and with it enormous economic potential, must naturally also assume obligations and responsibility for the world as a whole. This, however,

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raises the question of priorities. We shall have to bring up the question of the funds involved as a permanent subject for discussion in budget debates during the next few years. I am very glad that they are not locked up in a Fund, which would entail a solitary political decision, but that they represent budgetary resources; for this means that this House must also have a say on priorities—e.g., for its own requirements, for social policy, which we discussed this morning, and for regional and agricultural policy. I greatly welcome the fact that our rapporteur, Mr Härzschel, as an expert on social policy looking nearer home—and there is an enormous amount of ground to be made up here—laid emphasis on the special social situation of the industrial countries too, as compared with the developing countries, and that he too dwelt on the priority to be given to these funds. I hope that in the years ahead this House will not content itself with issuing declarations, but will also lay stress on this priority and on this policy in its decisions. To this end I would welcome it if we succeeded in ensuring that expenditure in this case was classified as non-compulsory, so that this House would also have the last word on these funds.

Mr President, allow me to make a further point. The funds in question—100 million units of account—given the Community's financial strength and even allowing for the current financial troubles, hardly represent a stupendous sum. But it means a genuine political decision. For this we should be grateful. These 100 million units of account will be little more than a drop in the ocean. I can only underline the priorities. We must at the same time cater for food requirements in the Third World, since we cannot for humanitarian reasons turn a blind eye to our neighbour's need. Above all, we must—and for this point in the proposal I am very grateful—use these limited funds in such a way that the recipients' own forces, the regional forces, develop spontaneously and combine in a real spirit of cooperation throughout the Third World across national frontiers; for I believe that, even with these limited funds, the utmost success must be achieved.

The need for us to be better prepared for disasters than heretofore has been demonstrated by events in the Sahel area, in Ethiopia, in India and Pakistan.

Naturally the question of the promotion of exports, and therefore of the interlinking of the various economic sectors, will come more and more to the fore. We are in the middle of a discussion on a new world economic order. I would add—and I do so with the full backing of my group—that I am very grateful to the

Commission, and particularly to Mr Cheysson, for having displayed so much energy, so much imagination and ability in the negotiations with the Member States that this Community of ours can no longer be left out of any discussion of a new economic order; indeed, the Community may be regarded as the driving force behind the discussion and, let us hope, will continue to be so regarded in the future. The path we are to follow has thus already been traced out.

Mr Cheysson, my group will give you its full backing if you adopt the following principle: briefly, each will help to carry the other's burden, for the world-wide social problem is something that can be dealt with only on a joint basis and, I emphasize, only if the industrial nations are ready to make sacrifices.

A readiness to make sacrifices presupposes, however, a genuine partnership; in other words, the Third World must for its part be able and willing to lend a hand. Might must not be allowed to bring about a solution. Only justice can do so. Justice, however, calls also for recognition of prosperity's productive sources for the overcoming of need.

The industrial nations were able to achieve their prosperous condition because they were in a position to mobilize all their socio-political forces; that is, they freed the individual's creative spirit from the interference of cliques of planners and officials. This liberation of individual energies must also be the answer for the Third World. Hence the ability of all social groups to cooperate with each other has become the burning question.

I have heard, Mr Cheysson, that you have already done a lot of spade-work on the question of 'non-governmental' organizations and cooperation with the Third World, in that you intend to bring these organizations more to the fore in your whole approach to the question. For this I am most grateful, and I should be delighted if we were to arrive, along the same lines, at greater cooperation between the Member States and the Community. This I hold to be absolutely essential.

The Community cannot fulfil its tasks unless it avoids being isolated in a war on two fronts between the Third World on the one hand and the Member States on the other. It can give of its best only if, after clarifying the situation among its Member States—whose representatives should also speak for Europe—it speaks with one voice and acts as a single entity not only bilaterally but also at Community level.

Unfortunately, in this sphere as in others, a return to nationalism is a real danger we must keep before our eyes. My group feels that this

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House should give the Commission its full support regardless of political groups, so that the Community can act with the full backing of the Member States. Without such coordination between Community and Member States we shall not attain our objects.

Mr President, I should like to wind up by thanking the rapporteur for his excellent work as well as for his humane commitment in this matter. I may say that if the Commission continues displaying the same energy and creative ability in the difficult task of discussing a new world economic order, it will secure the full backing of my group and, I feel sure, of this whole House.

(Applause)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — The European Conservative Group welcomes Mr Härzschel's report. We have waited a long time for a decision by the Community to establish a fund for non-associated developing countries, and we are still waiting. This matter was discussed all last year. It was always understood that something would be done for the non-associated developing countries after the Lomé Convention had been signed. The Lomé Convention was signed in February, and still the Council has not reached a decision. It will not be believed that the Community can afford to take a decision to give 3 000 mu.a. in aid for the ACP countries and do nothing for the non-associated developing countries.

We should like to hear why there has been this delay. We should be grateful if the Commissioner were able to throw some light on this matter. We should also like to know when the Council expects to reach a decision on the matter.

Mr Härzschel makes the point in his report that the proposal or communication—it is a communication, so I imagine that it would eventually have to be followed by a proposal from the Commission following reaction from the Council—suggests something which in itself is exceedingly modest.

It proposes a fund of 105 mu.a. for 1976, including 10 mu.a. for emergency action and 5 mu.a. for export promotion, rising to a total of 210 mu.a. for the year in 1980: Comparing that with the 600 mu.a. on an annual basis, which is to be made available under the EDF, and taking account of the large number of countries and the overwhelming populations which this financial fund for the non-associated developing countries is to cover—the populations are many times

larger than those covered under the EDF—even if this proposal is adopted by the Community, it cannot be said that we have reached a balanced development policy between associated and non-associated countries.

As I said, Mr Härzschel points out that, in the view of the committee, this is too modest. My group agrees with that opinion. It is acceptable as a proposal, but simply as a first step.

Bearing in mind the rather rhetorical fresco document produced by the Commission, I cannot avoid the feeling that we are running the danger of allowing a gap to grow between our attitude towards developing countries in theory and what we do in practice. I always had doubts about some of the tone of the fresco document. It reads very well as an appreciation of the seriousness, urgency and extent of the problem in developing countries and as an expression of our interest in doing something to solve those problems; but it runs the danger of creating a situation in which our policy towards developing countries looks hollow, because what we are claiming that we intend to do is too much in excess of what in practice we turn out to do.

Of course, it is the case that the Community simply cannot give aid to non-associated developing countries in sufficient quantities to satisfy the needs of their enormous and deprived populations. The scale of the problem is simply too big; but because our aid has to be so limited in relation to the need that exists it has therefore to be—earlier speakers have drawn attention to this—highly selective.

In this respect the Commission has some wise proposals to make. The Commission proposes that this aid should be concentrated on 17 countries in three particularly vulnerable categories, although it must be pointed out that even then the population of those restricted categories still amounts to some 1 000 million. The Commission proposes a concentration of aid on different economic sectors according to the level of different countries. It proposes—this is something which we very much support—that the overwhelming element of money to be made available should be in the form of grants—I think the figure is some 85%—in order to avoid the self-defeating and humiliating situation where aid becomes increasingly offset by growing interest and repayment requirements.

Paragraph 14 of the resolution of the Committee on Development and Cooperation requests the Commission to take into account the aid which those countries are receiving from other countries and organizations as a further means of applying the principle of selectivity to the aid which is to be given.

Lord Reay

I have tabled three amendments to the last of the resolutions, but I would prefer to explain them in due course when they are taken. I will confine myself now to repeating that we support the report and the Commission's proposal but that we do so in the hope and expectation that this is no more than a first step which the Community is taking towards the development of a broad and well-balanced development policy on aid to developing countries as a whole.

President. — I call Mr Van der Hek to speak on behalf of the Socialist Group.

Mr Van der Hek. — (NL) Mr President, it is a particular pleasure to speak on this report at this late hour of the morning, or rather early in the afternoon. One of the reasons for this is that I am particularly pleased to see that the Community is now proposing to do something other than simply conclude agreements with limited groups of developing countries. I consider this a great step forward.

Mr Cheysson knows what emphasis my group and I myself have always placed on that kind of Community activity because it can introduce greater balance into development cooperation by the Community. This is a modest first step and it is not yet enough, as the motion for a resolution indicates. However, this first step needs to be taken. For that we are most grateful. Nevertheless, I would like to put a question. If the Community pursues its own activity in the area of the provision of financial and technical aid, the problem arises as to whether the Community will do this solely for the benefit of certain developing countries or whether it is prepared to link this aid through existing international channels in a joint effort with the aid of others.

Let me put it more clearly. Has the Commission thought whether the Community could also participate in consortia and consultative groups of the World Bank for example? Has the Commission considered whether, in addition to granting bilateral aid, the Community could show its identity to a greater extent for instance in the context of the World Bank and of regional development banks?

In other words, will the Community also use existing multilateral channels in this new activity to provide aid to developing countries? I admit that this may cause a political problem because the Community will be embarking on activities which the Member States at present undertake separately, not simply because money and technical assistance will be given to countries other than those associated with us, but also because the Community as such will be

playing an active role in the international organizations working in this area. I do not think we have heard the last word on this point as yet. I think it preferable for the Commission to indicate its views already at this stage. I should be pleased if the Community were to participate in the work of the World Bank, the consultative groups and of the regional development banks.

My second point concerns the nature of the aid granted. May I first say something about the financial conditions. The resolution rightly points out that if the Community is to concentrate its aid on the poorest developing countries, this aid must be flexible. The gift element of 84% referred to in the resolution of the OECD Development Assistance Committee on the financial conditions for granting aid is referred to as a norm. I wonder whether, if we are really concerned with the poorest developing countries, another point in the DAC Resolution on financial conditions should perhaps be taken, namely the indication that the poorest countries should be granted aid where possible on the basis of gifts and otherwise on the basis of loans, but loans on conditions according with those laid down by the International Development Association. These are more flexible conditions than the 84% gift element now referred to in the resolution. If I remember correctly the gift element is then 90 or 91%.

I would therefore ask the Commission to associate the grant of aid with other conditions. The main problem is that of tied aid. The Commission's proposals state that direct aid should be granted in the form of goods and services. The resolution rightly points out that in certain cases consideration should be given to making money available to the competent bodies in the developing countries to finance certain activities. This is a form of untied aid. Is the Community willing in granting aid to allow the developing countries to use it as they think fit, in the sense that they can themselves choose their suppliers without being tied to particular countries? There is room for further progress here.

I understand from the Commission documents that it does not wish to take this step yet. It is not at present willing to grant completely untied aid. I should like to hear from the Commission what its views are on this and whether it is aiming ultimately at untied aid. I ask this question because a proposal has already been before the Development Assistance Committee for some years to make all aid untied. We know that France, unfortunately, does not wish to participate and that, while the Americans originally agreed, they later withdrew their agreement. Each country has its own problems.

Van der Hek

It would, however, be important if the Community itself were to take part in the proceedings of the Development Assistance Committee and accordingly made its own aid untied so that it can be used where the cheapest and best suppliers are found.

I am pleased at the mention in the resolution that both programme aid and project aid must be given, although naturally when certain conditions are met. We know from practical experience of Community aid that it has so far been heavily linked to projects. There has been little inclination to grant programme aid. In some cases this is quite understandable but the resolution rightly indicates one circumstance in which programme aid can be usefully considered, namely where the developing country in question in fact has the means and a programme to use such aid.

I should greatly like to see the Commission resorting increasingly to programme aid and encouraging developing countries, perhaps through technical support, to develop good plans and a good administrative structure. If these conditions are reasonably met, the Commission would have to move towards programme aid in which there would be less discussion than in the case of project aid of the priorities of the developing country. With project aid, there is always a tendency to deflect the priorities of the developing country in the direction of the wishes of the donor country. I should like to hear the Commission's views on this.

The emphasis placed in Mr Härzschel's report on aid to agriculture in the developing countries and related food aid seems important to me. I consider this emphasis quite justified. May I, however, say in passing that without industrial development the agricultural sector cannot really get off the ground. Here too, balanced growth is necessary. In the present situation, however, the emphasis on agriculture is still quite justified.

Food aid must not of course inhibit but rather stimulate the development of agriculture. We know that under the World Food Programme, an effort is being made to use food aid in such a way that the farmers themselves develop the necessary activities to contribute to the further growth of the agricultural sector. Is the Commission willing to apply this strategy increasingly, perhaps modified on the basis of justified criticism.

I would make a distinction here between food aid and aid in emergency situations. In such situations, we can only do one thing: make certain that people have something to eat. There is, however, also a structural form of food aid

consisting of making good shortages each year in a particular developing country. In such cases, it is important to grant the food aid in such a way that local agricultural development is not held up.

Let me quote a practical example here. The Netherlands and the United States for example grant food aid to Indonesia. In that country people used to eat little cereals but rice. But if the local population are accustomed to a different kind of food that may have a highly adverse influence on rice production. And it is impossible to grow cereals in Indonesia. If demand is stimulated for a product which later has to be bought on the world market, food aid will have a negative effect. This observation does not apply to food aid as we now know it in general but there is a typical risk. Here too, I should like to hear the Commission's views.

I am grateful to Mr Härzschel for his report which I see as a step forward. The emphasis is rightly placed. The report notes that the Community is not yet doing enough and I agree with that.

I hope that the Commission will agree completely with it and indicate in its reply what we can expect in this area in future.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — Mr President, allow me to begin by thanking Parliament for this debate. It may be a little late having regard to the date of our proposals, but it has still come well before the time when the Council consent to examine the matter—and that is why I welcome it.

As to the reasons for the Council's delay, I would reply to Lord Reay by saying that we have had difficulties in convening the Council of Development Ministers because of the special and well-known position taken by the British Development Minister which led the British Government to ask for the adjournment of these Council meetings.

This has had unfortunate consequences for our food aid programme and for this document which has now been ready for 5 or 6 months without being considered by the Council; I am therefore worried about the budgetary implications of the document for the 1966 budget.

Let us return now to Mr Härzschel's report; I wish to thank him on behalf of the Commission for the care with which he has examined our proposals and the underlying policy. I explained this policy at length on 30 April when this Parliament debated our entire policy towards

Cheysson

the non-associated developing countries. I shall not revert to this general subject but only to certain elements in the report which I shall then attempt to situate in the world context. There is no contradiction between our policy towards the non-associated and associated countries. That is very well expressed in paragraph 23 of the motion for a resolution which Lord Reay proposes to amend on several points under conditions which appear to us highly satisfactory. On this point there is then full agreement.

I come now to financial and technical measures in favour of the non-associated countries. I am grateful to the rapporteur and all the speakers for recognizing that this Commission proposal opens a new path and that the priorities we have proposed are reasonable. As far as the countries are concerned, priority is being given to the least privileged, i.e. 17 countries and one thousand million people living in absolute misery. The action is necessarily limited when set against a population of one thousand million and that is why it is selective. Here again the Parliament supports the Commission's suggestions which, I would remind you, are essentially intended to ensure that these sums are set aside for food production.

The other chapters indicated represent much smaller amounts.

The aim therefore is food production in close liaison with our food aid programme to avoid the drawbacks stressed by Mr Van der Hek. This is no more than a temporary palliative which is essential in a period of world shortage because it is not acceptable that men should go hungry and financial aid be used badly to buy food products at great expense.

But it is only a palliative: the aim is to improve food production. It must therefore be coordinated and the world food programme formula is a good one. We ourselves act in this way when we act directly. And as you know a substantial part of our cereal aid programme is established on the basis of a 50% participation by the Member States, in other words under the very conditions referred to by Mr Van der Hek just now, and often through the world food programme.

As indicated in the motion for a resolution, priority for food production in the rural sector leads us to distribute our aid in the area of food production by the most effective channels; that is the objective and the criterion.

In many cases we shall then revert to international organizations, and I am grateful to Mr Aigner for reminding us of the non-governmental organizations with which we are now engaging on a systematic policy of cooperation. I had promised Parliament that we would do

so. Mr Aigner was kind enough to mention a meeting we held very recently with a large number of non-governmental organizations during which we laid the basis for our joint work. The basis will be solid if Parliament supports us and the Council approves the budgetary proposals made in the 1976 budget comprising a special credit set aside for non-governmental organizations. We are also working with international organizations.

It seems to us that the best way of showing effectiveness at the level of projects and programmes is to support them. Having regard nevertheless to the smallness of the sums proposed in relation to the thousand million people for whom they are intended, we shall very often participate in programmes. In the initial stages especially, the action should mainly take the form of programme aid so that the time necessary to draw up projects is not too long.

The other forms of selective action to which we refer—regional action, sales promotion—have been approved by Parliament; they only represent a small part of the credits. In the area of emergency action, it should be noted that in the past the Community has worked with a chapter for 'exceptional action' which was very limited since, for all the previous financial years including the current year, the amount was 600 000 u.a. It goes without saying that this sum has been used on each occasion. Last year, for example, Honduras benefited when it was struck by an earthquake, as did Somalia suffering from a catastrophic drought at a time when the Sahel programme was already fully committed to give support to other disaster areas.

Sometimes, faced with major disasters, the Community has supplemented the budget article by a special endowment. It has come to the aid of Palestinian refugees before they were included in our food aid programme, and in 1971 the Community granted some six million u.a. to Bengal.

We now propose a fund to be available for emergency aid and reendowed as the resources are used up. The budgetary proposal which will be submitted to you in the context of the 1976 budget, for which the preliminary estimates were approved by the Commission last week, comprises ten million u.a. as the initial endowment for this fund; we shall then replenish it each year as a function of the needs and disasters.

The conditions for granting this aid have also been approved by most Parliamentarians. The concessional rate must be satisfactory. But may I say that our proposal aims at a hundred per cent gift element as Mr Van der Hek states.

Cheyssou

We consider, however, that if the European Investment Bank could, for its part, make an effort out of its own resources, we could then grant some of our funds to interest rebates so as to increase the total without ever falling below an average of .84%. But the section proposed by the Commission out of Community budget consists entirely of gifts. The gift element is therefore 100%.

This will be made clear in the budgetary discussion, as will the Commission's desire to see the principle of non-compulsory expenditure recognized for all these measures.

Mr President, it is because we feel that this expenditure is non-compulsory that we did not wish in the document to enumerate precisely the amounts allocated year by year as we should have run the risk of seeing those amounts, necessarily recorded each year, entered as compulsory expenditure. That is why we did not refer to this matter in the document.

The detailed programme of our action will of course be notified to Parliament insofar as it can be established in advance. We cannot of course foresee 18 months in advance the precise amount of an action which we might undertake for instance in India or Pakistan. But the guidelines already given in the present document will be clarified each year when the budget is presented and possibly during the discussions of the Committee on Development and in this assembly.

Mr President, I have made a number of observations and given replies to questions put by Members.

I now come to what we see as a most important point—the scope of the exercise we are proposing.

Paragraph 22 of the motion for a resolution stresses that we may have insufficient personnel to embark on new activities. The motion for a resolution stresses that the emergency fund we are proposing is too limited—10 million u.a.—and finds the initial sum of 100 million u.a. for the first year of the 5-year period, to be progressively increased to 200 million u.a., too low. The sums we propose have been worked out on the basis of calculations which, although rather sordid, are perfectly realistic. We wanted first of all to balance the expenditure proposed for the associated and non-associated countries. By a curious chance the balance is ensured to within a margin of 1 million u.a. in the 1976 draft budget. On either side, the amount proposed in the 1976 budget is 431 million u.a. It should not be forgotten that our food aid programme for the benefit of the non-associated countries is considerable—even if insufficient—

and certainly not negligible in comparison with our action in favour of the associated countries. While there is a balance for 1976, the planned growth is substantially greater for the non-associated countries than for the associated countries; having regard to the phasing of the payments we anticipate in 1978-1979 an amount of some 530 million u.a. for the associated countries and 650 million u.a. in that year for the non-associated countries. This represents a total in the order of between 1.2 and 1.3 thousand million u.a. We are passing the figure of 1 500 million dollars per year and this is already a substantial increase. That is one line of reasoning.

A second reasoning consists in stating that our experience—as Parliamentarians or as members of the Commission—of discussions with the finance ministers shows the value of a precedent. Thanks to the European Parliament we have created, by participating in emergency aid for the benefit of the countries most severely hit by the crisis, a precedent in the order of 100 to 120 million u.a. per year. We hope, without being sure, that, on the basis of this precedent, the Council will not refuse the 100 million u.a. which we are entering in our estimates for 1976.

I am not sure of this because I have noted that the Council of Development Ministers is unable to meet and as soon as we even speak of 1 u.a.—let alone 10 u.a.—we immediately receive a totally negative reaction from some governments leaving no possibility of further discussion.

As a member of the Commission I think it my duty to call the Assembly's attention to this aspect. Of course, the amounts we are proposing for the non-associated countries are low, almost ridiculously low in comparison with the needs; there can be no doubt of that. But, on the other hand, progress must be made, the Community must shoulder its responsibilities and we hope that by stopping at figures for which there is already a precedent, we shall be able to make this first step. This first step must be no more than a guide because the problem of public development aid is one which has assumed a gravity and dimension of which political circles and public opinion are not yet fully informed.

A few days ago I attended a meeting of the Development Committee which, as you know, is a body set up between the World Bank and the International Monetary Fund and consists of 20 finance ministers from the industrialized countries and third world countries. The Commission is an observer and participates in its work. I should like Mr Van der Hek to note that the Commission has been participating in

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the work of a good many world organizations for a good deal of time already. It is very active in particular in the Development Committee.

Last week the meeting of the Development Committee in Paris opened with a statement by Mr MacNamara who said that the public development aid necessary for the third world countries—taking into account the objective of the strategy for the second development decade: 6% growth per year—amounts to the enormous sum of 55 000 million dollars per year.

Last September, the estimate was 25 000 million. In the meantime the world recession has resulted in a fall in exports and the value of the dollar has itself declined; the result is the fantastic figure I have just mentioned.

Against this requirement of 55 000 million dollars we find the aid from the OECD countries which has increased nominally this year partly because of the fall in the value of the dollar, and which should amount next year to some 15 000 million dollars. The figure for the oil-producing countries evaluated by the World Bank—which works very well as you know—is in the order of 10 000 million dollars. That is a remarkable figure considering that they started out from practically nothing to reach it in 12 months. We have then 15 000 million plus 10 000 million—a total of 25 000 million. 30 000 million remain to be found.

For the first time, the President of the World Bank then stated that the true solution lies in the commercial sector, i.e. through access to our markets; this is a sector in which—once again let us not say that the Community is doing nothing!—the Community is the first in the world to have adopted a wide-ranging system of generalized preferences. How I hope the other industrialized groups would do as much as us in this area!

Mr MacNamara recognize that it is by export growth that some of the needs of the third world will be covered. But an increase in public development aid must also help to cover them.

We are far from the target of 0.7% of GNP which all the Community governments without exception—or with one exception—and all the industrialized governments has accepted in the United Nations ten years ago. Each year, in fact, sees us further from the target. But the governments must understand that if we are to avoid grave international crises in which we may all perish, our public development aid must grow, however difficult this may seem. In this connection I fully endorse on behalf of the Commission, the observations made by Mr Aigner.

I think then that, despite the difficulties, the Commission must encourage the governments to continue on these lines. I think that the governments must hear us, and through our initially modest—too modest—proposals perhaps we shall be heard.

Above all I wish to stress that this Parliament and the members of the assemblies of our various countries have a very great responsibility in helping public opinion to understand that the problem arising at world level concerns each of our societies today and in years to come.

(Applause)

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

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3 p.m.)

President. — The sitting is resumed.

I call Mr Härzschel.

Mr Härzschel, rapporteur. — *(D)* Mr President, dear colleagues, I should just like to make a few brief remarks. But first I would express my heartfelt thanks to all the speakers in the discussion to whose skills the debate certainly owed a great deal. Above all, I thank my colleagues and friend Heinrich Aigner for the important contribution he made to the discussion on a new world economic order. As I pointed out earlier, we must treat this discussion with all seriousness and play our part in finding a solution to this problem.

I should also like to thank Lord Reay warmly, and entirely agree with him that this can only be a first step which we are discussing today. We should also recognize, however, that if the Community in future is going to feel itself more heavily committed to the non-associated countries, this amounts to something of a breakthrough. I can only hope that, as things go forward, we shall be in a position financially to follow up this first step.

I would also thank Mr Van der Hek. He touched upon a number of questions which Mr Cheysson has now answered. I should merely like to add that I share Mr Van der Hek's view that we should provide this aid in such a way that it makes itself really felt in the individual countries and that we should make our aid and funds subject to one condition, namely, that they are certain to be applied successfully and not squandered.

Härzschel

Returning once again to Mr Cheysson's remarks, I should like to single out a particular point. He said that the Council had not yet given its firm approval of the 100 million units of account to be earmarked for 1976, and that a final decision was still pending. I feel that Parliament as a whole should make an emphatic appeal to the Council so as to ensure that these funds are made use of. For I believe that if we do not give aid to needy countries in good time so that they can help themselves, we shall very shortly be obliged to pay out larger sums for the alleviation of disasters than we now employ in order to enable these countries to organize self-help.

Finally, I thank Commissioner Cheysson for his politically committed support for the developing countries, and above all for the expert and outstanding work he is doing. He may rest assured that he has the full backing of every one of us and that we know how to appreciate his work.
(Applause)

President. — The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 to 22 I have no amendments or speakers listed.

I put these texts to the vote.

The preamble and paragraphs 1 to 22 are adopted.

On paragraph 23, first indent, I have Amendment No 1, tabled by Lord Reay and replacing this indent by the following text:

— that the Community's overall cooperation policy should in no way detract from the pursuit and development of cooperation with the ACP countries'.

I call Lord Reay.

Lord Reay. — I have three amendments down on this resolution. The House will notice that I have them down in my own name, not in the name of my group. They were not able to be present at the last committee meeting and I take the view on the whole that amendments should be tabled, if possible, in committee. However, if any members of my group, or indeed anyone else in the House, should feel persuaded by my argument that these amendments were worthy of support I should, of course, welcome that outcome.

With regard to the first amendment, of which Mr Aigner, I think, spoke quite favourably this morning, as did the Commissioner, my view was that it is wrong to state in matters concerned

with international relations that one gives priority to any one group of countries over any other, which is the form in which the original first indent of this resolution is put. I think it is provocative and unwise to put a resolution in this form, and consequently I have reworded it.

I have no intention at all to undermine the provisions of the Lomé Convention or to recommend that they should be undermined or that the advantages which the signatories to the Lomé Convention are due under that Convention should in any way be departed from. It is simply a matter of wording. The wording I have taken is one which has already been approved by the House in the Bersani resolution of 28 April. I therefore think that there should be no difficulty in the House's again accepting this wording and I hope, for the reasons I have given, that it will do so.

President. — What is the view of the rapporteur?

Mr Härzschel, rapporteur. — (D) Mr President, I cannot quite follow Lord Reay, because I believe that the idea underlying his amendment has been brought out quite clearly both in the resolution and in my own remarks. Moreover, reference is made in the recitals to the Bersani report, in which these matters are also discussed. In addition, the situation is made quite clear in paragraph 19 of the explanatory statement.

I do not believe there is any sort of misunderstanding here. The discussion today has clearly emphasized that we naturally have to carry out the Lomé Convention and that at the same time we also feel ourselves responsible for the non-associated countries.

I therefore feel that this amendment is unnecessary; everything is already contained in the resolution and thus does not need repeating.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, since the rapporteur apparently considers that it does not make much difference whether we adopt Lord Reay's proposal or leave the wording proposed by the rapporteur, and since I assume that Lord Reay also considers that development aid and cooperation with the ACP countries must not encroach on our aid to the non-associated developing countries, I see no objection to voting for this amendment.

