

Annex

# Official Journal

of the  
European Communities

No 160  
March 1973

English edition

## Debates of the European Parliament

---

1973-1974 Session  
Report of Proceedings  
from 13 - 16 March 1973  
Europe House, Strasbourg

Contents

Sitting of Tuesday, 13 March 1973 .....	1
Opening of annual session, p. 1 — Designation of Members of the European Parliament, p. 1 — Statement by Oldest Representative, p. 1 — Election of President, p. 3 — Statement by President, p. 5 — Election of Vice-Presidents, p. 6 — Verification of credentials, p. 7 — Membership of committees, p. 7 — Agenda for next sitting, p. 12.	
Sitting of Wednesday, 14 March 1973 .....	13
Approval of minutes, p. 14 — Allocation of speaking time, p. 15 — Decision on urgent procedure, p. 15 — Order of business, p. 15 — Question Time, p. 17 — Debate following Question Time: Stabilization of food prices in the Community, p. 33 — Discussion between the European Parliament and the Council and Commission of the European Communities — Oral Question No 12/73, p. 38 — Discussion between the European Parliament and the Council and Commission of the European Communities — Oral Question No 12/73 (cont.), p. 42 — Change in the agenda, p. 46 — Discussion and Oral Questions Nos 18/72, 35/72 and 4/73, p. 46 — Agenda for next sitting, p. 70.	

(Continued overleaf)

## NOTE TO READER

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

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

(Continued)

### Sitting of Thursday, 15 March 1973 ..... 72

Approval of minutes, p. 73 — Dates of next sittings, p. 73 — Decision setting up a European Monetary Cooperation Fund, p. 73 — Financial forecasts covering several years, concerning the Communities' budget, p. 79 — Discussion between the European Parliament and the Council and Commission of the European Communities — Oral Questions Nos 18/72, 35/72 and 4/73 (cont.), p. 84 — Agreements between the Community and the non-applicant EFTA States, p. 89 — Appointment of general rapporteur, p. 98 — Appointment of members of the delegations to the joint committees of the associations with Greece, Turkey, and the East African Community, p. 98 — Political situation in the Middle East, p. 98 — Association between the EEC and Cyprus, p. 110 — Implications of enlargement on the Community's relations with Mediterranean countries, p. 117 — Authorization of reports, p. 127 — Change in the agenda, p. 127 — Agenda for next sitting, p. 128.

### Sitting of Friday, 16 March 1973 ..... 129

Approval of minutes, p. 130 — Reference to committees, p. 130 — Directive on sums paid out in error under the common agricultural policy, p. 131 — Exemption of small parcels from customs duty, p. 132 — Regulation on external trade statistics, p. 133 — Resolution on the creation of a Community uranium enrichment capacity, p. 133 — Membership of committees, p. 141 — Regulation on the coordination of agricultural research, p. 141 — Regulation amending regulations on the common organization of markets, p. 146 — Change in the agenda, p. 148 — Regulation on production subsidies in the United Kingdom, p. 148 — Regulation on the agricultural accountancy data network, p. 151 — Decision on measures to deal with foot-and-mouth disease, p. 153 — Regulation on sugar deliveries to UNRWA under the food aid programme, p. 153 — Directive on outward processing traffic, p. 153 — Decision on a common approach to air transport, p. 153 — Date of next part-session, p. 156 — Approval of minutes, p. 156 — Adjournment of session, p. 156.

*Resolutions adopted at sittings appear in the Official Journal of the European Communities*

## SITTING OF TUESDAY, 13 MARCH 1973

### Contents

1. Opening of the annual session . . . . .	1	<i>Mr Ortolí, President of the Commission of the European Communities . . . . .</i>	6
2. Designation of Members of the European Parliament . . . . .	1	6. Election of the Vice-Presidents: <i>Mr Memmel . . . . .</i>	6
3. Address of the President by age . . . . .	1	7. Verification of credentials . . . . .	7
4. Election of the President . . . . .	3	8. Membership of the committees: <i>Mr Covelli, Lord O'Hagan, Mr Leonardí, Mr Per Dich, Mr Covelli, Mr Per Dich . . . . .</i>	7
5. Address by the President: <i>Mr Berkhouwer, President of the European Parliament . . . . .</i>	5	9. Agenda for the next sitting . . . . .	12

IN THE CHAIR: MR LEFEBVRE

*President by age*

*(The sitting was opened at 12.10 p.m.)*

**President.** — The sitting is open.

#### 1. Opening of the annual session

**President.** — Pursuant to Rule 1, I declare the 1973-1974 annual session of the European Parliament open.

#### 2. Designation of Members of the European Parliament

**President.** — I am informed that the Presidents of the two Chambers of the States-General of the Kingdom of the Netherlands have jointly designated the following to sit in the European Parliament:

Mr Baas, Mrs Barendregt, Mr Berkhouwer, Mr Broeks, Mr Brouwer, Mr Eisma, Mr van der Gun, Mr de Koning, Mr Mommersteeg, Mr Pronk, Mr Schuijt, Mr van der Stoel and Mr Vredeling.

The credentials of these Members will be verified at the next meeting of the Bureau. Pursuant to Rule 3 (3) they may provisionally take their seats in Parliament or on its committees and have the same rights as other Members of Parliament.

Similarly, I am informed that Mr Bos will continue to sit in the European Parliament until his replacement.

I congratulate Members who have been returned for a further term of office and bid a warm welcome to new Members.

#### 3. Address of the President by age

**President.** — Ladies and Gentlemen, my dear colleagues,

I take great pleasure in welcoming you in the hope that, despite the clouds gathering on the horizon, the 1973-1974 session will prove to be a fruitful one for our institution.

At the outset, I should like to address a few remarks to President Behrendt.

Mr President, today marks the end of your term of office.

**President**

For two years you have directed our work competently and kindly, but not without firmness, and have fought day after day to increase the prestige of the European Parliament and the scope of its powers.

Your name will be inscribed on the roll of your predecessors in office, everyone of whom is remembered with affection by us all.

I believe, Mr President, that I speak on behalf of the entire Assembly in expressing to you our gratitude and esteem.

*(Applause)*

Ladies and Gentlemen, it was five years ago but a day that I had the honour to deputize for the oldest representative, who was prevented from attending due to ill health, in opening the session. It was in that year, 1968, that the merger of the executives of the European Communities took place.

Jean Monnet's European Coal and Steel Community was joined with the European Economic Community of Robert Schuman, Konrad Adenauer, Paul-Henri Spaak, and Alcide De Gasperi.

A new Commission was formed, consisting of 14 members and presided over with considerable talent and authority by my good friend Jean Rey.

The event was an important one.

This year we are witnessing another change. Not many weeks ago, Parliament joyfully greeted the arrival of the new member countries, whose coming had been awaited for so many years. Their presence means that the Community, with over 260 million inhabitants, has become one of the leading, if not the leading, economic powers in the world. Since their arrival, their representatives, in playing a large part in our work, have demonstrated the strength of their commitment to the European idea. May I say once again, on your behalf, how cordially we welcome their presence.

Simultaneously, the Commission of the European Communities has been transformed. Whilst we are sorry to take our leave of the commissioners with whom Parliament has worked for many years, the new Commission commands our high regard. I should like to welcome it on your behalf, and to say to its President, Mr Ortoli, how glad we were to hear him say that he looked forward to a dialogue of some depth with our Assembly and that he wanted to see a growing involvement of the representatives of our peoples in the construction of the Community.

Ladies and Gentlemen, five years ago I began my address by quoting the words used by Victor Hugo at the Paris Peace Congress of 1849 in an eloquent speech which began "The day will come..." and in which this famous French writer emphasized that the way to peace and freedom was to be found through European fraternity.

The authors of the Treaty of Rome took up this idea, and one could ask whether it is now a myth or a reality? Without a shadow of doubt, it has become a reality. But, and I want to stress this point, it is a reality that has taken too long to find expression and substance.

Undoubtedly, progress has been made during recent years in the functioning of the European institutions, but much remains to be done to ensure harmonious collaboration between the various branches of the Communities. It is true that the powers of Parliament in budgetary matters have been increased, but, both in budgetary matters and as regards legislative powers, what we are striving for will remain a vain hope as long as—and this cannot be repeated often enough—the Members of the European Parliament are not elected by universal suffrage and as long as the right of initiative is denied to them.

Ladies and Gentlemen, a moment ago I mentioned that the Commission of the European Communities intended to maintain an effective dialogue with Parliament, an intention welcomed by the latter. Allow me, Mr President of the Commission, to express two wishes: The first is that the Commission should ensure that its proposals are put forward within the time-limits provided for by the Treaty; the second is that it should, force majeure excepted, avoid any delay in putting forward proposals regarded as urgent so that our Committees are unable to discharge their duties in a satisfactory manner.

To the Council of Ministers I should like to add that it is their duty to see that the Commission's proposals do not gather dust on their desks as is, alas, all too often the case.

I should also like to express the regret, Ladies and Gentlemen, that there is not more contact between the European Parliament and public opinion through the national Parliaments. This point was not lost on the recent Conference of Presidents of national Parliaments and the President of the European Parliament, which in turn confirms that collaboration between the Parliaments of the Member States and the European Parliament is likely to lend strength to parliamentary action at all levels, and help the desire for unification of the European peoples to gain ground and to implant the



**President**

European idea into the minds of the people of each of our countries.

Ladies and Gentlemen, although it must be said that apart from the agricultural market little progress has been made in economic and social affairs, we are entitled to hope at this reopening of Parliament in 1973 that, in the light of the decisions taken at the Summit Conference of Heads of State or of Government, the period between now and 1980 will see real headway in the economic, social, and indeed political, development of Europe and that, especially in this last respect, which has now assumed more importance than ever, a formula will be found capable of safeguarding national susceptibilities.

Today it is sad to find that the international monetary crisis could throw everything into disarray. Admittedly, the fragility of the international monetary system became plain to see when President Nixon announced the non-convertibility of the dollar. It was reasonable to hope, however, that the measures taken in Washington in 1970, fixing a ceiling rate and a floor rate below which national banks were obliged to intervene, would stabilize the situation for a relatively long time, especially as this decision was followed by the Community agreement establishing fixed parities between all the countries of the Community, which it was reasonable to suppose would now be less susceptible to fluctuation, and since, in addition, an arrangement made quite recently had settled the problem of the intra-Community exchange rates between Great Britain and the other countries of the Common Market.

Alas, speculation always triumphs in the end. The carefully erected structure has collapsed, and the vast quantities of dollars launched onto the European market, dollars which have been devalued twice in one year and which are non-convertible, could threaten the monetary stability of all the countries of the Community.

As the President of the Council of Ministers told us last Sunday, the moment of truth is upon us. The time has come for us to face up to our responsibilities. In seeking a way out of this crisis we must rely above all on our own efforts. Europe's survival cannot continue to depend on a succession of hurriedly negotiated arrangements. A definite solution has to emerge from all these conferences. The future of one group of countries cannot be built on the ruins of another.

Ladies and Gentlemen, I must be quite blunt about this: As things are at present, if the non-convertible dollar remains the only international currency, that spells disaster. Let us be abso-

lutely clear about this, we cannot allow the dollar to split Europe!

But in a burst of unity the countries of Europe, who have no choice, are bold enough to envisage creating a European monetary area. Europe will no longer be like a boat being tugged along and it will have a chance to recover its balance. Our importers and exporters will be in a position to tender in a European currency and to demand payment in that currency.

Ladies and Gentlemen, a financially organized Europe could sweep away the threat of collapse now hanging over the Common Agricultural Policy, and indeed the Community itself, which could leave our economies in ruin, and would be capable of negotiating a new international monetary agreement on equal terms.

It could then proceed resolutely along the lines of the European Economic Community, to which the social community is indissolubly tied.

Ladies and Gentlemen, Europe has a part to play in the world. Among the super powers, which are trying to find a rapprochement and which are seeking footholds in China and Japan, Europe should have the courage to claim its proper place, assert its personality, and refuse to be subjected to any domination, no matter from what quarter.

Ladies and Gentlemen, and this is the last thing I have to say, if Europe today has a real desire for unity and the courage to believe in its destiny, it will at last become that which we all want it to be—a living reality.

*(Loud applause.)*

#### 4. Election of the President

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

I have received the following nominations:

- Mr Berkhouwer, nominated by the Liberal and Allies Group,
- Mr Schuijt, nominated by the Christian-Democratic Group,
- Mrs Iotti, nominated by the non-attached Italian Members (PCI - Indipendenti di Sinistra).

I would remind the House that pursuant to Rules 7 (1 and 2) and 35 (6), the election will be by secret ballot.

I would remind you of Rule 7(2) which reads:

‘...If after three ballots no candidate has obtained an absolute majority of the votes cast, the fourth ballot shall be confined to the two Members who

**President**

have obtained the highest number of votes in the third ballot. In the event of a tie, the elder candidate shall be declared elected.'

I would also remind you that pursuant to Rule 35(6):

'...Only ballot papers bearing the names of persons who have been nominated shall be taken into account in calculating the number of votes cast.'

Ballot papers and envelopes have been distributed to Members. Members should write the candidate of their choice on the ballot paper and place it in the envelope. When their name is called they should place it in the urn on the speakers' rostrum.

I would remind you that the Bureau decided, at its meeting of 19 April 1972, that the names of Members taking part in a secret ballot should be entered in the minutes. The House was informed of this decision on 8 May 1972. To give effect to this decision, Members are requested to have their names noted by the official stationed next to the rostrum before placing their ballot paper in the urn.

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

The four tellers are: Lord Gladwyn, Sir Brandon Rhys Williams, Mr Brégégère and Mr Ryan.

The Member whose name the roll call will begin by will now be chosen by lot.

The roll call will begin with Mr Lucius.

The ballot is open.

I ask the Secretary-General to call the roll.

*(The roll is called)*

Does any one else wish to vote?

The ballot is closed.

I ask the tellers to go to room A 76 to count the votes.

The House will rise.

*(The sitting was adjourned at 12.50 p.m. and resumed at 1.15 p.m.)*

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

Here is the result of the ballot:

Number of votes cast .....	167
Blank or spoiled ballot papers .....	1
Votes cast .....	166
Absolute majority .....	84
Mr Berkhouwer received	85 votes
Mr Schuijt received	71 votes
Mrs Iotti received	10 votes

The following voted:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Amendola, Mr Antoniozzi, Mr Ariosto, Mr Armengaud, Mr Arndt, Mr Artzinger, Mr Baas, Mr Ballardini, Mr Bangemann, Mrs Barendregt, Sir Tufton Beamish, Mr Behrendt, Mr Bermani, Mr Bersani, Mr Berthoin, Mr Bertrand, Lord Bessborough, Mr Beylot, Mr Blumenfeld, Mr Boano, Mr Borocco, Mr Bourdellès, Mr Bousch, Mrs Bousquet, Lord Brecon, Mr Brégégère, Mr Brewis, Mr Broeks, Mr de Broglie, Mr Brouwer, Mr Brugger, Mr Burgbacher, Mrs Caretoni-Romagnoli, Mr Christensen, Mr Cifarelli, Mr Cipolla, Mr Colin, Mr Corona, Mr Corterier, Mr Cousté, Mr Couveinhes, Mr Covelli, Mr Dalsager, Mr D'Angelosante, Mr Della Briotta, Mr Delmotte, Mr De Sanctis, Mr Dewulf, Mr Dich, Sir Arthur Dodds-Parker, Mr Durand, Mr Durieux, Lady Elles, Sir Anthony Esmonde, Mr Fabbrini, Mr Federspiel, Mr Fellermaier, Mr Flämig, Miss Flesch, Mr Fresee, Mr Früh, Mr Galli, Mr Gerlach, Mr Girardin, Mr Giraud, Mr Giraudo, Lord Gladwyn, Mr Glesener, Mr Goldberg, Mr van der Gun, Mr Habib-Deloncle, Mr Harmegnies, Mr Härzschel, Mr Héger, Mr Herbert, Mr James Hill, Mr John Hill, Mr Hilliard, Mr Houdet, Mr Hougardy, Mr Hunault, Mrs Iotti, Mr Jahn, Mr Jakobsen, Mr Jarrot, Mr Johnston, Mr Jozeau-Marigné, Mr Kater, Mr Kirk, Mr Klepsch, Mr Kollwelter, Mr de Koning, Mr Krall, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leonardi, Mr Ligios, Mr Liogier, Mr Lucius, Mr Lücker, Miss Lulling, Mr de la Malène, Mr Malfatti, Lord Mansfield, Mr Marras, Mr Martens, Mr Memmel, Mr Mitterdorfer, Mr Mommersteeg, Mr Müller, Mr Mursch, Mrs Nielsen, Mr Noè, Mr Nolan, Mr Normanton, Lord O'Hagan, Mrs Orth, Mr Outers, Sir John Peel, Mr Petersen, Mr Pêtre, Mr Pianta, Mr Pisoni, Mr Poher, Mr Pounder, Mr Premoli, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Mr Ribière, Mr Romualdi, Mr Rosati, Mr Rossi, Mr Ryan, Lord St. Oswald, Mr Sandri, Mr Scelba, Mr Schmidt, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Scott-Hopkins, Mr Seefeld, Mr Sourdille, Mr Spénale, Mr Springorum, Mr Starke, Mr van der Stoel, Mr Thiry, Mr Thomsen, Mr Triboulet, Mr Vals, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Mr Vredeling, Sir Derek Walker-Smith, Mr Walkhoff, Mrs Walz, Mr Wohlfart, Mr Yeats and Mr Lefèbvre, President by age.

Mr Berkhouwer has obtained an absolute majority of the votes cast. I therefore declare him elected President of the European Parliament and I ask him to take the Chair.

*(Loud applause).*

Mr President, the applause from all parts of the House that has just greeted your election as President of the European Parliament is proof of the democratic spirit reigning in this Assembly.

I am happy to offer you the congratulations of the House and, of course, to add my own and I hope that during your term of office the European Parliament and the European Community as a whole will make fresh progress for the greater success and defence of our ideas.

*(Applause.)*

## IN THE CHAIR: MR BERKHOUWER

5. *Address by the President*

**President.** — Ladies and Gentlemen, I thank you for the trust you have shown by electing me. Your decision has inspired in me a dominating sense of duty to do everything in my power to justify this trust. I shall do my best to be a worthy ambassador for our Parliament. My actions shall be governed by the thought that whatever I may do or say, I shall always be the representative of your Assembly and its spokesman.

At the same time I should like to say a special word of thanks to my good friend René Lefèbvre, the oldest Member, for conducting this sitting with such exemplary efficiency. He has of course considerable experience, having been a Member of this Parliament since 1966. He was three times Minister of Agriculture and Internal Affairs, during which period he was one of the architects of the Treaty of Rome. His discerning judgment in European affairs, particularly as regards agriculture, must be attributed at least in part to the international vantage point of his own country.

There is a second Member of this Assembly to whom I feel particularly indebted; had Walter Behrendt not been my immediate predecessor I could never have reached this position. I should be pleased to present him at a special gathering with the Gold Medal of the Parliament introduced by himself, in recognition of his outstanding services to this Assembly.

*(Applause.)*

It is now up to me to continue the work which he began. During his administration, the first major step was made towards creating an open Community, resulting in the accession of the United Kingdom, Ireland and Denmark. It is to be hoped that this trend will continue and that Norway too will shortly resolve to lend its support to the movement towards European unity.

By his unflagging efforts to intensify Parliament's contacts with the national Parliaments, President Behrendt laid the foundation for a European Parliament which is well on the way to providing a truly European representation of the people. The direct elections stipulated in the Treaty of Rome and fought for so ardently by all my predecessors have still not been introduced, though they certainly will one day. We must remember one thing: even though our Parliament is not yet directly elected, its parliamentary character is in no way prejudiced. Who would venture to call the Dutch First Chamber or the French Senate undemocratic,

yet both, like our Parliament, are elected indirectly. All of us, who come to Strasbourg as deputies, even those from the House of Lords, that bastion of British democracy, are representatives of the peoples of Europe, called upon to safeguard their interests within a uniting Europe. In doing so, they must take greater account of the average European citizen, for it is primarily he who is affected. I have always emphasized this point and shall continue to do so. The Parliament must work together with the Commission and the Council to ensure that the Europe for which we strive does not get bogged down in a sea of petty legislation. Our Europe must concern itself, in a manner readily apparent to the man in the street, with the well-being and welfare of the 250 million people living and working in the Community.

It is to be hoped that the European Parliament will be seen to provide an honest reflection of all the political trends in Europe today. Our Parliament must be ready to accept justified criticism, which can best come from within for all Europe to see. This is better than maintaining an attitude of senseless aloofness. We should like to personify the hope of a Europe for everyman; we must have the courage to defend the concept of a European Union and to give it new impetus. If necessary we shall have to use the most powerful means at our disposal to awaken in us all a greater sense of responsibility; the implementation of the second stage of Economic and Monetary Union, for which our approval is required, might well become a test-case in this respect. In my forthcoming term of office I hope to submit the necessary proposals to the Bureau so that with the aid of Parliament, whose interests I shall always have at heart, the appropriate bodies shall by autumn have before them measures designed to give the European movement a new impetus by next year. European unification must not become just another chimera. To ensure this we must appeal for help to the press, which has always been very fair in its dealings with the European Parliament. Who could be better qualified to appreciate the need for renewed momentum and to put forward proposals for achieving it than the European Parliament? Since the Paris Summit Conference there can no longer be any doubt that our Parliament has the right to formulate proposals for transforming our Community into the European Union envisaged in Paris. In this respect we could claim to be on a par with the Council and the Commission. I deliberately mention both these institutions because in my opinion it is ridiculous to say that the European Parliament has dealings only with the Commission, while maintaining nothing but a lukewarm sort of contact with the Council. I feel

**President**

that European Union can be sought more profitably in a permanent three-sided exchange with these two other Community institutions. In such an exchange the European Parliament would represent not merely regional or partial interests but all the Community's 250 million people; and it is their democracy and their freedom which will be at stake during the next two years.