President. — Does anyone else wish to speak?

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On paragraph 23, second indent, I have Amendment No 2, tabled by Lord Reay and replacing this indent by the following text:

— that the criteria used for distributing aid to the non-associated countries should be readily apparent'.

I call Lord Reay.

Lord Reay. — The reason for this amendment is that, in my view, the text as it stands is ambiguous. The ambiguity lies in the words 'the special nature' where it states, 'the special nature of the aid for the non-associated countries must be readily apparent'.

That could be taken to mean one of two things. It could mean that this aid was to be viewed as temporary special aid in the same way as aid under the Cheysson Fund was special aid. Alternatively, it could have been the rapporteur's intention to refer to the special characteristics, the criteria to be used, in selecting the countries and the projects and programmes and so forth for which the aid was to be granted.

If the rapporteur's intention was the first of these two possible meanings, that he wished to emphasize that the aid was to be only temporary and to be regarded as special aid in that sense, it would be wrong to say this. This is not something that we say with respect to aid under the EDF, the Lomé Convention, and I see no reason why we should do so in this case.

Therefore, in order to remove any possibility of an interpretation that that is what we mean, I have put down this amendment to make it clear that we wish the special characteristics of the aid in the form of the criteria which would be used for its distribution to be made readily apparent.

President. — What is the rapporteur's position?

Mr Härzschel, rapporteur. — (D) Mr President, I have a feeling that translation problems have played some part in creating this uncertainty. In the German text at least, the wording is quite clear. I am, however, perfectly prepared to accept the wording suggested by Lord Reay if this makes for greater clarity.

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

On paragraph 23, fourth indent, I have Amendment No 3, tabled by Lord Reay and replacing this indent by the following text:

— that Community aid must contribute to the social well-being of the country as a whole'.

I call Lord Reay.

Lord Reay. — In this amendment I wish to remove the words 'Community aid must contribute to democratization of the social structures' and replace them with the words 'Community aid must contribute to the social well-being of the country as a whole'.

The objections as I saw them to the wording of the original resolution were, first, that, when the word 'contribute' is used, I think too great a degree of interference is suggested in the internal affairs of another country. Secondly, I am not quite sure how one could expect aid to contribute to the democratization of social structures of developing countries. I am not quite sure what this should be taken to mean. Does it mean aid should be given to established parties?

On the other hand, I agree with the sentiment that has quite often been expressed in the Committee on Development and Cooperation and, indeed, in this House, that, as an aid-giver, the Community has a right to see that the money which it gives in aid goes where it is needed within the countries who receive that aid—in other words, that it benefits the people as a whole.

That is the justification for the amendment.

I hope the rapporteur will be able to accept it.

President. — I call the rapporteur.

Mr Härzschel, rapporteur. — (D) Mr President, I share the view that Lord Reay's formulation is to be preferred. I merely wish to place on the record that the text before us now was adopted at the wish of the committee. Speaking strictly only for myself, I would support this amendment.

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

I put the whole of paragraph 23 so amended to the vote.

Paragraph 23 so amended is adopted.

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

The resolution so amended is adopted¹.

¹ OJ No C 157 of 14. 7. 1975.

9. Regulation on trade arrangements with the OCT associated with the EEC — Regulations and draft decision on measures in favour of ACP countries

President. — The next item is a joint debate on the following:

— the report drawn up by Mr Zeller, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for the products falling within subheading 22.09 C I of the Common Customs Tariff, originating in the ACP States

II. a regulation relating to the arrangements applicable to certain agricultural and processed agricultural products originating in the African, Caribbean and Pacific States (or in the Overseas Countries and Territories)

(Doc. 128/75);

— the report drawn up by Mr Nolan, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council for

I. a regulation on the advance application of certain provisions of the ACP-EEC Convention of Lomé relating to trade in goods

II. a draft decision of the representatives of the governments of the Member States of the European Coal and Steel Community, meeting in Council, opening tariff preferences for products within the province of that Community originating in the African, Caribbean and Pacific States

(Doc. 130/75); and

— the report drawn up by Mr Bersani, on behalf of the Committee on Development and Cooperation, on the recommendation from the Commission of the European Communities to the Council for a regulation on the interim trade arrangements with the Overseas Countries and Territories associated with the European Economic Community (Doc. 131/75).

I call Mr Bersani.

Mr Bersani, rapporteur. — (I) Before going into the substance of the report, I should like, Mr

President, to associate myself with those colleagues who paid a tribute to the memory of our great and much-lamented friend Sissoko, ambassador of Mali and for many years a leading figure in our relations with the African countries.

Closely attached to him by personal links of friendship during these last ten years of joint endeavour, I was able to observe on every occasion how vast was his moral commitment, how rich his humanity, how high his sense of responsibility, and how great the capacity he brought to his task. These qualities raised him gradually to a position of eminence among our association partners.

He played a decisive rôle in this association, not only because of his political ability but also through his extraordinary capacity for breathing life into the institutions, interpreting the spirit underlying them and, with great intelligence and skill, drawing the best possible advantage out of every situation to serve the end towards which we all were striving.

It is therefore with deep emotion that I too recall all his achievements and point, with my colleagues, to the void he leaves. He has left a legacy which we are all bound to cherish, a legacy of responsibility and an invitation to pursue, in the same human measure and with the same grand vision, the great strategic and general aims of the association which in the meantime has grown in stature.

The subject of the report before us is a set of provisional measures for dealing with the problem facing us between now and the full application of the Lomé Convention between the Community and a collection of countries and territories which, by virtue of Article 136 of the Treaty, come under this system of special relations with the Community. The number of these overseas countries and territories has greatly increased following the accession of Great Britain and the developments this accession has resulted in. We are dealing with a vast series of countries, some of which have special relations with the Netherlands, France, the United Kingdom and the Franco-British condominium of the New Hebrides—a vast assemblage of countries and territories which in itself gives some idea of the progressive expansion of our policy of solidarity and association with Third World countries within the ample framework of the aims laid down in the Treaty.

The Convention provided, through an exchange of letters, for the immediate adoption of transitional measures. These measures, however, will lapse on 30 June. It is therefore necessary to cover the period from 1 July to the time when,

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following ratification by at least a certain proportion of countries, the Lomé Convention and the parallel conventions can come fully into force.

We have been made responsible for giving our opinion. While it is true that this is not expressly provided for by the Treaty, we now stand before what has become an established practice. This has already happened twice in 1964 and in 1970. Hence, in the light of those precedents and at the Council's request, we are now called upon to express our views on these proposals, which consist of a recommendation made by the Commission to the Council for the adoption of a provisional regulation and of a document supplementing that recommendation, which reached us on 13 May, concerning in particular the definition of the nation of originating products and of the methods of administrative cooperation appropriate to these relations as a whole.

As I pointed out before, it is in Part Four, Article 136 of the Treaty of Rome that lies the legal and political basis of this special association with 'overseas' countries and territories which, from the geographical, social and economic point of view, are situated in areas broadly similar to the ACP countries. Some of them are already considering becoming independent this year and therefore passing from the framework of relations legally defined in this regulation to the wider and completer context of the Lomé Convention.

The proposals for a regulation are designed to apply, in an analogous manner, the bulk of the measures provided for in the Lomé Convention to relations with these countries. This is justified not only by the provisions of the Treaty but also by the socio-economic structures and geopolitical pattern of most of these territories. We are therefore, on this occasion too, witnessing a massive analogous application of the principal measures.

A number of particular aspects remain, however, to be considered. When we look at the general measures provided for in the Lomé Convention, it is noted that here those measures are largely reproduced that concern above all the development of trade and tariff and customs measures. Secondly, there is a whole series of measures for promoting economic progress, with particular reference to the agricultural and industrial sectors. There is then a whole part relating to the extension of mechanisms, measures and methods for providing financial and technical aid, it being well-known that the EDF has from the outset been increasing the effectiveness of its activities in these countries.

There are in particular two problems on which the committee has dwelt during the discussion of this recommendation for a regulation.

The first concerns measures of non-reciprocity. This recommendation does not take fully into account the fundamental progress made with the signing of the Lomé Convention, that is, the abolition of the reciprocity clause. I believe that now, by interpreting this clause in a highly flexible manner and with an eye, eventually, to abolishing it altogether, we should go ahead more determinedly towards a perfect analogy between the two conventions.

Secondly, whereas as regards the promotion of trade relations we can see reflected here the entire range of the measures provided for in the Lomé Convention, in the case of industrial aid to development the parallel is far more limited. Although for the time being this is quite understandable, we feel that the substance of the Lomé Convention ought to be more closely applied in this difficult sector of the promotion of intermediate industrial activities.

As regards procedures, it should be noted that this regulation also takes over especially the new procedures, largely of a novel character, provided for in the Lomé Convention, which increasingly display—in line with the wishes often expressed by this Assembly—the joint nature and faculty of choice attributed permanently to the responsibility of the beneficiary countries.

Other special problems concern a number of products which are particularly sensitive for some of these countries. I would refer more particularly to sugar and rum, which are of especial interest to some of the countries that have recently entered this category of associated territories and countries.

As regards the price of sugar, reference is rightly made to Annex XXI of the Lomé Convention. Our committee is in agreement, given the solidarity and similarity of the conditions under which this important agricultural product is produced in comparison with the other associated countries.

As to rum, the evolutive mechanism previously provided for is here confirmed. We feel that it would be as well, while not disturbing this mechanism, that quantitative quotas especially should be interpreted in a more comprehensible way in view of the difficulties that some of these countries are passing through in the present economic situation.

These are a few of the comments I wanted to make on the text of the report. With this systematization of relations with more than double the range of associated territories, our Commu-

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nity is taking a further step—as pointed out by Commissioner Cheysson—towards this overall design of our relations with the Third World.

We have four large groups of countries: those covered by the Lomé Convention, those of the associated territories, those linked by special conventions, and those coming under the overall policy of which we spoke a short while ago on the basis of Mr Härzschel's report.

In this way we are going forward, reinforcing, systematizing and amplifying the whole of our policy, through which the Community is fulfilling its clearly-defined task and assuming a world-wide responsibility that is certainly incumbent on it—particularly in a matter as imperative as staunch relations with the poorest areas in the world.

Quite definitely, Mr President, these provisions will widen the measures taken in favour of numerous countries which are often situated in marginal areas of the world.

Secondly, the global system of cooperation between cultural products, most of which are competitive between the EEC and the other continents is being methodically consolidated.

Thirdly, practical developments are being achieved in new geographical areas by more suitable means, in line with our new awareness of our responsibilities at international level.

For these reasons I should like, on behalf of our committee, to ask the Assembly to approve the proposed regulation and annexed document submitted by the Commission.

(Applause)

President. — I call Mr Zeller.

Mr Zeller, rapporteur. — (F) Mr President, ladies and gentlemen, I wish in my turn to pay tribute to the memory of Mr Alioune Sissoko, former Chairman of the EEC-AASM Parliamentary Joint Committee, who is certainly one of the persons to whom we owe the present broad development of relations between Europe and the ACP countries.

The two Commission proposals on which I have been asked to report are texts implementing commitments entered into by the Community on signing the Lomé Convention. The first concerns essentially arrangements for importing rum, and the second relates to Community concessions to the ACP countries in the area of trade in agricultural products, most of which are competitive with Community agriculture.

These texts were brought up for discussion relatively quickly in our committee to allow

them to enter into force on 1 July next. In this connection, I wish to thank particularly the Committee on Agriculture, asked for its opinion, which not only delivered a favourable opinion but did so quickly enough to allow us to act today.

May I say at once how important we consider the rapid adoption of these texts, which form part of the Community's commitments and must enter into force on 1 July next. In this connection it would be deplorable, and certainly contrary to the Lomé spring, if these first commitments were not met. We are rather worried, because we know that in general customs and trade measures must be approved six weeks before their entry into force to allow the customs administrations time to comply with them. The first of July lies just ahead, and we shall be very pleased to hear the views of the Commission representative shortly.

These anxieties are heightened by the fact that everyone is beginning to realize that, for instance, the question of rum raises certain problems because we have to reconcile two partially opposing and ultimately contradictory principles. On the one hand, under the Lomé Convention the rum import quota must be increased by 40% per year on the United Kingdom market but by 13% only on the market on the other eight countries. On the other hand, one of the principles of the common market must be respected—namely, freedom of movement, and this is liable to conflict with the fixing of quotas and a rate of increase in these quotas differing from one Member State of the Community to another. The Committee on Development and Cooperation realized that the Commission's initial proposal did not solve this contradiction; but the Commission cannot be criticized for that as it was bound by the Lomé Convention, which largely violated the Community's internal rules.

Be that as it may, the Committee on Development and Cooperation is aware of the partial opposition of the interests at issue here, but it believes that the difficulty can only be overcome by a pragmatic solution and state of mind; it considers, and has stated, that the Member States' real requirement for rum must be taken as the basis, thus best reflecting the liberal spirit of Lomé *vis-à-vis* Jamaica, which is particularly concerned here, without flooding the market and prohibiting absolutely trade within the Community.

At all events, it feels that a 'rum war' would be particularly undesirable, and we have the impression that the state of mind of the partners concerned is reassuring on this matter—we welcome that fact.

Zeller

Having said this, as parliamentarians we are bound to regret the disparity between the text submitted to this Assembly and the solutions which seem to be up for consideration in the Committee of Permanent Representatives. As to the Commission's second proposal, on trade in agricultural products between the ACP countries and the Community, we note that it does not raise the same difficulties, although it is much wider in scope and concerns an extremely delicate sector—that of agricultural products covered for the most part by the common agricultural policy. In general, the Committee on Development and Cooperation considers the proposals which the Commission has made to us through its Commissioner particularly well adapted to the needs of the ACP countries and the requirements of the common agricultural policy.

The solutions apply to a very varied group of products, ranging from rice to citrus fruit through tobacco and cut flowers, and to a volume of trade which is by no means negligible, of the order of 500 million u.a., a figure which must be viewed against the 4 000 million u.a. which represent the total of Community imports of the products in question.

The trade and tariff concessions proposed by the Commission also represent in financial terms a reduction in Community revenue of 30 to 50 million u.a. We hope that these amounts will result in an increase of the same order in export revenue, to say nothing of the effects which the Commission's proposals are expected to have on trade.

While I do not consider it appropriate to look at the sometimes highly technical details of all the proposed measures which are designed to ensure for ACP agricultural producers an advantage over agricultural producers from non-ACP countries, it seems useful for this Assembly to have some knowledge of the texts.

Except in the case of citrus fruit, the present proposals provide for the total abolition of all customs duties on imports of agricultural products; I am thinking in particular of beef and veal, where the customs duty collected was of the order of 20%; I am also thinking of fruit, vegetables and fats.

These proposals also provide for the total abolition of all the fixed protection amounts established under the common agricultural policy for processed agricultural products. This means that from 1 July on the processing of agricultural products will be free from restrictions and the resulting products can be exchanged in complete freedom. These provisions also provide for a

slight reduction in the levy on certain products such as cereals and rice.

Finally, for sensitive products like meat, rice and tobacco, the Commission expressly provides for a safeguard clause designed to reassure Community agricultural producers and enable the acquired benefits and quantitative limitations in the form of quotas to be temporarily suspended.

In terms of economic policy, we view these proposals as to some extent innovatory, since basically they result in a partial attachment of ACP agriculture to the system of organization of the Community market of which we have spoken so often in this chamber. This, I believe, is an interesting approach, as we know that the agriculture of these countries is suffering not only from underproductivity in some cases but also, and perhaps to an even greater extent, from under-organization at the commercial level. It seems an idea worth following and promising for the future for the Community to propose the attachment—admittedly discrete but nevertheless real—of these agricultures to the Community system.

While, then, these proposals appear satisfactory on the whole, there remains one specific point to which I wish to refer the Commissioner—namely, that of the arrangements granted in respect of beef and veal to one particular country, Botswana, of which we have often spoken here and whose dependence on exports of beef and veal is particularly well known. The Commission's proposals do not seem to go far enough here. May I remind you of their content: abolition of customs duties, quotas increasing by 7% and safeguard clauses. But it must be noted that these measures do not enable Botswana to have sufficient access to the Community market at adequate prices giving sufficient earnings. In the present state of the market, this country would be paying to the EAGGF common fund in respect of its exports, an amount almost equal to the price it received for its products. I think this situation deserves some thought, as it does not correspond to a healthy notion of partnership in development.

I am confident that the Commission will find a solution more acceptable to Botswana. It would be intolerable that at a time when for some ACP products the very useful and much-discussed STABEX system was to be introduced, ensuring stability of export earnings, and that at the very time when the Lomé Convention was being brought into force offering a real chance to our partners, this small country should stand by powerless as its export prospects were undermined.

I myself represent a beef-producing region and belong to the Parliament's Committee on Agri-

Zeller

culture; I am perfectly aware of the internal difficulties of the beef market, but I am convinced that a better solution is possible. I can think of three approaches in this area: perhaps a slight reduction in the levy, but certainly some reimbursement of the levied amounts, and finally I wonder whether it would not be possible to arrange positive discrimination in favour of this country within the group of ACP countries in respect of this particular product in view of Botswana's special dependence on it for its exports. We await your comments on this point with interest, Commissioner.

Returning to more general considerations, I shall conclude by considering the overall effectiveness of the proposed arrangements. Quite apart from the financial benefits already referred to, the medium and long-term impact of the proposals is based on several factors, some of which are within our power to control while others fall more within the responsibility of the ACP countries themselves. For my part, I would stress that in the much-debated area of agricultural policy *vis-à-vis* non-member countries, one of the greatest services which the Community could render the ACP countries would be to stabilize its own market in the most effective manner possible with a view to eliminating sudden changes which are so detrimental to our own producers and to those in the ACP countries who are just beginning their activities. It would be disastrous for the Community to be obliged to resort too often to safeguard measures—although I recognize their necessity—because it has not managed to eliminate or reduce cyclic phenomena: these, in recent years, have reached a disturbing scale on our markets.

In the concern for stabilization, the interests of Community agriculture coincide with those of other countries; that point deserves to be stressed. Moreover, if we accept that the rôle of the common agricultural policy, like that of any agricultural policy, and the rôle of trade in agricultural products is to provide food for all men and promote world development, the conflicts which might appear can only be due at heart to our own short-sighted attitudes or our inability to organize ourselves on a sufficiently large scale.

Secondly, I would stress that the interest of these measures varies widely. A number of concessions have been made for products which the ACP countries do not produce. The ACP must therefore be expected to take their opportunity and integrate these products into their own development policy. I am thinking in particular of maize, which the Community imports and will certainly continue to import for the next ten or twenty years: it would be desirable

for the ACP countries to take up the opportunity offered to them here.

In the same spirit, I also consider it necessary to stress one of the concerns expressed by the Committee on Agriculture, and which we should like the Commissioner responsible for agricultural matters to consider. Some adaptation is perhaps necessary for one Community product which is very sensitive because it involves the employment of a great many people: tobacco. We must certainly avoid hostile reactions by our producers, and therefore avoid any arrangements that might provoke incidents. Finally, I believe that the success of these measures will to a great extent be due to the cooperation we are able to offer these countries in the matter of the application of health rules; these are often a much greater obstacle to trade than customs duties or levies, and abuses are not unknown.

In conclusion, Commissioner Cheysson, ladies and gentlemen, I strongly urge you to adopt these texts which, while limited, are innovative, and I am most grateful to Mr Cheysson in particular for all the efforts he has made and will continue to make in the area of good relations between the Community and the ACP.

(Applause)

President. — I call Lord Reay, who is deputizing for the rapporteur, Mr Nolan.

Lord Reay, deputy rapporteur. — I should like to follow Mr Bersani in taking this opportunity to make a reference to the tragic event which we heard of yesterday—the assassination of Ambassador Sissoko of Mali in Brussels. The receipt of this news was a great shock to me personally and to all those in my group, in the Committee on Development and Cooperation and in Parliament who knew him.

Ambassador Sissoko was one of the really outstanding personalities of the Association between the Community and the African States and latterly of the developing relationship between the Community and the ACP States. He was a great friend of the Community and of Parliament and an enormous asset in the establishment of the relations which we have established with the African States and with other developing countries. His diplomatic qualities, his capacity to understand and to reconcile different national attitudes and different national political positions were of the very highest calibre and, in combination with his devotion to the old association and to the institutions of the old association and his wish to see similar institutions incorporated into the Lomé Convention, I am quite sure that the result is that we owe

Lord Reay

him a very great deal, both for the successful conclusion of the Lomé Convention and for the form that it takes in some of its particulars.

I am sure that he is a very great loss to us for those public reasons. Privately, he will certainly be missed for the pleasure that we received from his wit, his invariable agility and subtlety of mind and the friendliness which he always showed to those who, like myself, came as newcomers into institutions in which he was highly experienced. Therefore, his death is a matter of very deep regret, and I should like to express the profound condolences of my group to his family.

We deal here with three reports which give the Development Committee's reaction to three Commission regulations, one draft decision of the representatives of the governments of Member States of the European Coal and Steel Community and one recommendation from the Commission to the Council for a regulation.

These instruments provide for the implementation of the trade provisions of the Lomé Convention in time to come into force by 1 July this year. They cover separate instruments for certain alcohols, for certain agricultural and processed agricultural products, for manufactured goods and for ECSC products, and there is a regulation on the interim trade arrangements with overseas countries and territories associated with the Community, a group which has been considerably enlarged by the accession of the United Kingdom to the Community.

There are three problems about which I should like to speak, problems which have arisen in the period since the Lomé Convention was signed and which are covered by these regulations.

The complicated situation of this debate on these different matters is made more complicated by the fact that Mr Nolan, after apologizing for his unavoidable need to be absent this afternoon, asked me to present his report on his behalf. Indeed, that is why you, Mr President, have called me to my feet at this stage in the debate. I am therefore in your hands. I have something which Mr Nolan wishes me to say with respect to his report by way of introduction. At the same time, I should like to make some remarks in my own name on behalf of my group with respect to other reports which we are also considering. It would seem artificial for me to divide my time. It would not take any longer if I spoke in one go after first speaking on behalf of Mr Nolan. If you think that it would be improper to do otherwise than first give Mr Nolan's opinion and subsequently to speak in my own name, I will certainly do that.

Would it be in order if I made one speech, Mr President?

President. — I think it would be better to do it that way.

Lord Reay. — Then I will first introduce the report on behalf of Mr Nolan.

The Commission's proposals, which are the subject of this report, Document 130, concern the advance application of certain provisions of the ACP-EEC Convention relating to trade in goods other than agricultural products listed in Annex II to the Treaty of Rome or subject to market organizations. These arrangements are due to take effect on 1 July 1975 according to the agreement reached by the exchange of correspondence when the Lomé Convention was signed. This advance application provides for the duty-free entry into the Community, without quantitative restrictions or measures having equivalent effect, of all ACP products mentioned above.

In Annex I the regulation also lays down provisions concerning the definition of origin for ACP products. This definition of origin is considerably better than the one which was applicable under the Yaoundé Convention. The Development Committee is pleased with these measures, which it considers to be favourable to the development of the commercial exchanges of the ACP countries while they will also allow those countries to improve their economic situations.

The Development Committee considers that the provisions of the regulation and of the draft decision on ECSC products will further the development of trade between the Community and the ACP countries.

In short, the committee is able to endorse this proposal of the Commission and will return to the question in greater detail when the report on all the provisions of the Lomé Convention is finally considered by this House.

On the other hand, the committee is pleased that the application of certain measures adopted at the Lomé Convention has been brought forward to 1 July 1975.

Mr President, that was the gist of the remarks which Mr Nolan wished me to make on his behalf. If you will permit me, I will now move on to make some observations in my own name. The three problems which have arisen and about which I said I wished to say something concerning the Lomé trade provisions are rum, beef and the complaints that have been made with respect to non-consultation between the Commission and the ACP countries.

Lord Reay

First, it seems to me that the rum problem has been caused by the terms of Protocol 7 to the Lomé Convention. Paragraph 2(a) of the Protocol says:

'...the Community shall each year fix the quantities which may be imported free of customs duties on the basis of the largest annual quantities imported from the ACP States into the Community in the last three years for which statistics are available, increased by an annual growth rate of 40% on the market of the United Kingdom and 13% on the other markets of the European Economic Community.'

As I understand it, rum can at present enter the United Kingdom in quantities in excess of those required for consumption within the United Kingdom and can then be re-exported to other countries of the Community. It enjoys a competitive advantage *vis-à-vis* the competitive suppliers of the other Member States of the Community because of the lower costs of production in the case of the rum produced for the United Kingdom as against that traditionally produced for the other Member States of the Community, the explanation for this being found principally in labour costs.

I suspect that, in the haste of completing the negotiations for the Lomé Convention, the implications of that Protocol and of the quotas which were agreed under the Protocol were not fully examined and understood. I understand an attempt is now being made to find a solution to this problem, but none has yet been reached.

I would like the Commissioner, when he replies to the debate, to say whether a new solution has been found or is on the verge of being found and, if so, whether it has the agreement of all the affected parties. This consideration becomes important in the light of what I wish to say on consultation.

I wish next to say a little about the details of the beef problem. As I understand it, the problem has become acute because of what occurred outside the Community in the development of the world market situation in beef. There has been, perhaps only temporarily, more or less a collapse of beef prices. The fact is that the ACP beef-exporting countries—Botswana, Swaziland, Madagascar and Kenya—owing to the requirement that they should pay the full CAP import levy on beef when they export to the Community, have been put into a position of no longer being able to make economic sales of beef to the Community. They are able to sell only at prices well below their costs of production.

This is particularly serious in the case of Botswana and Swaziland. Botswana's exports of beef amount to some 50% of total exports. Sixty-four per cent of these exports have traditionally gone to the United Kingdom. The levy which they are required to pay accounts now for almost 50 per cent of their total sales receipts for the beef which they can sell in the Community. Moreover, this levy is payable in advance and so is causing them very serious cash problems. Botswana is a tiny country—fewer than 700 000 people—of whom more than 500 000 are in the rural sector. It has been estimated that the levy payments alone reduce the income of the entire rural sector by some 35 per cent. Present circumstances, therefore, threaten that country's economy with something approaching catastrophe.

Also, Botswana has unfortunately been put into a worse position than before as a result of the accession of the United Kingdom to the Community because of the better competitive position within the UK beef market which other Member States enjoy.

This is a serious political problem for the Community. The Community took a great deal of pride in the Lomé Convention, in the success of the negotiations and in what they considered to be a breakthrough in the possibilities for co-operation between the Community and developing countries which we claim this Convention represented. It will now be said: if the Community cannot show itself flexible enough to deal with a very serious problem for two very poor countries—countries for which the Community and Parliament have felt strongly, owing to their geographical position and their heavy dependence on South Africa—if the Community cannot deal sympathetically with a problem like this to the satisfaction of these countries, then what is the value to the CAP countries of the Lomé Convention, what will be the possibilities of the Lomé Convention and what is that Convention to us except something which we use to contribute to our political image and, indeed, to a false image at that?

I understand that there is as yet no solution. The problem is posed by the levy and perhaps to a lesser extent by the problem of quotas, and a request has been made by those countries that these levies be waived or lowered. If this would be too disturbing for the market in beef in the Community, perhaps financial compensation could be paid equivalent to the losses or a percentage of the losses incurred as a result of the levy without provoking market disturbance in the Community. I do not want to say what the solution should be, but there must be a solution, and soon, and one which will satisfy those

Lord Reay

countries unless the Community is to lose a very great deal of its credit in the eyes of the ACP countries.

The ACP countries have also complained about inadequate consultation. I understand that they were not consulted before the introduction of the various agricultural régimes, some of which affected them in March—for example, beef in particular but also other cases like sugar. Neither were they consulted with regard to the introduction of the other trade provisions which we are debating this afternoon. It seems to me quite wrong that they should not be consulted.

The reason why the ACP countries were not consulted perhaps arises out of the sensibility that we as a Community feel over the question of the Common Agricultural Policy and our attitude that this is our business and that we decide what the terms of the Common Agricultural Policy should be without consultation. I think, however, that we shall have to modify that approach to some extent, because it does not solve problems like this.

I am not one who wishes to adopt and then pass on any criticism that might be made in any quarter by anyone with respect to the Commission and what it may or may not have done, or what the Community has or has not done. I should like to hear what the Commissioner has to say on this matter and whether he thinks that the criticisms which have been made are fair. On the face of it, however, I think that a strong case has been made against the Community about how the ACP countries have been treated concerning consultation and particularly with regard to the beef régime since the Lomé Convention was signed in February this year.

Thank you very much, Mr President. There is nothing more I wish to say except that we support the three reports that we are discussing and hope that the trade provisions with which they are concerned will be rapidly implemented.

(Applause)

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

Mr Deschamps. — *(F)* Mr President, although each of the rapporteurs has already done so in an outstanding manner, I too wish to pay tribute to Ambassador Sissoko. He has rightly been described as a man endowed with a very keen intelligence and a considerable oratorical talent; it has been said that he combined the sense of reality of a politician—since he had been a parliamentarian—with the gifts of a diplomat—which he later became.

It has been stressed that he devoted all his qualities to the service of the Yaoundé Convention and that his qualities would have enabled him later to serve as a link between the new ACP associates and the former associated countries under the Lomé Convention which we are now discussing.

I know that one must not mix feelings and politics, but my mentor in this matter was one of your former colleagues, Mr Pierre Wigny, who used to say that the life of a politician is not tolerable unless he finds friendship. Although he came from another continent and from a different race and although the ideas which he so brilliantly defended were not always shared by us, we soon found a friend in Alioune Sissoko. I wanted to pay tribute to this friend at the start of my speech.

Mr President, ladies and gentlemen, the Christian-Democratic Group has asked me to explain to you the reasons for which it approves the motions for resolutions now submitted to the European Parliament, and covered by the excellent reports by our colleagues Mr Zeller, Mr Nolan and Mr Bersani.

Today we have to deliver our opinion on all three proposals, whose underlying object is the same: to enable the commitment entered into at Lomé, of ensuring entry into force of the trade and agricultural provisions of the convention signed on 28 February 1975 by 1 July next, to be respected.

The European Community has given this commitment because it was important to avoid any gap and to guarantee the continuity of relations with the African countries, Madagascar and Mauritius, to ensure the uniformity of trade measures for all the African, Caribbean and Pacific states signatories to the new Convention, and to guarantee the conformity of this system of trade arrangements with those provided for all the overseas countries and territories associated with the Community.

To ensure that the interim arrangements could enter into force on 1 July, it was necessary to issue very quickly a considerable number of regulations whose drafting, verification, publication and implementation required a special effort by all concerned—Commission, Council and Parliament.

Mr FitzGerald explained the situation in this chamber on 14 May last and asked for our cooperation. The European Parliament spontaneously granted its cooperation and we are thus able during this part-session, in other words before 1 July, to deliver our opinion on the proposals and recommendations submitted by the Commission to the Council.

Deschamps

I wish to pay tribute to the rapporteur and to the officials of the Committee on Development and Cooperation of this Parliament who have enabled this result to be achieved. I would also like to stress the highly satisfactory nature of the relationship between the Commission, Council and Parliament throughout the Lomé negotiations. Before the signature and finalization of the text, Mr FitzGerald spoke to us about it under what we called a "pre-Luns" procedure. He returned to the subject once the text had finally been established. Mr Cheysson and his colleagues at the Commission who attended all our committee meetings cooperated with us in the closest possible manner.

The Council, as President Spénale reminded us yesterday, too often acts as a brake on the development of major European projects. I am pleased to say that in the case of the Lomé Convention its desire to reach a rapid conclusion was equal to our own.

In reality, Mr President, ladies and gentlemen, if we wish to move quickly and ensure that the date of 1 July for the implementation of the transitional measures is definitely respected, we do so because we want to convince our partners of our formal desire of seeing the hopes embodied in the Lomé Convention given practical form; also, and above all, because the needs of the ACP countries which have chosen Europe as their partner are such that they must be met as soon as possible. Lomé created so much interest and aroused so many hopes in so many people that we cannot disappoint them or postpone the practical results. At the institutional level, the Dublin meeting of the Joint Committee was a complete success; yesterday President Spénale reminded the President of Ireland, who gave us such a warm reception, of this fact.

It was a success because the meeting enabled the spirit of total frankness, mutual understanding and realism which already prevailed between the Yaoundé partners to be extended to a large number of our new partners.

The new ACP countries were our guests. We wanted them to be present as active observers. They certainly were active. Not only did they take part in the discussions and cooperate in the drafting of our final resolution, but they also attended with a great deal of success the final press conference at which the conference and scope of our work were explained.

Today we have learnt that the Council of Ministers of the ACP countries, meeting in Georgetown, has decided to attend in November the preparatory meeting which we wanted to be held in Luxembourg to prepare the first session of the consultative assembly provided for under

the convention. We have also learnt—and this fact has already been mentioned—that the Council of Ministers of the ACP countries at the same time expressed its serious anxiety at the lack of an adequate procedure for consultation between the Community bodies and the ACP states to adopt the transitional provisions. All this is significant!

We are therefore faced with a formal desire, shared by all the partners, for the work of Lomé to be continued rapidly in every area.

It is up to us in Parliament to play our part now. We must approve without delay the transitional measures proposed to us. We shall thus be setting an example for our national parliaments, which will soon have to pronounce on the ratification of the Convention itself. These ratification procedures must be completed at the earliest possible date. This is necessary, firstly because the transitional measures which we are going to approve here are only valid until ratification and at the latest until 29 February 1976; secondly, because other subjects, in particular that of finance, to which the ACP countries rightly attach great importance, cannot be covered by transitional measures and must therefore await approval of the Convention by our national parliaments. Finally, African countries such as Togo and Nigeria and, only yesterday, the Congo and Central African Republic completed a rapid process of ratification before us.

Let it not be said that the European partners are responsible for a delay in implementing a convention which can be described as a world *première* in cooperation between industrialized and developing countries!

To justify the favourable vote of the Christian-Democratic Group, I shall not enter into a detailed analysis of the three motions for resolutions. That was the task of our rapporteurs, which they discharged in a highly satisfactory manner. It will be sufficient for me to outline a few basic principles which are common to all the proposals and to illustrate them by precise examples taken from each proposal; I would add that these principles coincide with those on which the Christian-Democrats have always based their cooperation with the developing countries.

The first principle is that we shall favour our ACP partners as far as possible.

In the case of the agricultural products to which Mr Zeller referred or the other products of which Mr Nolan, replaced here by Lord Reay, spoke and in the case of the special position of the OCT to which Mr Bersani referred, the European negotiators wanted the measures

Deschamps

adopted to be as favourable as possible to the ACP and OCT countries.

There are many examples of this. The list of products admitted on a preferential basis is the widest possible. There are twelve in the agricultural sector, viz. all those which are important to the ACP as export products. All non-agricultural products are also covered.

The measures provided to favour exports to the Community are extremely advantageous: no customs barriers and no quantitative restrictions.

The definition of origin of products is also very favourable to the ACP: these countries constitute a single customs territory; as soon as any real processing is carried out the product concerned is treated as an originating product.

One first reason for our support is that the weaker party to the negotiations has thus been favoured.

A second principle is that certain vital sectors of our own economy must not be endangered.

There are, in fact, some limits on this total freedom. In the agricultural sector, limits and conditions may be placed on preferential import arrangements to avoid serious disturbance of the Community market. In other areas, a safeguard clause is provided if serious disturbances seem likely to arise in certain important sectors of the economic activity of the European Community. Finally, in regard to rules of origin, it is stipulated that simple packaging in an ACP country is not sufficient to have a product treated as originating in that country.

However, these limits must be reduced to the minimum. No limitation can be placed on trade unless it is really essential. We consider these rules wise and worthy of approval.

We do not have the right to place our own economy at jeopardy, with the social repercussions such a situation would entail. We must show to the whole world that we are resolved to play the game of liberalization and that we intend to play it fairly. But we must be honest ensure respect for the viability of certain economic and social sectors such as agriculture—and we must openly state our intention of doing so. If we are not loyal to individual categories among our own citizens in the European Community, how can we expect our partners in the ACP to admit our loyalty to them? Moreover, it would not be to the advantage of our partners in the Lomé Convention if our own economy were to suffer. Our capacity for cooperation—and the countries of Africa, the Caribbean and the Pacific are perfectly aware of this

—depends on our human; technological and financial resources.

A third principle is that the provisions for applying the Lomé Convention can be improved. I would stress this point, since in Georgetown the ministers of the ACP countries regretted that in several cases the Community action undertaken in the area of the transitional provisions did not accord with the spirit of the Lomé Convention. That is a serious observation which is not entirely without foundation and to which I have no doubt Mr Cheysson will reply during this debate.

But even before receiving the information from Georgetown we wanted to stress the perfectible nature of the interim provisions. The transitional period will be a useful test. Experience may show some changes to be necessary for the final period. The limited duration of the transitional period can be used to avoid disappointments to both sides.

That is another reason for our approval: We want our cooperation with the ACP countries to be lasting. This is not a path on which we can embark blindly.

The fourth principle is the need to respect equality between partners.

The fifth principle is that we wish to help our partners to help themselves. Let me give two examples.

Speaking of the transitional provisions on which we are now to vote, one of the rapporteurs said that it will all depend on the way in which these provisions are applied by the customs authorities. He also stressed the methods of administrative cooperation provided for in the texts.

Allow me as a former private secretary in a finance ministry to stress how right these comments are. Customs officers are painstaking people who are constantly told to apply directives stringently. During this transitional period, and no doubt afterwards, flexibility will be called for.

For my second example, I shall refer to Mr Bersani's report. To promote regional cooperation, the Community proposes to allow certain countries or territories to be granted more favourable treatment than the Community itself. Does this imply an exception to the general principle of non-discrimination? It certainly does, but we are convinced that it is in such *rapprochements* and in this policy of regional cooperation that one of the basic principles for progress in the developing countries can be found.

Deschamps

In conclusion, for all these reasons, we place our confidence in the authors of the proposals we are considering today. We approve them, and we would ask Mr Cheysson and his colleagues to invite the Council, on our behalf, to show as much zeal in applying these proposals as was shown in drafting them and submitting them to us.

(Applause)

President. — I call Miss Flesch to speak on behalf of the Liberal and Allies Group.

Miss Flesch. — *(F)* It is not without some emotion that I have decided to speak to you on these three texts dealing with some transitional measures relating to the application of the Lomé Convention. This is because, on behalf of the Liberal and Allies Group and as chairman of the Committee on Development and Cooperation as well as on behalf of Mr Glinne, who has had to leave the sitting to attend another meeting. I must express all the distress we suffered yesterday on learning, all of a sudden, of the tragic end of Ambassador Sissoko.

He was for all of us a friend. Time and again we had an opportunity of appreciating his human qualities, his intelligence and insight.

He was at various levels one of the foremost artificers of the collaboration between the Community and the AASM. He was both an outstanding architect and a patient mason of the Lomé Convention we were so happy to sign a few weeks ago. His vast experience and understanding made him what I would describe as a 'multilateral' ambassador on the Joint Committee and at the Parliamentary Conference. With the frankness that was so much a part of him and on which we set such store, he would act sometimes as the interpreter of his African brothers when he found himself among his European friends, and sometimes as a spokesman of the Europeans when in the company of Africans.

We all mourn a friend. His departure leaves in our midst an aching void it will be impossible to fill. There is no other course open to us but to continue moving forward along the path he himself traced out.

On behalf of the Liberal and Allies Group I should like, Mr President, to thank the rapporteurs of the three texts now before us—Mr Zeller, Mr Nolan and Mr Bersani—for they have had to work under difficult conditions and within the briefest of time-limits. But we felt it essential to be able to express our views on these texts as soon as possible, as the Council had requested. For the object of these texts is to

enable us to honour, as from 1 July, the commitments entered into by the Community in Lomé.

Rather than entering into the discussion, I shall confine myself to signifying my group's agreement to these texts, again thanking all who have laboured to enable us to discuss them here today. Thanks are due to the Commission, to Mr Cheysson and his colleagues, to the rapporteurs and to all the staff of Parliament who must have worked so hard in this matter.

Permit me, Mr President, to wind up with a last wish: that the Lomé Convention will be ratified by our respective Parliaments as speedily as possible, so that it can come into force in the very near future.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

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

Mr Yeats. — As in the case of speakers before me, I find it impossible to speak on this report without showing my deep sympathy on the sad occasion of the tragic death of our old and trusted friend Alioune Sissoko. It is a great tragedy. Therefore, in the name of my group, I should like to say how much we appreciated his dynamism, his comprehension of all problems, and his general efficiency. It is not possible to discuss this Convention of Lomé without paying him homage, because we all know the great rôle that he played in bringing all sides together. That the European Parliament should pronounce itself in favour of these reports concerning the Lomé Convention on the day after his brutal death is certainly the best proof of friendship that we could give him. The ACP countries and the Europeans have just experienced a sad and cruel loss. We are deeply grieved, and we address to his family and country our deepest condolences.

As life must go on, I should like to say how much in favour the EPD Group is for the application on 1 July 1975 of certain aspects of the Lomé Convention. This Convention, unique in the world, is an example to all industrialized countries and is the first step towards a market organization within the framework of political aid designed to bring about efficient and realistic development. I hope that this will permit, as is certainly our aim, the expansion of the Third World; but we must accept that the necessary

Yeats

ratifications of the Convention may take a long time. Therefore, the decision to allow the ACP countries to have the benefit of certain aspects of this agreement from 1 July next merits our approval.

My group approves the reports of Mr Bersani, Mr Zeller and Mr Nolan, but at the same time we would like to address a few remarks to the Commission.

Basically, everyone is in agreement that the advantages contained in the Convention should be available to our ACP associates substantially, totally and efficiently. It would be quite wrong to have any doubts on this subject. We cannot give with one hand and take away with the other. What has been agreed upon must be given. On the other hand, it is necessary to organize ourselves in such a way that we do not disturb our internal markets and do not cause any difficulties in regions of the Community.

The search for a balance allowing the Convention to be respected, on the one hand, and Community preference, on the other, should be carried out on the basis of the rules established by the Commission. This is fundamental for the success of the system.

The market in rum, for example, poses a delicate problem which must be solved in a reasonable and realistic way. It would be regrettable and even dangerous that a rule based on theoretical calculations should not correspond to the actual needs of the States. Traditional trade might be seriously affected to the detriment of Community producers who are in situations comparable with those of our associates.

Of course it is not easy to find technical and legal rules to cover all difficulties, but we have confidence that the Commission will find practical solutions.

With regard to other agricultural products, a safeguard clause is planned. On this subject our group would like to stress once again that market control with efficient management is indispensable. Thus the use of such a safeguard clause will only occasionally be necessary. It is always better to take the necessary measures before the market has deteriorated rather than wait until it is necessary to use the safeguard clause, which is bad for our credibility as well as for efficiency. We firmly ask the Commission therefore to give very careful consideration to this question.

As for the exchange of goods, our group is pleased, like the rapporteur, with the advantages offered to the ACP countries, notably on the rules of origin.

It is on the basis of these considerations that the EPD Group will vote in favour of the resolutions which are presented to us.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, several speakers have underlined the great significance of the Lomé Convention, both in itself and as a symbol today throughout the world. I am grateful to a number of speakers, Mr Deschamps among them, for pointing out that this Convention must be applied in a meaningful and impressive way.

I am deeply worried about the problem of its ratification by our states. So far six African and Caribbean countries have ratified it: Nigeria, Togo, the Central African Republic and the Congo, to which reference was made a short while ago, as well as Jamaica and, just recently, Guinea Bissau, from which I received a copy of the ratification instruments only yesterday. Meanwhile, we have not yet started up the procedure at European level. This is leading us, and I feel I must draw Parliament's attention to this point, to an extremely serious political crisis the consequences of which we must carefully weigh. Before the Lomé Convention is put into effect, the transitional measures provided for in the annexed texts must be applied.

In this connection, the second article of an exchange of letters signed at Lomé states that the European Economic Community and the ACP States will unilaterally apply, as from 1 July 1975, certain provisions of the ACP-EEC Convention which are listed. As regards the measures which our ACP partners must take 'unilaterally', we still have very little information. Each of them is considering its own measures, and since these are to be taken unilaterally we shall not be informed of them until they have been adopted and applied as a whole. I hope that there will be no delay from that side, despite the difficulties this problem presents for some of them. Let us not forget that non-discrimination among the Member States is one of the commitments entered into by the ACP states. This means for some of the Associated African and Malagasy States, in their relations with the three new members of the Community, a considerable customs, and therefore budgetary, problem. This in turn entails for some of the new ACP states, given the preferences the United Kingdom could enjoy, problems which are also far from negligible.

But let us turn to our part of the commitments. These have been met, on the one hand, by a number of arrangements made at the level of

Cheysson

the Executives, and are going to be met by the various regulations, to be decided upon and applied unilaterally, which are now before you.

Mr President, the Commission feels it must express its deep gratitude to Parliament for having agreed to waive all the usual procedures and speeded up the work, so as to make it possible for three committees, in the space of a few days, to deliver opinions on texts of such a complex and important nature—something pointed out by several speakers—on which far more time would normally have had to be spent. The reasons for the delay were explained to you by the President of the Council on 14 May; you were good enough to take them into account and to bypass all the administrative procedures. The Commission is very grateful to you. I feel that you have demonstrated in this way what can be achieved where our ACP partners are concerned.

The general principle appears in the regulation on trade in goods, of which Mr Nolan was the rapporteur and which Lord Reay presented. This regulation gives free access to the European market for all products, with the exception of ECSC products, processed agricultural products and rum, which are governed by separate rules. These rules do not concern the OCT: These are covered by a separate regulation, on which Mr Bersani has presented a report and which reproduces in its entirety the ACP regulation, with the exception of a reciprocity clause in Article 3 since, in the case of the OCT, we are dealing with the arrangements outlined in Part Four of the Treaty of Rome, which calls for this reciprocity in customs duties.

Mr Bersani also pointed out that little mention was made in this OCT regulation of industrial cooperation. This is true, but I would remind you that the measures in question are transitional and not final and that industrial cooperation, particularly in relations with the OCT, will not come fully into effect until the financial provisions of the Lomé Convention have been brought into force, something which cannot be done at present. A final regulation on this point is lacking. This regulation, like the others, must be improved.

Let us turn to the regulation concerning countries other than the OCT. For them, the regulation on trade in goods—which Mr Nolan, through Lord Reay, recommends you to accept—poses no problems; for it contains a safeguard clause, to which I shall return when dealing with processed agricultural products, for these are of greater importance.

The arrangements for ECSC products are no more than an extension of provisions to products which are covered, not by the Treaty of Rome but by the Treaty of Paris. Here, too, the same provisions apply and there is little need to dwell on them.

We now come to the two regulations which raise problems and on which more searching comments, to which I want to reply for the Commission, were made by speakers.

First, there is the application of protocol No 7 on rum. This presents fundamental problems in relation to the provisions of the Treaty of Rome, particularly that on freedom of circulation. Moreover, we must get used to the fact that the entry of these 46 countries into our family, into a special, intimate relationship which Mr Deschamps clearly defined a short while ago, will present us with internal as well as external problems. What distinguishes these conventions—let us call them association conventions—from the classical external kind is that they enable these countries to participate in the same life as ourselves. They therefore pose problems both in relation to ourselves and among us.

The regulation on rum is therefore very difficult to draw up, because the principles laid down in the annexed protocol No 7 are not, at first sight, compatible with the provisions of the Treaty of Rome. That is a fact.

We have, however, a few months in which to solve this problem, because, owing to the highly complicated technical provisions, imported rum is not immediately resold. It has to be stored for a certain period, allowed to mature, etc. Thus, rum imported immediately after 1 July 1975 could not, for technical reasons, be put into free circulation before 1976. The question of applying the clause on freedom of circulation will not therefore arise before 1976. I am very glad of this, because these few months will be of great help to us when seeking ways of improving the provisions that will be adopted immediately but which will become applicable on 1 July 1975. For improved they must be.

What precisely will the formula found be, Mr President? I am sorry to admit today that I have no idea. The Commission has proposed a regulation which accurately translates the Treaty of Rome. We ought to work out for this regulation some further adjustments that comply both with the provisions of protocol No 7 and with the rules of the Treaty of Rome.

This very afternoon the nine member governments are discussing this subject with Commission officials. What formula will be decided? I intend to let you know subsequently, but today I have no idea. Transitional arrangements of

Cheysson

a practical kind will have to be accepted during an experimental period in which the problem will not present itself in real form.

All this comes under the threat of the safeguard clause in Protocol No 7, which states clearly that where its application hampers the development of a traditional trade-flow the Community will take appropriate measures to remedy the situation. The Commission, which is in a position to have recourse to safeguard clauses, would not hesitate to act on these lines, but we sincerely hope that we shall not have to resort to these extreme measures.

The regulation on processed agricultural products is of great importance, because of the volume of the ACP countries' trade in agricultural products, as rightly pointed out in the motion for a resolution presented by Mr Zeller. It applies to the associated countries and, unlike the previous regulations, also to the OCT countries.

The idea behind this regulation is a simple one and has been referred to by a number of speakers. It provides for duty-free imports where Community arrangements provide for no measure other than customs duties, with more favourable treatment than for third countries for the other agricultural products. The overall figure is of the magnitude of 500 million units of account.

Special safeguard measures are provided for in this regulation, other than those contained in Article 10 of Title 1 of the Lomé Convention. I need hardly add that, as Mr Yeats pointed out, we hope that these will not have to be applied.

This is the general background as it affects all these products. It was, however, our desire, in the spirit of the Association, to improve the conditions of the Yaoundé Convention, and in many respects we go further than that Convention.

Here we have, therefore, a relatively straightforward regulation which is wide in scope; but from the moment it is applied we shall encounter difficulties because of the importance of the products concerned.

Two series of difficulties have been mentioned by the speakers. First, we have the question of consultation between the states benefiting from the regulation and our own countries. Looking at the matter from the legal point of view, I would point out that the transitional measures do not call for consultation. They are autonomous. It is the text itself concluded between the Community and the ACP countries which provides for consultation. Moreover, the ACP countries have in no way consulted us

and do not consult us when the autonomous measures that concern them are taken. I pointed out just now that some of them are wide in scope—for example, as regards the admission of British, Danish and Irish products to the AASM, which granted preferences to the six founder states of the Common Market. Hence, if the measures is autonomous, consultation is not called for.

A second difficulty concerns consultation procedures. The definitive procedures will be applied only with the Convention, since the application of all its institutional part is being deferred until the Convention has been ratified by the nine Community states and a number of ACP states. We have made provision for, and set up on an interim basis, certain consultation procedures: an interim committee served by seven sub-committees, one on trade, one covering bananas, etc.

So far our partners, within this committee and these sub-committees, have not asked any questions or suggested consultations on any of the regulations which have been placed before us. From the legal point of view, the situation is perfectly clear and I could stop at this point: we have not failed to meet a single commitment, any more than the commitments we entered into under the Lomé Convention.

However, viewing the matter in the 'family spirit' of this Convention, it must be admitted that on certain points we could have tried to go further in consulting these countries. We saw them rather late, not long before the regulations were published. This led us to make a few changes to the various texts.

There were two reasons for this. First there was the lack of time. Secondly, we were dealing in most cases with entirely new products in the discussion on which, as a result, the habits that had grown up at the level of the states, the professional operators and the Community did not entail consultation on external problems. This explanation does not satisfy me any more than it does you. We must make a greater effort to learn to live together, and therefore to consult each other, even where we are not legally bound to. And in the present case we were certainly not obliged to do anything more than we actually did.

As regards beef and veal, the case presents great interest because of the impact it has on some states, particularly Botswana, which is at the moment in a desperate situation—I have no hesitation in using this term—because of the low level of its exports.

In my reply I shall keep the legal aspect distinct from the political, the real aspect.

Cheysson

From the legal point of view, we have strictly applied the Lomé Convention; that is to say, the tonnages provided for in the exchange of letters were made available to them: 75% are already open to importation and the remaining 25% will follow next week. The 100% up to the end of the year will have been opened in time; licences have been taken out, entirely in the case of Botswana and in part for Swaziland.

As regards prices, we are applying to these countries the general rule of the Common Market—that is, the internal price after deducting the levy. The internal price after deduction of the levy is still higher than the world price. It is exactly higher by the amount of customs duty, which these countries do not pay.

Hence the material advantage they enjoy is first of all the right to export to the Community, and I can assure you that Argentina, Yugoslavia, Austria and other countries would be glad to have this right.

Secondly, they export to the Community at a price which is higher than the world price by the amount of customs duty, from which they are exempt, giving them a financial advantage ranging from 8 per cent for the worst categories of meat to 18 per cent for the best.

That is the advantage they enjoy over the world market.

From the legal angle, we have applied the provisions of the Lomé Convention in their entirety, and these countries have a slight advantage compared with their sales on the world market.

We cannot, however, be indifferent to the life of our associates, and so we pass from the legal to the political aspect. If the Lomé Convention had now come fully into force, we would resort to the article that permits us to grant aid to a country that experiences a sudden drop in its export revenues. We should grant an interest-free loan, as we did to Somalia in respect of bananas. But as the financial provisions cannot be resorted to for the time being, we cannot act in this way. We shall find some other means, but do not expect me today to make a list of them—first, because this is a complicated matter, and then because, since a series of these measures have been taken exclusively for the signatories to the Lomé Convention, and particularly Botswana, they must be discussed with a good deal of tact in public.

By selling certain quantities under a Gatt quota, ensuring that the quantities taken as priority by them correspond to the lowest levies and lowering certain levies for certain special qualities; by departing from the rule that the levy must be paid in advance and following it to be

paid at the moment of importation so as to improve the position in respect of liquid funds, and by concentrating on certain categories of meat, we shall bring about for Botswana meat a reduction in the sums due to us in the form of levies which will represent a considerable percentage.

I cannot tell you the exact amount today, Mr President, the matter being under discussion with these partners. Mr Lardinois is today meeting the Minister of Industry and Trade of Botswana.

We shall thus increase Botswana's revenue considerably above what it is at present. I must confess to you that we are doing this under conditions departing somewhat from the regulation. We are going well beyond our legal obligations and are verging in this respect on what might almost be regarded as illegitimate.

We are doing this because these countries now form part of our family. It is here that the full scope of the Lomé Convention is attained, as a number of you have pointed out. If we had had an eternal agreement, a traditional type of convention, we should have applied it and not have interested ourselves in anything else. But since we live today with these countries, we try, whenever they have a problem, to modify the regulation, to adjust it, to interpret it in a flexible way that goes beyond the requirements of international texts. This is the Lomé spirit.