Ladies and gentlemen, I thank you for your attention and I now call the President of the European Commission who has requested this opportunity to address you.

*(Loud applause.)*

I call Mr Ortoli.

**Mr Ortoli**, *President of the Commission of the European Communities*. — (F) Mr President, after what you have said I shall refrain from making a speech. However, I should like, on behalf of the Commission, to offer you my very sincere congratulations on your brilliant election.

Since the Commission took up its duties, I have had occasion to state, and to restate, our desire to work closely with your Parliament. It is quite evident that this association will flourish under your presidency.

But, as you will readily understand, I should also like to thank President Behrendt for the welcome that he has extended to us and for the manner in which, under his auspices, the Parliament and the Commission have begun, not merely to talk, but to enter into the reality of this dialogue and this cooperation.

You are taking up office, Mr Berkhouwer, at a time of special importance, not only because Europe has been enlarged, but also because a number of crucial problems will arise during the period that lies ahead of us. And, as you know, there is no dearth of problems: one has only to open the paper to see the increasing number of meetings of the Council of Ministers needed to cope with all the extremely difficult issues which are of such importance for Europe. But we in the various Community institutions are also aware of the two major tasks confronting us.

The first of these is to give effect to the decisions taken at the Summit Conference, which has to some extent given substance to European aspirations. For the Commission, the Council, and Parliament, this will mean a formidable amount of work, work of the utmost importance. At the same time, during these two years we shall have not only to implement the programme laid down, but also to prepare the decisive stage. It is thus a highly exhilarating task, and one

which, onerous though it may be, each of us must accomplish.

The second task concerns the institutions. There can be no doubt that we have reached a point where the institutions must organize themselves so as to work together more closely and more effectively. Mr President, you take office at a time when we have to strengthen both the role and the powers of Parliament; you take up your duties at the very moment when this other great task must be accomplished.

Mr President, we have heard your pledge. It is that of a man who, like so many others here, has felt that for a parliamentary Europe represented the complement to the ambitions he entertained for his country, indeed, in a way, their culmination. The nature of our own pledge is the same and so we shall of necessity have to collaborate more closely.

Some major problems lie before us. Europe marches forward, and sometimes falls back a little. Despite everything, I think that under your presidency during this Parliament, we shall be able to advance, sometimes making large strides, sometimes moving steadily step by step, to a greater strength and, I hope, a complete reality.

*(Applause.)*

**President**. — Thank you, President Ortoli.

#### 6. Election of the Vice-Presidents

**President**. — The next item is the election of the Vice-Presidents.

The number of nominations is the same as the number of vacant seats.

I have received the following nominations:

Mr Bersani, Mr Behrendt, Lord Bessborough, Mr Ribière, Mr Burgbacher, Mr Corona, Sir Anthony Esmonde, M. Dalsager, Mr Dewulf, Mr Wohlfart and Mr Colin.

Does any one want a ballot to be taken?

I call Mr Memmel.

**Mr Memmel**. — (D) Mr President, I trust you will excuse me for expressing some scruples. In neither Rule 7 nor Rule 35 is there any provision for adopting the procedure which has been suggested by the Chairmen of the Political Groups and which is now being proposed. Neither of the two Rules mentioned makes any provision for departures from the normal procedure.

**Memmel**

I am, of course, also aware that we have always proceeded in the fashion now proposed. But an infringement of the Rules of Procedure does not cease to be such merely by virtue of its repetition.

I would therefore suggest either that we alter the Rules of Procedure at the next opportunity to give legal form to the present practice, or that we abide by the Rules as they stand. I am aware that this would take up a great deal of our time.

Since, Mr President, you said that the number of candidates corresponds exactly to the number of those to be elected, we may, perhaps, stick to this—I use the word deliberately—incorrect procedure for today. But I would ask that we then alter the Rules of Procedure so that in future we do not begin a session by violating our constitution, for the Rules of Procedure are indeed our constitution.

**President.** — I thank Mr Memmel for his question. I am perfectly willing to submit this problem to the Legal Affairs Committee for its opinion on the matter.

Are there any further comments?

I declare elected Vice-Presidents of the European Parliament the candidates whose names have just been read out. The order of precedence will be the order in which their names were called.

*(Applause.)*

I congratulate them on their election.

The Presidents of the European institutions will be notified of the membership of the new Bureau.

We shall now adjourn until 4.30 p.m. when the House will deal with nominations to the committees.

The House will rise.

*(The sitting was adjourned from 1.35 p.m. until 4.50 p.m.)*

**7. Verification of credentials**

**President.** — At its meeting today the Bureau verified the credentials of Mr Baas, Mrs Barendregt, Mr Berkhouwer, Mr Broeksz, Mr Brouwer, Mr Eisma, Mr van der Gun, Mr de Koning, Mr Mommersteeg, Mr Pronk, Mr Schuijt, Mr van der Stoel and Mr Vredeling whose appointment by the two Chambers of the States-General of the Kingdom of the Netherlands was announced this morning.

Pursuant to Rule 3 (1) the Bureau has checked that these appointments complied with the provisions of the Treaties.

It proposes these appointments be ratified.

Are there any objections?

These appointments are ratified.

I bid a warm welcome to new Members of this Parliament.

**8. Membership of the committees**

**President.** — The next item is the nomination of members of the committees of the European Parliament.

Pursuant to Rule 37 (2) the Bureau has drawn up a list of candidates for the various committees and for the Parliamentary Conference of the EEC-AASM Association.

I ask the Secretary-General to read this list.

*Political Affairs Committees*

Mr Achenbach, Mr Amendola, Sir Tufton Beamish, Mr Behrendt, Mr Berthoin, Mr Bertrand, Mr Blumenfeld, Mr Corona, Mr Dalsager, Sir Anthony Esmonde, Mr Fellermaier, Mr Giraud, Lord Gladwyn, Mr Habib-Deloncle, Mr Hougardy, Mr Jahn, Mr Kirk, Mr Lücker, Mr de la Malène, Mr Malfatti, Mr Mommersteeg, Mr Poher, Mr Radoux, Mr Scelba, Mr Van der Stoel, Mr Thomsen, Mr Triboulet, Mr Vals and N... (Socialist Group).

**President.** — I call Mr Covelli.

**Mr Covelli.** — *(I)* Mr President, I think it would be as well to discuss these nominations committee by committee.

**President.** — I think it would be better for all the nominations to be read out so that Members can comment with the whole list in mind.

I ask the Secretary-General to continue reading the list.

*Legal Affairs Committee*

Mr Armengaud, Mr Ballardini, Mr Bangemann, Mr Bermani, Mr Brewis, Mr Broeksz, Mr Brouwer, Mr Brugger, Mr Corterier, Mr D'Angelosante, Mr Duval, Mr Héger, Mr Jozeau-Marigné, Mr Lautenschlager, Mr Lucius, Lord Mansfield, Mr Memmel, Mrs Nielsen, Mr Outers, Mr Pianta, Mr Ribière, Mr Scelba, Mr Schmidt, Mr Schwörer, Mr Springorum, Mr Terrenoire, Mr Vermeylen, Mr Verzaschi, Sir Derek Walker-Smith.

**Memmel***Committee on Economic and Monetary Affairs*

Mr Antoniozzi, Mr Arndt, Mr Artzinger, Mr Bersani, Mr Berthoin, Mr Bos, Mr Bousch, Mr Burgbacher, Mr Cifarelli, Mr Cousté, Mr Federspiel, Mr Harmegnies, Mr Johnston, Mr Kater, Mr Keating, Mr Krall, Mr Lange, Mr Leonardi, Mr Mitterdorfer, Mr Normanton, Mr Offroy, Mr Pronk, Lord Reay, Sir Brandon Rhys Williams, Mr Schwörer, Mr Starke, Mr Yeats, N... (Christian-Democratic Group) and N... (Socialist Group).

*Committee on Budgets*

Mr Adams, Mr Aigner, Mr Artzinger, Mrs Barendregt, Lord Bessborough, Mr Beylot, Mr Boano, Mr Brouwer, Mr Durand, Mr Fabbrini, Miss Flesch, Mr Gerlach, Mr Houdet, Mr Kollwelter, Mr Memmel, Mr Müller, Mr Nolan, Mr Offroy, Mr Pêtre, Mr Pisoni, Mr Poher, Mr Pounder, Sir Brandon Rhys Williams, Mr Rossi, Mr Schmidt, Mr Soudille, Mr Spénale, Mr Wohlfart, and N... (Socialist Group).

*Committee on Social Affairs and Employment*

Mr Adams, Mrs Barendregt, Mr Bermani, Mr Berthoin, Mr Bertrand, Mr Bourdellès, Mr Christensen, Sir Arthur Dodds-Parker, Mr Durand, Lady Elles, Mr Frehsee, Mr Früh, Mr Girardin, Mr Van der Gun, Mr Härzschel, Mr Jarrot, Mr Laudrin, Mr Liogier, Mr Lucius, Miss Lulling, Mr Marras, Lord O'Hagan, Sir John Peel, Mr Pêtre, Mr Pianta, Mr Pisoni, Mr Schwabe, Mr Vermeulen, Mr Vernaschi.

*Committee on Agriculture*

Mr Baas, Mr Briot, Mr Brugger, Mr Cifarelli, Mr Cipolla, Mr Durieux, Mr Frehsee, Mr Früh, Mr Héger, Mr John Hill, Mr Hilliard, Mr Houdet, Mr Hunault, Mr Jakobsen, Mr Keating, Mr De Koning, Mr Lefèbvre, Mr Ligios, Mr Liogier, Mr Lücker, Miss Lulling, Mr McDonald, Mr Martens, Mrs Orth, Lord St. Oswald, Mr Scott-Hopkins, Mr Vals, Mr Vetrone, Mr Vredeling.

*Committee on Regional Policy and Transport*

Mr Aigner, Mr Ariosto, Mr Bourdellès, Lord Brecon, Mr Colin, Mr Delmotte, Mr Durieux, Mr Eisma, Mr Fabbrini, Mr Gerlach, Mr Giraud, Mr Guldberg, Mr Van der Gun, Mr Herbert, Mr James Hill, Mr Jarrot, Mr Johnston, Mr Kollwelter, Mr Liogier, Mr Mitterdorfer, Mr Mursch, Mr Noé, Mr Pêtre, Mr Pounder, Mr Schwabe, Mr Seefeld, Mr Starke, Mr Terrenoire, Mr Wohlfart.

*Committee on Public Health and the Environment*

Mr Borocco, Lord Brecon, Mr Brégère, Mr Briot, Mr Bro, Mr Caillavet, Mr Christensen, Mr D'Angelosante, Mr Della Briotta, Mr Durieux, Mr Eisma, Sir Anthony Esmonde, Mr Jahn, Mr McElgunn,

Mr Martens, Mr Mommersteeg, Mr Müller, Mr Noé, Mr Offroy, Mrs Orth, Mr Petersen, Mr Premoli, Mr Rosati, Mr Scott-Hopkins, Mr Springorum, Mr Vernschi, Mr Walkhoff, Mrs Walz, and N... (Socialist Group).

*Committee on Energy, Research and Technology*

Mr Ballardini, Lord Bessborough, Mr Bos, Mr Bousch, Mr Bro, Mr de Broglie, Mr Burgbacher, Mr Covelli, Mr Flämig, Mr Glesener, Mr Giraud, Mr Hougardy, Mr Jakobsen, Mr Jarrot, Mr Kater, Mr Krall, Mr Lautenschlager, Mr Leonardi, Mr Memmel, Mr Noé, Mr Normanton, Mr Petersen, Mr Ribière, Mr Rizzi, Mr Springorum, Mr Vetrone, Mrs Walz, N... (Christian Democratic Group) and N... (Socialist Group).

*Committee on Cultural Affairs and Youth*

Mr Brewis, Mr Broeksz, Mr Brugger, Mr Caillavet, Mrs Caretoni Romagnoli, Mr Couveinhes, Mr Cruise-O'Brien, Mr Delmotte, Mr De Sanctis, Lady Elles, Mr Giraud, Mr Glesener, Mr John Hill, Mr Hougardy, Mr Hunault, Mr Klepsch, Mr McDonald, Mrs Nielsen, Mr Petersen, Mr Pisoni, Mr Premoli, Mr Rizze, Mr Schuijt, Mr Schulz, Mr Seefeld, Mr Sourdille, Mr Walkhoff, N... (Christian Democratic Group) and N... (Socialist Group).

*Committee on External Economic Relations*

Mr Baas, Mr Bangemann, Sir Tufton Beamish, Mr Behrendt, Mr Boano, Mr Bourdellès, Mr Bousquet, Mr Brégère, Mr Christensen, Mr Corterier, Mr Cousté, Mr Dewulf, Mr Fellermaier, Miss Flesch, Mr Galli, Mr Jahn, Mr Klepsch, Mr de Koning, Mr Lange, Mr Ligios, Mr de la Malène, Lord Mansfield, Mr Mommersteeg, Sir John Peel, Mr Radoux, Mr Ribière, Mr Rossi, Mr Sandri, Mr Schulz, Mr van der Stoel, Mr Thiry, Mr Thomsen, Mr Vetrone, Mr Vredeling, and N... (Christian Democratic Group).

*Committee on Development and Cooperation*

Mr Achenbach, Mr Aigner, Mr Antoniozzi, Mr Ariosto, Mr Armengaud, Mr Bersani, Mr Blumenfeld, Mr Bousquet, Mr Briot, Mr Colin, Mr Corona, Mr Cruise-O'Brien, Mr Dewulf, Sir Arthur Dodds-Parker, Mr Flämig, Miss Flesch, Mr Galli, Mr Harmegnies, Mr Härzschel, Mr James Hill, Mrs Iotti, Mr Jozeau-Marigné, Mr Kollwelter, Mr Laudrin, Mr Pronk, Lord Reay, Mr Romualdi, Mr Rosati, Lord St. Oswald, Mr Schuijt, Mr Seefeld, Mr Spénale, Mr Triboulet, Mr Wohlfart.

**President.** — I would again ask Members to reserve their comments until the whole list of nominations has been read out.

**President.** — I ask the Secretary-General to read the nominations for the Parliamentary Conference of the EEC-AAMS Association.

**President***Delegates from the European Parliament to the Parliamentary Conference of the Association*

Mr Achenbach, Mr Adams, Mr Aigner, Mr Antoniozzi, Mr Ariosto, Mr Armengaud, Mr Artzinger, Mr Baas, Mr Behrendt, Mr Berkhouwer, Mr Bersani, Mr Bos, Mr Bourdellès, Mr Briot, Mr Bro, Mr Broeksz, Mr Colin, Mr Corona, Mr Cousté, Mr Cruise-O'Brien, Mr Dalsager, Mr Dewulf, Sir Arthur Dodds-Parker, Mr Fellermaier, Miss Flesch, Mr Galli, Mr Gerlach, Mr Girardin, Mr Habib-Deloncle, Mr Härzschel, Mr James Hill, Mr Hougardy, Mrs Iotti, Mr Jahn, Mr Jozeau-Marigné, Mr Kollwelter, Mr Laudrin, Mr Lautenschlager, Mr Ligios, Mr McDonald, Mr Martens, Mr Memmel, Mr Normanton, Mr Pounder, Mr Radoux, Lord Reay, Mr Schuijt, Mr Schwörer, Mr Seefeld, Mr Sourdille, Mr Spénale, Mr Triboulet, Mr Vals, Mr Wohlfart.

**President.** — I shall now call Members wishing to speak on the membership of the committees.

I call Lord O'Hagan.

**Lord O'Hagan.** — Mr President, I do not wish to strike a discordant note on the first afternoon of your holding office, but I should like to ask you what may be rather an unfair question, seeing how recently you have been elected, about the appointment of committee members. My question relates to the principle of selection of non-attached Members. I do not speak in any spirit of complaint about my own selection: I am absolutely delighted to have been given the committee that I have been given.

Is the Bureau satisfied that the present system is fair? Is it satisfied, for example, that the Conservative Group should have 38 committee places for 20 Members—these are my mathematics, which may be wrong—compared with 24 places for 22 non-attached Members? Is there a logical reason for this discrepancy? Now that the Bureau is looking at the whole question of money for groups compared with non-attached Members—we now have three categories of Members: those in Groups, the non-attached Communist Members, and the rest of the non-attached Members—perhaps at the same time it might take up the question of the allotment of committee places to non-attached Members, who at present seem to receive a rather inferior allocation? Is the Bureau satisfied that at the moment the system of allocations for non-attached Members is fair? I apologize for moaning on about this today, but this seems to be the relevant time to put my question before the Assembly and the Bureau.

**President.** — I call Mr Leonardi.

**Mr Leonardi.** — (I) Mr President, I wish, in this House and on this occasion, to draw attention to

the anomalous situation of all the non-attached members—a subject on which Lord O'Hagan has already spoken—and, in particular, the non-attached Communist Members.

When, before the distribution of the seats, we enquired about the implementation of the proportional system, we were told that until there was a general reorganization the *status quo* would be preserved—that is, in fact, as much as we had obtained during the previous legislative period, when, with nine Members, we had twelve seats on committees. In the meantime, we have had the pleasure of having our Danish colleague join our group, which now numbers ten.

Now it is being said that, having reached the number of ten, we should still retain the twelve former seats. We shall be very happy to give our Danish colleague one of our old seats, who can choose one of those at our disposal, since our policy does not consist in having a greater or lesser number of seats.

There is no doubt, however, that this will further aggravate a situation which in itself is already extremely serious. This Parliament must, of course, try to be as representative as possible; but in fact it is not, for a number of reasons, and, as you know, it is not, above all, for the non-attached Communist Members.

Under these circumstances, we must find a way of ensuring that the Communists, few though they are, can make a valid contribution to the work of this Parliament. If the *status quo* is then interpreted in such a way that the stronger the group becomes, the weaker its strength in the committees, then such a lack of representation becomes even more serious.

Such are the observations which I wished to make and which I am couching in terms of constructive criticism, since it is our intention that this Parliament shall be able to work as well as possible. Naturally we shall be delighted to give one of our seats to our colleague Mr Dich; we wish, however, to point out that this diminishes the requisite proportional representation.

**President.** — I call Mr Dich.

**Mr Per Dich.** — (DK) Mr President, of course I thank Mr Leonardi for his handsome offer but I cannot accept it on principle.

The fact that I have initiated technical cooperation with the Italian Communists and the Independent Italian Socialists so that the number of this group, which according to the very special rules of the European Parliament in this matter

**Per Dich**

is insufficient for it to be represented on the committees, does not mean that I can thereby take one seat on a committee away from these Members and I must therefore decline Mr Leonardi's offer and, at the same time, note that I as an independent Member of the European Parliament have not been offered any seat on any committee, which is of itself a very interesting situation.

**President.** — I call Mr Covelli.

**Mr Covelli.** — (I) regret to have to draw attention, Mr President, to the strange way these committees were made up, and I consider it essential, when the proper time comes, that the House should give its opinion and that we should all be informed of the criteria that have just been adopted for allocating seats on these committees. First of all, we should like to ask the President who is supposed to represent and protect the rights, demands and aspirations of the non-attached members. We cannot believe, simply because they are not represented in the Bureau, that the European Parliament is a mere congress of parties represented in the Bureau and acting exclusively in their own interests.

This is no longer Europe, Mr President: it's a tangled skein of selfish desires which is resolved through the demands and pressures of groups represented in the Bureau. The President of the European Parliament, like the president of a national Parliament, should be guided mainly by the principle of protecting the rights of minorities and resisting the demands, the arrogance and selfishness of the majority. The request I address to you, Mr President, is this: that you should tell the House what criteria were adopted for allocating seats in the committees, for in my opinion competence, experience and long political activity in national Parliaments are necessary for this task; in particular it is length of experience of parliamentary life in national Parliaments that should be decisive in the allocation of seats on committees.

Mr President, it seems to me that all these criteria have been, I will not say betrayed, but patently ignored and I hold my political party up as an example. As regards our Communist colleagues, Mr Leonardi has at least found the *status quo*: we, for our part, have not even been able to do this.

During the last legislative period there were two of us, and we had four seats at our disposal in the committees: now we are three, and the number of committee places is three. Not one of the three applications submitted on the basis of the candidates' competence, experience and specific political activities in the national Par-

liaments has found approval with the Bureau, which has disregarded all this. I am told that one of the parties has spared no expense to gain positions of authority to promote its own interests. We feel compelled to deplore this irrational approach to ability, numbers and representation. Above all—this, Mr President, is the main point I wish to make today—it is your duty to protect the minorities and not to let yourself be overwhelmed by the demands of the majority, for this Parliament cannot be described as democratic if the legitimate aspirations of minorities are not protected.

Most regrettably, we have had to witness the rejection of a request from this political party concerning its representation in three committees on which this party considered itself, by virtue of both its competence and experience, capable of making a useful contribution: would you therefore, Mr President, explain in order that they may, if necessary, be put to the vote in this House, whether there are any other criteria on the basis of which the Bureau's decisions must be accepted. Meanwhile, we reject them.