But when some of the countries associated with us have a problem, they are able, thanks to the common existence upon which they are embarking with us, to consult us through many other channels than the diplomatic ones. You, gentlemen, provide such a channel, and one that is singularly impressive, particularly for the Commission. This is the Lomé spirit. It is here, as Mr Zeller pointed out, that we are beginning to combine some of their economic systems with our own, to integrate and make them as one. This is where Lomé represents a new spirit, a new approach.

Since I am talking of this spirit and this approach, you will permit the Commission, Mr President, to associate itself with what has been said on the subject of one of those men who best represented that spirit and that approach. I am referring to the Mali ambassador who was killed 28 hours ago.

Mr Sissoko was exactly what you described, with this enthusiasm, his talent, his spirit and authority, with his experience. He was also our friend and, I am proud to say, he was my friend.

Cheysson

His disappearance from our midst is a great shock. Having been with him only a few weeks ago in Segou, his home town, and having met his father and the rest of his family, I can imagine what a shock it must have been for the inhabitants of that town, just as I know, after seeing them yesterday, what a shock it has been to his wife and his four children.

Please allow the Commission to join in the tributes paid by all the parties in this Parliament, and by Parliament itself, to a man who was our friend and one of the driving forces behind this spirit of cooperation of which we have just been speaking.

(Applause)

President. — I should like to say that the Chair shares the profound feelings of regret that have been expressed on all sides of the House at the tragic death of Ambassador Sissoko of Mali and expresses deep condolences to his family.

I call Mr Zeller.

Mr Zeller, rapporteur. — (F) I should like to thank Mr Cheysson for his answers and to put to him three brief questions.

The first concerns rum. Can the Commissioner yet tell us if the new measures he is thinking of taking will be of a legal or of a regulative character, if they will be submitted to us or if we shall simply be notified of their adoption, and whether they will take the form of regulations or of administrative measures?

Second question: with regard to trade in beef and veal, especially with Botswana, has the Commission considered playing a part in financing the stocking of products, given that we may expect a reduction in Community production in the next few years? This would enable us to step in effectively pending a recovery in world prices.

My third question is an extension of the second. Does not Mr Cheysson think that the measures contemplated, particularly as regards trade in agricultural products, should give rise to more ample consideration of future trends, so that we can establish to what extent the Community, in the family spirit to which the Commissioner has just alluded, would be well-advised to organize the markets in certain products in association with these countries, pending the often uncertain world agreements?

We have a system which is both useful and absolutely essential. I cannot help wondering whether using Community funds to strengthen the guarantees offered to these countries in respect of products for which we ourselves

already have market organizations is not as effective an investment as putting money into projects. Would it not be a good thing to broaden the discussion and our thinking in this sphere?

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) I thank Mr Zeller for his three questions.

As far as rum is concerned, you will appreciate that the position of the Commission, as the guardian of the Treaty, is not to propose any regulation that does not comply fully with the Treaty. What measures could we take to overcome the difficulties encountered? This I am not yet able to say. I hope that such measures will be purely of an administrative nature.

If the Council decided unanimously to go against our advice and to amend the regulation, the question would of necessity come up again before this Assembly.

Secondly, as regards Botswana, I would say to Mr Zeller that neither the representatives of that country nor we have considered the solution of which he has spoken. First of all, we have no financial reserves available as yet, since the financial clauses of the Lomé Convention will only enter into force with its ratification. The main reason, however, is that Botswana is not trying at the moment to step up the volume of its exports. It is trying to increase its revenue from the present volume of exports. What is needed now, therefore, is not to import and store more goods but to pay that country more for what it sells on our market.

Thirdly, like Mr Zeller, I am convinced that the dimension he alludes to is one that offers great scope for reflection, and then for action, by all of us.

What is required is to broaden the field of action of our common agricultural policy, to broaden it through certain guarantees that we can give to exports of our products—the idea behind the long-term contracts with some Mediterranean countries of which Mr Lardinois has spoken. We should also broaden it by stabilizing the conditions under which we import products on which we depend heavily, profiting from such stabilization by giving an assurance to producers, above all the new ones, that their products will be exported, perhaps even at prices which are to their advantage. I would mention the problems regarding food, including feeding-stuffs in the form of soya beans and similar leguminous plants—a subject of great interest to the Mediterranean countries and for certain African countries.

President. — Does any one else wish to speak? I put to the vote the motion for a resolution contained in the report by Mr Zeller.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Nolan.

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Bersani.

The resolution is adopted.¹

10. *Decision on Euratom loans to finance nuclear power-stations*

President. — The next item is a debate on the report drawn up by Mr Memmel, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a decision empowering the Commission to issue Euratom loans with a view to a Community contribution towards the financing of nuclear power-stations (Doc. 79/75/rev.).

I call Mr Memmel.

Mr Memmel, rapporteur. — (D) Mr President, the report now before you was thoroughly gone into at the last part-session of this House. A glance at the record of proceedings will show you that the debate on this matter takes up eight full pages. On the basis of an amendment proposed by our colleagues Osborn and Normanton, the report was then referred back to the committee responsible. The amendment was aimed at centring financing on the European Investment Bank. It was not, therefore, an energy-policy problem that led to the reference to committee, for the House was fully agreed about the need for stepping up the construction of nuclear power-stations and for a Community contribution to their financing. The question was how this was to be done. Hence the question to be answered had no longer any bearing on energy policy. The Committee on Energy rightly insisted that the Committee on Budgets, as the committee asked for an opinion, should be the first to make known its views on the proposed amendments. This happened on 9 June, during a sitting which I attended.

The Committee on Budgets has confirmed its previous opinion; moreover, in its discussion it confined itself largely to the principles underlying the Community's loan policy and the

effects of such a policy on the powers and supervisory rôle of the European Parliament. Perhaps the draftsman, Mr Lagorce, will let us hear his views in the course of this debate. At all events, the Committee on Energy had no cause, in the light of this development, to change its previous views. On 11 June, it accepted the report submitted for the second time as it stood.

In view of these circumstances and of the discussions carried out in the two committees, I should like to make the following request:

First I would ask you to adopt the motion for a resolution again submitted to you. I do this on the assumption that Mr Normanton and Mr Osborn will withdraw Amendment No 1 proposed by them on 15 May, if this has not already happened. My report, after all, was only the immediate cause of a more searching consideration of an economic and budgetary question. In view of all that has been said and written, I trust that I need not further justify my request.

Secondly, I would ask the Commission to couple with its answer an explanation of the principles underlying the Community's loan policy, which will then presumably lead to a debate on aspects which are no longer a matter for the Committee on Energy and Research.

Thirdly, I would ask the Commission, in the light of the suggestions put forward in this debate, to submit to the European Parliament a document providing fuller details about the loan policy it has so far pursued and about the principles of this loan policy which it will pursue in the future.

Finally, I would add that I should welcome such clarification because important parts of the much-needed common energy policy can be effectively implemented only with financial assistance from the Community. In our specialized sector we are very keen to have the position regarding all energy sources cleared up.

As part of the efforts being made by the European Parliament to strengthen its powers, the Committee on Energy, Research and Technology has in numerous cases taken the initiative or taken steps to ensure that the Commission's documents were discussed in this House where it had not been consulted at all. We intend to go on acting along these lines in future. The plenary Assembly has approved all the motions for resolutions submitted by our committee that arose in this way. Finally, I should greatly welcome it if such an initiative were taken by Parliament in order to strengthen the position of this House.

¹ OJ No C 157 of 14. 7. 1975.

Mommel

I am quite certain that the committee responsible in this matter will take up a position calculated to increase the influence of Parliament within the constitutional balance.

I therefore ask that the report be adopted as it stands. Should the proposed amendments not be withdrawn, then I ask to be allowed again to speak.

(Applause)

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

Mr Normanton. — The European Conservative Group wishes to place on record its deep debt of gratitude to Mr Mommel for the report which we are now debating. We congratulate him as the author and we endorse firmly the recommendations contained in his report, with one extremely important reservation to which I shall come later.

First, we should recognize that the European Economic Community was founded upon the recognition of the need of a war-torn Europe to feed its 200 million people. Therefore, it was perfectly natural and logical that the Community should concentrate on a policy for agriculture which was the sole means of feeding Europe. Though there may be many critics of the means which were adopted, I suggest that no one could possibly declare that the common agricultural policy had failed to achieve its real object. Indeed, most criticisms come from those who see the policy as having over-killed rather than under-killed.

In concentrating on agricultural policy I feel that the Community has been blinded to two glaring omissions concerning its activities. The first concerns energy and the formulation of an energy policy for the Community as a whole. Part of the Mommel Report deals very effectively and forcibly with part of the concept of an energy policy.

The second omission concerns a financial structural policy for the institutions of the Community as they expand and have expanded in number, size, scope and influence. It is this omission to which I feel attention should be urgently drawn. Indeed, that was the sole ground on which the amendment standing in the names of my honourable Friend Mr Osborn and myself was tabled at the last part-session of this Parliament and which caused the Mommel Report to be referred back to the appropriate committees—Budgetary, Economic Affairs and Energy.

In all three committees I made, or tried to make, the point which is the substance of this contribution to this House this afternoon—

namely, that the present systems and procedures for raising and making loans have become diffuse and even confused. At least, that is the way that I and many honourable Members in this Chamber have certainly seen and interpreted the position.

There appears to be duplication of responsibility and, in the case of the Commission, a highly undesirable development in a mixing of the functions of the Executive—namely, the decision-taking on political issues, on technical issues, on administrative procedures and on financial procedures.

I need not remind honourable Members that the House has repeatedly declared its dissatisfaction with arrangements to date for monitoring and auditing the financial activities of the Community. But I know that the House would not wish me to dwell unduly on these matters, because we have received absolute unconditional assurances that the Commission is totally committed to dealing with this glaring omission, and it will certainly obtain our support on certain measures concerning the Board of Audit when these are accepted by the Council of Ministers and, we hope, implemented before the end of this calendar year.

Neither is it the purpose of this debate or of my group to use the Mommel Report to criticize the Commission. I advise the House, however, that in the three committees to which I have referred I agreed to withdraw my amendment to the Mommel Report on the basis of verbal assurances having been forthcoming from representatives of the Commission who attended each of those three meetings.

The European Conservative Group will be happy to give its full voting support for the adoption of the Mommel Report if I might ask the Commissioner in his reply to give an undertaking to the House to present to the House at the very earliest opportunity a comprehensive report on the loan policy of the Community and the ways in which the institutions which handle loans have been doing so in recent years, and if the Commission will include in such a report a survey of the activities of what one might call banking functions by other agencies on behalf of the Commission and the Community. I also hope that in his reply the Commissioner will undertake to include in a report to this House the Commission's recommendations for the ways in which the structuring and perhaps restructuring and management of the loan policies and loan machinery might be improved in the foreseeable future.

This is not a witch-hunt, and I hope that when he replies the Commissioner will do so in the

Normanton

same spirit as I am presenting this view to the House. But there is certainly anxiety. There is certainly a manifestation of deep and growing concern at the rapidly rising financial interventionism of the Community and the inadequacy of parliamentary control over financial activities. The question may therefore arise in the minds of some honourable Members as to which parliamentary committee might be the more appropriate for dealing with the report which I hope will be forthcoming to us. I do not think it is appropriate in the compass of this debate to make any comments or recommendations on this, save to say that I would expect the Bureau of Parliament to take fully into account the fact that, when considering the whole question of loan policies and loan institutions for the Community, we are considering not details, not nuts and bolts, but principles and structures. It might not be inappropriate therefore, for me to express the view that the Committee on Economic and Monetary Affairs might well be considered by the Bureau to be the appropriate body for such investigations and deliberations. Subject to the assurances being forthcoming from the Commission, I must assure the House that Mr Memmel will receive from the European Conservative Group our full support for the resolutions incorporated in his report. I must earnestly repeat to the Commissioner, however—and I assure him that the number of people in this category is increasing—that we are not yet satisfied on the evidence, such as it is, that we have the right institutional structure for an area in which the rate of growth and expansion of the sums which will increasingly make up and dominate Community activities must be monitored and made public to the electorate of this great Community.

Therefore, on those terms and—if I may put it so bluntly—with that condition, I look forward to the assurance of the Commissioner. I earnestly hope that it will be forthcoming and that we shall be able to make progress not only in the sector of energy but in this other ever-widening area of financial institutions of the Community. *(Applause)*

IN THE CHAIR: MR SPÉNALE

President

President. — I call Mr Lagorce.

Mr Lagorce, draftsman of the opinion of the Committee on Budgets. — *(F)* Mr President, ladies and gentlemen, the Committee on Budgets has, as you know, already adopted an opinion on Euratom loans, which is annexed to the

report of the Committee on Energy, Research and Technology. During Parliament's last part-session, I had the honour of presenting this opinion to you, laying particular emphasis on the control by Parliament, especially in the budgetary sphere, of the Commission's loan policy.

As this matter has been referred back to the Committee on Budgets for reasons familiar to you, I shall confine my attention to the new aspects of this affair, that is, to three main questions:

- the rôle the European Investment Bank can play in the matter of Euratom loans;
- the form the budgeting of these loans should take;
- keeping Parliament informed of the policy pursued by the Commission in this sphere.

I do not intend to dwell long on the rôle of the European Investment Bank, particularly with the withdrawal of Mr Normanton's amendment in mind and in the hope that this question will be gone into more thoroughly by the Committee on Budgets, which seems to me to be the most appropriate committee to handle it. I should like to say, however, that the Committee on Budgets feels that there was no reason to amend the Commission's proposals and to assign to the Bank the task of administering Euratom loans. The arguments already put forward by Mr Spinelli during the last part-session do not, I feel, call for comment. It is the Commission which, from the very outset and in accordance with the provisions of the Treaties, has been responsible for administering the loans already existing under the ECSC and the Euratom-Eximbank agreements. It will similarly have the responsibility of administering the new—petrodollar—Community loans.

The Committee on Budgets has no objection to make to this state of affairs. On the contrary, it sees the Euratom loans as a direct consequence of the common energy policy pursued by the Commission. It would add that the Bank is already, as things are at the moment, associated with the administration of loans by the Commission. It should also be remembered that the indispensable parliamentary control of these loans is more likely to be achieved if the Commission is made responsible, since the Bank's activities are completely beyond Parliament's control.

In a more general way, it would seem desirable for the future to arrange for the definition of, and compliance with, new and clearly-defined criteria for determining the respective powers of the Bank and the Community institutions

Lagorce

in this matter of loans. For example, one could consider making the institutions—that is, Commission, Council and Parliament—responsible for all loans arising as the natural consequence of a common policy, such as Economic and Monetary Union, energy policy, and social and regional policy, while the Bank would be made responsible for specific projects.

On the question of budgetization of loans, I shall confine myself to quoting from the original opinion delivered by the Committee on Budgets: 'Euratom loans and borrowings ought—in accordance with the legal rules in force—to be covered by an annual budget entry and subjected to the budgetary procedure applicable to all Community resources and expenditure, and the Commission should thereby be empowered by the budgetary authorities to borrow funds and grant loans for precisely defined amounts laid down in the budgetary documents.'

I ought, however, to draw Parliament's attention to the importance of the form this budgeting takes. The Commission intends, it appears, to show these loans in the budget merely in the form of a 'token entry'. If this were the case, it is difficult to see how Parliament, when the budget came up for adoption, could suitably exercise its budgetary rights in respect of the effective amount—and this I am stressing—of the sums the Commission proposes to borrow and to lend each year. This is why I feel it essential that the actual figures of loans should be shown in the draft budget. Given the special technical nature of these financial operations, it might perhaps be as well to keep them separate from the general budget and group them in a special annex that might be headed: 'Capital budget of the European Communities'. This is the procedure I described in a fresh opinion, but this could not be added to Mr Memmel's new report. The precise form this budget might take is, of course, open to discussion, and we look forward to hearing the views of the Commission on this point. But what we are aiming at is clear enough: Community loan operations will in the short term represent sums equivalent to 60 per cent or more of the Community budget, and Parliament ought to be consulted on them in the same way as it is in the case of the budget in the strict sense of the term.

One last word on the need to keep Parliament informed about the Commission's loan policy. In its opinion, the Committee on Budgets put two requests to the Commission. I quote:

- 'to draw up as soon as possible a summary of its past activities with respect to the financing of common policies by means of recourse to the capital market—and to submit the broad outlines of the proposed policy in this area for the future. This summary and report

should be communicated to the European Parliament';

- 'to attach to the annual Community budget a note summarizing all Community capital transactions made during the current financial year and planned for the following one, so as to provide up-to-date information on, and complete understanding of, all the Community's financial activities.'

From the statements made by Mr Spinelli in plenary sitting, it would appear that the Commission interprets Parliament's need for information somewhat restrictively, since it has suggested that this information be imparted in the course of the annual presentation of the programme of work by the Commission President. This strikes us as somewhat inadequate and leads us to recall our position, which will be found in paragraph 21 of the opinion of the Committee on Budgets. In this connection I am particularly glad to see that the European Conservative Group has taken up our request concerning the need for the Commission to submit to the European Parliament a review and a programme of its loan policy.

I feel that the drawing up and consideration of such a review will provide an excellent opportunity for both Commission and Parliament to take a close study of a question which is assuming considerable importance. The part played by loans in the financing of Community activities seems likely to increase in the near future, not only in the energy sector but also in the Community's commercial policy and social and regional policy sectors. This is therefore a matter that should be accorded our full attention, and this is why the idea of a review of Community policy on loans ought to be welcomed. As far as this Assembly is concerned, this review should provide the occasion for defining the rôle we intend to play in that policy.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I should just like to provide some brief information on the request made earlier on by Mr Normanton. Mr Normanton has withdrawn his motion on condition that the question of loan policy be dealt with in committee and that the Committee on Budgets take up this question at its meeting next week.

We are thus following things up, so that there is no need to fear that the question will be neglected. If a parliamentary committee takes the initiative in dealing with this question, then it is difficult to imagine the Commission just standing by. In the light of all past experience,

Lange

I can only assume that the Commission will very much want to join in the discussion.

But in view of the discussion of the Memmel report, we ought not to start, here and now, anticipating the decisions to be taken. That is why I do not wish to make any comments on the substance, but am merely providing this information so that the House shall know that we are going to discuss this question.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — Mr President, Mr Memmel's report has already been debated in this Assembly, during the last part-session. Those aspects with a special bearing on energy were considered with the greatest care, and my colleague Mr Spinelli has already conveyed the Commission's agreement on this point. This is why I shall confine myself today to the subject which has provided the main topic for speakers and which had already been touched upon during the last part-session. I am referring to the financial management of loans and of their control.

Let me first say how much we welcome the conclusions arrived at by Mr Lagorce, the document in question having at one time been worded as follows: 'The Commission should be the only body responsible for negotiating and administering Euratom loans'.

Mr Lagorce referred to a number of arguments which for us are decisive: namely, that since the Community was first established the Commission has been responsible for administering all loans floated on behalf of the Community—ECSC loans, Euratom loans, etc. This is, moreover, politically and institutionally consistent with the construction of Europe, for these loans are the natural consequence, the very foundation of the common policies for the management of which the Commission is responsible.

Furthermore, in the case of Euratom, as indeed of the ECSC, the matter is even clearer, since the Treaty expressly assigns to the Community institutions responsibility for loans. This point appears therefore to be recognized, and the Commission is very glad of it.

There now remains the absolutely fundamental question of the intervention of the institutions in the management of loans and the uses to which they are put, and particularly the intervention of the institution that has the ultimate responsibility and the highest, namely, the European Parliament. On this point Mr Lagorce makes a clear distinction between the budgetary powers of the Assembly and the means of

control available to it. With your permission I shall go into these two aspects, which are of classic importance when it comes to organizing powers.

First of all, as far as the powers of Parliament are concerned, it would be shocking and quite unacceptable if Parliament could step in only *post factum* and be merely informed after the event. Here I would say to the rapporteur that his views coincide with those held by the Commission. Parliament ought, in fact, to step in and exercise its powers and its responsibilities when the raising and granting of loans is being authorized. There can be no doubt of this.

Your conclusion is that this should entail an entry in the budget. Let me say that is also the conclusion arrived at by the Commission, which on this point has at times had difficulties with the Council with regard to this or that type of loan; but that is its position.

But let us devote our attention to Euratom loans, since they are the subject of the report. A difficulty arises over these loans, as over ECSC loans, and as will be the case for many loans at Community level. This difficulty, which also exists at national level, is that it is impossible to fix in advance the final amount of a loan for an entire series of operations. The governments can no more do this in the medium term through Treasury bonds than with most of their loans. We ourselves cannot do so, whether in the ECSC or in Euratom—in the case of the ECSC because the loan supplements revenues derived from a certain levy calculated on a basis of assessment which we do not know before the start of the financial year, and in the case of Euratom because we do not know in advance the amount of the loans required in the course of a financial year and, hence, the amount of borrowings.

It is therefore not possible for us, six or eight months before the beginning of the financial year, to say what amount has to be borrowed. On the other hand, and this is how we propose to proceed for the 1976 budget—and you will therefore have an opportunity of carefully stating your views when the time arrives—we propose to insert a token line in respect of revenues and expenditures, accompanied by remarks on the loan or loans we intend to raise for given operations.

These token lines and these remarks are significant in three respects.

First, they provide Parliament with the means of giving, or withholding, authorization to go ahead and raise a loan.

Cheysson

I would point out that this is not the only means available to Parliament for stepping in regarding loans: during discussions of the general report, as pointed out by Mr Spinelli, it can take up a first position of principle, for sometimes certain measures proposed by the Commission, for example in the energy sector, involve recourse to a loan, so that on the occasion of this quasi-legislative definition Parliament can take up a position for the first time. But let us not stray from the budgetary field. For loan-raising operations, Parliament will authorize the Commission to go ahead with them by adopting the remarks and the relevant line of appropriation. The second aspect of the significance of this line in the budget is that the loan is guaranteed by the Community. This is something the rapporteur pointed out in a recent document. In this he is perfectly right.

The third aspect of the significance of the line is that, since it is entered in the budget, the Commission automatically undertakes to submit details of the use made of the sums borrowed in this way, and the justification for loans to be granted, in the subsequent management accounts submitted to Parliament.

Parliament thus enjoys the third form of its sovereign right in budgetary matters: the first being approval of the budget, the second the control of the budget during its implementation, and the third the giving of a discharge after the examination of the accounts, which Parliament at present exercises jointly with the Council and which it will exercise alone with the adoption of the draft revision of the Treaties.

So much for budgetary powers. Let us now turn to the scope that exists for control. This, as the rapporteur rightly pointed out, calls for adequate information. And in this connection the rapporteur asked for a summary of past activities with respect to the financing of common policies by means of recourse to the capital market and for the submission of the broad outlines of the proposed policy in this area for the future, both summary and report to be communicated to the European Parliament.

As regards Euratom, the summary in question is in course of preparation. It will include a general outline of the policy followed and to be followed, and details of Euratom loans. It will be submitted to Parliament for discussion, and this, as a speaker pointed out, will make it possible to hold a major debate on this matter.

Secondly, the rapporteur proposes that there should be attached to the annual preliminary draft budget a note summarizing Community capital and interest operations, etc. Our intention is in fact to submit such a note summarizing

all such operations and the financial situation, capital operations and management of borrowings, on the lines laid down in Mr Lagorce's report.

At all events, this statement should be included in the management accounts in support of the schedule showing loan utilization, but we feel free to submit such a note at other times if it is not enough to do so with the management accounts.

The remarks to which I referred a short while back, and which will appear in the preliminary draft budget submitted by the Commission, will be based on such a note, without, however, being quite so complete. So much for Euratom loans and the various commitments into which we enter. I feel that this is calculated to reassure Parliament as regards the exercise of its powers of control in this area.

Mr Normanton went further and spoke of the financing policy through recourse to borrowings as a whole—not only the Euratom loans of which I have been speaking but this policy and the funds pertaining to it in their entirety.

It is, of course, possible, as a number of speakers have said, that this will become an important feature of the life of the Community and that part of the funds for financing Community activities will in future be derived from borrowed funds. In the light of existing requirements, the Commission intends to make the most of the scope that exists for obtaining credit with a view to facilitating the mobilization of capital. You know that this is the case with the ECSC, whose borrowings reached a figure of 528 million units of account in 1974 and of about 350 million units of account for the first six months of 1975.

The case of the ECSC is a particularly interesting one, because, given the ECSC's high reputation, it was possible to float our loans on remarkable terms on the financial market, terms which were half a point or more favourable than the best obtained elsewhere.

This boils down to saying that this approach is a very promising one. We hope that this will be the case for the Community loan intended to cope with balance-of-payments difficulties arising from the rise in the price of oil products.

For its part, the EIB, in the course of its normal activities under Article 130 of the EEC Treaty, is faced with new and substantial requirements. It is therefore active on the capital market. This is why, following the suggestion made by Mr Normanton and Parliament, the Commission will submit in the autumn of this year a report on all the borrowing and lending operations of

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the Communities, and when I speak of the Communities I mean the entire range of financing resources.

For all of 1974 and the first six months of 1975, this report will also set out the broad lines of the policy it is expected to pursue in the future. Clearly, the aspects of interests to the EIB will be the ones it will communicate to us, but it is we who will present them. Having regard to the observations made by the Committee on Budgets, the Commission will not fail to deal in detail with the rôle and scope of the various financing instruments, and I thank Mr Normanton for suggesting that we should add recommendations as to the improvements that could be made in these different sectors. We think that in this way, Mr President, Parliament will be able both to assume its responsibilities in the matter of budgetary powers and to obtain the information required for exercising control as well as to discuss financing policies as a whole. I must say that the last remarks made by the chairman of the Committee on Budgets on this point are reassuring, for we can all place our trust in the determination and competence of the Committee on Budgets and its chairman.

(Applause)

President. — Thank you, Mr Cheysson, for your important contribution to our debate and for the assurances you have given to Mr Normanton and to the Committee on Budgets concerning the Commission's cooperation with this Parliament in this important sphere.

I call Mr Liogier to speak on behalf of the Group of European Progressive Democrats.

Mr Liogier. — *(F)* Mr President, dear colleagues, the Group of European Progressive Democrats, conscious as it is of the need to develop rapidly a real European policy on nuclear energy, welcomes the present proposal. Industrial production of nuclear energy poses a considerable financial problem. The Community's contribution to the financing of nuclear power-stations is largely justified by the primary rôle nuclear energy ought to play in meeting our energy requirements, the extra investment needed for nuclear plant as compared with conventional plant, and the difficulty electricity producers experience in raising the necessary funds. I do not want to go into this subject at greater length. Everyone is aware of the vital importance to the Community of adequate supplies of energy, which lies at the very roots of our civilization. As Professor Burgbacher has so often said: 'Energy is the indispensable tool of the worker, and its scarcity would entail a lowering of the social standard of our civilization.'

But leaving aside its bearing on energy policy, this proposal raises a serious problem, that of borrowing policy and of the control of the Community's indebtedness.

Not only is the raising of loans an increasingly important instrument of economic and financial policy but, with the system of the Community's own resources, it should become both an effective and indispensable element of the Community's financial activities; for while the system of contributions from the states has the advantage of being flexible, this not the case with the Community's own resources, the level of which remains fixed throughout the financial year, since the VAT rate—the only really flexible component—is determined only at the beginning of the financial year.

Now, a sector of Community activity which is so wide in scope and the repercussions of which are so serious, since it involves the Community's running into debt, should not only be the subject of a coherent and clearly-defined long-term policy but be controlled by the European Parliament. The Group of European Progressive Democrats sized up this problem from the very start, having been the first to put down an amendment calling for the budgetization of borrowings at the time of the petro-dollars loan. The European Parliament, the outstanding rôle of which is to control the Community's financial operations, cannot therefore accept that such a sector of activity be permitted to escape its vigilant attention.

And if we ought to move finally towards a policy of budgeting borrowings so as to enable Parliament to exercise its powers to the full, management by the European Investment Bank of Euratom loans would not be calculated to help progress towards the objective of parliamentary control.

Not only would it create a precedent that might induce the European Investment Bank to take over the management of all Community borrowings, but in addition these operations would completely elude the control of our Assembly, for the Bank, although a Community body, is, as everyone knows, difficult of access for the Community's institutions. And the Commission, although under the Statute it can resort to three means of influencing the Bank's activities, remains at times quite powerless.

Although the Commission has a seat on the Bank's Board of Directors, its representative is too isolated and enjoys too little authority to exert any real influence there.

It is true that under the terms of Article 17 of the Protocol on the Statute of the Euro-

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pean Investment Bank, which reads: 'At the request of a Member State or of the Commission, or on its own initiative, the Board of Governors shall, in accordance with the same provisions as governed their adoption, interpret or supplement the directives laid down their adoption, interpret or supplement the directives laid down by it under Article 9 of this Statute', the Commission can influence the directives of the Bank to ensure that its activities accord with a coherent Community policy, for the Bank is required to contribute to the achievement of the objectives of the Treaty. But this facility is no more effective than the preceding one, although the Community does not perhaps make enough use of this right conferred on it by the Treaty.

Finally, under the terms of Article 21, the Commission has to be consulted on every loan contemplated, but the power of banking secrecy is, as you all know, immense.

There is, of course, no doubt that the European Investment Bank is of great value to the Community and that it can, and indeed must, play an outstanding part in European financial operations. However, just as loan policy should not on any account escape the control of the Assembly, so the activities of the European Investment Bank ought to be subject to the control of the Commission, the only institution answerable to Parliament.

It would thus be possible to broaden the rôle of the Bank without at the same time weakening the powers of our Assembly.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — May I be allowed to mention to Mr Cheysson—I am sure that it is not really necessary to remind him—that in the course of my contribution some half an hour ago I did not enter into any arguments or any debate about the merits or demerits of any particular institution or agency which dealt with loans. It may not have escaped his notice that I did not make even honourable mention of the EIB. The debate today, as I see it, has been on energy policy, not on loan policy, although it is not inappropriate to remark that much of the comment from this side of the House has perhaps concentrated more on the loan aspects than on any other. The debate on loan policy can come only after full and mature consideration of all the facts, all the figures and all the opinions which are — I am grateful to Mr Cheysson for his assurance—to be made available to this House.

Therefore, on that note of expressing my gratitude to Mr Cheysson and his staff for the constructive way in which they have responded to my perhaps quizzical, if not critical, approach to the area, I would express the hope that a more well-informed reaction and contribution will be forthcoming in what, in my view, is the very essence, the very framework, upon which future developments of the Community must be founded; because, if the Community is not about money, it is about very little else. This is where we have to be much better informed, and I look forward to receiving the information and to participating in the debate, on the basis of the assurances given by Mr Cheysson. I am grateful.

President. — I call Mr Lagorce.

Mr Lagorce. — *(F)* I think have detected a contradiction in Mr Cheysson's remarks, or rather in the spirit underlying them.

He recognizes that retrospective control by the European Parliament would be unacceptable. But since Parliament will only learn of borrowings and lendings from a management account, Parliament's control would, it appears to me, be exercised after the event.

Mr Cheysson put forward extremely sound technical arguments. As far as I am concerned, I would oppose them with arguments of a political nature.

It is quite true, of course, that it is impossible to fix the amount of borrowings in advance, nor can it be known what the loans asked for will be. But although it may not be possible to provide details, Parliament could perhaps set an upper limit not to be exceeded.

But provision is made for the ceiling laid down in the report—500 million units of account—to be exceeded, and even doubled. This ought not to be done for a financial year on which Parliament has not been able to make known its views. Budgetization of these borrowings on a 'token' line gives Parliament an opportunity of signifying any disagreement only by imposing on the Commission a total ban on borrowing.

Or else, if this procedure is accepted, the 'token' line should be accompanied by sufficiently detailed and explicit remarks to enable Parliament to exercise, even if incompletely, its power of control. And it is in the interests of the construction of Europe, particularly when Parliament is elected by universal suffrage, for the powers of this Parliament to be those of a real parliamentary assembly.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the speeches by Mr Normanton and Mr Lagorce complement each other in an admirable way. I should like to take up a point that has often come under discussion. I refer to parliamentary powers that have to be expressed on two occasions: first when policies are decided upon, and secondly, compulsorily and formally also, within the strictly budgetary context. I feel that Mr Normanton's arguments and the question by Mr Lagorce provided an excellent demonstration of this situation.

Mr Normanton quite rightly asserts that Parliament ought to be informed of our policies and of the action we propose taking. It is, moreover, on the basis of this proposal of the Commission that you are making known your views at the moment, and it is only to be expected that this proposal should embody Mr Lagorce's suggestion of a yearly ceiling on borrowings. Article 1, on which you have to take up a position, indicates 500 million units of account a year. You are therefore going to take a policy decision—a decision, I would even add, of a legislative nature.

Then comes the translation into budgetary terms, without which the decision is unenforceable. This budgetary decision, taken at the time the budget is adopted, will embody formal authorization for the Commission to embark upon a system of borrowings and loans, pursuant to the decision previously taken.

This authorization will appear on the line merely as a 'token item', for we only know the maximum fixed by your earlier decision.

Perfect coherence is thus ensured by these two decisions, one of a legislative nature relating to the action itself, and the other of a budgetary nature empowering the Commission—to cite Mr Lagorce's expression—to embark on a system of borrowing and loans.

President. — Does anyone else wish to speak? We shall now consider the motion for a resolution. On paragraph 2, I have Amendment No 1, tabled by Mr Noè' and worded as follows:

'Amend the last line of this paragraph to read as follows:

"... developments in the generation and transport of electricity;"

I call Mr Memmel.

Mr Memmel, rapporteur. — (D) Mr President, I am still waiting for Mr Normanton formally to withdraw the motion he put down at the last sitting. He should do this now.

Mr Lange. — (D) But it is no longer before us!

Mr Memmel. — (D) It is not on the table before us, but nevertheless it has to be withdrawn formally.

President. — I call Mr Normanton.

Mr Normanton. — On a point of order, Mr President. May I, through you, inform Mr Memmel that the fact that my amendment is not on the agenda of this House is *prima facie* evidence of the amendment having been withdrawn? I suggest, therefore, that there is no procedural requirement for me to add to what has already happened.

President. — I call Mr Memmel.

Mr Memmel, rapporteur. — (D) There is something I should like to say on the subject of Mr Noè's amendment. Although this has been submitted, Mr Noè is not present and there is no one to speak in support of it. I would therefore ask you to regard this amendment too as non-existent. If, however, you still feel that it should be dealt with, then I would ask you to reject it, because it amounts more or less to what is already embodied in the resolution. The German word for 'electricity distribution' naturally covers transformer stations and transmission lines; there is no need for me, therefore, to add the word 'transmission'. I would therefore ask you either to regard Mr Noè's amendment as non-existent or to reject it.

President. — Since Mr Normanton has not retabled his amendment and since Mr Noè is not present, I note that in fact there are no amendments to discuss.

I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, I just wanted to say that Mr Noè's amendment has in fact been submitted. I was rather surprised by this amendment, because I thought there might have been a mistranslation; but that does not seem to be the case. A reasonable man like Mr Noè does not table amendments which are meaningless. The significance here is that he wishes to restrict the provisions to high-tension lines. That in itself seems desirable to me.

It is probably not all that important if this amendment is not discussed. But in itself it is good amendment.

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

The resolution is adopted¹.

¹ OJ No C 157 of 14. 7. 1975.

11. *Implementation of the budget of the Communities for the 1971 financial year*

President. — The next item on the agenda is a debate on the report drawn up by Mr Gerlach, on behalf of the Committee on Budgets, on

- I. the failure to give to the Commission of the European Communities a discharge in respect of the implementation of the European Communities' budget for the financial year 1971, following the report of the Audit Board
- II. the discharge to be given to the Commission of the European Communities in respect of the activities of the European Development Funds for the financial year 1971
- III. the discharge given to the competent authorities in respect of the accounts of the European Parliament as at 31 December 1971

(Doc. 111/75).

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, on 1 January 1975 the system of direct financing for the Guarantee Section came into force pursuant to the third paragraph of Article 3 of the decision on the Communities' own resources and Article 18 of the relevant implementing regulation, No 2/71.

Both these articles have led to differences of opinion between the Commission and the Council because of the different interpretations these institutions put on them. Moreover, the failure to reach a decision on the closing of the accounting periods of the EAGGF's Guarantee Section for the financial year 1967-68 has called into question the decision on the Communities' own resources.

The lack of this decision on the closing of accounting periods since 1967 clearly reveals the sorry way the Community's budget is being managed. When it examined the 1971 budget, the Audit Board observed that insufficient preparations had been made for introducing the system of direct financing and that as a result—something which the Commission itself admitted—considerable trething troubles ensued. So far, these have not yet been overcome.

The cause of these difficulties was, and remains, that following the decision of 21 April 1970, which set up the system of financing from the Communities own resources, the 'reference year' was defined. And so, for the purpose of effecting the requisite adjustment of the Communities' budgets for the period from 1 January 1971 to 31 December 1974 for the Guarantee Section, a

formula was decided upon which is simply not practicable.

To deal with these difficulties the Commission worked out a compromise which, in its opinion, would make it possible to close the still outstanding accounts of the Guarantee Section.

The European Parliament's Committee on Budgets agreed to this proposed compromise, particularly as at that time, in 1973, the Council also appeared to be prepared to do so. But this turned out to be an illusion. To date the Council has not accepted this proposal, let alone approached Parliament with regard to a discharge in respect of the implementation of the 1971 budget.

There would be little point in going further into this proposed compromise now. It is of a highly technical nature and cannot be explained in a few words. But it gives as accurately as possible the correction factors enabling the Member States to calculate their share for the period in question.

Since in 1973 the European Parliament had still not been approached regarding the discharge procedure, I asked the President of the Council in person on 18 February 1974 to do what he could to ensure that the budget accounts would be closed.

By letter of 8 March 1974 I received a reply, from which I shall only quote a short extract:

'The Commission will shortly submit the appropriate proposals for calculation so that the Committee on Budgets and the Committee of Permanent Representatives can deal with the matter without delay. Further delay in this matter seems to be unlikely, particularly as the material examination by the experts has now been completed.

In response to your request, I shall do what I can to ensure that the Council's section in respect of a discharge will be taken as soon as possible.'

So far, however, there is no sign of such a decision, so that as far as the European Parliament is concerned no discharge can be given for 1971. This means that it will not be possible to close the budgetary accounts for the coming years. This is an intolerable situation which is contrary to the principles of sound budgetary management.

Mr President, I have reason to believe that agreement has at last been reached in the Committee of Permanent Representatives on the compromise submitted by the Commission for the final fixing of the contribution of each Member State to the financing of the 1971 budget. But I have as yet no definite evidence of this. As

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the President of the Council is not present, he cannot confirm whether the information that has reached me is correct. Even if that were the case, my view of the Council's attitude would remain highly critical, even though it may be assumed that, following the decision of the Committee of Permanent Representatives, it will advocate the giving of a discharge for 1971. Nor am I merely critical; I would not do justice to the request I have received from the Committee on Budgets if I did not exhort the Council formally to observe the time-limits laid down in the texts relating to the discharge to be given by the Commission each year in respect of the implementation of the budget.

Mr President, I should just like to say a word on the second and third resolutions on the budget submitted in my report to Parliament. In the second motion for a resolution, the Council is asked to give a discharge to the Commission in respect of the implementation of the 1971 budget as regards the Development Fund. I would merely briefly say that, in accordance with the texts on the discharge to be given in respect of the activities of the European Development Fund at that time—that is, in 1971—the European Parliament has not the last word but may merely give its opinion. It is the Council that is empowered, in the first instance, to give this discharge to the Commission. What is being proposed to you here is precious little.

Mr President, the transactions of the European Development Fund have in the past given rise in the Committee on Budgets to a number of ideas and remarks which I have not taken over: first because a judgment on events lying so far back in the past as 1971 would be more of historical than topical significance, and secondly because, as can be seen, particularly as regards the accounting activities of the last Fund, in the report of the Audit Committee—I am still talking of the year 1971—there have in the meantime been some improvements. Moreover, it will be possible for the Committee on Budgets to devote especial attention to supervising the management of this Fund, particularly if it can speed up its work in connection with the giving of a discharge for the financial years 1972 and 1973, if a discharge for 1971 is now given.

The last resolution relates to the final discharge given by Parliament to the persons responsible—namely, the President of Parliament and the Secretary-General—for the management of its own accounts during a specific financial year, that is, 1971. I need hardly mention that this discharge is made the subject of an interim report immediately after the end of a financial year, and that the Committee on Budgets submits a motion for a resolution to Parliament

only on the basis of the comments made by the Audit Board in its report on the same year, in order to request it to give the final discharge. Which is what then happens. This therefore applies to 1971, and this is why this motion for a resolution is now placed before you with a request that you should adopt it.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Commission will naturally not allow itself the slightest comment on the third point. It wishes to thank Mr Gerlach for recommending that a discharge be given in respect of the implementation of the 1971 budgetary activities of the European Development Fund. I shall confine my attention to the first point, that is, the examination of the Communities' budgetary accounts for 1971.

On a number of occasions we have spoken of the importance of Parliament's right to give a discharge, particularly as this is one of the three aspects of budgetary powers: approval of budgets, audit of operations, discharge. There can therefore be no question of minimizing this right; it would indeed be quite scandalous for this to be done at the very time when Parliament is to be given the exclusive right to give a discharge in respect of the Communities' accounts.

Now, there is no denying, as pointed out in paragraph 5 of Mr Gerlach's motion for a resolution, that to delay the examination of the accounts for several years is to take away from this control, and therefore from the exercise of a sovereign right of Parliament, a great deal of its value. It is true that we were slightly behind-hand with the presentation of the 1971 accounts; perhaps a little less than the report makes out, it is a matter of translation. But this was due to highly exceptional circumstances which the rapporteur is good enough to explain. The relative part for 1971 was determined on the basis of 1970, the reference year. But the 1970 accounts could not be regarded as final, because the Commission had not received from the national authorities the information required for closing the financial year for the Guarantee Section of the EAGGF.

This is why the Commission proposed a compromise text, to which Mr Gerlach referred a short while back. We want to thank the Committee on Budgets for accepting it so promptly—in June 1974—a circumstance which was reported to the Council on 15 July 1974.

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The basis of the compromise is somewhat complex on the technical plane. Putting it very briefly, the idea was to regard the expenditures declared by the Member States as definitive before the accounts were closed, but without assuming that all payments had been definitely established.

We had to wait for seven to eight months, until May 1975, before this initiative of the Commission, which had been approved by Parliament, was examined by the Council bodies. Fortunately, progress is now being made, even if belatedly. I confirm what Mr Gerlach said a moment ago, namely that the examination carried out by the Council bodies is a positive one and that this compromise formula will be entered as item A—that is, without debate—on the agenda of a meeting to be held shortly by the Council of Ministers.

Parliament's plea has therefore been heeded, tardily, but heeded all the same, and this matter should be settled before summer.

We hope that simultaneously, and perhaps at the same meeting the Council will give a discharge to the Commission for the 1971 accounts, raising no more objections to it once the proposed compromise has been adopted. I should like to put forward this suggestion through you, Mr President. This would enable Parliament, which cannot formally give its discharge, as pointed out in Mr Gerlach's report, to take up this matter again and rapidly adopt this discharge in respect of 1971.

With regard to paragraph 7 of the motion for a resolution, I would first of all confirm that the 1971 accounts are closed, as shown by the management accounts forwarded at the time. Once the compromise has been adopted by the Council and the relative part defined, the Commission will take all the steps necessary to modify the relative parts of the subsequent years, 1972, 1973, 1974, accordingly. These modifications, I would have you note, will in no way affect the accounts, these having been closed and expenditures having been finally established; they will, however, enable the essential readjustments to be made to the relative contributions to be made by each Member State.

With these difficulties behind us, we hope that discharges subsequent to 1971 will be given in good time. This appears to me to be absolutely essential, for the very reasons advanced by the rapporteur in his speech and in his motion for a resolution, if Parliament is to be in a position to exercise its powers to the full.

(Applause)

President. — I remind the House that we have three motions for resolutions: the first, on which Mr Cheysson has just spoken at length, concerns the failure to give the Commission a discharge in respect of the budget for 1971; the second concerns the discharge to be given to the Commission in respect of the activities of the European Development Funds for the 1971 financial year; and the third concerns the discharge given to the competent authorities in respect of the accounts of the European Parliament as at 31 December 1971.

Does anyone else wish to speak?

I put the first motion for a resolution to the vote.

The resolution is adopted.¹

I put the second motion for a resolution to the vote.

The resolution is adopted.¹

I put the third motion for a resolution to the vote.

The resolution is adopted.¹

12. Draft estimates of Parliament for 1976

President. — The next item on the agenda is a debate on the report drawn up by Miss Flesch, on behalf of the Committee on Budgets, on the draft estimates of revenue and expenditure of the European Parliament for 1976 (Doc. 150/75).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, ladies and gentlemen, it is not with an excess of enthusiasm—to put it mildly—that your rapporteur and the Committee on Budgets present this report on the draft estimates of our Institution.

I would point out, however, that the budget in question is an administrative one, that is, a budget largely determined by irreducible costs: administrative costs and staff and social expenditure. I feel tempted to describe them as non-compulsory expenditure which is in fact compulsory. We have observed a considerable development of parliamentary activities. This emerges very clearly from the facts and figures given in the report; those, for example, concerning the number of days spent at meetings, the number of reports and opinions drawn up, the

¹ OJ No C 157 of 14. 7. 1975.

Flesch

number of pages drafted, translated, printed and circulated.

After all, the forecasts of salary increases do not lend themselves to being reduced (page 31, paragraph 32 of the report). Henceforth they will be calculated by methods which have been standardized for all Community institutions.

With regard to the establishment plan as presented, it should be noted that there is little change in its actual structure. It is proposed to convert 120 local staff posts and 46 auxiliary staff posts into permanent posts.

These figures may appear rather striking, but I would remind you that this proposal reflects a decision of principle already taken last year and similar to those adopted by other institutions, among them the secretariat of the Council, to take into account the permanent nature of certain duties performed till now by local staff and also responsibilities exercised by some members of that staff.

The measure is, of course, an exceptional one, covering an adjustment which must be the only one of its kind and which must not create a precedent.

I would add that this measure is only a partial one: it results from the application of certain selective and objective criteria which fall within the scope of the requirements provided for in the Staff Regulations.

Still on the subject of the establishment plan, it is proposed to create 32 new posts. The Committee on Budgets wondered whether it would not be possible to reduce this number.

This is a difficult question to size up in detail. The figures we have been provided with show, for example, that the number of posts at present vacant in Parliament's departments (which might serve as a guide) is extremely limited, whatever may have been the case in the past. In the end, the Committee on Budgets felt it ought to signify its agreement to the proposed creation of these posts.

The reclassification of 19 posts is also covered by the establishment plan, as well as of 9 posts in the language service and 5 posts in the political secretariat.

I shall dwell briefly on the reclassification of the posts in the language service. The Committee on Budgets felt it ought to increase the number of reclassifications of LA 4 to LA 3 posts from 4 to 6, on the grounds that it was only fair to provide the same classification for the heads of the various interpretation sections. This will not necessarily give rise to immediate promotions: appointments will obviously be

made in the light of the criteria of seniority and competence.

The Committee on Budgets signified its agreement to these different measures, but it reached a conclusion to which I would like particularly to draw Parliament's attention.

On page 25, paragraph 22, the committee observes that the time has come to subject the organization of our Institution to a highly critical scrutiny. We should determine what factors would make for rationalization and thus be conducive to more efficient organization of our activities. In addition, we ought to increase mobility, so as to make such rationalization possible.

Under these circumstances, the Committee on Budgets felt it essential to have available a study of the efficiency of each sector. This should be a critical study and not merely yet another to be added to all those that have been carried out in the past. It should be a study culminating in definite action.

The committee also felt that there should in future be a greater spirit of economy, less laxity and more self-restraint. This is an appeal to the administration, but also to ourselves and to our political groups. It is we ourselves that must make the effort judged to be necessary by the Committee on Budgets.

Winding up my remarks on the establishment plan, I would briefly draw your attention to the difficult problem of the secondment of officials of the administration to the secretariats of the political groups.

During its examination of these estimates, the Bureau and the Committee on Budgets ran up against the difficulties caused to the administration by the secondment of a number of officials to the secretariats of the political groups, effected, in the words of the Staff Regulations, 'in the interests of the service'. The result is that the posts left vacant in this way cannot be permanently filled, so as to allow for the possible return to the administration of the holders of these posts. This situation nevertheless poses very serious problems in the organization of work.

The Committee on Budgets have considered a number of possible ways of dealing with this problem. Owing to the complex nature of the question, their ideas have not yet been fully worked out. The committee hopes, however, that these problems may be solved through a gentlemen's agreement between the political groups and the Secretariat, so as to avoid having to create new posts.

Flesch

The committee thinks that such a gentlemen's agreement can be reached and that it could bring about practical solutions. The chairmen of the political groups have declared their willingness to seek a solution along these lines.

As regards the estimates as such, the committee wanted to display its willingness to ask us to practise a certain economy. Thus it has reduced certain forecast increases in expenditure of, as it were, an unavoidable nature. For instance, it has halved the increase in appropriations proposed for 21 items, which I would describe as of an extremely current nature and to which cost increases applied. The committee realized that this approach is perhaps somewhat radical and arbitrary and might lead to difficulties. It nevertheless felt it essential to give proof of its desire for economy. This effort strikes me as a considerable one, seeing that the budget in question is not operational but essentially an administrative one.

Finally, Mr President, permit me to point out that we intend to exceed the annual rate of increase of expenditure provided for in Article 203(8) of the Treaty. It had been fixed at some 15 per cent whereas now we are virtually at 25 per cent.

If I dwell on this fact, Mr President, it is not because it gives me any pleasure. I believe that this is a problem the other Institutions will not be spared. We shall in all likelihood not be the only one to face it. The proposals submitted to us do not include any 'inflated' items. I have spoken to you of the almost Draconian measures proposed by the committee for a large number of items in these estimates.

My conclusion, Mr President, will be the same as my introduction: it is with no enthusiasm and with a measure of resignation that, on behalf of the Committee on Budgets, I propose that Parliament adopt the estimates on the terms, and above all with the figures, that have been suggested to you. I would point out, however, that this or that question—for example, the secondment of officials to the political groups—remains open. We shall therefore have occasion to return to them in the autumn when the general budget of the Communities comes up for consideration.

(Applause)

IN THE CHAIR: MR SANTER

Vice-President

President. — Mr Aigner and Mr Lange, who were to have spoken on behalf of the Christian-

Democratic and Socialist Groups respectively, have waived their claim to speak, while retaining their right to do so during the debate on the parliamentary estimates which is to take place next October.

I draw your attention to a corrigendum appended to the report.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

13. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Friday 20 June 1975, from 9.30 a.m. to 12 noon, with the following agenda:

- Oral Question, with debate, on the textile industry;
- Supplementary report by Mr Notenboom on the harmonization of legislation on turnover taxes;
- Report by Mrs Orth on polychlorinated biphenyls;
- Motion for a resolution tabled by Mr Nyborg on speed-limits;
- Motion for a resolution tabled by Mr Willi Müller on pollution of the Rhine;
- Report by Mr Seefeld on international road transport (without debate);
- Report by Mr Jahn on an inventory of sources of information on the environment (without debate);
- Report by Mr Kaspereit on lemons from Israel (without debate);
- Report by Mr Patijn on the agreement between the EEC and Israel (without debate);
- Report by Mr Boano on oil-seeds (without debate);
- Report by Mr Shaw on the non-automatic carrying forward of appropriations.

The sitting is closed.

(The sitting was closed at 6.35 p.m.)

¹ OJ No C 157 of 14. 7. 1975.

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IN THE CHAIR: LORD BESSBOROUGH

Vice-President

(The sitting 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. Texts of treaties forwarded by the Council

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

— Agreement between the European Economic Community and the Arab Republic of Egypt on the supply of skimmed milk powder as food aid;

— Agreement between the European Economic Community and the world food programme on the supply of skimmed milk powder to developing countries as food aid;

— Agreement between the European Economic Community and the Malagasy Republic on the supply of flour as soft wheat as food aid.

These documents will be filed in the European Parliament's archives.

3. Reference to committee

President. — The Committee on External Economic Relations has been authorized to draft an opinion for the Committee on Regional Policy and Transport, which was authorized on 20 May 1974 to draw up a report on the problems of EEC transit traffic passing through Switzerland and Austria.

4. Oral Question with debate: Situation in the textile industry

President. — The first item is an oral question with debate by Mr Normanton, on behalf of the European Conservative Group, on the situation of the textile industry (Doc. 123/75).

The question is worded as follows:

'Subject: Deterioration in trading conditions and employment in the textile industries.

Is the Commission aware of the growing anxiety throughout the Community at the deterioration in

President

trading conditions and employment in the textile industries, and what action is being taken to deal with the situation?’

I call Mr Normanton.

Mr Normanton. — In accordance with a convention which applies in my own Parliament and which I earnestly hope will become the accepted rule in this House, may I be permitted, Mr President, to declare an interest in the subject matter raised in the question which I have submitted to the Commission. I have a long-standing association with a part of the textile industry concerned with cotton and allied textiles and I am currently vice-president of the International Federation of Cotton and Allied Textile Industries and chairman of its European Committee.

The textile and clothing industry of the world, and of the Community in particular, is in the grip of the worst recession it has experienced since the haunting 1930s. Measures already taken or in prospect to restrain low-cost imports under the Multifibre Agreement and to stimulate demand in the short and medium terms are and have proved insufficient to secure the survival of even the most efficient manufacturing firms in an industry which by any criteria has been incurring capital investment in modern efficient techniques of production at a level far in excess of any other single European industry.

Let me therefore lay for ever that phoney, false misrepresentation of European textiles as being antiquated and inefficient. Nothing, I assure the House, can be further from the truth and I ask the Commissioner, when he replies to this debate, to confirm this assessment and judgment of the industry.

Secondly, may I remind the House that no major Community industry has a better record of industrial relations and that employers and trade unionists alike have consistently pledged their combined support for the concept of the creation and the enlargement of the European Economic Community and their belief in a competitive economy.

But competition is one thing: unfair competition is quite another matter. It is this to which the industry—I hope that the House will endorse this view—rightly raises its bitterest objections. It is on this that the industry rightly looks to governments—or in this context to the Community—for an easing or possibly a solution to this impossible situation which the industry currently faces, a situation in which well over 400 000 men and women, approximately 25% of the total number of men and women employ-

ed in it, are affected by unemployment; and this applies right across the whole Community scene.

Although a marginal cutback in the Community domestic demand has admittedly taken place, reflecting inevitably the general slowing down of the economic growth of the Community, this cutback has not been reflected in the domination of the Community market by imported textiles and made-up garments. This penetration and domination has been largely effected and undoubtedly certainly maintained by the pricing of imported products unrelated to their actual costs of production.