**President.** — I note that no one else wishes to speak on the membership of the committees.

I have to answer Lord O'Hagan, Mr Leonardi, Mr Dich and Mr Covelli as to the criteria whereby the committee members are selected.

The criteria are that the membership of the committees should be proportionate to the size of the Groups. It is borne in mind that there have, for some time, been a number of 'non-attached' Members in our Parliament for whom a seat is, in principle, reserved on each committee. The seats available for them have to be divided between Members so that a further subgroup—such as the Italian 'non-attached' group—nine in number and with Mr Dich, ten—has a seat reserved on each committee. Reference has been made to a gradation. This is perfectly consistent with the decisions which the European Parliament—and, on its behalf, the Bureau—has taken. To the best of my knowledge these decisions were also acted upon by the Bureau this afternoon. The result is that the committees and the Parliamentary Conference of the Association have been made up as read out by the Secretary-General.

There is at present some dissatisfaction about this situation and it is not confined to the ranks of the non-attached Members; it has been expressed by certain Groups where some thought has been given to this matter.

In view of this the Bureau decided, at its recent meeting in Berlin, to review the whole position



**President**

of the non-attached Members, especially since today, at this constituent sitting, now that we have seen that certain alliances have not been forged and that there are, as a result, twenty-two non-attached Members in Parliament.

I can say to all those who have taken up this point, all of whom are among the non-attached Members, that this whole matter must be seen, in any case, to include the financial accommodations, the membership of committees, the number of seats, the methods of distribution and the criteria for dividing them up.

I hope that this assurance, to which we shall try to give practical effect as soon as possible, concludes this matter for today, bearing in mind the decision taken by the Bureau at its meeting in Berlin.

I shall try and see to it—I think this is quite easy to do—that the non-attached Members will also be able to make their wishes known. We should shortly be giving effect to the Bureau's decision.

I call Mr Covelli.

**Mr Covelli.** — (I) In fact, we cannot consider ourselves satisfied with this explanation, since no actual explanation has been offered. We asked you, Mr President, to explain the criteria adopted by the Bureau for determining the number of seats, and the reply you have given seems to me inadequate. In particular, I should like to know for what reasons certain members of the committees were excluded and replaced by others without the least regard for proportional representation of the Groups. I am referring, of course, to that of the non-attached Members. All this we must know before decisions are taken at the next meeting of the Bureau.

We had, indeed, expected a much clearer and more detailed reply. We would prefer the subject to be raised beforehand in Parliament, because if there are any objections we should want to hear them aired, at long last, in public and not dictated within the confines of the Bureau. We want to know, for example, why one did not even have the good taste to retain on the committees those who were already there, unless there has been some moral offence on the part of those there before who are no longer there now. There must be some political reasons, and political reasons, as you are well aware, Mr President, offend no one. But you did not even say this. We are at least entitled to know why no account was taken of the wishes of certain Members of Parliament who had given written evidence of their intention to remain on these

committees, giving as their reason their own availability according to competence.

Well, have you, by any chance, set forth the principles on the basis of which these demands were neglected, if not actually rejected? So far as we know, no! Hence, in my view, the need, if not for a debate, then at least for a statement by the political groups concerned, to dispel these doubts, which we have laid before Parliament in all honesty.

**President.** — I call Mr Dich.

**Mr Per Dich.** — (DK) I too have unfortunately to admit that I was not satisfied with the explanation we received. No matter what beautiful words are used as to how things will evolve in future, the fact remains that there has been a proportionate discrimination against the Members of Parliament who are not attached to any of the established Political Groups. Consequently I must say that I do not feel I can take part in the vote on or endorsement of the committees which will now be constituted.

**President.** — I should like to inform Mr Dich that the membership of the committees as such has in my opinion been accepted by Parliament but that certain Members of Parliament have asked about the criteria currently applied to set up the committees. I feel that I have answered this question, although I can imagine that the result of applying these criteria is not to the liking of some of the non-attached Members. This is not the fault of the current President of the Assembly since he only applied, together with the Bureau, the criteria accepted hitherto by Parliament.

To Mr Covelli I can only repeat that the basic criterion is the proportionality of the Groups, with the additional clause that in principle any of the 21 or 22 non-attached Members can sit on a committee, and that the Group of the Italian nine, with or without Mr Dich, can have a seat on any committee. In applying this clause, the Bureau this afternoon took into account the fact that membership also depends on the size of the Group. There are 22 non-attached Members, who are in turn subdivided into small groups, while Lord O'Hagan forms yet another separate group. Thus these non-attached Members are also subdivided according to a certain proportionality among the different committees.

I think we should now close this discussion. I assume that the House accepts the membership of the committees as read out this afternoon, while taking note of the Bureau's decision that the matter of the non-attached Members will be reviewed again in its entirety and the wishes of

**President**

the non-attached Members will be reconsidered.

Are there any objections?

That is agreed.

*9. Agenda for the next sitting*

**President.** — The next sitting of the European Parliament will take place tomorrow

Wednesday, 14 March 1973 at 10 a.m. and 3 p.m.  
The order of business for the next few days will be established at the beginning of tomorrow's sitting.

The House will rise.

*(The sitting was closed at 5.35 p.m.)*

## SITTING OF WEDNESDAY, 14 MARCH 1973

### Contents

1. Approval of the minutes .....	14		
2. Allocation of speaking time .....	15		
3. Decision on urgency .....	15		
4. Order of business			
<i>Mr Jahn, Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, Mr Gerlach, rapporteur, Mr Scarascia Mugnozza, Mr Gerlach, Mr Scott-Hopkins, Mr Vredeling .....</i>	16	<i>Question No 7/73 by Mr Brewis on the stabilization of food prices in the Community</i>	19
<i>Deferment of Mr Gerlach's report on the Audit Board to the April part-session</i>		<i>Mr Lardinois, Member of the Commission of the European Communities, Mr Brewis, Mr Lardinois, Mr Vredeling, Mr Lardinois, Mr Vetrone, Mr Lardinois, Mr Brewis .....</i>	22
<i>Mr Behrendt, Lord O'Hagan .....</i>	17	<i>Question No 8/73 by Mr Cipolla on income supplements for farmers</i>	
5. Question Time		<i>Mr Lardinois, Member of the Commission of the European Communities, Mr Cipolla, Mr Lardinois, Mr Vetrone, Mr Scott-Hopkins, Mr Lardinois .....</i>	23
<i>Question No 34/72 by Lord O'Hagan on relations between the Community and the United States .....</i>	17	<i>Question No 9/73 by Mr Johnston on regional development</i>	
<i>Question No 6/73 by Mr Berkhouwer on liberalizing world trade</i>		<i>Mr Thomson, Member of the Commission of the European Communities, Mr Johnston, Mr Thomson, Mr Jahn, Mr Thomson, Mr Brewis, Mr Thomson, Mr Pounder, Mr Thomson, Mr Dewulf, Mr Thomson, Mr Leonardi, Mr Thomson .....</i>	24
<i>Sir Christopher Soames, Vice-President of the Commission of the European Communities, Lord O'Hagan, Sir Christopher Soames, Mr Cousté .....</i>	18	<i>Question No 10/73 by Mr Scott-Hopkins on the release of information</i>	
<i>Question No 36/72 by Mrs Caretoni Romagnoli on the anti-fascist trials in Greece .....</i>	19	<i>Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities, Mr Scott-Hopkins, Mr Scarascia Mugnozza, Mr Vredeling, Mr Scarascia Mugnozza, Mr Broeks, Mr Scarascia Mugnozza, Mr Fellermaier, Mr Scarascia Mugnozza, Mr Triboulet, Mr Scarascia Mugnozza ...</i>	25
<i>Question No 15/73 by Mr Cifarelli on human rights and democratic freedoms in Greece</i>		<i>Question No 11/73 by Mr Springorum on obstacles to natural gas deliveries from the Netherlands to the Federal Republic of Germany</i>	
<i>Sir Christopher Soames, Mrs Caretoni Romagnoli, Sir Christopher Soames, Mr Cifarelli, Sir Christopher Soames, Mr Vredeling .....</i>	19		
<i>Question No 2/73 by Lord O'Hagan on the rights of migrant workers</i>			
<i>Dr Hillery, Vice-President of the Commission of the European Com-</i>			

<i>Mr Gundelach, Member of the Commission of the European Communities, Mr Springorum, Mr Gundelach, Mr Burgbacher, Mr Gundelach, Mr Lange, Mr Gundelach, Mr Vredeling, Mr Gundelach, Mr Behrendt, Mr Gundelach, Mr Fellermaier, Mr Gundelach . . . . .</i>	26	7. Discussion between the European Parliament, the Council and the Commission of the European Communities <i>Oral Question No 12/73</i> <i>Mr Van Elslande, President-in-Office of the Council of the European Communities . . . . .</i>	38
<i>Question No 13/73 by Mr Vredeling on the common agricultural policy</i>			
<i>Mr Lardinois, Member of the Commission of the European Communities, Mr Vredeling, Mr Lardinois . . . . .</i>	28	8. Discussion between the European Parliament, the Council and the Commission of the European Communities <i>Oral Question No 12/73 (continued)</i> <i>Mr Davies, Chancellor of the Duchy of Lancaster, Mr Ortoli, President of the Commission of the European Communities . . . . .</i>	42
<i>Question No 14/73 by Sir Derek Walker-Smith on the case of Europemballage Corporation (Brussels) and Continental Can Corporation Inc., New York versus the Commission of the European Communities</i>			
<i>Mr Haferkamp, Vice-President of the Commission of the European Communities, Sir Derek Walker-Smith, Mr Haferkamp, Mr Cousté, Mr Vredeling, Mr Haferkamp . . . . .</i>	28	9. Change in the agenda . . . . .	46
<i>Question Time closed . . . . .</i>	29	10. Discussion and Oral Questions Nos 18/72, 35/72 and 4/73 <i>Mr Van Elslande, President-in-Office of the Council of the European Communities, Mr Bertrand, on behalf of the Christian-Democratic Group, Mr Lange, on behalf of the Socialist Group, Mr Triboulet, on behalf of the European Democratic Union Group, Mr Federspiel, on behalf of the Liberal and Allies Group, Sir Brandon Rhys Williams, on behalf of the Conservative Group, Mr Amendola, Mr Mitterdorfer, author of Oral Question No 35/72, Sir John Peel, author of Oral Question No 4/73, Mr Burgbacher, on behalf of the Christian-Democratic Group, Mr Cifarelli, on behalf of the Socialist Group, Mr Bro, on behalf of the Conservative Group, Mr Guldberg, mover of a procedural motion, Mr Bousquet, on behalf of the European Democratic Union Group, Mr Van Elslande . . . . .</i>	47
<i>Procedural motion</i>			
<i>Mr Vals, Mr Vredeling, Mr Brewis, Mr Scott-Hopkins, Mr Marras, Mr Vredeling, Mr Triboulet, Mr Vals, Mr Brewis, Mr Fellermaier, Lord O'Hagan, Mr Vals, Mr Broeksz, Mr Vredeling, Mr Triboulet, Mr Broeksz . . . . .</i>	29	11. Agenda for the next sitting . . . . .	70
<i>Decision to debate a topical question</i>			
<i>Mr Vredeling . . . . .</i>	32		
6. Debate following Question Time: stabilization of food prices in the Community <i>Mr Brewis, Mr Vetrone, Mr Marras, Mrs Orth, Mr Frehsee, Lady Elles, Mr Jakobsen, Mr Lardinois, Member of the Commission of the European Communities . . . . .</i>	33		

## IN THE CHAIR: MR BERKHOUWER

President

*(The sitting was opened at 10 a.m.)***President.** — The sitting is open.

## 1. Approval of minutes

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

Are there any comments?

The minutes are approved.

## 2. Allocation of speaking time

**President.** — In accordance with the usual practice and pursuant to Rule 31, speaking time for all items on the agenda will be allocated as follows:

- 15 minutes for rapporteurs and spokesmen for political groups, although only one speaker for each group may have this speaking time;
- 10 minutes for other speakers;
- 5 minutes for speakers on amendments.

## 3. Decision on urgency

**President.** — I propose that Parliament should treat as urgent reports not submitted within the time-limits laid down in the regulations of 11 May 1967.

Are there any objections?

That is agreed.

## 4. Order of business

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

At its meeting of 26 February 1973, the enlarged Bureau drew up a draft agenda. In the light of new factors that have come up in the interval, however, the Bureau proposes the following order of business:

*Today, Wednesday 14 March 1973*

*10 a.m. and 3 p.m.:*

- Question Time, when the following questions to the Commission of the European Communities will be called: Nos 34/72 and 6/73 together, Nos 36/72, 2/73, 7/73, 8/73, 9/73, 10/73, 11/73, 13/73, 14/73 and 15/73.
- Discussion between the European Parliament, the Council and the Commission of the European Communities on 'implementing the decisions of the Summit Conference held in Paris, particularly as regards economic policy, monetary stability and dealing with inflation' and the report on the activities of the Council of the European Communities.
- During the discussion the following will also be dealt with:

Oral Question No 12/73 with debate on the monetary crisis, put by the Liberal and Allies Group to the Commission of the European Communities.

Oral Question No 18/72 with debate, put to the Council, on the Franco-Polish Economic Cooperation Agreement.

Oral Question No 35/72 with debate, put to the Council, on the Community's policy on structures.

Oral Question No 4/73 with debate, put to the Council, on relations between Europe and North America.

*from 6 p.m.:*

- Meetings of political groups.

*Thursday, 15 March 1973*

*until 10 a.m.:*

- Meetings of political groups.

*10 a.m. and 3 p.m.:*

- Report by Mr Arndt on the European Monetary Cooperation Fund;
- Report by Mr Arndt on the pluriannual estimates for the European Communities' budget;
- Oral Question No 1/73, put to the Commission, on the Community's relations with the USSR and COMECON;
- Report by Mr de la Malène on agreements between the Community and the non-applicant EFTA States;
- Report by Mr Scelba on the political situation in the Middle East;
- Report by Mr Kirk on the Association between the EEC and Cyprus;
- Report by Mr Rossi on the implications of enlargement for the Community's relations with Mediterranean States.

At the request of the committee responsible, consideration of the report by Mr Bersani on the resolution of the Parliamentary Conference of the EEC-AASM Association has been deferred to a subsequent part-session.

*from 6 p.m.:*

- Meetings of political groups.

**President**

Friday, 16 March 1973

until 10 a.m.:

— Meetings of political groups.

10 a.m. and 3 p.m.:

- Report by Mr Gerlach on the Audit Board;
- Report by Mr Durand on recovering sums paid out in error under the common agricultural policy;
- Report by Mr Wohlfart on the exemption of small parcels from customs duties;
- Report by Mr de Koning on external trade statistics. The committee responsible has asked for a vote to be taken on the motion in this report without debate;
- Report by Mr Noé on the creation of a Community uranium enrichment capacity;
- Report by Mr Vredeling on customs duties on some agricultural products;
- Report by Mr Vetrone on coordinating research in agriculture;
- Report by Mr Baas on a regulation amending regulations on the common organization of markets;
- Report by Mr Scott-Hopkins on the farm accountancy data network;
- Report by Mr Richarts on production subsidies in the United Kingdom;
- Report by Mr Durand on measures to deal with foot-and-mouth disease ;
- Report by Mr Vredeling on the supply of sugar to UNRWA as food aid ;
- Report by Mr Baas on outward processing traffic.

The committee responsible has asked for votes to be taken on the motions in these two reports without debate.

— Vote on the motion in the supplementary report by Mr Noé on a common approach to air transport.

By agreement with the authors, consideration of Oral Question No 3/73 has been deferred to the April part-session.

I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, honourable Members. Tomorrow, Thursday, the Oral Question tabled by my colleagues and myself on the Com-

munity's relations with the USSR and COMECON is due to be heard.

As all German Members have to fly to Bonn at 12.30 p.m. to take part in a division and will not be able to return on the same day, I request that this question should either be dealt with as the first point on tomorrow's agenda or be postponed until the next part-session in April.

**President.** — Mr Jahn, I think it would be preferable to defer consideration of your question to the April part-session, especially as it will have lost none of its immediacy; otherwise it would duplicate a question by Mr Arndt on the same subject.

I call Mr Jahn.

**Mr Jahn.** — (D) Very well, Mr President, I will ask you to defer consideration of the Question until April, particularly as the subject will, as you say, still be topical.

**President.** — That shall be done.

I call Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, bearing in mind what Mr Jahn has just said, I should be glad to know whether the debate on the report by Mr Gerlach, scheduled for Friday or Saturday this week, could be brought forward to Thursday or deferred to another part-session.

**President.** — On Thursday, Mr Vice-President, all the honourable Members from Germany will be absent.

**Mr Scarascia Mugnozza.** — (I) In that case could the debate not be deferred to the April part-session ?

**President.** — What does the rapporteur think?

**Mr Gerlach, rapporteur.** — (D) I agree.

**President.** — That is agreed.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — May I ask what will be the procedure today at Question Time? If you remember, Mr President, I raised a point of order at our last part-session on the President's right to select the question he will bring up for debate. It is, of course, your absolute right to decide which question that has been supported

**Scott-Hopkins**

by Members or groups of colleagues shall be selected for debate.

I hope that you will not make a decision during Question Time but will wait until the end of Question Time before doing so. I am sure all my colleagues will accept your decision without question.

**President.** — I attach a great deal of importance to Question Time really being a time for questions, i.e. to each question being in the form of a single sentence and to the answer being a single sentence and even an exclamation. As for the rest, I intend to act on the lines suggested by Mr Scott-Hopkins, that is that we should decide at the end of Question Time whether to devote a further hour to a topical subject arising out of the questions.

It is possible that we may not be able to consider all the questions during Question Time. Questions not called may be entered on the agenda for a later part-session.

I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, you have just said that report No 230, which deals with a complicated problem of import duty, would be added to our agenda. It is a technical problem, but it in fact concerns an institutional, fairly complex matter. By accident—the report had long been ready—no announcement was made at the beginning of our plenary sitting that this report would in fact be dealt with this week. The groups have not been able to prepare to deal with this report in the normal way and they still have some outstanding items on their agendas. It seems rather difficult, therefore, to burden them now with this quite important matter. For this reason I should like to ask you—I am in fact rapporteur for this report—if you would postpone consideration of this report to the April part-session. But we must then be able to assure the Commission that we shall definitely deal with the report at that time. This matter has been pending for a long time and one month more or less is not so important in this case. But because of the lack of preparation, for which I as rapporteur am not to blame, I consider it better if the matter were not forced now and if the report were dealt with at the April part-session.

**President.** — I see no objection to Mr Vredeling's suggestion that this report be considered at the April part-session.

Are there any objections?

That is agreed.

I call Mr Behrendt.

**Mr Behrendt.** — (D) I should like to make a brief observation on the subject of Question Time. Question Time was not introduced with the intention that it should invariably be followed by a topical debate. It would be quite senseless to propose a topical debate at the beginning of Question Time, because a topical debate can only be proposed when the reply given by the Commissioner is unsatisfactory and the subject involved is so important that it is considered that a topical debate ought to be proposed.

I hope you agree with this interpretation, ladies and gentlemen because this is the way Question Time and the topical debate were planned.

**President.** — I call Lord O'Hagan.

**Lord O'Hagan.** — I am sorry to delay things further, Mr President. Perhaps I did not fully follow what you said earlier. When a Commissioner has replied, at which point should Members express dissatisfaction with the reply and ask for the actuality debate? Should this be done after the supplementary questions or immediately after the Commissioner's initial reply?

**President.** — In the first place, it is not indispensable to comment on every one of the Commission's answers. The question is put and the representative of the Commission answers. If you are satisfied with the answer, you are not obliged to say so. You may also put a supplementary question but this must be no longer than one sentence, as is the custom at Westminster.

Mr Behrendt is quite right that Question Time does not necessarily have to be followed by a topical debate. I leave that to the judgment of the Members putting questions.

### 5. Question Time

**President.** — The next item is Question Time.

I draw the attention of the House to the fact that it is now 10.20 a.m. and that Question Time will end at 11.20 a.m.

I call Oral Question No 34/72 by Lord O'Hagan to the Commission on relations between the Community and the United States.

How does the Commission intend to improve relations between the European Communities and the United States?

I call at the same time Oral Question No 6/73 by myself to the Commission on liberalizing world trade.

**President**

Has the Commission already studied the contents of the Foreign Trade and Investment Act, or Burke-Hartke Bill, now before the United States Congress and the unfavourable repercussions the passing of this Bill could have for the further liberalization of economic relations that is much to be desired between the partners in world trade, and the United States and the European Economic Community in particular.

Is the Commission perhaps in a position to provide more detailed information following the visit to Washington, and to Mr President Nixon in particular by yourself, Sir Christopher, as Vice-President of the Commission, and Commissioner responsible for the Community's external trade relations?

I call Sir Christopher Soames to answer these two questions.

**Sir Christopher Soames** (*Vice-President of the Commission of the European Communities*). — With your permission, Mr President, I will answer Oral Question No 6/73 which you put on the order paper before you reached your present eminent position, together with Lord O'Hagan's Oral Question No 34/72 which we did not reach in Luxembourg during our last session.

You, sir, asked about our assessment of the Burke-Hartke Bill and the prospects for further liberalization of economic relations between the United States of America and ourselves. Lord O'Hagan asked what we intended to do to improve our relations with the United States. The questions thus deal with two sides of the same coin.

It is quite clear that were the Burke-Hartke Bill to be passed it would not only hamper further liberalization but would, both in itself and also by the repercussions which it would be likely to provoke elsewhere, threaten to undo a good deal of what with so much patient effort has been achieved in trade liberalization over the past decades.