This is because of the unloading of domestic surpluses for the sole purpose of earning foreign exchange and by the carefully calculated selective attack on individual sensitive sectors of the Community market with the purpose and objective of achieving a kill in that sector, and all this at a time when throughout the world there is over-production of textiles, and unilateral action by individual states, and in particular perhaps the United States of America, has closed access for low-cost producers.

I put it to the House: is it surprising that the Community was experiencing a balance of trade deficit on clothing and textiles well in excess of one billion units of account for the first half of last year? This figure is rising and will continue to rise rapidly.

The industry looks to the Community and to the Commission for urgent and immediate action in accordance with a clearly defined policy, one which was presented as recently as 3 June, only three weeks ago, by Mr Alan Clough, President of Comintextil, to Mr Ortoli, President of the Commission.

For the record, this policy is made up of four basic component parts. First, the industry calls for the urgent conclusion of the bilateral negotiations in progress with third countries. The GATT multifibre arrangements came into force, as we all know, on 1 April 1974, yet since then every device, every trick and every subterfuge has been adopted by certain countries to delay settlements on the basis of Article 4 of that international agreement.

Secondly, we believe that the Community must introduce *a priori* control for the most sensitive of imports affecting certain clearly defined sectors of the Community market.

Here I offer my congratulations to the Commission on the introduction of import surveillance from certain sources. However, at the same time, the speed with which statistical data are collected and collated is much more reminiscent

Normanton

of the days of the pigeon post and the abacus than the modern technology of telex and the computer.

When evidence of trade disruption has been presented to the Commission by the industry, it appears to them as if this is submitted to the injuring party rather than the injured, in a judgment and for action. The invocation of Article 8 rather than Article 7 of Regulation No 1439 of 1974 and Article 4 of the multifibre arrangements is much more appropriate to this and the current situation. Are we to wait until the patient has died before being sure that we have evidence of the sickness?

I turn next to the third point of the policy presented to the Commission. I believe the Community must urgently introduce a specific programme for foreign textile trade statistics. Is the House aware, for example, that only in February of this year were data available from the European Community Statistical Office for the year 1973?

The problem is both technical and administrative. I understand, for example, that the Luxemburg Statistical Office is totally inadequately staffed to be able to cope with the enormous amount of work which is before it. Tapes from Ireland, for example, are not compatible with the Luxemburg computer.

I see this as a classical case of fighting today's wars with the last war's weapons—too little, too late, too bad.

The fourth and last point is that we believe that the Community must take commercial measures against other suppliers practising abnormal and unfair competition. Why, for example, has not the Commission taken immediate steps to deal unilaterally with the kind of intransigence which has been so strongly and conspicuously in evidence in the case of Taiwan? Are we to wait until the patient has died before prescribing a remedy for cure?

I assure the House that the Commission does not lack evidence or arguments in support of a case for action. I trust, and indeed I fervently hope, that in his reply the Commissioner will not display a lack of will to act in support of this the third largest single industry of the Community. This House concentrates much, and indeed some would say most of its time and thought, on matters of a major policy and of high principles. This is of course right and proper, but I trust that the House will support me in showing that we are not blind to the urgent and pressing problems of people, since it is

people, not simply machines, who make up an industry.

(Applause)

President. — I call Mr Simonet.

Mr Simonet Vice-President of the Commission. — (F) Mr President, the Commission is perfectly aware of the difficult situation facing what Mr Normanton has quite rightly called the third largest industry in the Community at the present time. The Commission fully agrees with Mr Normanton's diagnosis of the seriousness of the difficulties, which result from three main factors: first, the drop in demand due to the general reduction in the economic activity in the Community; second, the existence of large stocks at the various stages of manufacture and distribution, which encourages the trade to keep their supplies to a minimum and causes the industry to reduce its rate of activity; third, —and this seems to me the main point in Mr Normanton's remarks—the increase in low-priced supplies from certain third countries.

I also share Mr Normanton's diagnosis regarding the considerable efforts made by the textile industry to adapt its production capacity and techniques to the needs of modern technology.

The Commission also recognizes that there is a link between the deterioration in the employment situation and, of course, the impact of these various factors which I have just mentioned, particularly the last.

The European Economic Community is a party to the agreement on the textile trade concluded as part of GATT in December 1973 and which involves both rights and obligations. Under this agreement and in order to achieve the objectives—which involve controlled expansion of trade so as to avoid disorganization of the markets or the risk of such disorganization—negotiations have been entered into—in particular with India—or will be entered into very soon with the principal third-country suppliers of textiles to the Community.

This is a preliminary indication of the wish and will of the Commission to assume its responsibilities in respect of countries which might disrupt the markets and increase the real difficulties experienced by the textile industry.

Therefore, to lessen the gravity and the rate of deterioration in the situation in the textile sector, the Commission has decided to mobilize all its resources to speed up these negotiations under Article 4 of the Multifibre Agreement. I think I can say that these negotiations can be concluded between now and next autumn

Simonet

In the meantime, on the basis of EEC Regulation No 1439/74, retrospective surveillance of the quantities, prices and origin of imports of 22 textile and clothing articles, selected from amongst the most sensitive, has come into force and the first results are expected in the next few weeks. For particular cases where disruption of the market has been confirmed—this being essentially caused by imports of specific products originating in specific third countries—emergency safeguard measures have been adopted by the Community.

For example, there is the case of imports into Ireland of shirts from South Korea and imports into the Federal Republic of Germany and Benelux of socks from the same country, or again the imports of cotton cloth originating in Brazil to the German market.

It should be said that in these cases the cooperation of the third countries concerned was quickly obtained under the procedures provided for such cases under Article 3 of the Multifibre Agreement to which I have already referred. In every case it has been possible to find mutually satisfactory solutions.

As regards employment, it must be emphasized that we are at present experiencing a general crisis, although the textile sector, along with the building, car and chemical industries, is amongst the most affected. The reduction in staff in the textile industry over several years has greatly increased since the second half of 1974 and, moreover, part-time working is tending to spread as businessmen endeavour to minimize the social repercussions of the textile crisis by keeping their firms operating three or four days per week.

This serious situation was recognized at the tripartite meeting on employment on 16 December 1974. After a full discussion of the sectors affected by the crisis, the textile industry was recognized as one of those in which a thorough analysis of the present situation and any developments is required. The importance of the textile industry, which has been accepted both by the Commission and the two sides of industry, was confirmed at the meeting of the Standing Committee on Employment in February 1975.

Since then, analyses of the situation and the trends in employment have been prepared by the Commission. A preparatory meeting with both sides of industry was held at Community level yesterday to prepare an agenda for a preliminary meeting of the Joint Committee for the Textile Industry. It is to be hoped that this meeting will take place next month to discuss measures to be taken to improve the situation

and the prospects for the future development of the textile industry.

In a communication to the Council dated 16 February 1975, submitted as part of the battle against unemployment, the Commission felt it was necessary under Article 2 of the decision of 1 February 1971 to extend the present area of intervention of the Social Fund to young Workers and a number of sectors, including the garment industry. This proposal formed the subject of a preliminary discussion at the meeting of the Council of Ministers for Social Affairs on 17 June. While taking a favourable decision in principle in regard to youth, the Council undertook, as regards the sectors in question, to examine new proposals by the Commission before 30 November.

Finally it should be remembered that the decisions to apply Article 4 of the Social Fund to the textile sector, which was taken in December 1972, will terminate at the end of 1975.

Prolongation of the decision for a further period of 3 years will require prior examination of the terms of intervention to deal with the trends which have developed in this sector since 1972.

As regards the unilateral measures which the Community can take to provide against a policy prejudicial to the textile industry in our countries, I would say to Mr Normanton that the Commission has submitted a communication to the Council with this in view and the Council—I hope—will discuss this at an early date.

I should also like to assure Mr Normanton that I have listened attentively to the suggestions which he has made, particularly as regards the strengthening of the statistical apparatus and the improvement of the Commission's machinery of communication. I shall not fail to inform my colleagues of these proposals. You can be certain, Mr Normanton, that this will be done by the most appropriate means and not by means of a messenger I am sending this afternoon on foot to Brussels.

(Laughter)

I shall therefore make arrangements to see that my colleagues are informed of these proposals as soon as possible.

(Applause)

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, the Christian-Democratic Group is also grateful to Mr Normanton for raising the question of the situation in the textile industry

Schwörer

here today. We share his concern, but also see some further points which he did not mention and which I would like to list now; we will be discussing them again in this House in relation to other matters in the coming months.

Firstly, the question of raw materials. We realize that the danger of shortfalls and processing in the producer countries is more acute in other areas than here. Yet we feel that possible price fluctuations, for instance, which are discussed in the Commission's new report on raw material supplies, are a danger to this industry. That is why we hope that the raw material agreements being considered will be signed where possible, to achieve a balanced and consistent raw material supply.

Secondly, the problems of the textile industry are largely the problems of a small- or medium-scale industry in which certain disadvantages make themselves particularly felt. I am thinking, for example, of the fact that specific information on markets and research possibilities are limited for these enterprises. Here the Community must give help.

Moreover, it must be ensured that exports from this economic sector of the Community are protected by export guarantees and other arrangements.

To sum up: Firstly we must ensure the quantity, quality and price of raw material supplies; secondly, structural aid must be given for investment, for information and research and to preserve the medium-size structure of this sector; thirdly, competition from outside the Community must be prevented when working conditions are not comparable.

I hope today's discussion will remind the Commission again of this important task. We shall discuss Mr Simonet's statement after the summer recess when the agreements have finally been signed and their effects can be assessed.

I ask you, Mr Simonet, to discuss all you have said to us with your colleagues from the other sectors in order to coordinate and thus achieve effective help for the textile industry.

(Applause)

President. — I call Mr Van der Hek to speak on behalf of the Socialist Group.

Mr Van der Hek. — *(NL)* Mr President, I am particularly grateful to Mr Normanton for his remarks, which reveal his great knowledge of the textile sector. He followed a tradition in the British House of Commons and declared his interest in textiles. Of course that also testifies to his great expertise.

My group has the impression that new problems are constantly arising in the textile and clothing sector. What we are now doing is on the whole not a new phenomenon, but dates back for a number of years.

How does this phenomenon arise and what are its characteristics? It is characterized by an increase in unemployment and attempts to limit imports from third countries, which also leads to unemployment in the exporting third countries. I find this a typical example of a chaotic production system: no planning, no proper control, a constant confrontation with chaotic conditions, attempts are made to eliminate these conditions at all costs, but at the expense of thousands of unemployed persons. My group is very concerned at this. Why must economic slumps in this production system always be paid for first and foremost by thousands of unemployed persons? What is the Community doing to find a solution to this problem?

In several Member States attempts are being made to develop ideas on this subject by anticipating a structural policy. The intention is to take measures at an early stage to forestall deterioration in a certain economic sector due to international developments. Then in good time structural measures are taken in certain sectors. In short, the idea is to influence development in the long term in the sector concerned.

I have a strong impression that the policy must be harmonized within the Community in order to ensure that the structural policy succeeds. Unless there is coordination, Member States will take independent action which will put other Member States at a disadvantage. One Member State would be better able to support its own industry than another, in order to try to strengthen its competitive position on the Community market. That could encourage another Member State to take similar measures, so that in the long term no satisfactory solution will be reached.

Mr Simonet has announced a number of measures, including consultation of the industry, in the cotton, rayon and linen sector among others. These are, however, only short term measures.

What steps does the Commission intend to take to obtain from the Community viewpoint an insight into long-term developments in the rayon fibre, linen and cotton industry? How will the Social Fund be used in the long-term? What financial means is the Community prepared to make available to launch a structural policy in this connection?

I wish to ask a few more questions in connection with the trade policy aspects of this matter.

Van der Hek

Mr Normanton has spoken at length on this subject, without saying much.

When a slump occurs in a certain sector of the economy—in this case in the rayon, linen and cotton industry sector — there is always an attempt to impose import restrictions to escape from the circumstances which threaten. When this is done, however, only the symptoms are attacked, which may be justifiable to some extent at a given moment. I wonder, however, what the Commission's view of this problem is. Is it not better to try to follow a policy within the Community that does not make it constantly necessary to adopt safeguard clauses, such as those in the Multifibre Agreement? If the European Community uses this method and if other developed countries also do so, this habit will spread like wildfire. In one way or another it may even come about that the importance of the Multifibre Agreement may be blown up out of all proportion as a result of this sort of situation. This sort of situation is therefore better avoided. It is merely a question of how to do so. And once more it becomes apparent that a structural policy is required.

In this connection I would like to know whether the Commission has already consulted the United States on a possible bilateral Multifibre Agreement. I ask this question because I have heard that the United States are now able to compete with industry in the Community more effectively than before. The development in labour costs is more favourable in America than in Europe and the prices of basic materials for synthetic fibres are lower there, because the suppliers of basic materials in the United States sell their products at lower prices to the domestic textile industry than to industries outside the United States. I wonder whether the Commission is abreast of the situation. Is all this true and does the Commission intend to take the necessary action to ensure that suppliers of basic materials in the United States cease this price discrimination against the foreign synthetic textile industry?

Mr President, yesterday we discussed a report on the Community's development policy. It was repeatedly said then that we must open our market to products from developing countries. This idea has always been actively defended here. Now we are discussing the textile and clothing sector. What do we now hear? Import restrictions, safeguard clauses! Are we really talking consistently I would like to hear the Commission's position on this.

(Applause)

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

Mr Liogier. — (F) Mr President, the oral question we are now debating is concerned with the deterioration in the trading conditions and employment in the textile industries.

It is self-evident that it is the problem of employment with which we are mainly concerned, trading conditions being highly dependent on the solution to this problem. It is also all the more difficult to resolve since it concerns not only the textile industry and its associated branches, but many other sectors in our economy, to the point that one could say that unemployment is now endemic throughout the whole of the Community, thus reducing the opportunities for redeployment of personnel employed in the textile industry.

'They did not all die but all were affected' said the fable writer Jean de la Fontaine in the 17th century when referring to 'animals sick from the plague'. The terror produced at that time by the plague is now produced by unemployment, this plague of modern times.

In the textile industry the causes of the crisis are manifold. I shall first mention one of those not generally spotlighted. Various states in the Community or associated with it have key industries for the fabrication of the various looms or equipment needed in the various branches of the textile industry, often involving electronics.

In the desire to develop such production and increase their turnover, our manufacturers have approached third countries, even going so far as to offer to instal ultramodern factories ready for operation, with training carried out on the spot by our own technicians and specialists.

It must be recognized that they have been highly successful, but this has boomeranged against us. Factories have been built throughout the world, sometimes very large ones, and more particularly in those states for whom we were hitherto the major suppliers since they were our best customers.

Not only have we therefore blocked up excellent outlets, but also these excellent customers have become redoubtable competitors, flooding the Community markets with articles manufactured on markets and using techniques devised by ourselves and at prices very much lower than ours. Apart from the fact that they are sometimes in possession of raw materials which we ourselves have to import, the wages paid to their workers, and the social measures

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accompanying them, have nothing in common with ours, not to mention the practice of dumping which is sometimes used to acquire strong currencies.

But what is done is done. We may perhaps deplore it, but we must face up to the fact and close the gaps resulting from our lack of foresight or from our noble concern to aid the development of the Third World.

The difficulties we are facing come mainly from the Far East and Eastern Europe, which are exporting to the Community at very low prices, often 30% to 50% lower than for similar products manufactured here. In addition, the demand for textile fibres has not increased at the same rate as individual incomes.

Hence the need to reshape the structures of the Community, which has been reacting too slowly, and to take the necessary defensive measures.

In April 1974 the GATT Multifibre Agreement was adopted. Under this, bilateral agreements can be negotiated with the exporting countries. Agreements of this type specify an import quota, divided between the Member States.

There is also a draft Council regulation which proposes to restrict imports of all woven cotton fabrics, shirts and blouses, underwear, overalls, raincoats, trousers, outer clothing for women and children and, in particular countries, synthetic fabrics, regenerated fibres, gloves and stockings.

Certain safeguard measures are even already in force or in process of being applied, but this is taking place much too slowly in our view, since only prompt reactions and a fierce desire to restore the balance would enable us to save what can still be saved.

We are not deluding ourselves: we are facing a structural crisis and not a conjunctural one, hence the need to introduce immediate financial aid by the Community—subsidies and loans at a low rate of interest—to the textile firms which are still holding out, to enable them to survive and maintain employment until the situation has been cleared up, and to check this new decline in the European textile industry.

We are certainly aware of our responsibilities towards the developing countries which export textiles, but 'charity begins at home' and the first responsibility of the Community is to protect its own labour and its own industry. In the present situation it is necessary to apply strict Community preference and apply it rapidly if we do not wish once again to have done 'too little and too late'.

I appreciate that the size of the problems to be solved, which are gradually affecting a variety of sectors even outside the textile industry itself, can seem overwhelming, but it is not by discussing interminably the troubles affecting the Third or Fourth World and the selective means of curing them, that we shall overcome our own troubles.

And who could reproach us for not doing our utmost to rescue those countries of the world which have most need of our aid? Who could reproach us for having withdrawn into ourselves for a short time, when unemployment is assuming catastrophic proportions, when hundreds of thousands of young people who will be entering the labour market at the end of the school year run a great risk of not finding employment, when the spectre of recession is on the horizon, when a number of small and medium-sized businesses—and these are not 'lame ducks'—have already closed their doors or are preparing to do so, driven to desperation?

Have the consequences of all this been measured? It should not be forgotten that since unemployment causes misery it also produces upsurges of the people's anger which, when stoked up by agitators, results in revolution and dictatorship, which is equally odious in whatever form it appears. Has the time not come to warn those who are in power to beware.

Closing one's eyes and one's ears to the problems is an ostrich-like policy; and the policy of burying one's head in the sand has always been the worst of all policies.

I do not wish to appear to be a Cassandra, but I am certain that many of our colleagues share our anxieties in the face of a situation which will deteriorate from day to day, with too many foreseeable business failures, unless we take care.

The economic problem we are facing is tied up with the political problem. To fight with all our heart, with all our strength, for employment and against unemployment is today to fight to safeguard our own freedoms which are in peril, since it is quite certain that we shall all be saved together or that we shall sink one after another.

We must find means to save ourselves and put them immediately into effect because time is passing.

To endeavour to raise the standard of living of the developing third countries certainly constitutes a very noble undertaking to which we should not remain indifferent; but if we allow ourselves to slide on the slippery slope of

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recession, leading straight to disaster, all these developing countries, however dear to our hearts, would then finally lose all support and aid from the Community. They would undoubtedly then be sorry that, during the period necessary to overcome our own crisis, we did not think of ourselves enough. Generosity at the wrong time may rebound both on the giver and on the receiver.

Since this is a structural crisis, redeployment measures are urgently needed in the textile industry, despite the difficulties they raise at the present time, and the Community must suggest these measures and coordinate them in close collaboration with the Member States.

This is its duty and I am one of those who believe that it has the power to do this.

The Treaty establishing the ECSC, which is not a recent treaty, had already provided for the fight against unemployment in the coal and steel industry with aid for retraining of workers and loans for redevelopment of undertakings. The new Social Fund can also act in regard to vocational training. The regulations in Articles 4 and 5 of the Social Fund also provide for a variety of forms of aid, both to facilitate redeployment and to improve the employment situation in the declining regions and those affected by the adoption of new techniques. This is precisely the case in the silk throwing industry, for example, whose troubles I referred to during a previous debate.

Nor shall I forget what is undoubtedly the most effective and most suitable instrument to deal with the present situation, namely the Standing Committee on Employment which meets in Brussels. Set up at the end of December 1970, it includes national experts and representatives of the Commission. It must be shaken out of its over-long lethargy. In its new form it can provide valuable information, on the basis of close coordination between the states and with the states to find solutions suited to the situation. Since the beginning of the year a few meetings have taken place, but these must be increased to provide the action required by the circumstances. This committee must not be afraid to take initiatives, to initiate rescue operations, in short to give a new stimulus, a new vigour to the battle against unemployment and the battle to safeguard employment.

Perhaps in this way we can by determination, I might even say general mobilization, ward off the peril that threatens us all.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I agree with every word that has been said by my colleague Mr Norman-ton and by Mr Liogier. There can be very little doubt that the textile industry throughout the Community is going through the most serious crisis since the days of the 1930s, which some of us are old enough to remember and to regret. The last few months of 1974 were grim but the early months of 1975 have been even worse. Now, as Parliament has heard, there is a crisis in all Member States. This is made very much worse by the fact that the United States has virtually closed its markets to imports, which are now coming into the Community.

In reply to Mr van der Hek, who mentioned that the United States was able to produce more efficiently and therefore send its goods over here, I might point out that since the United States has protected its market it has been able to keep up its runs of production and to keep down unit costs, which makes it very much easier for that country.

Mr van der Hek said that we have, of course, our duty to the developing countries. As a member of the Committee on Development and Cooperation I appreciate that fully. Most of the imports that are coming here, however, and most of those that are doing the worst damage are not coming from the Lomé Convention countries. They are coming from places like Japan, Korea, Taiwan and Hong Kong, and they are decimating our markets.

Textile activity in all Member States has turned down very sharply during the last few months and is continuing to do so. There is no doubt that in every Member State there has been a serious textile recession. I venture to suggest it has probably been most severe in France, Belgium, Italy and the United Kingdom. Mr Schwörer said, so rightly, that these textile industries are located mainly in the areas which are already severely hit by unemployment in other directions. They are in the more far-flung regions and those which have the least resources to combat this evil.

In my own country alone, out of a total work force of over half a million, 150 000 are already on short time despite the desperate efforts the firms are making to keep production going by producing for stock.

However, the Community will appreciate that in all its states the cost of financing these stocks can no longer continue to be borne. A further downturn in activity will come very soon indeed. It is vital that further measures be taken if the textile industry in the Community is to survive at all. It is all very well talking about structural reconstruction, but if there is no industry to

Kellet-Bowman

reconstruct, what is one supposed to do about it?

I believe that bilateral agreements must be concluded forthwith under Article 4 of the multi-fibre arrangements, which, as both Mr Simonet and Mr Normanton said, permit such agreements to eliminate risks of disruption in the importing countries. With respect, I remind the Commissioner that some countries which are supposed to be negotiating such agreements would appear to be deliberately dragging their feet.

Mr Simonet referred to his hopes of success by October. I suggest that is rather tantamount, in the situation in the textile industry today, to working out an elaborate menu for a man who is starving at your feet. We have not the time. Negotiations with Hong Kong and South Korea have still produced no agreements.

There is still no Community regulation to control imports from Taiwan which is not even a member of MFA and is not recognized by the Community. I admit that Commission proposals have been submitted to the Council of Ministers. The Textile Coordination Committee is still struggling to agree a mandate for negotiations with Japan which is, of course, flooding our market at the present time. But, Mr Simonet, time is passing and people whose jobs are in danger, as Mr Liogier pointed out, or who are already out of work, and firms which are being destroyed by the importation of goods well below their cost of production will not wait forever. Until such time—and this may not be the view of the rest of my group or, indeed, of the Community—as negotiations are concluded successfully, interim measures, preferably an across-the-board cut of 20% in textile imports into the Community, should be put up as a barrier behind which these negotiations can be continued.

I know it is true that, as from 1 July, Member States will have to report to the European Community Statistical Office their imports of sensitive textiles from a number of countries. However, as Mr Normanton said, the staff of the Statistical Office is so small that it cannot digest these statistics in time. It is vital that this office should be strengthened so that we can have adequate statistics in order to know exactly what is happening. We should be able to have statistics, on a monthly basis, six weeks after the end of the month if we are to take intelligent action to prevent crises deepening into worse crises. It seems to me that taking the statistics we have now is merely shutting the door after the horse has bolted.

I beg the Commissioner to conclude these multi-fibre bilateral agreements very much more quickly by warning that other sterner measures

will be taken if the speed of negotiation is not increased to prevent the absolute destruction of our industry throughout the Community.

(Applause)

President. — I call Mr Lange.

Mr Lange. — *(D)* Mr President, I did not originally intend to speak on this matter. But it seems to me that we are speaking in two or three or more different tongues. How then does the Community expect to remain credible? It declares that it is an open Community, that it believes in promoting free trade and free movement of services in the world. It declares itself in favour of the international division of labour. Then surely it should first ask both itself and the Member States—for what happened and what will happen when the future developments, are known to us all—what the individual parts of this Community and the Community as a whole have done in respect of the structural changes which are taking place.

Furthermore, it must be asked how far, within such structural changes, the necessary social assurances are being given to those concerned. One thing we cannot do: to decide to close frontiers because of such developments, because certain branches of the economy are, so to speak, sensitive. As a Community we have resisted any threats of American protectionism, and now we want to do the same ourselves! If we do that now in the textile industry, we will probably do it in a whole lot of other economic sectors too. Imagine if we wanted to do such a thing in the agricultural sector; I would like to ask our British colleagues what they would then think in respect, for instance, of New Zealand. Honourable Members, I think in spite of all our concern about such developments, which are related to structural changes, we must not take panic measures—and this I say to Mr Liogier—which in the course of time will put us into even more difficult positions both internally and externally.

This has nothing to do with generosity towards developing countries or anything of the kind; but if one has certain ideas about the division of labour and economic developments in the world, one must take internal measures to make rationalization possible and to avoid the concomitant social problems. But we must not ask for a decrease of 20% of exports or anything similar. This could perhaps be considered—though even then it would be highly questionable—if the coming negotiations did not produce any sensible results.

So I ask the honourable Members to reconsider the matter before making demands which put

Lange

the credibility of Community policy in question in the world.

(*Applause*)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) Mr President, I should simply like to add two comments to my remarks, following the speeches by Mr Van der Hek and Mr Lange.

It is true that it is useless to try to meet a crisis of the type being experienced by the textile industry—which is not the first and unfortunately will probably not be the last—solely by purely conjunctural retaliatory measures aimed at a short-term solution of the problems. A complete dynamic structure must be set up. When we are preparing our dialogue with the developing countries which wish to industrialize, we cannot tell them that we are prepared to collaborate with them and at the same time do nothing to adapt our own structural evolution to that which we wish to see developed in those countries.

A new outlook must be adopted in this respect. I think I can say that the committee I just mentioned will not ignore this fundamental aspect.

As regards the second question, Mr Van der Hek is right in saying that more favourable conditions of competition are developing at the present time in the United States. Informal contacts have been made with the American administrations to try to find a solution to the difficulties which might arise.

I would simply like to draw Mr Van der Hek's attention to the fact that this situation—which is different from the one resulting from the comparative developments in wages and is concerned principally with the trends in the prices of basic materials used in the synthetic fibre industry—will very probably be a temporary one, since the American industry intends to remove the ceiling on the internal oil prices which will normally re-establish equilibrium between the competitiveness of our textile industry and that of the American synthetic fibre industries.

President. — I call Mr Normanton.

Mr Normanton. — Before this debate is closed may I say how grateful we all are to the Commissioner for his reply and, in parenthesis, for his inclusion in the reply of a reference to the shoe manufacturing industry. I wonder whether he would take on board the fact that there are two separate classifications for shoe manufactu-

ring—that is, the manufacturing of shoes and the manufacturing of slippers. The sector of slipper manufacturing is in the same serious state of trading conditions as the textile industry generally.

The Commissioner's reply very clearly indicates an awareness of the problems, a willingness to find solutions, and above all, I believe, a determination to be energetic in taking action. I hope that the events over the next two or three months will confirm that assessment as regards action.

Though the industry may well be seeking action principally in the commercial policy field, this House will undoubtedly, I think, welcome the breadth of view of the Commission, so that action will extend beyond the commercial into the social field.

During the debate I noted the use of the words 'import restrictions'. I for one would much rather that the Community used the term 'regulation of trade' rather than 'restriction of trade'. This is not a euphemism. It illustrates a different degree by means of which we shall in fact achieve benefits for producer and consumer alike.

It is of no benefit to a developing country trying desperately to establish progress in the field of industrialization to sell its manufactured products at levels below the cost of production. For every metre of cloth or made-up garment, it is exporting the one commodity which is scarcest of all—capital. In that sense I hope that we will not approach the interests of the textile industry in the spirit of the protectionism to which Mr Lange referred. It is constructive cooperation which the industries want and that is the line which I hope that the Commission will adopt.

President. — I have no motion for a resolution on this debate.

The debate is closed.

5. *Harmonization of legislation on turnover tax*

President. — The next item is the supplementary report by Mr Notenboom, on behalf of the Committee on Budgets, on the present state of work on the adoption of the sixth directive on the harmonization of the legislations of the Member States concerning turnover taxes—common system of value added tax: uniform basis of assessment (Doc. 110/75).

I call Mr Artzinger who is deputizing for the rapporteur.

Artzinger

Mr Artzinger, deputy rapporteur. — (D) Mr President, ladies and gentlemen, in agreement with the chairman of the Committee on Budgets Mr Lange, and at the request of my friend Mr Notenboom, I shall deputize for the rapporteur on this item. I am aware that Mr Notenboom would surely have managed this very much better, but unfortunately he has to perform his office of deputy in the Netherlands today.

Mr President, in a number of resolutions Parliament has declared its support for harmonizing taxes. We act on the basis that after the elimination of frontiers in the EEC, it is now time to abolish customs duties if we are to achieve unrestricted movement of goods and services in the Community. Among these taxes the general turnover tax—which in our nine Member States is called the net turnover tax or value added tax—is the most important one we need to harmonize.

That is why Parliament was very pleased when in spring 1970 it received the Council resolution adjusting the EEC financial system. As the time it was laid down in the Treaty that part of the VAT revenue would directly finance the Communities. We were even more pleased when the Council resolution of spring 1971 again called for a common system of VAT and we were glad when in October 1973 the Commission submitted the sixth directive on the harmonization of VAT.

Under great pressure of time—for this was a difficult matter—we obtained a decision of this Parliament on the sixth directive in March by a large majority—the rapporteur was Mr Notenboom—and we are pleased that of the nearly three dozen amendments proposed by Parliament, the Commission has adopted about two thirds. But since then, the introduction of this directive has been delayed by the ministry experts. We are told the matter is rather complex. We know that ourselves, for we have dealt with it too. But it seems to me that anything difficult is only further complicated by the ministerial officials. It seems to us that only a common political resolve can help us to success on some points, for no judgments of Solomon can be made here which would be fair to all concerned and to all interests. We must decide to take the leap.

Therefore, Mr President, the Committee on Budgets thought it should put a resolution before the House requesting the Council to take a decision immediately so that the directive can enter into force on 1 January. As I said, one aspect is tax harmonization. The other, mentioned in the resolution, is the fact that Parliament must urge that we finally abandon the system of financing on the criterion of the gross social

product and use a common basis of assessment of VAT.

We believe that this is a political fact that once again justifies us in asking the Council to take a prompt decision. I do not think there should be any opposition in this House.

Paragraph 6 of the motion for a resolution instructs the President to forward it to the Governments and Parliaments of the Member States. I agree with the Committee on Budgets that on this matter we must exert pressure on our national parliaments and governments in order to make progress.

(Applause)

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, I should like to emphasize a little further the comments in in the last part of Mr Artzinger's statements.

Member States have repeatedly complained that their budgeting is confused by the excessive number of supplementary Community budgets, because these make new financial demands on them which they cannot take into account in advance when drawing up their budgets. It is true, one must add, that Member States, in the form of their Council representatives, have not done much to put a stop to this regrettable procedure.

Mr Artzinger spoke of various Council decisions, particularly those intended to replace the financial contributions of Member States by own resources drawn from turnover tax revenue. These Community own resources would then no longer burden Member States' budgets simply because part of the tax revenue would no longer be available to Member States, but to the Community which can and must use it in its economic activity, together with customs duties and revenues. For the Community this means—let us say it for once—more stringent budgeting, even in the preparatory stage. In this sense, this will also save Member States the difficulties of which they have complained, but which are not their responsibility, involved in supplementary budgets.

So for this decisive reason too it would be useful for Member States if you supported what Mr Artzinger said about speeding up the procedure. We will certainly return to this point again when dealing with the 1976 Community budget.

There must, finally, be some prospect of departing from this kind of inadequate basis of financing and budgeting and achieving sensible financial conditions and budgetary procedure.

That, Mr President, is what I wished to add to Mr Artzinger's remarks in order to make it clear once and for all to the Council and Commission what our concern is and at the same time to make it clear to Member States that we consider that this aspect of the question of value added tax plays an important rôle.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — I congratulate our deputy rapporteur, Mr Artzinger, and in particular Mr Lange, as chairman of the Committee on Budgets, for the initiative that they have taken in bringing forward this supplementary report.

It is important not to allow resolutions that have been adopted by Parliament simply to languish and be forgotten in the hands of the Council of Ministers and their officials; and it is useful to have this short debate today. It is particularly useful not only to remind ourselves why we want progress in this area, but to take the opportunity of looking at some of the suspicions surrounding the subject which may explain why we are not making too much progress.

I entirely accepted Mr Artzinger's division into two of the reasons why we want to get on—partly because it is fruitful to move towards harmonization across the Community and also because we want to get away from the GNP basis of finance of the Community's budget. Mr Lange made that point as well. It is true that the budget has an artificial character when we use this provisional assessment and seem to be making no progress towards a permanent source of revenue for the Community.

It is not only in the sphere of accountancy and the prediction of the funds which are available that it is important to know exactly where we are going. The Community will come alive for individuals, not only for officials and governments, when they can see that they are taking a direct part in its finance. We want to make the Community a living thing for firms and individuals. Although they may not welcome paying taxes for the benefit of the Community, the Community will have a more substantial financial character when the value added tax can be seen as the source of revenue for Community activities.

From my point of view, the harmonization of the administrative procedures is attractive, but it is only secondary in this area. It is far more important to get the Community budget on a permanent footing.

I feel it necessary to make three points. I am sure that the reason for the hold-up in progress is suspicion about what may be going to happen next regarding value added tax. Surely it is not necessary to move towards the application of identical rates in each country of the Community. It is unnecessary and unwise to restrict our freedom of action in fiscal matters, particularly if at the same time we are striving to restore some degree of unity in the exchange rate.

We have all taken note of the recent moves towards the reconstruction of the snake. That may or may not be a fruitful development at this time. But if we are to move towards locking the Community's currencies closer together, that is all the more reason for keeping flexibility in the other areas of economic management.

The second point concerns the zero rate. I think that was a British innovation. It led to the suspicion that where the zero rate was applied, the Community would be deprived of its 1% of its own resources. That in turn led to hostility to the concept on the part of other countries, which thought that Britain would escape paying the full amount, in that the zero rate appeared to exempt from tax large areas of activity—for instance, the production and distribution of food.

It was made clear in the sub-committee of the Committee on Budgets which dealt with value added tax, which Mr Artzinger headed and of which at that time I was a member, that the application of the zero rate did not mean that the accounting procedures were not gone through. It meant that at the end of the accounting procedures the national government did not require a payment of tax. But it was acknowledged that it is still possible for the calculations of the amount of levy due for Community purposes to be made on goods which are zero-rated. Therefore, I hope that the House will recognize that the zero rate is a device which may be important and useful politically and economically within Member States, and which does not interfere with the application of the principle of own resources. The zero rate must be accepted as a permanency in the value added tax system of the Community.

The lowering of the level for exemption—I know that this is under discussion—so as to catch the minnows, the very small firms, the one-man traders and the self-employed is, I feel, an undesirable trend. It is bound to be unpopular. I think it is unfruitful, in that the yield of extra tax is likely to be barely sufficient to balance the administrative expense. I think too that it is particularly untimely, when so many small firms are undergoing acute dif-

Rhys Williams

facilities, to bring them under the threat of a new tax and particularly to impose upon them new administrative procedures which they are not equipped to handle. I hope, therefore, that the lowering of the level of exemption for the sake of harmonization will not be proceeded with, certainly at this time.

After those three points have been made, however, there seems to be no reason why we should not make progress. I hope that the Council of Ministers will take up this matter and that what has been said in our debate will result in a rapid advance. Progress is perfectly possible if the purpose of Parliament's resolution is clear.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* Mr President, I agree completely with what has been said by the previous speakers.

As Mr Artzinger has recalled, the preparation of the text of the resolution on the sixth directive in Parliament is a good example of fruitful collaboration between the Commission and your Assembly.

I am happy that Parliament, through Mr Artzinger who was replacing Mr Notenboom, and Mr Lange and Sir Brandon Rhys Williams have raised this subject again. The time has now come, it seems to me, to remind the Council of Ministers that we are awaiting the outcome of its deliberations and we are facing deadlines which are becoming ever nearer and unfortunately will probably not be respected. The consequences of this delay are serious, not only from the budgetary point of view but also from that of progress towards Economic and Monetary Union.

I shall now describe precisely the responsibilities and the present state of the matter at Council of Ministers level.

Sir Brandon Rhys Williams has mentioned that there were a number of important points of divergence which called for a political decision, the zero rate being one of the most important.

The Commission wanted this political decision to be taken on 19 December 1974. Unfortunately, following a meeting of the Council of Finance Ministers devoted mainly to monetary and economic questions, at the time when the item relating to the sixth directive and the political decisions this called for was to be discussed, most of the ministers and their immediate assistants had left the meeting. Under the circumstances, the scheduled political discussion would have taken place between officials who

were, admittedly technically qualified, but possibly not in a position to take the political decisions required.

Since then, the question has been complicated still further by the Italian Government, which has imposed pre-conditions which literally called into question the decisions which we thought were final.

The matter was referred to a specialist group, which is progressing at the supersonic speed of one article per meeting. It has held 12 meetings and there are 28 articles. Consequently your Parliament's initiative in reminding the Council of the urgent need to reach decisions is a welcome one.

The Committee of Permanent Representatives has undertaken to settle the questions of principle raised by the Italian Government. We have forwarded to it a technical document and we hope that after the holidays it will be possible for it to take a decision and forward its opinion to the Council of Ministers, accompanied by a formal proposal, so that the necessary political decisions can be taken.

The country which has imposed a number of conditions will then be holding the presidency of the Council. I think that is fortunate for us. We can insist to the President on the need for deciding these options, so that we can reach a conclusion before the end of the year during a special session of the Council. The Commission will ask the Council to devote itself exclusively to the sixth directive, to adopt the final text and implement it in order to fulfil its important objectives.

(Applause)

President. — Since nobody else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

6. Directive on polychlorinated biphenyls

President. — The next item is the report by Mrs Orth, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council, for a directive on the collection, regeneration and/or destruction of polychlorinated biphenyls (PCBs) (Doc. 117/75).

I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, Mrs Orth is unable to be present at the debate this morning and has instructed the Socialist Group to apologize to Parliament on her behalf.

¹ OJ No C 157 of 14. 7. 1975.

Radoux

I would also remind you that during the opening of the part-session on Monday last, Mrs Orth agreed that her report should be considered without debate.

I therefore propose to adopt this procedure and proceed to the vote immediately.

President. — Since nobody else wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.¹

7. Speed-limits in the Community

President. — The next item is the motion for a resolution tabled by Mr Nyborg, on behalf of the Committee on Regional Policy and Transport, on speed-limits in the Community (Doc. 118/75).

I call Mr Nyborg.

Mr Nyborg, rapporteur. — (DK) Mr President, the Committee on Regional Policy and Transport is submitting this motion for a resolution in order to promote harmonization of speed-limits in the Community. The speed rules currently in force in the different Member States vary widely and create confusion for citizens of the Community when they cross frontiers. The committee therefore wishes to encourage efforts to create a uniform system in all Member States in order to remedy the inconvenience caused by the present one-sided and often conflicting arrangements.

It should be made easier for citizens of the Community to go to other Member States. The motion for a resolution is one step in this direction.

Another aspect is the cost in terms of human lives and suffering as a result of accidents caused by driving at the wrong speed for the circumstances prevailing. Several factors have to be considered. To ensure the greatest safety on the roads the following points should be taken into consideration when regulating speeds:

Firstly, there are different types of roads. It is essential to differentiate between classes of roads since not all roads are equally suited for high speeds. On the other hand there are roads that are constructed for fast driving, and a minimum speed could perhaps be introduced for them. Many road accidents are caused by vehicles overtaking too slowly for the conditions.

Secondly, there are different types of vehicles. There is a need for different speed regulations for different vehicles. Different rules could for instance be introduced for lorries and private

vehicles, lorries are less manoeuvrable and their braking distance is shorter than other automobiles; and a lower speed limit could therefore be justified for them.

Thirdly, different weather has to be taken into consideration. In a system with speed limits account must be taken of the fact that at different times of the year conditions can become dangerous because of the weather. This means that rules suited to the different seasons should be introduced. Speed limits cannot be expected to be the same in winter as in summer, at least in places where the safety of the roads depends on the season.

There is also the question of whether the different extent to which the road network is used by day and night should influence speed limits. Several roads are not used nearly as much during the night as they are during the day. This should be taken into account when introducing a speed system that allows unlimited speeds, especially on motorways during the night.

Since there are at present no detailed studies or statistical material that would make it possible to draw up a system of speed limit regulations that takes account of the principles I have mentioned, the Commission is urged to carry out the necessary studies in conjunction with other European organizations concerned and representatives of the transport sector.

The committee considers such studies to be essential, even though both the European Conference of Ministers of Transport and the UN Economic Commission for Europe are working towards the establishment of a speed limit system in Europe.

Another aspect of the speed problem is the economic losses suffered as a result of traffic accidents. The economy is burdened with the expense of keeping the victims of accidents in hospital and the economic losses that result from material damage to motor vehicles—both of which amount to a considerable sum.

These are factors that have to be taken into consideration when an attempt is made at harmonization.

Since road safety and, above all, questions connected with the speed of motor vehicles have always been a concern of the European Parliament the committee finds it both desirable and necessary for the Commission to submit to the Council a proposal for flexible measures to regulate speeds within the Community, taking different categories of motor vehicles on different types of road under varying conditions, into consideration.

The appropriate parliamentary committee should keep this question under review and, if neces-

¹ OJ No C 157 of 14. 7. 1975.

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sary draw up a report. It should also be stressed that there is no desire for blanket measures to limit speeds, and that when an attempt is made to solve these problems it should not be forgotten that the aim is to create the greatest possible freedom for individual citizens of the Community without ignoring other road-users and society in general.

I therefore recommend on behalf of the Committee on Regional Policy and Transport that Parliament should vote in favour of the motion for a resolution on speed limits within the European Community.

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

Mr Seefeld. — (D) Mr President, ladies and gentlemen, my friends from the Socialist Group also agree that questions of road safety are most important. We are not only concerned with avoiding material damage but also in keeping down human suffering. Man therefore takes priority here. That is why, when we speak of safety measures on roads, we must think first of all of the people involved.

This motion for a resolution calls on the Commission to carry out the necessary studies, which is welcome. I can quote an interesting figure from recent days in this context. In the German Bundestag the Federal Government was forced, in reply to questions by parliamentarians, to outline its views on speed limits, for instance on motorways. And in early June it stated very clearly that there had been fewer accidents in the Federal Republic since speed limits had been imposed on motorways. I must add, however, that we do not have speed limits as such but a system which is not very good but which we call 'recommended speeds'.

Honourable Members, if we look at rules on speed limits in Europe it becomes clear that beyond the Community framework almost all European countries have now introduced speed limits for country roads and motorways, except for Germany, as I said, with its recommended speeds, and Czechoslovakia.

Now we are talking of the Community in which we live. And anyone who wants to drive through a Community country this summer will have to take a table with him like the one I have here so that he may know, when moving from one country to another, which rules and guidelines apply in the respective country.

In France private cars on motorways must observe a limit of 130 km/h. In Belgium, Luxembourg and Italy it is 120, in the United Kingdom 112, in Denmark 110 and in the Netherlands only 100 km/h. That shows how different the

limit is in each country; there is no uniform system.

I have a further comment on the question of background statistics on speed limits. The statement of the Federal German Government which I just quoted shows that in 1970 the number of deaths per 100 million vehicle-kilometers—I am sorry that is a dreadful way to put it, but it means something to those concerned with statistics—in the United States was 1.7, and the United States have a speed limit! In Germany the figure, on the same basis of calculation, without a maximum speed limit, was 2.7.

Of course you may say that this still says nothing meaningful about the actual situation. I know, Mr President, honourable Members, that the EEC Commission is working on the question. Our resolution really only supports their efforts. There were talks with government experts a long time ago. One cannot simply say: we want a speed limit, or: we want to consider whether to introduce speed limits. That is tied up with a number of other things that need to be considered too, for instance the effect to speed limits on the number and seriousness of accidents, overall developments in the motor industry, the planning of road infrastructures in our Member States and the arguments about reducing fuel consumption.

Finally, the flow and fluidity of traffic must be considered, as must the distribution of demand among different modes of transport. Insofar as we have figures available to date, and the Commission has taken these into their consideration, Mr President, one can make the interesting comment that on motorways, e.g. in Belgium, the number of accidents fell by 20% between January and May 1974. After the introduction of speed limits in Germany for a short period, when speed was restricted to 100 km/h because of the energy crisis, accidents actually fell by 60%. There are similar figures from elsewhere: Italy 25%, Netherlands 30% and the United Kingdom 34%.

All this suggests that concrete facts will now be available for study, which will then enable us to submit some practical proposals to the Council and the Commission on the way to approach to this problem.

I am in favour of flexible arrangements, as proposed in paragraph 2 of the resolution. I began by speaking above all of private cars; but the same applies of course to other types. In particular, may I point out that we must finally have uniform speed rules for buses, for here too divergences are too wide between individual countries.

In conclusion may I say that for years in Germany, the country I know best, we have had

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bloody figures, i.e. 19 000 road deaths. That means every year all the inhabitants of a medium-sized town die on the road: they are no longer alive. This figure of 19 000 road deaths has recurred again and again with statistical regularity.

In 1974 it fell to only 16 295 deaths for the first time. That was exactly the time when measures to impose speed limits were introduced. Now I do not only want to stress the need for speed limits but also to emphasize that road education, safety campaigns and many other factors are involved.

Mr President, perhaps it will be possible, on the basis of the Commission studies, to introduce a system to make road traffic within the Community safer, for instance by speed limits, and to save human lives. We support the resolution.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — The honourable Member's resolution deals with matters of great interest and public concern. The importance that Parliament attaches to them is carefully noted by the Commission. As honourable Members will know, questions regarding speed limits, both general and specialized, have engaged the attention of international bodies, including the Inland Transport Committee of the United Nations Economic Commission for Europe and the European Conference of Ministers of Transport. The Commission has kept actively abreast of considerations in those bodies, from a desire both to be able to contribute positively and to avoid duplication of effort. In those international discussions, as in the separate actions of individual states, the effect of speed limits as a means of enhancing traffic safety and reducing accidents has been considered.

In the wake of the 1973-74 petroleum supply problem, all Member States either introduced general speed limits or strengthened existing restrictions on ordinary road networks or motorways, with the objective of reducing petroleum consumption. As press and public opinion noticed, there was at the same time a reduction in traffic accidents and casualties.

For its part, and given the interest several times expressed by honourable Members, the Commission thought it right to examine with Member States what lessons, including any as to the value of speed limits, or their possible harmonization, might be drawn from that experience.

To that end, and having regard to the work in other organizations I have mentioned, the

Commission convened, on 7 June and 4/5 November 1974, meetings with experts of Member States' governments, to compare national experience and measures, and the conclusions that could be drawn from them, including whether common action concerning speed limits for private cars on motor roads and limits for the various kinds of commercial vehicles on different types of roads might be useful and necessary.

The practice and views of Member States, though having certain features in common, are by no means fully uniform. Examination is continuing. Should it appear from such examination that measures or other initiatives of a Community nature are likely to be particularly appropriate, constructive and practicable, the Commission would not fail to formulate the necessary proposals, within the means available. In the evolution of this matter, the Commission, for its part, will keep the views expressed in the parliamentary resolution well in mind.

President. — Since nobody else wishes to speak we shall now consider the motion for a resolution.

On the first indent of the preamble I have Amendment No 1 tabled by Mr Seefeld and deleting the words:

‘—in present circumstances—’

I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, I can explain that very briefly. It is stated that road accidents are often caused by excessive speed, adding, however, ‘in present circumstances’. I am saying that road accidents are always due to excessive speeds, which has nothing to do with ‘present circumstances’. I therefore ask you to delete these words which, in my opinion, are meaningless.

President. — What is the rapporteur's position?

Mr Nyborg, rapporteur. — (DK) I accept that.

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

Amendment No 1 is adopted.

I put the first indent of the preamble, so amended, to the vote.

The first indent of the preamble, so amended, is adopted.

I put the second, third and fourth indents of the Preamble to the vote.

President

The second, third and fourth indents of the Preamble are adopted.

On the fifth indent of the preamble I have Amendment No 2 tabled by Mr Seefeld and worded as follows:

'Delete the words:

"... which would, however, make only a limited contribution to the improvement of road safety;"'

I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, I do not think this is the moment to assess the value of studies—and here we are speaking of studies—before they have been completed. The phrasing of this text could give just that impression. We still do not know the final outcome of the work of the European Conference of Ministers of Transport, nor do we know the results of the UN Economic Commission. We should therefore avoid saying at this point that a speed limit system valid for the whole of Europe would make 'only a limited' contribution to road safety.

That is why I think we should delete the words 'a limited contribution'. Let us await the outcome of the studies, then we will know whether they will help improve road safety. Let us not, by making such a statement, anticipate these studies.

President. — What is the rapporteur's position?

Mr Nyborg, rapporteur. — (DK) Accepted.

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

I put the fifth indent of the preamble, so amended, to the vote.

The fifth indent of the preamble, so amended, is adopted.

I put the sixth and seventh indents of the Preamble to the vote.

The sixth and seventh indents of the preamble are adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2 I have Amendment No 3 tabled by Mr Seefeld and worded as follows:

delete the words:

'... but stopping short of blanket measures to limit speeds;'

I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, on 10 February 1975 the Commission gave the following reply

to two written questions which Mr Schwabe and I put to it:

'The Commission has long been convinced that a general speed limit could lead to an appreciable reduction in road accident figures and fatality rates. It agrees entirely with the honourable Member on the importance of a general speed limit in promoting road safety.'

In our resolution today we must not lag behind what the Commission stated in February. But that is just what paragraph 2 of the motion for a resolution appears to do by stating at the end: ... 'but stopping short of blanket measures to limit speeds'. That is why I request that this phrase be deleted while we wait for results. We will be dealing with the matter again when the Commission report is before us. Only then, Mr President, should we decide whether we want a general speed limit. I request you not to anticipate the outcome today by adopting such a statement.

President. — What is the rapporteur's position?

Mr Nyborg, rapporteur. — (DK) Mr President, I cannot agree to proposed Amendment No 3. The remark that there should be no blanket measures to limit speeds is the essence of our resolution to the Commission and the Council. Firstly, we want the matter to be studied so that we have a proper basis for our decisions, and secondly we want the matter to be viewed flexibly and flexible results to be obtained.

We therefore state clearly that our aim is not to introduce blanket measures to limit speeds. There are so many different factors and conditions to be taken into consideration, and in some places it is in fact dangerous to drive too slowly. We would therefore appreciate it if the question could remain open until we have heard the opinions of the Commission and Council and until Parliament has had the opportunity to study the matter in depth.

It is not a report we have before us; it is merely a motion for a resolution. Thus, we cannot discuss details, and I therefore strongly recommend that Parliament vote against the proposed amendment.

President. — I put Amendment No 3 to the vote.

The amendment is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I put paragraphs 3 to 5 to the vote.

Paragraphs 3 to 5 are adopted.

President

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

The resolution so amended is adopted.¹

8. *Tabling and adoption of a motion for a resolution*

President. — I have received a motion for a resolution tabled by Mr Lückner on behalf of the Christian-Democratic Group, Mr Fellermaier on behalf of the Socialist Group, Mr Durieux on behalf of the Liberal and Allies Group and Mr Amendola on behalf of the Communist and Allies Group, with a request for urgent procedure pursuant to Rule 14 of the Rules of Procedure, concerning the events in Uganda (Doc. 152/75).

I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed. Parliament will deal with this matter immediately.

I call Mr Fellermaier to speak on behalf of the Socialist Group.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, this House, as the representative of 260 million citizens of the European Community, has always been well in the forefront when, as a result of political events, the life of individual—and I stress the word individual—citizens was threatened by decisions in a third country of the world. We know from the threats of the President of the African State of Uganda, General Amin, that a British citizen is in danger of being sentenced to death and executed this Sunday. This House cannot remain silent on the matter. It is not a question of interfering in the domestic affairs of another country, but of whether the United Nations Charter of Human Rights is taken seriously by all countries who have supported it by ratifying it. Uganda, however, is not merely a member country of the United Nations; its government has also signed the Lomé Convention.

This House has the duty to appeal to a country linked to the European Community by the Lomé Convention not to carry out such a death sentence; and in general the European Parliament believes—I am sure I can speak for all groups—that death sentences for political reasons no longer fit into a system of peaceful coexistence within the framework of the United Nations.

¹ OJ No C 157 of 14. 7. 1975.

In our motion for a resolution we have, therefore, not only appealed to the President of Uganda, General Amin, but at the same time to the governments of Member States and to the signatory States of the Lomé Convention.

Member States would be shocked if we did not solemnly protest here against this threatened execution. As a European Parliament we must also say clearly to our friends in the Caribbean, the Pacific and in Africa with whom we are linked, that they too carry responsibility, and that we therefore call upon them to use their authority *vis à vis* the Government of Uganda to prevent a political murder.

(Applause)

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

Mr Kirk. — I deliberately refrained from signing this motion, for one reason. It is the common practice of the President of Uganda to attribute all attacks on that country or all appeals to that country to the British Government or to British political parties. I thought therefore that it was better, particularly as the initiative was in any case taken by my friends in the other political groups and my friends of other nationalities, that it should be made abundantly plain on this occasion that this was a matter in which the European Community as a whole was raising its voice uninspired by the fact that Britain happens to be a member of that Community.

I wish only to say on this occasion, on behalf I am sure of all the British Members of this Parliament and indeed of all the future British Members of this Parliament, if I may put it that way, how deeply grateful we are to our colleagues in the other groups for having raised this matter and how much we pray that this appeal put forward this morning by Mr Fellermaier on behalf of all the other political groups will be heard in Uganda.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) Mr President, I can only say, on behalf of the Commission, that it fully agrees with both the letter and the spirit of the resolution which Parliament is about to vote on, and I shall not fail to notify Mr Cheysson in particular of this.

(Applause)

President. — Since nobody else wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. Pollution of the Rhine

President. — The next item is a motion for a resolution tabled by Mr Willi Müller on behalf of the Committee on Public Health and the Environment on the acute danger of further pollution of the Rhine (Doc. 116/75).

I call Mr Willi Müller.

Mr Willi Müller, rapporteur. — (D) Mr President, ladies and gentlemen, the Committee on Public Health and the Environment submits a resolution to you and requests you to adopt it, as it was adopted unanimously in committee. This is not the first time we have concerned ourselves with the questions and problems dealt with in this resolution.