Fortunately, it seems clear that the Bill does not find favour with the American administration. Of much greater interest to us is another, far more significant Bill, which will, we understand, be introduced into Congress in a few weeks' time by the American administration. We hope and believe that this forthcoming trade bill will contain a number of constructive elements. We hope that it will give the President wide powers to negotiate with us for major reductions in obstacles to trade. All America's partners will then feel that there is a lot to play for.

Undoubtedly, the negotiations under GATT Article XXIV (6) which are opening in Geneva this week and the later multilateral negotiations will be hard fought. That is only to be expected.

There will be other differences as well between the Community and the United States. But the danger of our shouting at each other across the Atlantic on trade matters is receding. We are talking now. We were talking in Washington, we have been talking since in Brussels and we will be talking further in Brussels and Geneva in a frank and businesslike way, getting away from slogans and together examining specifics. It is fair to say that we are launched on that constructive dialogue for which the Paris Summit Conference called.

**President.** — I call Lord O'Hagan.

One sentence please.

(*Smiles.*)

**Lord O'Hagan.** — In one sentence, I thank the Commissioner for the extremely interesting *apéritif* and ask for the actuality debate because this is not only a topical matter but a topical matter of great urgency and importance.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — Since the honourable Member has raised the question of a debate on this particular subject, I would like to let you know that the plans of the Commission are that we will be in a position early in April to put a paper before the Council of Ministers on the question of the Community's negotiating position with the United States and other countries in the GATT negotiations. Were it to be a question of whether the debate should take place at this session or the April session, my advice to you, Mr President, is that we would have a lot more to say next session than we could possibly have this session.

**President.** — I would ask Member not to put supplementary questions because we shall be having a full debate on this subject in April. We can then move on to the other questions.

I call Mr Cousté.

**Mr Cousté.** — (*F*) Mr President, I simply wish to ask Sir Christopher for the debate not to be confined to the trade aspect but to cover the monetary aspect closely bound up with it as well.

**President.** — I ask all Members not to go into this matter any further because we shall be debating it in April on the basis of the document we are to receive from the Commission of the European Communities.



**President**

I now call Oral Question No 36/72 by Mrs Caretoni Romagnoli on the anti-fascist trials in Greece.

What, in relation to the problems arising in connection with the EEC-Greece association, is the Commission's view of the recent trials of anti-fascists in Greece?

I call at the same time Oral Question No 15/73 by Mr Cifarelli on human rights and democratic freedoms in Greece.

Is the Commission aware of the recent trials which resulted in heavy sentences on Greek citizens who oppose or are merely critical of the government of the colonels?

Is the Commission also aware of the recent serious incidents at the University of Athens, which are further proof of the extent of political and moral oppression in Greece?

Does the Commission consider that these events demonstrate the Athens government's respect for the human rights and democratic freedoms referred to in the preamble to the Treaty of Association with the European Economic Community?

I call Sir Christopher Soames to answer these two questions.

**Sir Christopher Soames.** — With your permission, I would like to answer Question No 36/72 by Mrs Caretoni Romagnoli and Question No 15/73 from Mr Cifarelli together. The Commission is, of course, fully aware of the recent trials to which the first question refers and of the situation in the University of Athens raised in the second question. The House knows that because of the restrictions on civil liberties and the suspension of democratic institutions in Greece the Community is confining its Association with Greece to the administration of current business. When civil liberties and democratic institutions are fully restored in Greece we look forward to developing our relations with that country to the full.

**President.** — I call Mrs Caretoni Romagnoli.

**Mrs Caretoni Romagnoli.** — (I) Since the trials conducted during the course of the student protests have made clear that all shades of political opinion from left to right, are present in Greece, I should like to ask the President if he does not think that the time has come to start considering positive steps to encourage the restoration of democracy in Greece.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames.** — I hope that I am not going to be asked to make a statement on behalf of the Commission every time a violation of

human rights takes place in one country or another. Let me make it clear once and for all that every contravention of human rights and every violation of democracy, no matter where it may be, is abhorrent to me and my colleagues. (Applause)

**President.** — I call Mr Cifarelli.

**Mr Cifarelli.** — (I) Mr President, I note Commissioner Soames's statement. I should like to ask him now if I am right in my understanding that the Commission shares the political view that led the previous Commission to freeze the association treaty.

**Sir Christopher Soames, Vice-President of the Commission.** — Yes, sir, that is right. (Applause)

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, just to be certain. There can be no other conclusion than that the position of this Commission after the enlargement of the Community is precisely the same as that of the previous Commission?

Sir Christopher need only nod.

Thank you!

**President.** — I now call Oral Question No 2/73 by Lord O'Hagan on the rights of migrant workers.

What plans does the Commission have to improve the social situation of migrant workers in the Community?

I call Dr Hillery.

**Dr Hillery, Vice-President of the Commission of the European Communities.** — Lord O'Hagan's question asks what the Commission intends to do about improving the conditions of migrant workers. Decisions on new initiatives yet to be taken by the Commission cannot be announced by me at this time, but I am able to give the Member the thinking that would guide the Commission on the initiative in relation to migrant workers which would be proposed by the Commission in the context of the social action programme which is now being prepared.

We would hope to establish clearly and unequivocally the principle that whoever works in the Community has full social rights in the Community. That is what we should be working towards and what we would hope to achieve. It is clear to me that the free movement of

**Hillery**

workers within the Community cannot be divorced from the broader problem of migration in general. All workers, whatever their nationality, should have equal treatment enabling them to fit fully into the society of the host country, and this calls for comprehensive arrangements covering the reception of migrants, the schooling of their children, integrating migrants culturally, giving them occupational forecasts and prospects and providing decent housing for them and their families.

I might say, under the heading of schooling, that there are two million school age children of migrants in the Community; and that the Commission has now begun to consider the studies asked for towards dealing with this serious problem. We are aware that host countries have already taken steps, but the problems, because of the numbers and background of these children and their dispersal throughout the Community, are very grave and we appreciate that the Commission must take positive steps towards helping to solve these problems in the different countries.

As I say, nothing less than a broad perspective will be adequate. Migrant workers, whether they come from countries within the Community or from countries outside it, make a valuable contribution to the wealth and success of the Community and we in the Community have obligations towards them. One of the reasons given for the importance of the social policy at the Paris Summit was the need to present a positive human face for the Community by action for improvements not only in the material aspects of people's lives but in the quality of their lives and the environment in which they live. In the case of migrant workers the sentiments are very relevant because in the Community they are amongst the least favoured people, if not the least favoured people, in terms of working and living conditions.

Having outlined the thinking which will, I believe, guide the Commission in taking initiatives I can say that a start has already been made. A great deal has been done in a number of important fields. In the case of migrant workers whose home country is within the Community a number of rights, not only in the field of working conditions but social rights, have been established. These are rights written into the collective agreement: access to housing; the advantages laid down in the particular field by national legislation; assistance from the employment service in finding employment; the right to enter vocational training and retraining centres; the right to remain in the country even

if not working as a result of sickness, accident or unemployment; the right to belong to professional organizations, and the right to vote and to stand for election to bodies representing workers. Finally, when a worker is suitably accommodated, he has the full right to install his family, and his children have the right to general education, within the limitations placed by the problems raised by their numbers, dispersal and background.

Similarly, rights have been extended in regard to social security and social services. In terms of the Commission it is a continuing duty of the Commission to see that these standards are fully applied. The experience so far is that the Member States are applying these standards, both according to the letter of the law and the spirit of it. There has been discrimination but the belief in the Commission is that this has happened through misunderstanding in most cases, or sometimes through the action of individuals and not through any national policy. In these cases the Commission has used procedures laid down in the Treaty to put a stop to the discrimination.

So far, most action has been taken in regard to workers who are citizens of Member States, but the Commission already considers that action should be taken to extend these considerations further. Member States and the Community institutions have been ordered to give serious thought to extending gradually the rights and obligations at present attaching to citizenship of a country to non-nationals who emigrate to that country to work. For example, representation at local level would be welcome as an initial response to this.

In the case of migration from non-Community countries, the Community's legal responsibility towards these workers and their families is outside the scope of the Treaty, but it is my belief that we must come to terms quickly with these problems. We cannot accept a double standard, one for workers who are protected by the Treaty because they come from countries which are part of the Community, and another for workers who come from outside the Community. I do not think that such a double standard could have any place in a truly European social policy.

**President.** — I call Lord O'Hagan.

**Lord O'Hagan.** — May I ask the Commissioner whether he considers that the Commission has any responsibility for the social and economic cost to the countries outside the Community which send migrant workers?

**Dr Hillery, Vice-President of the Commission of the European Communities.** — We are ahead at this time of the decision making in the Commission, but I would not exclude use of the Social Fund, and certainly the care of people before they leave their home country, as well as their reception, should, I think become part of the Community's responsibility.

**President.** — I call Mr Bro.

**Mr Bro.** — (DK) I am glad to hear of the Commission's views on the fact that positive steps must be taken to help the children of migrant workers to get an education. I believe it is very important to begin with the children and give them a chance to adapt to the new Community. But when people say they should have the same opportunities, are they really the same opportunities? It is obvious that there will be difficulties for them in becoming integrated in the system. So my question is: are there any concrete plans to overcome the transitional difficulties which must obviously exist for such children?

**President.** — I call Dr Hillery.

**Dr Hillery, Vice-President of the Commission of the European Communities.** — As I said, the Commission is at present examining a study which had been ordered by the education authorities in Europe and we do not exclude the use of the Social Fund for the implementation of any proposals made in these studies.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) While I must thank the Commission for the intentions with which it is actuated, I should particularly like to know when it envisages being able to make detailed proposals about a Community ruling on migrants from outside the Community, because this is the most crucial and the most urgent problem.

**President.** — I call Dr Hillery.

**Dr Hillery.** — I am not sure that I clearly understood the question, but if it relates to the legal basis for the position of non-Member States migrants or immigrants, the position is that they are not covered by the Treaty. I feel that the Commission will wish that there shall not be double standards in dealing with them and that the basis for their protection, and the benefits which should flow to them in the host country, must be found by the Commission, but again we are in our discussion today ahead of decision-making.

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

**Mr Fellermaier.** — (D) First a preliminary question to you, Mr President: do you not consider it unsatisfactory at Question Time when, as has just happened, the Commission gives a very comprehensive reply to a short question and the Members of the House are only permitted by the Rules of Procedure to follow this up with another short question?

Now to my actual question to the Commissioner: he has spoken several times of the possibility of using the Social Fund to improve the social situation of migrant workers. Dr Hillery, do you consider the resources of the Social Fund sufficient for the additional tasks which you mentioned?

**President.** — I call Dr Hillery.

**Dr Hillery.** — In answer to the first question, when I am asked to make a statement about what the Commission intends to do, it is not easy to give a short answer which would be satisfactory. In answer to the question about the Social Fund, I do not know whether the adequacy of the resources is in the questioner's mind or the competence of the fund, but if the decision and the will are there to use the Social Fund, certainly it can be used for education and training, and, if necessary, we are capable of extending the possibilities of the use of the fund.

**President.** — I call Mr Frehsee.

**Mr Frehsee.** — (D) I ask the Commission what form the acts of discrimination, which Dr Hillery mentioned, take, apart from problems of schooling, and in particular if there is any such discrimination at all in the labour and social laws of Community countries.

**President.** — I call Dr Hillery.

**Dr Hillery.** — The discrimination to which I referred, and of which I was made aware, was in individual plants. Largely, we have not been aware of discrimination by public authorities except in cases of misinterpretation of the situation. It was in specific plants by individual people that such discrimination took place.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Commissioner Hillery, does the Commission have in its possession a study showing which Community countries have, by social legislation, managed to achieve integration of their migrant workers into society with regard

**Jahn**

to their legal status, and is the Commission in a position to make such a study available to the House, if not now, then later in writing?

**President.** — I call Dr Hillery.

**Dr Hillery.** — I certainly am aware that the services of the Commission have information on the problem, but whether this is at present in the form of a publication is a matter into which I shall have to inquire. But the information is available to the services of the Commission.

**President.** — I call Mr Marras.

**Mr Marras.** — (I) I should like to know whether the Commission is aware of the fact that whenever there are dismissals, the first and sometimes the only people to suffer are the migrant workers.

**President.** — I call Dr Hillery.

**Dr Hillery.** — I gather that on examination this may not prove to be always right or correct, but I did say that the migrant workers are among the least favoured of people in the Community, and this would probably represent their position in relation to dismissals also.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) I should like to ask the Commissioner if there is identical treatment for workers who have a right to legal entry and those who are more or less clandestine.

**President.** — I call Dr Hillery.

**Dr Hillery.** — The workers who come into a country without being received there officially have no rights in that country, if that is what the Member means.

**President.** — I call Oral Question No 7/73 by Mr Brewis on the stabilization of food prices in the Community.

What proposals will the Commission make to stabilize food prices in the Community in the light of the decision of the Summit Conference that priority should be given to the fight against inflation?

I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, the honourable Member has asked what proposals

the Commission is intending to put forward to stabilize food prices in the Community, in view of the declaration by the summit conference that priority must be given to combating inflation. I would like to answer to this that the Commission hopes to make proposals within ten days or so with regard to agricultural prices for the coming season which begins on 1 May, and that in doing so they will have to pay particular attention to the Council's decision of the end of October last year regarding the fight against inflation.

**President.** — Does any one wish to put a supplementary question?

**Mr Brewis.** — As food prices are to such a large extent governed by world commodity prices, including the prices of animal feedingstuffs, has the Commissioner made any assessment of what will be the trend of world prices this year? Will he also seek to encourage, by positive means, the increased production of animal feedingstuffs within the Community, with particular reference to grassland?

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, prospects with regard to the prices of grains and other cattle feeds on the world market are assessed at a relatively high level for next year also. As regards measures in the Community to stimulate production of these feedstuffs, I should like to draw the honourable Member's attention to the fact that our whole system of guaranteed agricultural prices in fact contains a strong incentive to greater production.

The Commission and I myself in particular are not of the opinion that we need to take additional measures.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Does the Commission agree that food is a smaller part of the family budget and can it confirm that the urgent need to deal with inflation must not be tackled in a one-sided way?

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, it is true that food costs quite clearly tend to drop within the total cost of living. Nonetheless, they form an important component which fluctuates between about one quarter to one third of

**Lardinois**

family budget expenditure. It is, in addition, a fact that these costs press relatively more strongly on lower incomes and that there are many sensitive areas. I can otherwise promise that Article 39 of the Treaty and the legitimate desires of the producers will also be duly taken into account in the future.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) Does Mr Lardinois believe that the prices of agricultural products to the producer have in fact had a stabilizing effect?

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of European Communities.** — (NL) The increase in food prices is highly differentiated. In the Member States of the old Community of Six this was relatively less important than in the three new Member States, which are much more vulnerable to world price trends.

**President.** — I call Mr Brewis.

**Mr Brewis.** — On a point of order. May I, on behalf of the Conservative Group, ask for the hour's debate on this important subject?

**President.** — The House will decide on this at the end of Question Time.

I now call Oral Question No 8/73 by Mr Cipolla on income supplements for farmers.

Has the Commission considered the problem of income supplements for farmers and has it presented or does it intend to present, either before making proposals on agricultural prices or at the same times as it does so, a report to the Council as requested on 24 March 1972?

I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of European Communities.** — (NL) Mr President, Mr Cipolla has asked whether the Commission has looked into income supplements for farmers and intends to report on this to the Council. The Commission is studying the matter and hopes to be able to put a report before the Council in the summer or in the autumn when prices are next fixed.

**President.** — I call Mr Cipolla.

**Mr Cipolla.** — (I) Mr President, the Commission was asked by the Council to submit a report by July 1972, and this is now promised to us by July 1973. I hope that the present Commission

will not do the same as the previous Commission in this matter. I would also like to ask the Commissioner another question...

**President.** — Mr Cipolla, the intention is that supplementary questions should be formulated in a single sentence.

**Mr Cipolla.** — (I) Mr President, I asked a very specific question which referred to an undertaking given by the Commission; I was asking why it had not honoured that commitment.

I am now asking another question. Since we are on the eve of the discussion on prices and this problem arose last year just before the fixing of prices—it did not come up at random or in an academic fashion—I ask the Commission whether, when fixing the new prices, it is bearing in mind the need to make a break from past procedures: every time prices are fixed the consumers protest on the one hand, and on the other, whatever the increase, there is a party...

**President.** — You no longer have the floor Mr Cipolla.

I call Mr Lardinois to reply to the question.

**Mr Lardinois.** — (NL) Mr President, when fixing prices we shall indeed also have to take into account proposals for income supplements for some groups of producers. The honourable Member is aware of this as the proposal on hill farmers and similar farms has already been submitted to the European Parliament.

**President.** — I would remind all present once again that supplementary questions put during Question Time must be no longer than one sentence, as indeed must the answers.

I therefore ask Mr Vetrone to formulate his question in a single sentence.

**Mr Vetrone.** — (I) I would ask the Commission whether it intended to imply that the compensation referred to in the directive on mountain farming is actually an income supplement.

**President.** — I call Mr Lardinois.

**Mr Lardinois.** — That is correct.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Does not the Commissioner agree that to use production grants, to stimulate the various types of production which are needed for lowering food prices is a better way than using overall blanket price increases?

**President.** — I call Mr Lardinois.

**Mr Lardinois.** — For some products, yes.

**President.** — I call Question No 9/73 by Mr Johnston on regional development.

What progress has been made since the Paris Summit towards the setting up of a European regional fund?

Will it possibly be dealt with by the standing committee on regional development which still has to be set up?

What is the Commission's current estimate of the minimum adequate size of the fund?

I call Mr Thomson.

**Mr Thomson, Member of the Commission of the European Communities.** — The Commission is currently preparing a report analysing the regional problems of the enlarged Community which was requested by the Paris Summit. This report should be presented to the Council by the Commission in April. The formal proposals concerning the Regional Development Fund will follow as soon as possible, so that the fund can be set up before 31 December 1973, as was foreseen by the Summit.

In answer to my honourable friend's second question, the Committee for Regional Development will be designed primarily to coordinate the regional policies of Member States and intervention by the Community. In this context, the committee will inevitably be concerned with the activity of the fund.

Finally, the Commission has not so far attempted to estimate the size of the resources which the fund should have at its disposal. However, in conformity with the mandate of the Heads of State or Government, the size of the resources should be sufficient to enable the fund to contribute in coordination with national aids to correcting the principal regional imbalances in the enlarged Community, notably those resulting from a preponderance of agricultural and industrial change and structural unemployment.

**President.** — I call Mr Johnston.

**Mr Johnston.** — Does the Commissioner agree that if the fund is to be effective in correcting regional balances we shall have to talk in terms of a fund which is much nearer 1 000 million units of account than the 400 million or 500 million units of account referred to? If the permanent committee which was first suggested in the 1969 proposals is to be effective in influencing the expenditure of that money, should not it be attached to the Commission rather than to

the Council of Ministers, which I understand is rumoured?

**President.** — I call Mr Thomson.

**Mr Thomson.** — I do not wish to speculate about the size of the fund at this stage. I content myself with repeating that its size must be adequate to fulfil the Summit mandate, otherwise the fund might be a waste of money. With regard to the coordination committee, there is a fair consensus now that the committee should follow the structure of the Medium-Term Economic Policy Committee; that is, that it should be a committee chaired by the Council of Ministers with the Secretariat provided by the Commission. That seems to be a sensible way to bring about coordination between the institutions of the Community.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Commissioner Thomson, will you, in the report which you have announced, give any information on when the Regional Fund is due to come into operation, the regions to which it is intended that assistance be given and the priorities for structural aid?

**President.** — I call Mr Thomson.

**Mr Thomson.** — That is not my responsibility; it is the responsibility of my colleague, Dr Hillery. My responsibility is for the new regional development fund proposed by the Summit Conference.

**President.** — I call Mr Brewis.

**Mr Brewis.** — Will the Commissioner take into account not only unemployment but depopulation when deciding the criteria on which regions will be helped?

**President.** — I call Mr Thomson.

**Mr Thomson.** — One of the things that will be done in the report, which will be available to Parliament in April, is to put forward proposals about the criteria on which the fund should be operated. One of the criteria to be put up for discussion will undoubtedly be net migration, and I hope that the debate in Parliament following publication of the report will give useful guidance to the Commission before it puts forward its formal recommendations and proposals later in the summer.

**President.** — I call Mr Pounder.

**Mr Pounder.** — Will the proposals be general guidelines, or will they be detailed plans specifying individual regions with the steps necessarily to be taken in those regions?

**President.** — I call Mr Thomson.

**Mr Thomson.** — The report to be published in April will give general guidelines. Then, in the light of the democratic debate on the report, the Commission will fulfil its duty to put forward more precise proposals with regard to both the areas and the means of distribution of funds within areas. But there will be two stages and ample opportunity will be given to Parliament—and, indeed to national Parliaments—to discuss the general guidelines put forward in the report.

**President.** — I call Mr Dewulf.

**Mr Dewulf.** — (NL) Mr President, does the Commission intend to recognize these areas as European basic communities, to whom institutional representation and, possibly, some measure of responsibility will be assigned at the opportune moment?

**President.** — I call Mr Thomson.

**Mr Thomson.** — One of the duties of the Commission in making its proposals will be to seek to define regions which ought to receive help from the Regional Development Fund. Any new institutional arrangements will arise as a matter for debate once the report is published.

**President.** — I call Mr Leonardi.

**Mr Leonardi.** — (I) With regard to the report now being drawn up, will the Commission be considering the steps taken by individual States up to this time, including the expenditure on regional intervention and the results achieved?

**President.** — I call Mr Thomson.

**Mr Thomson.** — Yes, very much so. The purpose of the Commission's proposals will be to add a new Community dimension to the various national regional development programmes. I think that for as far ahead as one can foresee it will be a partnership between the two. That is why the machinery proposed to coordinate national programmes one with another and all with the Community proposals is of such great importance.

**President.** — I call Question No 10/73 by Mr Scott-Hopkins on the release of information.

Will the President of the Commission arrange in future, in the interest of good working relations with Parliament, that important policy proposals by the Commission, such, for example, as those contained in the draft directive on hill farming, are announced first to Parliament before the information is released to the Press; and will he make a statement?

I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities.** — (I) Mr President, the questioner is certainly aware that a reply to the specific questions on hill-farming has already been given by my colleague, Mr Lardinois, during discussions in the Committee on Agriculture. On that occasion, my colleague declared that one is sometimes forced to supply information to the press to prevent distortion of the news after the Commission has reached its decisions and before these decisions are debated in Parliament, bearing in mind the period of time between the two events. In this particular case, the directive on hill farming was approved by the Commission during the parliamentary vacation period and we were unable to provide advance information. However, the Commission intends, in the case of all those subjects to which reference is now made, to contact the parliamentary committees for advance briefing so that when the Commission reaches a decision Parliament will be generally informed of the action taken.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Could the Commissioner accept from me that it is most unsatisfactory for Members of Parliament to learn from the Press what is happening in their particular fields of responsibility? Would he give an assurance to the House that in future important statements will be made either on the floor of the House or to our committees before full-scale Press conferences are arranged such as on the matter of price review or, indeed, on what Commissioner Thomson was saying about regional policy. I think this would improve the relationship between the Commission and the House and I am sure it could only do good in the future.

(Applause)

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, obviously I have not made myself clear. I stated in fact that the Commission intends to continue to increase opportunities for briefing through the parliamentary committees.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, does the Commission agree that a parliament represents the citizens of the Community and will the Commission, in informing Parliament or the public, be guided by the importance of the subject, so that European affairs will continue to arouse lively interest not only in the House but among the public at large and in such cases as arise will it give priority to the latter?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) I agree, Mr President.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, does the Commission not feel that it would be better to inform Parliament and the press simultaneously and not the press only after Parliament?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, the contrary is usually the case: Parliament is informed in advance when the competent commissioners express their outline policies to the committees. But it is obvious that, just like any government which has its spokesman who immediately passes news to the press, this should be the case with the Commission to avoid distortion of news.

The important point, in my opinion, is that this continuous contact between the Commission and Parliament through the parliamentary committees to outline Commission plans, a practice that has already begun, should continue so that when the final decision is reached by the Commission and communicated to the press, Parliament is informed in advance.

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

**Mr Fellermaier.** — (D) Would the Commission be prepared to follow the practice of national cabinets and at the end of meetings of the Commission at which decisions are taken transmit a brief communiqué to the President of the European Parliament on the following day so that, although the proposed guidelines were not to hand, the President could pass on information about the political content thereof to the House through the agency of the committees, thus improving the status of Parliament as regards its cooperation with the Commission?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) We shall act along these lines, Mr President.

**President.** — I call Mr Triboulet.

**Mr Triboulet.** — (F) Mr President, I am really delighted to see that all our colleagues in the European Parliament are now convinced in themselves of the necessity of informing Parliament before any publicity or news media.

I would remind you that in these past few years we have carried on this battle on our own, because Mr Mansholt in particular had formed the habit of calling press conferences against which we protested...

**President.** — Mr Triboulet, I must ask you to put your question in the form of a single sentence.

**Mr Triboulet.** — (F) I see now that the Commission is resolved to inform Parliament.

I ask the Council the following question: will it also form the habit of doing so?

**President.** — I call Mr Scarascia Mugnozza.

**Mr Scarascia Mugnozza.** — (I) Mr President, the question was addressed to the Council.

**President.** — I call Question No 11/73 by Mr Springorum on obstacles to natural gas deliveries from the Netherlands to the Federal Republic of Germany.

The Commission has been informed that on 22 December 1972 the Government of the Netherlands made an order that natural gas from the Dutch continental shelf bought by three German energy supply undertakings (Vereinigte Elektrizitätswerke Westfalen AG, Ruhrgas AG and Energieversorgung Weser-Ems AG) from Placid International Oil, Ltd., of The Hague, by contract dated 21 November 1972, should not be delivered to the Federal Republic of Germany but to N.V. Nederlandse Gasunie for domestic use in Holland.

Has the Commission examined whether this measure is compatible with the EEC Treaty, particularly with the prohibition on export restrictions contained in Article 34

What is the result of this examination?

I call Mr Gundelach.

**Mr Gundelach, Member of the Commission of the European Communities.** — (DK) Mr President, the Commission started an investigation at once—after being informed through the Press—of the matter raised by the honourable Member.

We have also received a complaint from the Placid Company.



**Gundelach**

From the correspondence which the Commission has had with the Dutch authorities and the Placid Company it appears that the implementing provisions for the Dutch law on the continental shelf lay down that the concession for exploitation of natural gas must be tied to definite conditions.

One of these conditions is that the concessionary company is obliged to deliver the natural gas extracted to the "Nederlandse Gasunie", if the Minister of Economic Affairs decides that all the natural gas is needed for Dutch consumption.

The concession, which the Placid Company acquired in 1971, contains an express reference to these conditions. In his letter of 22 December 1972, to which the honourable Member has referred, the Minister applied the conditions in question to the gas which Placid intended to export to Germany.

The Commission will very shortly be concluding its discussions and investigations in this matter. If the Commission reaches the opinion that the case is incompatible with Article 34, paragraph 1 of the EEC Treaty, which precludes quantitative limitations on exports and any other arrangements with the same effect between Member States, the Commission will initiate the procedure laid down in Article 169 of the EEC Treaty with regard to Treaty violation, against Holland.

**President.** — I call Mr Springorum.

**Mr Springorum.** — (D) If the Commission came to the conclusion that there had been an infringement of Article 34, it would be obliged to institute proceedings under Article 169.

May I request a reply to the following question: what time-limit would the Commission require for the opinion provided for by Article 169, and would it appeal to the European Court of Justice if necessary if the Dutch Government did not submit to its decision?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) The answer to the question is that if it appears that there has been a violation of the Treaty, the Commission will follow the normal procedure and recommend the Dutch Government to alter the situation in question and if no satisfactory solution has been reached within the normal space of time, the Commission will pursue the matter with the legal authorities, that is with the Court of Justice.

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — (D) Is the Commission prepared to include in the necessary legal investigations, which must be undertaken with the greatest speed on account of the nature of the matter in question, an examination of the question as to whether the Dutch Government's decision to intervene in existing delivery contracts within Europe might infringe the Treaty and might therefore be void?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) Mr President, all relevant aspects of the matter are naturally included in our investigations and considerations.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, I have a question to put to Mr Gundelach which is indirectly connected with this question.

Is the Commission also prepared in this case and in this context to examine the question as to whether the shares of Member States in the continental shelf form part of the Community or fall outside the Community's jurisdiction?

I hope the question is clear.

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) Mr President, the view of the Commission is that the whole area over which the Member States exercise full sovereignty is included in the area to which the provisions of the Treaty apply.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, is the Commission prepared to promise that they will deal with the present or future Dutch government in precisely the same way as it has dealt with the government of the Federal Republic of Germany in comparable cases, and I have in mind support measures in the agricultural sector?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) The only answer I can give is that the Commission will not discriminate in its decision as to the legal steps it is going to take.

**President.** — I call Mr Behrendt.

**Mr Behrendt.** — (D) As this occurrence has already been known to the Commission for some time, I should like to ask: when will they complete their legal examination?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) As my initial remarks made clear, the Commission has not concluded all its deliberations.

The matter came to light in a letter of 22 December 1972 from the Dutch Government to the Company in question. This letter came to the knowledge of the Commission, as I mentioned, through the Press.

On 4 January the Commission despatched its first letter requesting further information from the Dutch Government.

The last letter from the Dutch Government was received by the Commission at the end of February and on this basis the Commission's legal department and the department concerned with internal market and establishment regulations instituted their investigations. The time available has therefore not been so very extensive, but nonetheless the investigations will be concluded in the near future.

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

**Mr Fellermaier.** — (D) Can the Commission let us know why they have left the written questions of my colleagues, Messrs Wolfram and Gerlach, and myself concerning natural gas unanswered until today? Does the Commission think it right that they should not express an opinion in public on this important subject until forced to do so by the pressure of an oral question?

**President.** — I call Mr Gundelach.

**Mr Gundelach.** — (DK) The answer is that the Commission's deliberations concerning the written question submitted have not yet been concluded but will be accelerated.

**President.** — I call question No. 13/73 by Mr Vredeling on the common agricultural policy.

Does the fact that the Commission—or in any event its member responsible for agricultural affairs—has asked the national authorities in the Member States to take over part of the complex calculations involved in establishing the compensatory amounts relating to trade in agricultural products not constitute a retrograde step towards 'nationalization' of the common agricultural policy?

I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I should like to answer this question with a denial.

There is no question of transfer of any part, however small it may be, of the policy. Transfer to national authorities in the present context is exclusively a question of calculating amounts by a precisely stated formula. It is therefore exclusively a question of application.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Does the Commission not fear that by removing these technical calculations from Brussels to the national capitals the ever-present creeping danger arises of foreknowledge in the market as to alterations in levies, either upwards or downwards, which can in fact give rise to quite serious consequences with regard to matters that the representative of the European Commission well knows?

**President.** — I call Mr Lardinois.

**Mr Lardinois.** — (NL) Mr President, the danger is virtually absent in practice. I would actually like to add that I do not welcome the fact that we have had to make this transfer.

**President.** — I call question No 14/73 by Sir Derek Walker-Smith on the case of Europemballage Corporation (Brussels) and Continental Can Corporation Inc., New York versus the Commission of the European Communities.

What consideration has been given to the Ruling of the Court of Justice in this case?

Will it involve any changes, and if so what, in the practice and policy of the Commission in the operation of Articles 85 and 86 of the EEC Treaty regarding restrictive practices and the abuse of a dominant position within the Common Market?

Will they make a statement as to the position under these Articles in the light of the Court's decision?

I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission of the European Communities.** — (D) Mr President, the Commission has already stated, on the day that the Court's ruling was announced, that it considers this decision to be of great importance. It confirms the reason for the interpretation given by the Commission in Article 86. Following this decision it can now no longer be disputed that mergers of concerns occupying a dominant market position within the Common Market constitute an abuse of a dominant market position if they cause a substantial alteration of competition within the Common Market.

The Commission will not neglect to apply Article 86 to other mergers of concerns in dominant market positions in the Common Market.

**Haferkamp**

The Commission welcomes the fact that in giving the grounds for its judgment the Court of Justice pointed out that Articles 85 and 86 are pursuing the same objective from different standpoints, namely the preservation of undistorted competition in the Common Market, and that it stressed the great importance of this requirement in relation to the aims of the Treaty.

The Commission will take care that the concerns operating within the Common Market observe the provisions of Articles 85 and 86.

In addition, the Commission affirms its intention of proposing to the Council of Ministers a regulation to guarantee a systematic prior control of important mergers.

**President.** — I call Sir Derek Walker-Smith.

**Sir Derek Walker-Smith.** — Will Mr Commissioner Haferkamp say whether it is right on a proper understanding of this much-publicized judgment that the Commission feels that its powers under Articles 85 and 86 are sufficient to enable it effectively to pursue both in regard to single concerns and merged concerns the basic objectives of the Treaty as defined in Article 3(f) of ensuring that competition in the Common Market is not distorted?

**President.** — I call Mr Haferkamp.

**Mr Haferkamp.** — (D) Yes, the Commission agrees.

**President.** — I call Mr Cousté.

**Mr Cousté.** — (F) I gather that the Commission has replied with an affirmative. In that case, why does it feel that it is necessary to work out a regulation on Article 86 for controlling merged concerns?

**President.** — I call Mr Haferkamp.

**Mr Haferkamp.** — (D) It is obvious that the legal basis is adequate—and the question I have just answered was on the legal aspect. However, we require a regulation to enable us to take the necessary further practical steps and to explain the necessary procedures.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, do I gather from the Commission's answer to the last question that preparations by the Commission to deal with the Continental Can matter was

not a case of contingency planning, against the Court arriving at a different judgment? Would the Commission not like to consider whether a somewhat more supple way of dealing might perhaps be possible by allowing existing jurisprudence to apply in this important case?

**President.** — I call Mr Haferkamp.

**Mr Haferkamp.** — (D) Naturally the Commission is going to continue to evaluate the various judgments of the Court of Justice connected with Articles 85 and 86, particularly those given in the past two years, with the aim of achieving a progressive application of competition law.

I believe that the regulation which we are preparing will also provide an opportunity for discussion of these problems and their future evolution with the committees responsible and in this House.

**President.** — This brings us to the end of the time set aside for this item on our agenda.

I note that all the questions put were answered. Question Time is closed.

I have received a request from Mr Brewis on behalf of the Conservative Group pursuant to Rule 47A(2) for a debate following Question Time on the answer of the Commission to question 7/73 by Mr Brewis on the stabilization of food prices in the Community.

I call Mr Vals.

**Mr Vals.** — (F) Mr President, Rule 47A(2) is in my view somewhat ambiguous, and may not allow the Assembly to take up a definite position on the subject.

Yet the problem which has been raised is extremely important. Since we shall be receiving in April a report by the Committee on Agriculture on farm prices, I should be very glad if the Conservative Group could withdraw its question, so that we may study the problem during the part-session in April.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, our Conservative friends are of course entitled to a debate of this kind. I would, however, point out that the Committee on Agriculture yesterday asked the Bureau of this Parliament to hold an additional part session of this Parliament one week before the series of sittings of the European Parliament planned for April at which agricultural prices may be discussed.

**Vredeling**

This also includes foodstuffs prices. As Vice-President of the Committee on Agriculture I would urge the Bureau to come to a decision on this request this week still.

Will our Conservative colleagues accordingly not forbear from forcing a debate now, a debate that would produce a quite meaningless reply from the Commission? It certainly seems wiser to me to conduct this debate when the European Commission has its proposals ready on this point.

**President.** — I call Mr Brewis to speak in support of his request.

**Mr Brewis.** — On a point of order. I understand that the debate is only for one hour and my colleague referred to agriculture. Agriculture is such a big subject that we cannot possibly debate it in an hour, and I think that we should continue with our debate.

**President.** — Mr Brewis, this does not necessarily have to take an hour. The Chairman of the Socialist Group has asked you to defer the debate on the basic issue until the part-session in April.

I would point out that the part-session in April will take place a week earlier than planned because the Commission of the European Communities has to present its proposals on agricultural prices.

The Council and the Commission have urged me to bring forward the date of the part-session of the European Parliament from 12 April to 5 April to enable Parliament to deliver its opinion on the agricultural prices for the next crop year in time. I can tell you now that the Bureau will put a proposal to the House to bring forward the beginning of the part-session to 5 April.

Mr Scott-Hopkins has the floor on a point of order.

**Mr Scott-Hopkins.** — On a point of order. The debate which might take place on 5 and 6 April will be concerned with the price determinations of the Commissioner for Agriculture. My colleague is putting forward a debate on food prices and how they are affecting the rate of inflation in all our countries. We are all suffering from inflation and, apart from giving the Commissioner a preview of the feelings of Parliament about what is happening in our countries, a debate on this subject is needed urgently.

**President.** — I call Mr Marras.

**Mr Marras.** — (I) Mr President, the last speaker has made the problem sufficiently clear. It is not a matter of discussing the prices of agricultural products, a subject to which we can return when we wish. The question raises the problem of the prices of food products, and although we are not unaware of the connection between the two, we have before us another angle on the problem, in other words the angle of inflation which is social rather than agricultural or economic in nature. This is why I believe a debate on this aspect to be opportune.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, I do not like seeing a misunderstanding arising in this debate in consequence of the intervention by Mr Scott-Hopkins. One could gain the impression that discussions on 5 and 6 April next will deal exclusively with agricultural prices and that we are to limit ourselves to producer prices for agricultural products. The Socialist Group is equally of the intention to study the European Commission's proposal also from the point of view of consumer prices. In doing so we shall take into account inflation and the increase of prices in the world market. I am making this point as a misunderstanding would otherwise result here to the effect that on 5 April next only one aspect of establishing agricultural prices will be discussed.

**President.** — I call Mr Triboulet.

**Mr Triboulet.** — (F) Mr President, one cannot settle this point of procedure without bringing up our own request at the same time. The fact is that, while the Conservative Group has requested a debate, we have also requested a short debate on the question by Lord O'Hagan on the subject of relations between the European Community and the United States. Consequently, since time is running short, we must decide between the debate which we should like to see opened and the one on food prices proposed by the Conservative Group.

If you will allow me to speak on the main issue, I will tell you why we are raising this question; but I can tell you that, since the Council is due to speak on this subject this afternoon, we should like to know the Commission's attitude beforehand.

**President.** — In answering question No 34/72 by Lord O'Hagan just now, Sir Christopher Soames promised us a full debate on this matter during the part-session in April. The House accepted this proposal.

**President**

In spite of all the understanding I have for the position of Mr Triboulet's group, I hope he will be able to accept this agreement. We shall then have a full debate, in April, on this vital issue and we shall also have at our disposal a Commission document.

I call Mr Triboulet.

**Mr Triboulet** — (F) Mr President, Mr Cousté has asked a question concerning relations between the European Community and the United States, from the monetary aspect it was therefore a question of current interest. It has certainly been set aside, since it does not figure in the list of questions. That is why we have to some extent come round to the question by Lord O'Hagan.

Since the Council is due to make a statement this afternoon on the monetary aspect of relations with the United States, we should have been glad to learn before then the attitude which the Commission is taking. A short debate on this subject, which would in particular have enabled Mr Cousté to set out a few ideas on the matter and to discuss them with the Commission, would have been of use, it seemed to us, before we heard the Council.

**President.** — In response to an answer from Sir Christopher Soames, Mr Cousté suggested that the monetary aspect was also involved. I understand that Sir Christopher agreed. The whole matter will thus come up at the part-session in April.

This was agreed by the House.

Now the Conservative Group has asked for a one hour debate on food prices and the European Democratic Union Group has asked for a one hour debate on relations with the United States. There is certainly not more than one hour available.

I call Mr Vals.

**Mr Vals.** — (F) Mr President, the request I made has not received an answer.

**President.** — As you say, your question has not been answered. I ask the Conservative Group to answer the question put by Mr Vals and Mr Vredeling.

**Mr Brewis.** — The answer is 'No'.

(Smiles)

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

**Mr Fellermaier.** — (D) Mr President! I think that in respect of the topical debate the House finds itself in difficulties on account of the application of Article 47a. I therefore now ask the President for a definitive interpretation.

The German text reads:

A political group or a minimum of five Members — this is accepted —

may, before the end of Question Time, request that, immediately following Question Time, on the subject of the Commission's reply to a precisely defined question, ....

The first question which arises is: do five Members or a political group have an automatic right to a topical debate on request, without the need for the House's approval? Or must I infer from the wording 'may request' in the German text that it is up to the House to decide whether or not the request shall be granted? I ask the President to answer this question because otherwise we shall be faced with the same difficulty before every topical debate.

My second observation: the topical debate can only be on *one* precisely defined question—in the singular. It is thus quite impossible that two different questions should be dealt with in one topical debate. Therefore if the first motion, concerning relations with the USA, is allowed, the Conservative Group cannot request a debate on food prices. Under the Rules of Procedure only *one* question can be discussed in the topical debate.

**President.** — I call Lord O'Hagan.

**Lord O'Hagan.** — May I attempt to clarify the situation? I shall probably make it more complicated. May I withdraw my request for a debate under the actuality procedure for two reasons? One reason is that Sir Christopher Soames has said he will deal with it in April; the second reason is that Sir Christopher Soames has gone.

(Smiles)

**President.** — Lord O'Hagan, it is not possible for you to withdraw a request you have not made. It was Mr Triboulet's group that put the question.

I call Mr Vals.

**Mr Vals.** — (F) Mr President, I thank the Conservative Group for their extremely clear answer.

## Vals

I should like to put a question to the President. As I have been away for a while for personal reasons, I should like to know—and your reply would answer the doubts in Mr Fellermaier's mind—if the procedure for applying the provisions set out at the end of Rule 47A is mentioned in any directive, as regards knowing whether it is the Assembly or the Groups which should pronounce on these questions of current interest, and, when two questions are put forward, determine which shall be retained.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, it is true that the Rules do not say who decides on the matter, but the Legal Affairs Committee was of the opinion that it was not necessary anyway to put this into the article concerned. It in fact concerns the order of the meeting and therefore the meeting decides.

If more than one request is made the meeting will have to decide whether one of these requests and if so, which request, will come forward. I believe this matter is quite clear.

**President.** — The argument put forward by Mr Broeks is perfectly valid.

Rule 47A states that any political group or at least five Members may request that a debate be held immediately after Question Time on the Commission's answer to a clearly-defined question of topical interest. Now two requests have been tabled, one from the Conservative Group for a debate on food prices following the Commission's answer to a question by Mr Brewis and the other from the European Democratic Union Group for a debate on the Commission's answer to the question by Lord O'Hagan.