In the resolution we point out that as early as 1970 and 1971 Parliament submitted resolutions on prevention of the pollution of the Rhine and the need to take measures to clean it and improve the water quality. In the past a great number of questions have been put to the Commission and the Council, but that has not brought progress either.

What motivated the committee to draw the attention of this House and the public to the immediate need to take prompt and more long-term measures than before to preserve the waters of the Rhine against pollution? May I make a preliminary remark, Mr President. Drinking water—and this is what most of our citizens usually forget—is one of the most valuable and irreplaceable foods we know. In Geneva in 1970 the WHO published standards for the quality of drinking water in Europe, which was taken as a reference for the definition of parametric values and methods of treatment. But drinking water that complies with these and other legal provisions and requirements is becoming increasingly rare. As a result of increased consumption and unrestricted land development, less and less ground water is found in the congested areas of Europe. In the Federal Republic of Germany only some 60% of drinking water demand is supplied by ground water. Drinking water supplies must inevitably and increasingly be ensured by drawing water from surface waters. Since this water has a much higher pollution level and its quality has

to be improved at high technical and material cost, it is time for decisive measures.

I said that drinking water had become rare. I add that it is also becoming increasingly expensive. In the Rhine catchment area alone some 20 million people, i.e. about 8% of the Community, get their drinking water from the Rhine. Since people rely on drinking water, lack of quality and rising prices have to be accepted, although in fact suitable, well-defined measures to prevent the pollution of this river could improve the water quality and reduce costs. For instance, if the polluter pays principle was applied more rigidly than before, the situation would be quite different. Here I refer to the Community's environmental programme, which explicitly lays down the principle that the polluter pays principle must be applied. Surface waters in Europe, including the Rhine, can only be kept clean and free of pollution if uniform measures are applied throughout Europe. One cannot take special measures for the Rhine, the Danube, the Maas or the Main, to name but a few. I do not wish to imply that I believe in blocking or controlling water supplies; but the situation of the Rhine is of special significance.

It is not only in terms of shipping freight that the Rhine is unique in Europe; its economic importance is also immense. Nuclear power-stations and other plant have grown up around it which contribute to heating up the water, and this in turn creates other new and serious problems.

I shall now turn to the motion for a resolution, specifically to paragraphs 3 to 7. The committee observed with care and interest—this is referred to in paragraph 3—that there have been a great many talks, exchanges of views and attempts to reach agreement which have so far produced no results at all. That is why, in paragraph 4, it calls on the Commission to act as intermediary between the three riparian states, France, Germany and the Netherlands, with a view to immediate, practical and coordinated measures.

At the same time we urge the parliaments of the three Member States to give full support to the Commission in its role as intermediary.

In paragraph 6 of the resolution we note once again that the polluter pays principle must be applied. We are quite aware that this is difficult and will be a lengthy process. But all those concerned, France, the Federal Republic and the Netherlands, must be urged to do all in their power to improve the situation.

In paragraph 7 we request the Commission to consider and examine how far it can give finan-

¹ OJ No C 157 of 14. 7. 1975.

Willi Müller

cial support for setting up purification plant and similar equipment. We know that is difficult and do not go so far as to say: start tomorrow! Yet we request the Commission to consider the matter and investigate.

I would mention just one factor which led us to this consideration: the fact that low-quality salt is dumped in the Rhine from the Alsatian potash mines simply because clearly no method has been considered or found of storing this salt in a sensible way. Here too one should investigate means of helping the French to find a harmless method of disposal which will not further pollute the Rhine.

Mr President, ladies and gentlemen, the committee and its rapporteur agreed that this resolution touches on a very critical three-cornered relationship between these three Member States. But we also agreed that none of those concerned must be allowed to follow only their own interests; as stated in a German folksong: 'They could not get together, the water was much too deep.' Meanwhile the water has become so dirty that it is almost impossible to avoid noticing it. Our appeal to our colleagues in the national parliaments should be seen as an attempt to bridge the wide gap between different interests.

This question of the Rhine in particular offers an opportunity to demonstrate, by preserving this river, that the hopes of the citizens of Europe for a better quality of life both now and in the future may be realized.

If this resolution is successfully turned into action, it will be based on the idea which Lichtenberg expressed as follows, sceptically, but not without hope: 'I do not know if things will improve if they change, but I know that there must be changes if they are to improve.'

In that sense I request this House to adopt the motion for a resolution.

(Applause)

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

Mr Dondelinger. — (F) Mr President, I should first of all like to emphasize the importance and the validity of the introductory statement by our colleague, Mr Willi Müller, who has dealt with the problem of the constantly increasing pollution of the Rhine. He has invited the Commission to offer its services as an intermediary to the riparian Member States and has proposed certain measures to remedy this state of affairs.

There is hardly any need to remind you of the vital importance of the Rhine for the whole

European Community. It is not only its longest river but also that with the highest shipping density in Europe. With its tributaries it also provides fresh water for some 20 million people in various regions in Switzerland, Austria, the Federal Republic, France and the Netherlands.

It is obvious that the pollution of the Rhine raises problems which go far beyond those with which we are familiar from the pollution of other rivers such as the Rhône, the Thames or the Po, to mention only a few.

All the industries concentrated in the valleys of the Rhine and its tributaries and all the built-up areas in this valley contribute to this pollution. Whereas the towns and communes have constructed and are still constructing water treatment plants of increasing efficiency—with public funds, of course—to keep the waters clean, industry and the major firms do not always show the same concern. For reasons of profitability, competitiveness and profit, they sometimes are reluctant to clean their waste waters with the necessary energy. The result is pollution of the Rhine, which is getting worse from day to day.

Now the people who need the water of the Rhine in order to be able to exist are the first to suffer from this. They are obliged to use water to which chlorine and other chemical products have to be added to make it potable. In the Netherlands the question of drinking water withdrawn from the Rhine is beginning to become a real national scourge and the complaints of the public are legion.

Allow me to quote two examples amongst so many others. A Dutch farmer has just submitted a complaint to the courts. He had watered his greenhouse plants with water from the Rhine: they shrivelled up and died. Another example: the city of Rotterdam had to spend millions of florins to change its drinking water supplies. Instead of using Rhine water as before, it now obtains its water from the Meuse which is much cleaner. These are the direct effects of the pollution of the waters of the Rhine, and these are the facts which must give all those responsible pause for thought.

Is it not ludicrous that on the one hand we are polluting our fresh water and on the other we are attempting the desalination of sea water? Remember the agreement on concerted European action in the field of metallurgy on materials for sea water desalination plants concluded in Brussels, 23 November 1971, between the Community, Spain, the Austrian Republic and the Socialist Federal Republic of Yugoslavia. Here again, with public funds, we are endeavour-

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ing to promote research from which private consortia expect to derive advantages in the future.

In the case with which we are concerned at present, would it not be more reasonable to combat the pollution of the Rhine at the actual sources of this pollution? When attempts are being made to solve this problem in the built-up areas by means of treatment stations, less noxious and less pollutant systems of production should be aimed at in the factories and other plants.

That is why the Socialist Group fully supports the motion for a resolution submitted by Mr W. Müller on the serious dangers presented by the increasing pollution of the Rhine.

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

Mr Emile Muller. — (*F*) I should first of all like to thank our colleague Mr W. Müller for having undertaken once again to draw the attention of this Assembly to the grave problem of pollution of the Rhine.

This resolution demands the full support of the European Parliament. My friends and I attach the greatest importance to the critical level of pollution in the Rhine, the most important water course in the Community.

It is therefore disconcerting to find that it seems almost impossible to arrive at an agreement on practical measures designed to reduce the pollution or at least prevent any further pollution of the Rhine.

The International Commission on the Protection of the Rhine against Pollution was set up in 1963. Today, some 12 years after the creation of this commission, we are witnessing increasing pollution. It is in fact surprising that, in spite of the work of this commission, which was set up by the signatory states to the Berne Convention to settle this grave problem, it has not been possible so far to achieve concrete results.

We must therefore ask whether the time has not come for the European Community to play a more important role in the matter. For some time the Commission itself has been participating in the work of the International Commission.

It now seems appropriate to require the EEC Commission to consider the possibility of acting as an intermediary between the riparian states. Attention has just been drawn to this. The three countries concerned will have to come to an agreement.

It may be recalled that the Community's programme against pollution is based on the principle that the polluter pays.

We now have a better basis than in the past for practical action. The Strasbourg and Paris Conventions both contain provisions covering the problem of pollution of the Rhine.

Proposals on the discharge of noxious substances into water courses have recently been examined by Parliament and are designed to coordinate the application by the Member States of the various conventions mentioned above concerning river pollution in general and the chemical pollution of the Rhine in particular. The list of concentration limits for the substances in question will be published soon by the Commission.

We have also studied water pollution caused by paper mills, on the basis of a Commission proposal. Thus, various initiatives have been taken and there is a whole series of conventions and national legal provisions also covering the problem of pollution of the Rhine. It appears, however, that further initiatives will have to be taken.

The Community's programme of action provides for the possibility of Community action, particularly in this field. It would therefore seem reasonable for the Community to intervene now in a more direct manner.

Certain parts of the Rhine have manifestly reached a pollution level such that, apart from the substantial rise in the temperature of the water and the thermal discharges by industrial firms and power stations, the imminent death of certain parts of the river now seems tragically possible in the course of this summer.

Certainly the energy crisis may have as one of its effects a reduction in the discharge of industrial waste heat, which would be used positively for productive ends. Remember the Parliament's recommendation on the report on energy and the environment, according to which the Member States were to take measures designed to ensure productive use of thermal discharge and cooling towers.

However, these measures, however positive they are, and any future Community coordination in regard to the siting of nuclear stations, constitute long-term measures which in no way improve the present situation.

We therefore really need intervention by the Community in the form of emergency action, if we wish to undertake a genuine rescue operation.

Emile Muller

It will be remembered that as long ago as 1970 Parliament called for more effective action to combat the pollution of the Rhine. The discharge into the Rhine of hundreds of tons of toxic products, such as arsenic or lead, etc., emphasizes the validity of the anxiety expressed on various occasions by the European Parliament.

It is deplorable that Parliament was unable to do more than express its view of the situation. If it could have done more the situation would probably not have deteriorated to the point it has reached today.

Let us hope that this time Parliament can achieve genuine progress in protecting the Rhine, whose waters are used by millions of consumers and used for irrigation of considerable areas of agricultural land in the countries bordering on the river. The citizens of the Community have the right to expect a solution to be found for the present impasse. The Community institutions seem to be the only bodies at present capable of ensuring that the most crucial problem of water pollution on the European continent is dealt with effectively.

I hope that the appeal by Mr Müller will be heard. My group will support the resolution.

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

Mr Spicer. — In the situation in which we are placed, it falls to me only to say that we give our very fullest support to the resolution and shall vote accordingly.

Mention has been made of the pollution level of the Rhine as opposed to the very much lower pollution level of the Thames, and one accepts that. It seems to me, however, that there is a lesson to be learnt from what we in the United Kingdom discovered in relation to the Thames. Ten or 15 years ago the Thames was very highly polluted indeed. It would be an exaggeration to say that we now have salmon leaping around outside the House of Commons—that is not quite true; but certainly the measures that we have taken—the construction, as the Commissioner will undoubtedly know, of a mathematical model which we have used, the setting up of treatment areas and the identification of the main points of danger—have worked with dramatic effect over the last ten years. In my view and in the view of our group, it is for the Community now to take on board the co-ordination of this effort in terms of the Rhine where the need is so much greater.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, first of all I would like to thank Mr Müller for the thorough way in which he outlined the problems of the pollution of the Rhine and defended the resolution which we are now considering.

This is not the first time that the European Parliament has given consideration to the pollution of the Rhine and its tributaries. In 1970 the present minister for social affairs in the Netherlands, Mr Boersma, submitted a report to the European Parliament which gave detailed information on the extent of the pollution and the measures which the states along the Rhine had taken so far. It will be recalled that in December 1971 the European Parliament unanimously decided to request the Commission to take action to coordinate all the measures taken by the states along the Rhine.

As you know, the Commission recommended the states along the Rhine which form part of the International Rhine Commission to set up a European authority for the Rhine and that it also thoroughly looked into the question of how the Rhine could be protected from further pollution. The fact that another resolution is now being submitted certainly constitutes no reproach against the Commission, which has no real powers concerning this international river.

As an inhabitant of the Rhine delta I heartily support this resolution. I have stated several times, sometimes on behalf of my group, that I consider that Member States should as far as possible reach a Community position in international organizations where third countries are also participating.

This applies to the International Rhine Commission. I too deeply regret that the conference of the Rhine Commission in December 1974 in Paris had few positive results. I do not wish to go into the question of blame, but I will say that an excessively inflexible position from any participation country will not help to solve the problem of pollution. It is clear, however, that those countries which are situated the furthest downstream, such as mine, must bear the greatest burden and must therefore fight hard for a solution.

It has already been argued here that the pollution is particularly serious. For example, the amount of chloride has increased four times since 1940. Nitrates and phosphates are also steadily increasing. The biological equilibrium is being destroyed everywhere, so that one bank of the Rhine is threatening to become devoid of life, while the other bank of the same river is being affected by excessive vegetation. In one bordering country, Holland alone, annual damage of thirty million guilders is caused by

Laban

salting up in the area where cultivation under glass is practised. This is one of the most serious problems. As Mr Dondelinger has already said, we must make considerable investments in the Netherlands in purification plants and reservoirs.

In environmental legislation in my country, considerable demands are made of industry and burdens placed upon the public. The measures which have been taken so far are beginning to show results, but this is not so true of the Rhine, of which we have no control outside our national frontiers.

I will say one thing in this Parliament: insinuations to the effect that the Netherlands are attempting to deal a death blow to West German industry by referring also to tributaries in this connection, and that the industry in the Rhine delta area freely deposits matter in the sea, do not make it easier for agreement to be reached, particularly in respect of the measures which have been taken.

In 1972, it appeared that a start was to be made to bring the situation under control. The Rhine Commission actually took decisions in respect of salt pollution, the raising of the temperature of the Rhine by cooling-water discharged from electric power stations and pollution by chemical waste, but the measures did not come into effect.

I fully understand the problems in France and West Germany. The Federal Government is at present unable to issue federal legislation against environmental pollution. The Basic Law does not allow for this. The individual Länder are responsible for such legislation. If I understand correctly, the CDU-CSU in particular is against any change in the basic Law to make possible efficient and coordinated environmental legislation in the Federal Republic.

It is extremely unfortunate that Mr Jahn is not present at the moment, since he always approaches environmental matters in a committed and expert manner. I believe that he can carry out the necessary internal action in his country and in his party.

Despite the agreement on the storing of salt by the potassium mines in Alsace, only one storage area has been named so far in principle. The salt mountains are at present a problem in themselves. An underground solution is being considered. Perhaps it is possible to find a solution whereby the salt is stored in the mine itself.

I hope that the Commission will be able to bring the Netherlands, France and West Germany to a Community action. It would be good if a multi-year plan could be introduced which would act

as a guideline and which could also be implemented. I believe that it would also be a useful contribution if Germany, France and the Netherlands now assembled and made public all their statistics on the disposal of waste products in the Rhine and its tributaries. Then we would know exactly what different countries were doing. It will be apparent that I heartily support the motion for a resolution.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — (F) Mr President, the Committee on Public Health and the Environment has already had an opportunity, on numerous occasions, to hear the Commission's view on the problems of combating pollution of the Rhine. I should first of all like to say that it is not true to claim that the negotiations conducted hitherto have not produced practical results. Within the work of the International Commission on the Protection of the Rhine against Pollution, two agreements are being worded out. The Commission has already announced its intention of asking the Council to approve the Convention on the prevention of chemical pollution of the waters of the Rhine. Furthermore, at Community level, on 7 November 1974 the Council adopted a draft directive on the quality of surface waters used for the production of drinking water, which applies to the waters of the Rhine.

Mention should also be made of the work carried out at Strasbourg itself, within the Council of Europe, with a view to the conclusion of an international convention for the protection of international water courses against pollution, which the Community will sign when the time comes.

The Commission has already offered its services on several occasions to the Member States concerned, on the occasion of meetings of the International Commission attended by the European Commission, and during the two ministerial conferences held at the Hague and Bonn, where it was represented by Mr Spinelli and Mr Scarscia Mugnozza.

As regards the possibility of granting Community financial aid for the measures envisaged to combat pollution, the European Investment Bank has already financed certain work.

As I have just indicated, the Commission is already playing an active part both in the ministerial meetings and in the meetings of experts of the International Commission. There is therefore no need to provide for an increase in its activity, which will be continued.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Regulation on the European Agreement on international road transport*

President. — The next item is a vote without debate on the motion for a resolution contained in the report by Mr Seefeld, on behalf of the Committee on Regional Policy and Transport, on the proposal from the Commission of the European Communities to the Council for a regulation on the action to be taken to bring into force the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR) (Doc. 145/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Decision on a European inventory of sources of information on the environment*

President. — The next item is a vote without debate on the motion for a resolution contained in the report by Mr Jahn, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a decision establishing a common procedure for the preparation and constant updating of a European inventory of sources of information on the environment (Doc. 141/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Regulation on lemons from Israel*

President. — The next item is a vote without debate on the motion for a resolution contained in the report by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on imports of fresh lemons originating in Israel (Doc. 144/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Regulation on the safeguard measures provided for in the EEC-Israel Agreement*

President. — The next item is a vote without debate on the motion for a resolution contained in the report by Mr Patijn, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation on the safeguard measures provided for in the Agreement between the European Economic Community and the State of Israel (Doc. 146/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Regulation on oil-seeds*

President. — The next item is a vote without debate on the motion for a resolution contained in the report by Mr Boano, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation fixing the main intervention centres for oil seeds for the 1975/1976 marketing year and the derived intervention prices applicable in these centres (Doc. 151/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. *Second list of requests for the carrying forward of appropriations from the 1974 to the 1975 financial year*

President. — The next item is a debate on the report by Mr Shaw, on behalf of the Committee on Budgets, on the second list of requests for the carrying forward of appropriations from the financial year 1974 to the financial year 1975 (appropriations not automatically carried forward) (Doc. 143/75).

I call Mr Shaw.

Mr Shaw, rapporteur. — In moving this motion I am referring to Doc. 143/75, which I think every honourable Member has.

The House will recall that on 12 May it considered the first list of non-automatic carry-forwards from 1974 to 1975 which was then sought by the Commission. The items on that

¹ OJ No C 157 of 14. 7. 1975.

¹ OJ No C 157 of 14. 7. 1975.

Shaw

list, which totalled almost 228 mu.a., were approved.

At that time we were aware that a second list would be supplied, but we did not know what the size of that list would be. Contrary to what we might have expected, the amount sought on the second list, which is now before us, considerably exceeds that which was on the first list.

The House will recall that certain appropriations are carried forward automatically and that we are not consulted about these. But, as regards the non-automatic carry forward list, we are required to be consulted by the Council for our opinion. In this instance, the total involved comes to the very large amount, taking the first and second lists together, of 601 million u.a. These particular appropriations were not the subject of any commitment in 1974 and do not relate to the pay of Community servants. Parliament cannot block their being carried forward and the Council can block them only by rejecting them by a qualified majority.

At 601 million u.a. they are equivalent to 10% of the 1975 initial budget plus its two supplementary budgets; or, put another way, they are equivalent to about four times the 1975 entry for the Regional Fund.

The House will recall the amount of time that we quite properly spent on the Regional Fund. I mention this to show the size of the figures involved in a matter on which at this present time we are being consulted only.

Taken together, the automatic carry forwards, about which we are not consulted at all, and the non-automatic carry forwards, about which we are merely consulted, total in all about 1 682 m u.a., or the equivalent of about one-third of last year's budget. That is the size of the matter. They are very large movements of appropriations between financial years and they have far-reaching implications. Their full significance, I say quite frankly, has not been as yet established in the limited time available to Parliament under the Financial Regulation. The Committee on Budgets intends to go into the matter, in depth, at an early meeting.

I would emphasize, Mr President, that I fully appreciate that the budget of the Communities is not on a cash basis and that the complex nature of the EAGGF renders carry forwards inevitable. Indeed, I would go further and say that, quite apart from the EAGGF complications, a degree of flexibility as between financial years is desirable anyway within the budgetary process.

However, we must be cautious, in my view, of major movements which can substantially distort

the budgetary picture. The amount of non-automatic carry forwards sought from 1974 to 1975 is 55% greater than the amount sought for carry forwards last year. Either a new pattern is being established or special factors are at work. Members will recall that, last month, when we approved the first list of carry forwards, we noted the full and ample explanations that were offered for the items on that list. Nevertheless, the resolution then adopted by us stressed that carry forwards should be of an exceptional character because they are prejudicial to budgetary transparency and they tend to indicate that budgetary estimates may have been too imprecise in the first place.

In judging whether something is of an exceptional nature we need to have adequate information to form an opinion. I regret to say, Mr President, that in the case of the two major items set out in the second list all that was said was that administrative difficulties in a Member State were responsible for the hold-up in 1974. That must entail some inconvenience, in my belief, for the producers concerned and, I believe, shows, to a certain extent at any rate, a substantial breakdown in the implementation of the budget for 1974.

It also raises related issues of budgetary implementation and our rôle in regard to budgetary control. The more remote the time of payment of assistance gets from the production date, the harder it is to verify by reference to stocks. There is also the implication, of course, for Parliament itself. A certain sum is specified in the budget of a particular year for a particular purpose; there follows a major and unexplained breakdown in the putting into effect of the proposals; Parliament's wishes are thwarted; a bunching of payments in later years results, and this has undesirable results on the cash flows of certain sectors.

Another problem which arose last year—although we accepted it as necessary—was the added complication introduced in the transfer between chapters of some of the funds carried forward under the non-automatic arrangement. In other words, funds were brought forward to the next year and not used for that particular purpose, but were then moved sideways and used for another purpose—possibly quite rightly, but nevertheless, it is another matter which wants looking at carefully.

No doubt the carry forward arrangements make it possible to avoid too frequent recourse to supplementary budgets. However, this is not an unmixed benefit. Although we have a major rôle in regard to supplementary budgets, our authority in regard to non-automatic carry forwards is very small indeed.

Shaw

So, in this particular context, a number of questions of principle arise. Amongst them are the following. How do we define the criteria which determine exceptional character?

What action should be taken to reduce the level of carry forwards and thus to improve budgetary implementations? How do we improve our parliamentary control over non-automatic carry forwards? What can be done by way of simplifying procedures and decentralization? These are the sort of problems that should be examined. I hope the House will approve the intention of the Committee on Budgets to examine these and other related questions which I hope in the near future may be put before it.

I wish now to turn to some of the details on the question before us. Of some 373mu.a. on the second list, the Committee considered that 126 million were of an exceptional nature and approval could be given. The balance of 247 million consisted of two major items, aid in respect of durum wheat and production aid for olive oil.

The explanation with regard to those two items in our view was not adequately documented. Because of the inadequate case put forward—the size of the two items and the fact that they appear to reflect an appreciable breakdown in implementation of the budget—the Committee on Budgets approved of their being carried forward only with great reluctance. In so approving, the committee was swayed by the oral explanations furnished by the representative from the Commission which clarified the situation a little but certainly not enough in our view.

The Committee on Budgets intends to look further into the circumstances leading up to these large carry forwards from 1974 to 1975. Parliament will see that we have approved the total carry forward of 601mu.a.

The committee is aware of the danger that this arrangement of carry forwards can pose for Parliament's rôle in the area of budgetary control. Moreover, as paragraph 6 states, we fear that the possibility of easy access to this facility may even be contributing to less attention being given to the need for prompt implementation of the Community's schemes.

The Commission is also asked to look at procedure generally to see whether complicated systems may be helping to cause carry forwards.

We consider that thought should be given to bringing into operation a system of forward monitoring of expenditure so that by early December in any year an indication could be given of what carry forwards were likely to be sought, thus giving necessary information on the

finalizing of the budget decisions for the following year.

It is against the general background that I have outlined, and in the knowledge that two matters will be further examined, that I ask the House to give its approval to the resolution now before it.

(Applause)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission. — *(F)* Mr President, we fully share the view that non-automatic carry forwards should be of an exceptional character.

The very high amount involved in the non-automatic carry forward in question is explained by the considerable sum which the EAGGF represents.

We fully subscribe to Mr Shaw's judicious proposal and we are prepared to help with it as far as we are able.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

16. Dates and agenda for next part-session

President. — There are no other items on the agenda.

I thank the representatives of the Council and the Commission for their contributions to our work.

The enlarged Bureau proposes that our next sittings be held from 7 to 11 July 1975 in Strasbourg.

Are there any objections?

That is agreed.

The enlarged Bureau proposes the following agenda for the next part-session:

Monday 7 July:

4.30 p.m.:

— Statement by the Commission on action taken on the opinions and proposals of Parliament;

— Report by Mr Mitterdorfer on the implementation of the customs union;

¹ OJ No C 157 of 14. 7. 1975.

President

- Report by Mr Klepsch on the recommendations of the Joint EEC-Turkey Parliamentary Committee;

Tuesday 8 July:

10 a.m. and 3 p.m.:

- Report by Mr Durand on the EAGGF;
- Report by Mr Della Briotta on wines;
- Statement by Mr Simonet on the Council decisions of 26 June 1975;
- Report by Mr Leonardi on Community policy in the hydrocarbons sector;
- Report by Mr Burgbacher on the objectives of the 'coal strategy';

Wednesday 9 July:

10 a.m. and 3 p.m.:

- Question Time;
- Statement by the President-in-Office of the Council, followed by a short debate;
- Report by Mr Bertrand on European Union;

Thursday 10 July:

10 a.m., 3 p.m. and, possibly, 9 p.m.:

- Vote on the motion for a resolution contained in Mr Bertrand's report on European Union;
- Report by Mr Lange and Mr Aigner on the amendments to the budgetary provisions of the Treaties;
- Report by Mr Aigner on the ECSC Auditor's Report;
- Report by Mr Albers on migrant workers;
- Possibly, report by Mr Marras on the social situation in the Community or Oral Question with debate on the same subject;
- Report by Mr Walkhoff on European schools;
- Motion for a resolution on the meeting of the Ministers of Education held in June 1975;
- Report by Mr Cousté on data processing;

Friday 11 July:

from 9.30 a.m. to 12 noon:

- Report by Mr Hougardy on the tying of savings to an index;
- Motion for a resolution tabled by Mr Jahn on those parts of the Eighth General Report falling within the terms of reference of the Committee on Public Health and the Environment;
- Oral Question with debate by Mr Jahn to the Commission on birds;
- Possibly, report by Mr Willi Müller on the lead content of petrol;
- Report by Mr Meintz on safety at work;
- Report on biological standards with regard to lead;
- Report on saccharose.

Are there any objections?

The agenda for the next part-session is so established.

I further propose that the time-limit for tabling amendments to the following three reports:

- Mr Della Briotta's report on wines
 - Mr Lange's and Mr Aigner's reports on the budgetary provisions
 - Mr Bertrand's report on European Union
- be fixed at 5 p.m. on Monday, 7 July.

Are there any objections?

That is agreed.

Finally, I propose that speaking time for the next part-session be allocated as follows:

Reports:

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

Oral questions with debate:

- 10 minutes for the author of the question;
- 3 minutes for other speakers.

Are there any objections?

That is agreed.

17. *Adjournment of the session*

President. — I declare the session of the European Parliament adjourned.

18. *Approval of minutes*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for

its approval, the minutes of proceedings of the 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 12.15 a.m.)