I call Mr Vredeling.

**Mr Vredeling.** — (NL) It is of the utmost importance, Mr President, for you to lay down the order of precedence of these requests.

**President.** — I should like to make the sequence of events quite clear. Although I have witnesses I trust that my word will be accepted.

The Conservative Group brought this point up this morning and intimated, before the sitting began, that it might have to ask for a debate following the answer given to Mr Brewis's question.

Mr Triboulet tabled his request in writing through the secretariat of his group during Question Time.

I call Mr Triboulet.

**Mr Triboulet.** — (F) Mr President, that is perfectly true. But we wanted to conform to the rule of the Rules of Procedure according to which this request was put forward in the hour devoted to Questions.

It was when we heard the evasive and dilatory reply of Mr Soames that we felt that a small debate might be arranged in order to throw light on the attitude of the Commission. Moreover, the absence of Mr Soames is no obstacle, since Mr Ortoli is here and can reply. That is why we made our request during the hour...

**President.** — Yes, yes, everything is as it should be.

One more word from Mr Broeks. Perhaps this will resolve our difficulty.

**Mr Broeks.** — (NL) Mr President, I doubt whether I speak the magic words. I only wish to say that it is not relevant to the decision of Parliament which request was made first. Parliament is free to reject both request, or if necessary to accept the second and reject the first.

**President.** — I propose that the House should now decide on the request of the Conservative Group because, in fact, it was tabled first. If it is accepted, the debate will be limited to half an hour.

Are there any objections?

That is agreed.

(Murmurs in the House)

I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President. I should like to remark that the present progress of affairs is still not entirely according to the Rules. We should first have established who first made the request. Mr Triboulet could now feel dissatisfied. But he must look after his own defence.

**President.** — Mr Triboulet is obviously not satisfied. But I cannot make an exception at this time in this place.

The question will be referred to the Legal Affairs Committee which will have to tell us how to resolve the situation we are in because two groups have each requested a topical question to be included on the agenda.

6. *Debate following Question Time :  
stabilization of food prices in the Community*

**President.** — The next item is a debate on the answer of the Commission to question No 7/73 by Mr Brewis on behalf of the Conservative Group on the stabilization of food prices in the Community.

We will deal with this subject only and we shall only be able to devote half an hour to it because we have to begin our discussion with the Council and the Commission at 12.15 p.m.

I call Mr Brewis.

**Mr Brewis.** — Mr President, I would like to thank you very much for allowing us this debate although it is extremely short. Of course, in the time it is quite impossible for me to deal with more than one or two aspects of the rise in food prices. Food represents a proportion of about 30 % of the average family budget, but what I think is important is that for poor families...

**President.** — May we have a little less noise.

**Mr Brewis.** — ... and old age pensioners in receipt of supplementary benefit the probable proportion is nearer 40 % of their budget. Therefore the question of food prices is a most important political problem for all our countries. May I add another reason in connection with the United Kingdom, where we have had grievous rises in food prices in the last year? They have tended to be put down by the people to Britain joining the Common Market. In fact, this is not at all the reason for the higher food prices, as we as politicians all know. The real culprit is the rise in world food prices and not Britain joining the Common Market.

I should like to emphasize, too, that it is not the farmers who gain from the high food prices. They are also having to meet greatly increased costs themselves. The price of tractors and farm equipment, for example, has gone up very much. So, too, has the price of land. I want to make one point here, and it concerns the excessive rises in animal feedingstuffs throughout the world. I refer to such products as soya, linseed, maize and barley. I hope the Commission will consider how we can grow more of these animal feedingstuffs at home within the European Community. Yields per acre vary very much from one country to the other and, particularly with grassland, much greater yields can be obtained by the use of more lime and more fertilizers. I wonder, therefore, whether the Commission would consider giving a subsidy for lime and fertilizers rather than adding to the end price of the commodity.

Mr Lardinois has already put forward proposals for inducing dairy farmers to produce beef. I believe that if the beef price is right—at the moment it is very high—the dairy problem will tend to resolve itself. Two years ago the 'butter mountain' melted away, and this may very well happen again. Dairying is very much a business of small farmers who cannot very easily change, on their limited acreage, from dairying to beef.

My final point is this. In many parts of Britain dairying supports whole agricultural districts and offers considerable employment in transport, creameries, butter factories, and so on. I therefore hope that Mr Lardinois, before he is too hard on the dairy farmers, will consult his colleague who is responsible for regional development and see that not too many jobs are put at risk.

**President.** — I call Mr Vetrone.

**Mr Vetrone.** — (I) Mr President, ladies and gentlemen, the question which I put to Commissioner Lardinois a short time ago when enquiring whether the prices of agricultural products have or have not been a stabilizing factor was a prelude to the present debate on the prices of food products. I have heard with satisfaction that food costs account for no more than 30 per cent of the family budget. On this subject, I would remind you of certain interesting data from a recent OECD survey on the incidence of the price of agricultural products on consumer prices. It proved in fact that the proportion ranges from 40 to 25 per cent depending on the products. In addition, a 1 per cent increase in the producer's price for agricultural products only raises the retail price by 0.075 or, at most, 0.12 per cent. I repeat, these data are supplied by OECD.

To consider the prices of farming products and those prices alone when we tackle the problem of inflation—a process that seems to be virtually unstoppable in every country—seems to me in fact to be restricting our attention to everyday consumer goods essential to all. But these are certainly not the prices which give rise to the largest inflationary increases. I realise perfectly well why my friends from the Conservative Group have raised the problem and urged a debate of these food products in today's sitting. We know that in the United Kingdom the government comes to an agreement on the prices of farming products with the trade sectors involved each year.

We understand that the United Kingdom Government is late this year, as the Commission of the Communities has not determined the new prices for agricultural products. I must say,

**Vetrone**

though, that the weighting of food products in the light of the consumer price index is greater than the true proportion of these foodstuffs in private consumption budgets in certain Community countries. I do not know whether, in the United Kingdom, this weighting of farming products is a more important element than in the case of other goods. In general, though, we must point out that what bears most heavily is the rise in the price of services compared with agricultural prices...

**President.** — Mr Vetrone. I have to tell you that your speaking time is up. You have already been speaking for more than six minutes.

**Mr Vetrone.** — (I) I have nearly finished, Mr President; may I merely quote some figures.

Between 1968 and 1971, there was a rise of 0.2 to 5.6% in the producer's price of wheat, but bread rose by 8 per cent. In the same period, the production price of milk rose by 2.4% to 14.6% while the retail price rose by 25.6%. Services obviously influenced these disparities in increase. In Belgium there was even a 3 per cent fall in the price of milk paid to the producer. I wished to clarify these points to show that it is mainly service, not the producer's price, that has the greatest impact on the inflationary process.

**President.** — I would remind you that speaking time is limited to five minutes. I shall have to interrupt any speaker who goes over his time.

I call Mr Marras.

**Mr Marras.** — (I) I had not yet started to speak, Mr President, because I wanted to quote two lines from the Paris Summit statement on the undertaking it requested to intensify the fight for consumer protection on the part of the Community institutions. This statement is made in the paragraph devoted to the Community's social policy.

The initiative taken by the Conservative group has been opportune, even if it will serve only to define who, within the Commission, has responsibility for consumer protection policy. We raised the question on the Social Affairs Committee and Dr Hillery replied that it does not come within his sphere as it is a problem of an economic nature.

We now know how tasks are to be allocated among the commissioners and we learn that consumer protection policy is the task of Mr Scarscia Mugnozza. What is manifest, in fact, is that the Community bodies have not yet taken effec-

tive steps in this sector, while month by month and year by year the rising cost of living is becoming the tapeworm which is swallowing up the salaries and wages of the 250 million inhabitants of the Community, especially working class families and those earning fixed wages.

The Community cannot shirk taking action in this sector: as the speakers preceding me have emphasized, the farmers and farm workers cannot be blamed for the dizzy increases in the cost of foodstuffs, rises as high as 30 per cent in the space of eighteen months in the case of meat. Farmers and farm workers, too, are the victims of this process of inflation.

The areas in which the Community, perhaps even more than national governments, can take effective action, are those involving the enormous speculator companies, the large international importers.

To defend earning capacity and the living standards of the body of workers against speculation and the rising cost of living is one of the most important types of action that Community citizens expect today of the national governments and of Community bodies.

**President.** — I call Mrs Orth.

**Mrs Orth.** — (D) Mr President, colleagues! At the division a short time ago on the question of whether we should discuss this subject here today, I opposed the proposal, not because I wished to deny the Conservative Members in this Assembly a debate on so important a topic, but because I am of the opinion—and it seems to me that this has already been borne out by the few contributions to the debate which we have so far heard—that this subject is far too important to be dealt with in half an hour.

We have already learnt from the first speeches that the problem of agricultural policy are indissolubly linked with the problems of consumer policy, that is to say, producer prices are indissolubly linked with consumer prices.

One could add a great deal to what Mr Vetrone said on the theme of the raising of consumer prices when producer prices are raised. I think there will have to be a very detailed discussion on the raising of producer prices in the debate in committee and thereafter in Parliament.

**President.** — I call Mr Frehsee.

**Mr Frehsee.** — (D) Mr President, ladies and gentlemen! It surely cannot be disputed, from any quarter of this House, that the rise in food prices has contributed substantially to the rise



**Frehsee**

in the cost of living. But we in this House—as I have seen and read; I am new in this House—have always been agreed that a social agricultural policy must be pursued, a social agricultural policy in all respects: social in relation to the consumer—the Treaty states that it is the task of the European Community to make food available at reasonable prices—but social also in relation to the agricultural producer, whom we must also bear in mind. We are surely agreed that in the European Community we must continue to maintain a certain level of agriculture in the future and that we in the European Community must ensure that a certain number of people carry on agriculture or continue to carry on agriculture.

It is the difficult task of the Commission, the Council of Ministers and Parliament to find a way between these two apparently irreconcilable political demands. I consider that the attempt to find this way has to a certain extent been successful in the past.

It is difficult, ladies and gentlemen, to keep the share of the producer in the final price of his products at a reasonable—one could also say equitable—proportion. Agricultural prices, in contrast to food prices, have not risen greatly. It is here, I consider, that the main task of the Commission will lie when they formulate their proposals, which, as we have heard, will be presented at the next part-session.

**President.** — I call Lady Elles.

**Lady Elles.** — In this discussion on food prices I draw attention to the danger of relative price figures. We must take into account the continual change in exchange rates which alter the relativity of prices between countries. Until we achieve some form of monetary stability it is impossible to have a proper statistical representation of food prices.

In discussing the relativity of food prices between Community countries we should bear in mind the different rates of value-added tax to which food prices are subject in different countries. In the United Kingdom we realize that food is an essential which poorer families must buy and we have not imposed VAT on food. I recommend this as the first way to beat inflation throughout our countries.

Secondly we must question the efficacy of the common agricultural policy which has been to withdraw farmers from productive land which could be producing food at cheaper rates and more effectively.

Thirdly, as the raw material of food represents only about 30% of the price, we should be

looking into the cost of distribution and transport which bears heavily on the final price paid by housewives.

**President.** — I call Mr Jakobsen. I would remind him that speaking time is limited to five minutes in this discussion.

**Mr Jakobsen.** — (DK) If we have a lot of time here in the Parliament I think we shall be able to have many discussions like the one which is now taking place. Even the short time that I have spent as a member of the Committee on Agriculture has shown me that what we are now doing only as it were touches the surface of the whole of this great problem. The mere fact that it has been indicated that we should also consider all the social aspects means that the debate is completely hopeless. One thing is that the Community, seen from the standpoint of new members, has achieved a great deal because it was possible to create a common agricultural organization. This is a great result, let us hold on to that and make sure that we do not destroy it. But to go on from there and begin to believe that it is possible to combat inflation and solve a whole long series of social problems which are completely different in different countries according to their standard of living and social conditions, by means of an agricultural organization or an agricultural debate—that is laying an explosive charge under the agricultural organization itself.

For conditions in Denmark foodstuffs prices play a much smaller role in relation to inflation than, for instance, taxes, rents or land prices. The Danes have had more than enough to eat for many years and if some prices happened to oblige them to eat a little less they would undoubtedly be the handsomer and the healthier for it!

For people in countries with a high living standard the price of food is not of fundamental importance to that standard of living. But a number of other things are. Therefore the EEC, our economic community, cannot take general decisions for the whole area in order to combat inflation through agricultural prices alone. The conditions vary widely.

I would remind you of what I have said before in this House: it is not always those who consume agricultural products who are the poorest. In many countries it is those who produce the agricultural products who are the poorest.

If it is social considerations we are thinking of, we must also remember the producers.

(Applause from the Socialist benches and the Centre.)

**President.** — I call Mr Lardinois.

**Mr Lardinois, member of the Commission of the European Communities.** — (NL) Mr President, I am obliged to Parliament for giving me an opportunity of entering rather more closely upon this burning question, now that some extra time has been made available.

If you in fact wish to obtain a complete picture of all relevant factors it would be better and more satisfactory to many people if we were to deal with this question at a subsequent sitting of this Parliament at the beginning of April.

I am in entire agreement with Mr Vals that it can be said that the establishment of prices for agricultural products is a matter solely of production thereof and of the farmers. In accordance with article 39 of the Treaty of Rome account must be taken on establishing these prices of all factors that can play a part in this. So the aspect of consumer prices should also play a part in the considerations. In addition, foreign policy, trade policy and indeed the financial aspect should be taken into consideration.

I particularly appreciated that the questioner and also Mrs Elles put questions to me on the influence of the common agricultural policy and the influence of the European Community on the prices of foodstuffs, while I have the impression that they are speaking on the basis of their experiences of a sector to which European agricultural policy is not yet being applied. I cannot therefore give them a satisfactory answer. They are being confronted by a very sharp increase in the prices of foodstuffs. This increase is in no way affected by European agricultural policy. This is very much a matter solely of internal factors in Great Britain itself, such as the rapid increase of wages and suchlike, the de facto devaluation and the additional increase in the prices of raw materials of a number of agricultural products. This situation differs from that in the European Community, where the Community agricultural policy is being applied.

May I illustrate this? We have in fact built into the Community agricultural policy a system through which we are much less sensitive where most products are concerned to the development of prices on the world market. Some call it far-reaching protection, others regard it as not yet sufficient. Let me not spend too much time on this but just say how this system works. As an example I shall take the product that Mr Brewis has just mentioned, namely barley.

Barley is a product that has risen appreciably in price on the world market. At a given moment

we applied a levy. Let us assume that this levy was 50 one year ago. The object of the levy was therefore to make good the difference between the world market price and the Community price. If the world market price were to rise now, the levy automatically drops. A short while ago, instead of a levy of 50 we had a levy of 12.

This means that, despite a substantial increase in the world market price of barley, the Community price is still higher. It is conceivable that the price of barley will rise still further and that at a given moment there will no longer be a levy. This is already the case with meat.

In the Community system we can even proceed, if the price increases further, to subsidizing imports. This is a possibility for which provision is made in all directives but we have not yet reached this stage, despite the enormous increase of grain prices on the world market, at the level applying to the Community, leaving the new Member States out of account as yet.

Let me take another product to which the system does not apply, because there are products also with regard to which we just let the world market price take effect in the Community without further ado. As an example I would mention oils and fats and basic cattle feeds, insofar as these are not grain. A good and important example of this is soya. In Europe we produce little or no soya. This comes almost entirely from North America and to an increasing extent also from Brazil. The price of soya has risen by more than a hundred per cent in one year. It is a very important basic material in cattle feed. In the Community too, there is talk of a price increase of more than 100 %. As a consequence of this the prices of a number of enrichment products in the Community also increase.

Now what can we do about this? If we are to make soya cheaper, it could be said: we must give a subsidy on this. As a result, however, in all probability the demand on the world market would only increase further and within a very short time this subsidy would again be cancelled out by the additional demand that the Community would elicit. We cannot therefore do anything about it.

As regards products for which we have variable levies, we can do something. In these cases the levy is adjusted from week to week, and is therefore continually lowered as world market prices rise.

A further outcome of this situation is that the prices of raw materials such as grain that fall under the Community agricultural policy rise to a much lesser degree in the Community than

**Lardinois**

in countries such as Great Britain and the United States of America. This, too, is one of the reasons why the increase in the prices of foodstuffs in the countries where the Community system is applied has been much less on average in the last two or three years than in such countries as Great Britain and the United States, where the world market prices have greater effect than is the case here.

Now Mr Brewis has suggested that the production of grains, soya and suchlike be stimulated in Europe.

I am very surprised that this should come from a member of parliament from Great Britain, because I have in the past always understood that the opinion there was that the Community by its whole system was overstimulating production of just these products by fixing too high a price. In other words: the system is already working in such a way that production is stimulated.

I should definitely like to dissuade Parliament from pressing for further stimulation of production of grains, grasses and suchlike. I should also like to dissuade Parliament from pressing too much, just before the start on the Nixon Round, for bringing soya into normal production in Europe. As far as I know, in fact, this is technically virtually excluded in Europe as far as present soya races are concerned, with the possible exception of a very small area in the neighbourhood of the Pyrenees in Southern France.

Mr President, Mr Vetrone has again referred to the increase in ex-farm prices of a number of raw materials over a number of years. He said what the final prices are for the end products for the consumer. He has—and I noted this particularly—selected the years 1968 to 1971 in this instance. This was a period in which the prices of agricultural products saw particularly little increase, also due to Community policy. As a further consequence we have had to deal with additional price increases during the succeeding years. What I mean is that statistics can be usefully drawn from these pointing in every direction.

I also agree that the development of foodstuffs prices over the last twelve months has stimulated inflation. But I would again like to refer to the fact that this was the case only within the last year. This certainly does not apply to the last three years, as far as the Community is concerned. The increase in prices for foodstuffs is substantially lower over this period than the average increase of the cost of living. It does apply as regards the past three years in countries where the Community

agricultural policy is not or is not yet being applied.

Mr Vetrone has produced especially important figures. Perhaps I can go into this further during the April sitting. I think that I have commented on the most important points.

Mr Memmel has spoken about protection of the consumer and has said that measures have not yet been taken in any sector. I wish to remark that we certainly cannot be accused in our Community agricultural policy of letting guaranteed prices rise too sharply in the agricultural sector, or at least the effect produced thereby. On looking into the matter more closely it appears that, since Community agricultural prices have been established, the percentage by which agricultural prices have been allowed to rise on average is apparently one-third of the rise in wage costs.

I feel that, relatively speaking, this is most certainly not an exaggeratedly high percentage. We are now dealing with the average increase of prices in a number of products. The prices of labour-intensive products have naturally increased more than those of products that are not labour-intensive.

The measures that can if necessary be taken within the framework of actual price policy against individual businesses, against large organisations and against importers—alas, we should perhaps say, but I shan't take sides on this: I wish to remain neutral—virtually never lie within the bounds of practical possibility at present open to the Community. They lie virtually exclusively within the field of national competence.

Mr President, Mrs Elles also referred to the importance of VAT with regard to the prices of foodstuffs. It has indeed often been proved that the introduction of VAT has led to an additional increase in the prices of foodstuffs. I can imagine that Great Britain wishes to tread carefully at the present time, but I shall not express an opinion on this. I shall leave it to my colleague Simonet to judge to what extent the system now contemplated by the British corresponds with the classical VAT apparatus.

The difference between the price that the farmer receives for his agricultural products and the final price for the consumer is continually widening. The primary producer's share in expenditure by the consumer on foodstuffs is continually lessening. We may expect this phenomenon to continue upon further increase in affluence. This happens in the first place because productivity in the interim stages very often rises less quickly than in primary production. In the

**Lardinois**

second place this is the result of continually higher demands made by the consumer, amongst other things with regard to packaging.

Mr President, I also wanted to thank Mr Jakobsen, who argued for a strengthening in our Community agricultural policy.

**President.** — Thank you, Mr Lardinois, for the answers you have just given.

This brings to an end the time set aside for matters of topical interest.

*7. Discussion between Parliament  
and the Council and Commission of the European  
Communities : Oral Question No 12/73  
on the monetary crisis*

**President.** — The next item is a discussion between Parliament and the Council and Commission of the European Communities on 'implementing the decisions of the Paris Summit Conference, particularly as regards economic policy, monetary stability and dealing with inflation'.

This discussion will also cover the report of the Council of the European Communities on its activities.

Lastly I would remind the House that Parliament decided to call Oral Question No 12/73 with debate by the Liberal and Allies Group to the Commission of the European Communities on the monetary crisis.

The question reads:

'In the Commission's opinion, what practical measures are required to overcome the monetary crisis?'

I call Mr Van Elslande.

**Mr Van Elslande, President-in-Office of the Council of the European Communities.** — (NL) Mr President, I should first of all like to express my pleasure at and to congratulate you most sincerely on your most well-deserved election as president of the European Parliament.

We, who have already known you for years as a member of this Parliament, as president of the Liberal Group, and as a campaigner for Europe, we know with what skill and enthusiasm you will apply yourself to your new duties and will contribute to the exciting task that lies before us all: the construction of Europe.

At the same time I should like to utter some words of thanks to Mr Behrendt with whom we have had such cordial relations throughout

the past two years. I should like to take this opportunity of thanking him once again for this.

Mr President, ladies and gentlemen, it is with great pride and some emotion that I find myself today once again on these benches in your midst. As minister of European Affairs in my own country I have in fact already had the honour of representing the Council at parliamentary meetings and I am particularly pleased that this new encounter should take place on the occasion of the dialogue between the institutions. It is of essential importance to me, as you, Mr President, so cogently stated in your address yesterday, that the relations between the Council and your Parliament should be improved and intensified. The declaration by the Summit Conference does of course invite us to do so and I am convinced that the Council will with all dispatch follow up the matter so that a fruitful dialogue and actual cooperation between our institutions can come about.

Mr President, ladies and gentlemen, I have already referred to the fact that I had the opportunity five years ago as president of the Council of appearing before this Parliament. At the time I felt it courteous to speak to Parliament in the four languages that were being used in the European Community as official languages. It is with pleasure that I can note that the European Community has been enlarged in the meanwhile. One of the consequences of this is that the number of official languages has increased. It is now impossible for me to express myself in the six official languages of the European Community. I do not wish to discriminate. I therefore hope that the European Parliament will not take it amiss that I should address it exclusively in my own language, Dutch.

The theme of the dialogue that we have jointly chosen covers virtually the whole area of our internal development and of our relations with the outside world. Because of this I shall also have to give you a sketch, while treating this subject, of the chief activities of the Council. This sketch will in fact of necessity be of some length and I therefore thought our discussions would gain in animation if I were to distribute the written text of my paper and only deliver the main points now, with possibly a more personal comment here and there. I am of course prepared to speak again at the end of our discussion to answer the questions that you wish to put to me and to provide you with any further information.

The first subject that arises from our theme, and is all the more unfortunate in its topicality, is that of economic and monetary union and the fight against inflation. The events of recent days

van Elslande

have on the one side allowed us to see the exact extent of the difficulties with which we are faced, but on the other hand have strengthened us in our conviction that the only way to extricate ourselves from these difficulties is to tackle them jointly within a Community framework and from a European point of view.

I should first of all like to say once again that it is the desire of the Council to set up before 1 April 1973 by means of a Community decision a European Fund for Monetary Cooperation. This will be a step forward on the road to economic and monetary union and will bring us closer to the aim already laid down in the Council's resolution, namely that the Community should at the end of the process form an independent monetary whole within the international system with a Community organization of central banks.

As far as the monetary crisis itself is concerned, I should like to go through the events and the measures that have been taken within the framework of the Community, without making an analysis of the causes with which we are all familiar.

As you know, the Council met on 14 February to discuss the situation on the eve of the devaluation of the dollar. By the end of the sitting it had come to the conclusion that both the devaluation of the dollar and Japan's decision to allow its currency to float should contribute to a better balance in international payments traffic.

As you will have noted, however, on Thursday 1 March a new financial crisis erupted. A massive inflow of dollars on that day, particularly into the Federal Republic of Germany, made it necessary for the exchange markets to be closed anew. The Council met at very short notice, namely on Sunday 4 March, and studied the situation, after which it decided to suspend official dealings in the Community currencies until the Council shall have made arrangements making it possible to recommence dealings. The Council confirmed that the eruption of this crisis was not justified by the present parity relationships between the leading currencies, but that it should be attributed to a lack of confidence of speculative origin.

The Council has examined the various methods with the aid of which disturbance of the Community's workings by roving capital can be avoided and progress can be achieved on the road towards economic and monetary union. The following Sunday it again decided to meet to settle a joint position. It has instructed the Monetary Committee in the meantime to study all aspects fully forthwith. In addition, the

Council has proposed, on account of the international character of the crisis, to call a meeting in which the Community and the leading states concerned could take part. It was agreed that official dealings should remain suspended in the meantime.

This meeting between Member States of the Community and the states most concerned in this problem, took place on Friday 9 March at Paris within the scope of a meeting of the enlarged Group of Ten, called by its president, Mr Giscard d'Estaing, on a proposal by the Council of the European Communities.

The Council met once again the day beforehand on Thursday 8 March, to establish the Community's position with regard to the Paris meeting.

It was clear that the international aspects of the monetary situation demanded more time for consultation and because of this a further meeting of the same Group was arranged for Friday 16 March at Paris.

But, as I have said, the Council of the Communities had similarly arranged a new meeting for Sunday 11 March to examine what measures should be taken to make headway in the international monetary crisis, the more so particularly in the light of the meeting of the enlarged Group of Ten of 9 March. At the end of this Council meeting, the following significant decisions were made known:

the maximum fluctuation at any given moment on cash basis between the DM, the Danish crown, the guilder, the Belgian franc, the Luxembourg franc and the French franc is maintained at 2.25%; as regards the Member States maintaining a two-tier currency market this obligation applies only to the regulated market;

the Central Banks need no longer intervene at the fluctuation margin limits of the US dollar;

in order to protect the machinery against disturbing capital movements the guideline of 21 March 1972 will be applied more strictly and, as far as may be necessary, additional means of control will be brought in.

The British, Irish and Italian Members of the Council have stated their governments' intentions to conform as soon as possible with the decision to maintain the Community fluctuation margins.

The Commission has informed the Council that it will put forward the proposals that it considers suitable together with the submission of its report on the application of short-term

van Elslande

monetary support and on the gradual communalisation of the reserves, this to be done within the specified period, i.e. before 30 June 1973.

The Council decided that in the meanwhile close and continual consultation at a monetary level shall be carried on between the institutions concerned in the Member States.

The representative of the government of the Federal Republic of Germany announced his government's intention of applying a limited adjustment of the pivot rate of the DM before the coming re-opening of the currency markets, in order to contribute to an orderly development of currency relations.

As you know, 19 March has been fixed as the date for the re-opening of the exchange markets. Before this date the technical details regarding the abovementioned question will have been worked out, taking into account the coming meeting of the enlarged Group of Ten on Friday 16 March at Paris.

A new call shall then be made for international cooperation and particularly for the active cooperation of all countries, and in particular of the United States, in defence of an international monetary system.

Consequently, at the present time of speaking, we have not yet come to the end of this series of actions. But the decisions announced after the sitting of the Council on the night of Sunday 11 March constitute an important indication of the Community's determination of cooperating as far as possible in this area and to keep up the driving force along the road to economic and monetary union.

The second element within the framework of economic policy is constituted by the general programme of fighting inflation, which was worked out with the active participation of our new partners at the sitting of 30 to 31 October 1972.

In my written paper you will find an analysis of the measures that the Community and the Member States have taken in this area. I should like to restrict myself to a few conclusions regarding these measures.

First of all, all Member States have acknowledged the need to conduct an economic policy the main aim of which is the combating of inflation. This need corresponds with the demands of European public opinion.

Secondly, the Member States are applying an anti-inflationary policy and they have made use for the purpose of a relatively comprehensive set of measures which are not, however, identical in all countries. Some have laid

emphasis on the too fast development of demand, others are more concerned to reduce tensions arising from a too rapid increase in costs.

Finally, it is still too early to gather fruit from this anti-inflationary exercise and it is therefore still too early to judge whether the measures taken are sufficiently adequate to bring this phenomenon to a halt, or whether they should in fact be supplemented with other measures. In the course of the three annual discussions that the Council will devote to the development of market workings within the Community, it will in fact be possible to check the performance of the anti-inflation programme, which was decided upon in October last, and if necessary it can be supplemented on the basis of experience that will in the meantime have been obtained.

Mr President, ladies and gentlemen, I do not want to keep you too long with the various points of the action programme that has come out of the Summit Conference and which makes provision amongst other things for a joint policy in a whole range of sectors. How far advance has been achieved with this will be evident, I would hope, from my written description and the only thing I wish to refer to is the political desire of the Council to respect the timetable laid down by the Summit Conference; work has already started in the various areas with an eye to this.

The ministers of Social Affairs have met in the past month, for example, for preliminary talks on the outlines of what could be a future action programme that could give the Community a more human face and can involve our peoples yet more closely in the construction of Europe. The Commission will very shortly draw up a draft programme which will be communicated to your Parliament and to the Economic and Social Committee for information. The Council intends discussing this subject and hopes to be able to do so in the course of the month of May. We shall subsequently arrange a conference at Luxembourg at which the Council and the Commission will be able to discuss this programme with both sides of industry. Once this conference has been held, the Commission will quickly be able to work out its formal proposal, on which your Parliament will obviously be consulted, before the Council can take its definitive decision. In a matter of such great importance, this seems to me a good example of cooperation between all institutions.

In the same way, we can set up the regional development fund before the end of this year, the formation of which has been decided upon by the Summit Conference. I shall not dwell on

van Elslande

this further as we shall talk about this later when one of the oral questions put to me is dealt with.

The other important aspect of our activities, the time allotted to which will shortly come to an end and the importance of which is recognized by us all, is that of external relations.

Substantial changes are in fact taking place in this sector; significant moves are afoot which directly or indirectly affect the heart of Community activities.

Even though our Community may today still be not more than an economic Community, even though political cooperation may so far still be in its infancy and be it yet not sufficiently far advanced, I am nonetheless convinced personally that the Community may not deny its responsibility and its duty towards the world and that it must be in a position to settle its own policy towards other countries.

The question that arises immediately before us is that of seeking in a world context the most suitable forms for promoting the harmonious development of international trade and as far as possible to strengthen it.

Here, as you see, the problem arises of consultation with the United States and the other industrialized countries. The Community is preparing itself for these discussions in that it is attempting to work out an own general concept with regard to the GATT negotiations. It goes without saying that we hope that all parties to these negotiations, and particularly the United States, will have specific powers by virtue of which they will be able to participate in this discussion both fully and fruitfully. I should further like to add to this that these negotiations must not be seen solely as an attempt at regulating relations between industrial countries, i.e. between rich countries. The other chief aim must be that of providing developing countries with practical advantages to aid them substantially to increase their currency receipts, to diversify their exports and to advance the rate of growth of their trade.

In this connection I wish to remind you that, beyond the specific framework of these negotiations, the Community has undertaken gradually to work out a general policy of support for development within the framework of the strategy applied by the United Nations. I personally consider this the second essential aspect of the Community's foreign policy. It is in fact the most important trading partner in the world and one of the most powerful economic blocks; it can therefore no longer retreat from its responsibilities with regard to the third world.

This is impossible not only for reasons of humanity and international justice, but because, I am firmly convinced, only a policy of this kind can ensure lasting peace in the world.

Within the framework of development policy the Council will remain entirely true to the association policy conducted up till now by the Community and will also continue to attach great importance to it. In the Treaty of Accession this position is in fact not only confirmed but it is also stated that this policy will be extended to further countries. In this area, too, important data are expected, since we shall as from 1 August next have to negotiate once again with our partners on the renewal of the Yaoundé Agreement and we hope in the course of these negotiations also to be able to attract the other countries of the Commonwealth to whom the offer of association, as contained in Protocol No 22 of the Deed of Accession, is aimed.

A third aspect of our external policy covers our relations with the countries of the Mediterranean Area, with which we are connected by historical, geographical and strategical ties. We have accepted the obligation of introducing one single coherent doctrine with regard to our relations with these countries, in which we must take into account not only the technical sides of the question, but also the general political aspects.

I should finally like to remind you of the Community's desire to conduct a Community policy with regard to the countries of Eastern Europe. Apart from trade policy, there will naturally be room for a policy of cooperation in various areas, and naturally this will be on a basis of reciprocity. Demands in this area are, however, strongly dependent upon the progress of the Conference on Security and European Cooperation for which preparations are now being made.

Mr President, ladies and gentlemen, before ending these few observations, I should like to refer to the fact that we are on the eve of events that will be capable of exercising far-reaching influence over a number of years on the future of Europe and of the world, and also, to stay nearer home, on the structure of our Communities.

It is in fact clear to me that we shall not be able to continue integration in the long run without radical re-shaping of the capacities of our institutions. This is in fact acknowledged in the declaration by heads of state and leaders of governments, who have devoted a chapter to "Strengthening of the Institutions".

In the first place it is necessary to make a better distribution of capacities and responsibilities amongst the institutions of the Community and

**van Elslande**

the Member States, if we wish to see economic and monetary union functioning properly. It is as yet quite impracticable at this stage to indicate how we could distribute these capacities, but it would seem to me to be the natural thing for your Parliament to be involved in this transfer of responsibilities. The heads of state and leaders of governments have asked us consequently to strengthen the auditing capabilities of your institution. We, as you do, await the proposals in this respect that the Commission has promised, and I can for my part give you an assurance that I shall do my utmost best to see to it that the Council attends to the matter as quickly as possible.

Finally, we shall have to prepare—in the longer term—the report in which the form and content are laid down of the European Union which the heads of state and leaders of governments have set up as the chief aim for 1980. The time shall then in my opinion have come to make essential changes in the structure of our Community.

I am convinced of the fact that each of us will wish to cooperate as intensively as possible within the scope of his capacities in the execution of this ambitious and evocative programme, which in the space of less than ten years must bring us to creating a Europe indissolubly integrated.

Such a Europe can no longer be based only on trade and economics. It will have to be in a position of developing a coherent political vision. Because I feel that without a truly political impulse we shall not be in a position to exploit to the full the immense potential by way of source aids that we have at our disposal, both with an eye to the internal development of the Community—and so for the well-being of our peoples—and with an eye to our relations with the rest of the world, and particularly with the developing countries. We can play an important part in maintaining balance and stability in the world, but we must then be able to conduct a coherent and purposeful policy and to apply as rationally as possible the means that we potentially have available.

We must further—and this is an important point—bring about a Europe with a human face. This is not just a matter of a strong social policy being conducted, but also of our having to intensify our activities in the field of environmental protection, to achieve a quality worthy of human kind in the environment in which we live. Finally, we want a Europe in which all our citizens feel involved, that is in a position to give a worthwhile answer to the justified desires and aspirations of our young people.

This, I think, brings us to the heart of the matter, and for this reason consequently I personally attach the highest importance to the fact that we have begun to involve youth more closely in European integration and to occupy ourselves with problems such as education, something that directly affects young people.

I do not wish to hide from you the fact that these initiatives are not easily attainable, while as the problems of youth on a national scale are often complicated already, on a European scale they are so to an increased extent. I am, however, convinced that we are on the right road and that only by continuing along this road can we meet up with what the heads of state and leaders of governments have declared in the preamble of the declaration at the Paris Summit Conference, where they say that Europe must be in a position to make an original contribution “that is in exact proportion to its human, intellectual and material capacities, and able in international relations to express its own views in accordance with its vocation for frankness, progress, peace and cooperation”.

*(Applause)*

**President.** — I thank the President of the Council for opening the discussion.

We shall now adjourn until 3 p.m.

The House will rise.

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

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

8. *Discussion between Parliament and the Council and Commission of the European Communities - Oral Question No 12/73 with debate (continued)*

**President.** — The next item is continuing the discussion between Parliament and the Council and Commission of the European Communities and the debate on Oral Question No 12/73.

I call Mr Davies, who is responsible for European questions within the Government of the United Kingdom.

**Mr Davies (Chancellor of the Duchy of Lancaster).** — A maiden speech is always historic, even if only for the speaker himself, but on some occasions it perhaps can be historic for others too. On this occasion I think that I could claim that my speech is doubly historic. Not only is it my own maiden speech to this Assembly; it is also the first speech by any British Minister to the European Assembly.



**Davies**

I am very conscious of both the honour and the responsibility that this dual role imposes on me. In this colloquy between the Council and Parliament I speak in special conditions. I have no authority to speak for the former and I have no real right to be heard by the latter. Therefore, from both I ask indulgence and preparedness to listen to my views, irrespective of whether they be those of Council, person or Government. They will be the views of someone who has been immersed in Europe for many years and now stands here in pride and satisfaction.

Some weeks ago in your previous session the President of the Commission, who is here today, outlined his views and those of his colleagues on a wide range of subjects arising from the Summit meeting. Today, the President of our Council has ranged widely over the same matters in the framework of this colloquy. Mr President, I do not propose to emulate them. I will not seek to view the progress attained or to be achieved of all the Summit recommendations. Instead, with your permission, I shall select some for special thought and consideration.

I shall do that through the eyes of a new Member State of the Community and a new Minister charged with special responsibilities in his Government for those affairs.

In doing this, I recognize the need for some degree of caution. Inevitably, the status of a new Member requires some sensitiveness. Even if we have had two hectic months of work, the precocity of proclaiming an understanding of every defect or to offer instant remedies in every case, would risk not only arousing animosity but the instinctive rejection of the remedies proposed, however sound they might be.

Yet there is another danger. To allow time and habit to blunt the awareness of what is good and what is less good in our Community life would endanger that momentum and desire for innovation so necessary for the development of our Community. I shall try to steer a middle course between the Scylla of precocity and the Charybdis of inaction.

The Summit conclusions called for the strengthening of the Community institutions, and particularly for the strengthening of Parliament's control over the activities of the Community. Taking this as my initial theme—and with some courage, given my earlier remarks—I turn first to you, the European Parliament. Britain has over eight centuries witnessed the gradual and, at times, turbulent acquisition of power by its Parliament over the national executive. The resultant relationship is one that

I might characterize as a state of 'creative tension'. It is to some degree a love/hate relationship, with greater emphasis perhaps on the love than on the hate. The essential democratic character of our Parliament has evolved as its powers of control and scrutiny have increased. We would expect this to be the pattern of development within this Assembly too, and we see that already the assertion of your role is more firmly proclaimed. You have already adopted additional positive measures—including the institution of a Question Time procedure—to implement that role. For our part, we welcome those developments. Undoubtedly they will cause extra work for us all, but they are welcome none the less.

As the influence of Parliament is enhanced, as it becomes more interwoven in the web of Community activities and decisions, so will the demand increase for direct elections to it, for direct elections as ordained in the Treaty of Rome, for direct contact between the institutions of the Community and the peoples that they serve.

This is a demand to which we, the Member Governments, will need to listen and adjust. But there is a further special role for the Parliament to perform, and to perform now. One of the evident differences between the Community institutions and their national counterparts is the absence of the strong directional force of a Government in office. Of course, a powerful stimulus was given by the Summit, but its conclusions were more in the nature of a policy manifesto than the continuing drive exercised by a national Government.

In the same way, the Councils of Ministers constitute in all their variety a kind of perpetual international negotiation rather than a cabinet and a series of cabinet committees bent on moulding the main themes of policy to the needs of circumstances.

In some ways, the Commission is the central institution. It shows a fine mastery of technique as well as a strong sense of Community direction. It is the guardian of Community law, the good steward of the Treaties but, in the very nature of things, its task is to search for detailed agreement among disparate national objectives. It can work only within the consensus which can be achieved between them.

What eludes me in my recent exposure to the Community process is that strong theme of purpose which alone really unifies. The Community, clearly, has a mind, and a powerful one. It must also have a heart and a soul. Surely Parliament must play a part in this.

**Davies**

My own Prime Minister, in speaking of the purposes of the Community, used these words at the Summit Conference.

'A European concept which implies the power of the Community to do good in the world, to attack the evils that attend our industrial society, the problems of pollution and poverty, of waste and want.'

The Community's purpose is to create not only a community of governments but also a community of peoples—a community which is concerned with the working conditions of men in the factory, the price of the housewife's weekly shopping basket, the standard of living of the unemployed in Europe's depressed areas, and the environment in which our children are to be brought up.

You, as representatives of the people of Europe, are here to ensure that this community of peoples becomes a reality, to ensure that the voices of the factory worker and the industrialist, the housewife and the farm owner, the student and the professor are heard and that all their interests are considered.

I turn now to quite a different aspect of the Summit conclusions. When we sought membership of the Community we did so on our own assessment of its potential, in the light of its own achievements. We realized that the common agricultural policy had not been devised for our benefit and that its application throughout must almost certainly involve us in cost. But we believed that such liabilities would be offset by advantages. In the field of trade in industrial and consumer goods and in the improvement of industrial structure throughout the enlarged Community, we saw great potential advantages. But we also looked for wider realms of cooperation. We thought that the effect of greater unity in Europe in economic and monetary matters, in political outlook and even in defence effort might procure advantages for us all.

After the Summit some of these ceased to be vague possibilities; they became practical intentions. The Community we had negotiated to join was expanded not just in size but in concept and expanded in a way we had both contemplated and actively desired. One of the main changes was to set a timetable for Economic and Monetary Union into which would be fitted a number of programmes in the fields of regional, industrial, social, environmental energy and external commercial policy. We do not see these constituting individual and autonomous areas of independent policies but a closely-knit complex of interrelated activities, each one with a close bearing on the others.

To achieve the Community objectives in all these fields, we must develop within the time scales laid down the central capacity to orchestrate our economic policies. The absence of such orchestration and of the consequent adjustment and harmonization of what, at this stage, are very different levels of performance in many of these fields could endanger the whole complex of our objectives. We recognize that to adopt costly social commitments or external aid commitments or common energy or monetary support commitments against a background of inequality in economic performance is to run the risk of internal dissension and breakdown. Such a risk we cannot, and we must not, contemplate, and we must act to eliminate it.

It is for these reasons that we have in Britain underlined the importance of Community regional policies. This is neither the time nor the place to go in detail into the many aspects of regional policy which the Community institutions will have to consider. The problems posed by industrial decline, by the modernization of agricultural methods, by remoteness from markets, present great contrasts. I know the intensive work that is in hand to analyse them. What I do say is that if adequate effort is not devoted to ensure the balance between regions to which I have referred, then it is hard to see how the many other highly desirable fields of united activity can be realized.

This brings me to the essentially political nature of our enlarged Community. As we branch out into the many new fields of concerted effort, the importance of the political aspect of the Community, in both internal and external affairs, will only become clearer. The Summit gave clear recognition of this and impetus to its development. As the political leverage of our Community increases, who can doubt that the voice of this Parliament will be heard ever more strongly both in our own continent and abroad. It will be heard just because it is the democratic voice of a democratic Community, as its founders determined that it should be, and, sir, as one who believes wholeheartedly in the value of that voice, I look forward to hearing it more and more.

(Applause)

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission of the European Communities.** — (F) Mr President, if you will permit me, I shall speak from my bench here, since I shall not be taking up the attention of this Assembly for very long.

**Ortoli**

I must first of all tell you how gratified we are in the Commission to be taking part in this colloquy with your Parliament, and of course with the Council, whose statements we have just been hearing, and which has presented to us its point of view on the way in which general policy in the fields with which this discussion is concerned ought to be developed.

When I say that I shall be brief, it is for a very simple reason; we have had the opportunity, as a Commission—twice myself, in January and February, and my colleague Mr Haferkamp twice also, when he made his statement on the economic situation in the Community and when he answered questions on monetary affairs—to make known to you the Commission's point of view on the subject which we are dealing with today. I can therefore limit my speech to two brief observations.

The first will be on a matter which neither Mr Haferkamp nor I myself have been able to deal with at our previous meetings, because it is a matter of current concern—the present monetary problem. I shall be very brief on this point too, but I should like to make three comments.

As the President of the Council has mentioned, decisions were taken at last Sunday's meeting of the Council which amount to this: six States have decided to maintain the so-called snake in the tunnel, but without this time any obligation on the central banks to intervene if the fluctuation of the American dollar reaches its limits. On this point, I will make three observations.

First, the present parities are realistic ones, and we believe that the decision which has been taken is of a kind which will settle the currency problem and allow us to combat speculation. But another vital factor is that as a result of this decision we have been able to avoid fresh independent decisions by Member States which would call into question the point which we had reached in our monetary structure. That is clearly a very important result.

Secondly, having said that, we regret that the solution which we have arrived at is not a solution of the Nine, as the Commission had wished and proposed. The situations in the various countries were too dissimilar for this to happen. But we are absolutely convinced that we must make an effort towards monetary unification, and I confirm that it is the Commission's intention to put forward proposals to this purpose. They were dealt with on Sunday 13 February and last Sunday, and I hope that they will allow us to attain what must remain our objective.

My third comment concerns what is happening outside Brussels. We believe, indeed, that erratic movements of capital are not only, far from it, a matter for the Community, but that they are also of concern to other countries, especially the United States of America. And so we are pleased that talks were begun last Friday, which are to be continued next Friday, on these problems which are common to all of us, and which require us to look for a means of solving them through cooperation.

That is my first series of observations.

The second will refer to what I would call the problem of how to carry out the Summit decisions.

I shall not revert to the substance of the decisions. As you know, I have already had the opportunity of speaking about this at length, and you know the programme which the Commission has drawn up for itself for 1973. But I should like to emphasize two aspects.

One, as I have said, is to keep to the timetable, which imposes a very severe constraint on the Commission, and the same constraint on Parliament, to the extent that its advice is required for the development of our structure, and which imposes the same constraint on the Council, since it is useless if proposals are put forward early or at the right time but decisions are not also taken when the time comes for them.

But it is not only a matter of keeping to the timetable, there is also the effort which we make to see that, in every subject we deal with, we have regard for the global aspect of the policy which the Commission has to adopt.

This dual desire to adhere to the timetable and to have regard for the global aspect of our policies is reflected in the manner in which we have organized our work.

Broadly speaking, between now and 15 April we should have prepared the report on the second stage of Economic and Monetary Union, done our work on the division of functions among the institutions of the Community for this second stage, drawn up the first plans for a regional policy, a social policy, a policy for industry and technology and a policy for the environment, put the finishing touches, at least at Commission level, to our general ideas on the GATT negotiations, and made preparations for negotiations with the Associated States and the developing countries of the Commonwealth. This will of course be a very heavy task.

I should like to tell you that, in this month and a half, we are going to endeavour to work in the following way.

**Ortoli**

We shall have a discussion at Commission level to inform ourselves on each of these subjects, to avoid being misled by impulses which are natural to the departments, or even by the natural authority of the commissioner responsible for the brief, and so that the Commission acting as a corporate body, can have the opportunity of giving a first opinion and laying down preliminary guidelines.

In most cases, we shall have a second discussion, before the final decision. It will be to some extent a procedure for making our ideas firm, so that, with more detailed reports in view, we can work out the main lines of proposals for the Commission to submit to the Council for their decision.

Finally, just before the end of the period, we shall have, obviously not a discussion, but really a meeting to close the file by giving a final decision by the Commission, and I hope that in every case this will be done in time to comply with the timetable.

In all this it is not only a question of our trying to synchronise our activities, but there is also the idea that the initiatives we must take must be to some degree balanced, that they must be coordinated and interconnected in so far as they are all parts of a global programme. That is one of the reasons why we inflict ourselves with these kinds of marathon, when different policies are considered in a relatively short space of time so that we can ourselves be qualified to define the conditions for ensuring these policies are interconnected. This certainly means a great deal of work, but we thought that, if we wanted to follow the invitation of the Summit, that is to say to present a really new policy for Europe, we must have proper regard for the need to ensure coherence in our various internal policies, as well as between internal and external policy.

Those are the observations which I wanted to make to you. There will clearly be some questions, and of course the Commission will be happy to reply, probably in the person of the vice-president responsible for economic and monetary affairs, to those which concern him. The Council will also no doubt have its share of the problems with which we are dealing.

*(Applause)*

**President.** — Thank you, President Ortoli, particularly for your review of the Commission's plans.

9. *Change in the agenda*

**President.** — Mr Lange, Chairman of the Committee on Economic and Monetary Affairs, has

asked the President of the Council to answer some further questions, particularly regarding policy on structures.

Before calling Mr Van Elslande, I should like to ask all other speakers to be as brief as possible because Mr Van Elslande has to leave before 6 p.m. to meet urgent engagements. The debate would in any event be of little interest were the President of the Council unable to be present throughout.

Are there any objections?

That is agreed.

We shall consider Oral Questions Nos 18/72, 35/72 and 4/73.

10. *Discussion: Oral Questions Nos 18/72, 35/72 and 4/73*

**President.** — Pursuant to the decision we have just taken, we shall continue the discussion and consider Oral Questions Nos 18/72, 35/72 and 4/73 together.

These questions read as follows:

Oral Question No 18/72

with debate pursuant to Rule 47

by Mr Glinne on behalf of the Socialist Group to the Council of the European Communities.

Subject: Franco-Polish Economic Agreement and observance of the undertaking by EEC Member States to consult each other on external trade matters.

Following the recent visit to France by Mr Gierek, the French and Polish Governments signed an agreement on 'economic, industrial and scientific and technical cooperation' to run for a period of ten years. The title does not include the term 'commercial' as no EEC Member State may any longer sign bilateral commercial agreements extending beyond 31 December 1974.

In substance, however, the agreement clearly possesses important commercial policy features. A communiqué issued by the French Finance Minister reads '... thanks to the fresh boost given to cooperation by the agreement that has just been signed, we may look forward to a rapid development of trade between the two countries and, in particular, a doubling of our exports to Poland in the fairly near future...', while the French Government has granted Poland credit facilities to the tune of 1,500 million francs over a three-year period.

Can the Council answer the following questions:

**President**

1. Have the commercial policy aspects clearly in evidence in the Franco-Polish agreement been submitted for consultation in accordance with the undertaking given by EEC Member States on external trade matters?
2. Is the failure to honour this commitment not likely to hamper, in the future, the definition and pursuit of a common commercial policy vis-à-vis the Member States of COMECON?

Oral Question No 35/72

with debate pursuant to Rule 47

by Mr Mitterdorfer on behalf of the Economic Affairs Committee of the European Parliament to the Council of the European Communities.

Subject: Community structural policy.

The Economic Affairs Committee criticizes the fact that the decisions promised by the end of 1972 on the Commission's proposals for regional structures policy measures have not been taken by the Council.

It considers this proof that the Council does not respect the results of the Conferences of Heads of State or Government held in 1969 and 1972. It reminds the Council of its own resolutions on the creation and implementation of the economic and monetary union and of the importance of a regional structures policy for the achievement of economic and monetary union which the Council itself recognized in those resolutions.

The Council is therefore asked to state when it intends to take the necessary decisions on the Commission's proposals for decisions and directives, approved by the European Parliament, and when and how it envisages the introduction of a Community structural policy.

Oral Question No 4/73

with debate pursuant to Rule 47

presented by Sir John Peel on behalf of the Conservative Group.

Subject: European and North American Relations.

Is the Council prepared to suggest that the Foreign Ministers of the Member States of the European Communities should, at an early meeting, within the framework of political co-operation, invite the Permanent Representatives to the North Atlantic Council of those Member States which are also members of the North Atlantic Alliance to discuss with them the urgent question of the connection between European/North American Economic relations and the United States commitment to European defence,

in particular the maintenance of present American force levels in Europe?

I call Mr Van Elslande.

**Mr Van Elslande**, *President-in-Office of the Council of the European Communities*. — (F) I should like first of all to answer the question put by Mr Glinne. He has raised a matter which is of considerable interest to the Community, in view of the development of economic and trade relations in the international field, especially between industrialized countries and planned economy countries. The procedure for consultation which has been brought up by the honourable member is laid down under the third heading, temporary provisions, concerning exceptional cases and final provisions of the decision of the Council of 16 December 1969. This procedure, which was of a temporary nature and remained in force up to 31 December 1972, involved in point of fact the methods for applying the provisions of Article 113 of the Treaty concerning the formulation of the common trade policy and the conclusion by the Community of tariff and trade agreements.

The agreement signed on 5 October 1972 between the Government of the French Republic and the People's Republic of Poland is an agreement on the development of economic, industrial, scientific and technical cooperation between the two countries.

The text of this agreement was conveyed to the Council for the information of Member States through the office of the Permanent Representative of France on 19 October 1972.

Agreements of the kind which has been concluded between the French and Polish Governments, covering economic, industrial, scientific and technical cooperation, are not mentioned in the procedure for consultation laid down in the decision of 16 December 1969, which I have just referred to.

The questions posed by Mr Glinne raise the question of the effect which agreements of this kind might have on the formulation of the common trade policy. It is really a question of a general nature, since it could apply to many other agreements of the same kind.

In point of fact, it must be noted that the recent trend in international economic relations is leading countries to look for fresh methods of approach apart from tariff or quota agreements.

In these circumstances, many countries, including the Member States of the Community, have turned towards systems based on the idea of cooperation. In any case, the policy regarding credits and industrial and technical cooperation

**van Elslande**

is certainly influencing commercial exchanges. It is undoubtedly a necessary requirement that cooperation agreements negotiated by Member States should not run counter to the objectives of the common commercial policy.

The Commission has already felt concern about this question, and dealt with it in particular in its communication to the Council of 20 December 1972. The Council was responsive to the questions raised by the Commission, and decided to study in detail the Commission's communication and any proposals which the Commission might subsequently make.

*(The speaker continues in Dutch)*

In connection with the question by Mr Mitterdorfer I should like to answer as follows on behalf of the Council.

In the question put to us the Economic Affairs Committee referred to the fact "that the Council has not taken the decisions with regard to regional structure policy allotted before the end of 1972". It is indeed a fact that the Council on the acceptance of the resolution of 21 March 1972 regarding the achievement of economic and monetary union had on the one hand agreed in principle that a regional development fund should be set up or that another system of suitable means should take effect for the benefit of regional development, and on the other hand had agreed to take the necessary decisions before 1 October 1972 on the basis of proposals by the Commission.

You will remember that my predecessor as President-in-Office of the Council, in answering another question put by the Economic Affairs Committee on 11 February 1972, referred to the great importance that the Council attaches to the regional question, being convinced that the realization of economic and monetary union must go hand-in-hand with a geographically harmonious development of the Community. I can give you an assurance that the Council has busied itself since then continually with the question of regional policy; it has dealt with the various aspects of this in the course of three sittings of which one was held in September and two in December 1972. Its most recent discussions were devoted chiefly to the proposal that the EAGGF should participate in the financing of specific investment projects to be carried out in priority areas. Although at the sitting of the beginning of December all members of the Council were able to concur on a certain number of principles, the sitting of 18 and 19 December 1972 indicated that it was impossible to reach agreement on all matters concerning the granting of support through EAGGF. It also appeared, in view of the complex nature of the regional problems to be solved in a Community context, that any

decision in this area must be based on as exact an assessment as possible of what can and must be done at Community level.

It was further acknowledged, in view of the accession of the three new states to the Community, that it would be useful to subject the whole question of regional policy to a new investigation, particularly to follow up point 5 of the final communiqué of the Paris Summit Conference of heads of state and government leaders, which concerns regional policy.

Under this point the Commission is in fact asked to provide a report in which the questions arising at regional level in the enlarged Community are analysed, and to submit suitable proposals in the matter. The Summit Conference similarly requested the Community's installations to give birth to a fund for regional development, which must be constituted before 31 December 1973.

The Council itself is firmly set on honouring the conclusions of the Conference of heads of state and government leaders. It therefore looks forward with great interest to the report that will be drawn up by the Commission and expresses the wish that Parliament may be able to contribute with advice to a solution of the regional problems with which the enlarged Community sees itself confronted and which ask to be tackled at Community level.

I hope that I have hereby given you the facts requested by you. I should finally like to state once again that the Council has the political will to proceed in this sector which is of fundamental importance for a harmonious development of the Community.

Finally, I should like to answer Sir John Peel's oral question.

The Council has dealt with the question put by Sir John Peel on behalf of the Conservative Group. The subject of this does not, however, fall within the competence of the Council of the European Communities, who cannot therefore give any answer to this question.

The Council draws attention to the fact that it is proper for problems connected with political cooperation to be brought up in the course of the six-monthly exchange of views between ministers of Foreign Affairs and members of your Parliament's Political Affairs Committee.

I should personally like to add the following to this reply.

The problem of maintaining the strength of American troops in Europe and even an increase in such strength receives continual attention from European ministers, and particularly within NATO which is more specially competent in this field.

van Elslande

It can additionally be pointed out that efforts are being made within the "Euro group" set up in connection with NATO, to step up the European defence effort.

This solicitude should be seen in the light of statements made by the American head of state who has undertaken to maintain the American presence in Europe and even to strengthen it if those on the European side are similarly prepared to make an effort.

The problem of defence has not so far been dealt with as such in the course of diplomatic discussions amongst the Nine. But this does not detract from the fact that a question on this matter may be put by a member of the European Parliament, in view of the fact that provision is made for contacts in this connection on a regular basis (every six months).

Finally, it could be pointed out that the need for a dialogue between the Community and the United States is becoming ever more widely felt, not least in recent days at monetary level, and also as regards trade problems, as extensive GATT negotiations are in preparation.

**President.** — Thank you, Mr van Elslande.

The general debate is now open.

I call Mr Bertrand on behalf of the Christian-Democratic Group.

**Mr Bertrand.** — (NL) Mr President, on behalf of the Christian Democrat Group I should first like to express our satisfaction as to the manner in which the President of the Council has today given us a broad picture in an almost exhaustive way of the present state of affairs with regard to the putting into effect of the decisions of the Paris Summit Conference.

I gave only half an ear to his oral explanation, but I read the circulated text of his address attentively. What occurred to me particularly in this explanation is that at a certain moment he said in a particular paragraph that the decisions taken in the course of the Summit Conference constitute a challenge for the Community's institutions, for the governments and for the nations.

Well, I can agree with him that the whole set of decisions taken at Paris on 19, 20 and 21 October is in fact a challenge, but it is in the first instance a challenge to the Community's institutions. When we speak of the Community's institutions, we speak of the Council, the Commission and the Parliament. We have just had the opportunity of hearing the Council. And we have had the privilege also of hearing the

opinion of a new Member State for the first time in this Parliament.

I am grateful to Mr Davies for coming to inform us today on this matter as the person responsible for European affairs in the Government of the United Kingdom.

On the other hand we have listened to a statement by Mr Ortoli from which it appears—and I can go along with this—that the Commission is neither *satisfaite* nor *déçue* as to certain decisions that have been taken in the past few days, particularly as regards the present monetary difficulties.

If, however, the challenge is a fact as regards the Council, then I should like to ask the president of the Council when the Council will decide to alter the system of voting in the Council so that the many proposals announced by the president of the European Commission can be effectively dealt with rather more rapidly. Mr Ortoli has just explained quite briefly—and we too must be brief, which is fairly difficult in a comprehensive debate of this kind—which are the proposals, all of them, that the Commission is to put before the Council during the next six weeks. These concern the content of economic and monetary union, the actual capacities of the European Fund for monetary cooperation, the Community capacities and the distribution of capacities amongst the European Communities and the Member States, regional policy and the content thereof, social policy and the programme that has to be drawn up in this respect, the preparation for negotiations within the framework of GATT. On all this the Commission is to make proposals to the Council. Between the Council and the Commission there is our Parliament. We hope that Parliament will have the opportunity and the time not just to give advice on these various problems—because we shall not be satisfied with this—but to talk about them to the Council and the Commission on an equal footing as a fully competent institution, in the spirit of the decisions as taken during the Summit Conference at Paris.

Mr President, it is one of our burdens that we do not wish to run the risk of being consulted only when the Commission's proposals are passed over to the Council and the Council serves as a post office for handing these proposals on to Parliament and asking it for advice on them.

We should like a careful investigation to be made as to whether it might be possible, when the institutions have jointly to work out specific proposals, that this be done jointly on a basis of equality, instead of Parliament being consulted a posteriori, after the proposals have already been dealt with by two institutions.

**Bertrand**

I should like to associate myself with Mr Ortoli, president of the Commission, in this connection and to point out to the president of the Council that he has indeed given an almost complete report on events in connection with the monetary crisis that we are at this moment undergoing, but that in doing so he has forgotten one thing.

The Council has not, in fact, considered the proposal that the Commission made on Sunday 11 March last that real substance be now given forthwith to certain monetary institutions as regards audit, reserves and the making available of resources.

The Council was not able to decide on this matter on Sunday 11 March. The Council certainly took a step forward on that date in that it succeeded in maintaining the prevailing parity amongst the currencies of the six Member States on the basis of a 2.25 % margin. This does not only apply to the regulated market; no further intervention will be made on a joint basis for the six Member States to support the dollar. If necessary, the six Member States will proceed to additional control measures with a view to protecting capital movements and to prevent new developments arising in this sector.

It is certainly a pity that success was not attained in establishing a joint front for the Nine. We regret this, notwithstanding the promise by the three Member States concerned to return home as quickly as possible to the Community and to float jointly in the tunnel that at the present time still continues to exist in this respect.

We should also like to express our scepticism regarding the declaration by the Council on the measures that were taken last Sunday and that are intended next Friday at the meeting of the Ten to lead to close cooperation between the Ten with the aim of mounting a defensive exercise jointly against speculative assaults on the parities both of the dollar and of our own currencies. We are not sure that the measures that have been taken will offer sufficient guarantee in the coming weeks and months.

We gathered from our colleague Burgbacher yesterday that the multinational enterprises command a capital income of some 238 thousand million dollars; this is more than double that which all the central banks in the world market have available. I note that every moment a further 70 to 80 thousand million Eurodollars can consequently come into the float or can be put into circulation—I am not saying that the multinational enterprises are responsible for this—and that we still have no Community facilities in this area in order to take action, not even after what was done last Sunday.

The Christian Democrat Group earnestly begs the Council to react as quickly as possible in a positive sense to the Commission's proposals, with a view to arriving at a Community instrument for attaining an overall solid position among the Nine in this area, so that we can protect our economic opportunities in a more satisfactory way than has been the case so far. When I recall that within the space of six years the value of the dollar has dropped by 43 % as against the German Mark and that many changes have occurred in the meantime in the field of relationships between the values of the various currencies, it is clear—and we all feel the same on this—that our monetary system is particularly sick at the present time and that it is urgently necessary for us to arrive at a Community solution.

As far as fighting inflation is concerned, Mr President, a problem that lies very close to your heart and to which you have continually drawn the attention of this Parliament, we are a little disenchanted as to the manner in which the Council has followed up the recommendations and decisions of the Paris Summit Conference.

A dual policy is still being conducted in our Community to combat inflation.

We have on the one hand the policy that is conducted by each of the Member States. The Council did not succeed on 31 October last at Luxembourg in reaching agreement on a Community policy for fighting inflation. It was indeed settled that a certain price policy would be conducted by mutual agreement amongst the Member States, by which a stricter control would be exercised of prices of industrial products and of services. The Council also concurred on a structural policy to eliminate the lack of balance in the field of regional policy, as far as employment is concerned.

In addition, the Council was ready to reduce money circulation in each Member State on a joint basis, taking the economic situation of each country into account, and to conduct a policy of credit restriction.

It was also agreed in the Council that each Member State would attempt within the framework of the budgetary policy to keep the development of national budgets on all fours with the increase in gross national product.

Apart from the policy that each Member State has to conduct at a national level to combat inflation, the Council has brought the following measures forward as a Community policy: reduction of customs duty on certain agricultural products. The European Commission has in the meantime, however, withdrawn the proposal concerned.



**Bertrand**

A strengthening of the competence of the European Commission in the field of restriction of competition, the search by the Commission for harmonization of national legislations, with a view to introducing greater freedom in inter-Community trade in foodstuffs and medicaments, and the development of Community competition by public issue of tenders in respect of public works.

This dual policy, on the one hand on a national and on the other hand on a Community level, does not guarantee that we shall arrive at real results in our attempts to combat inflation.

Our Group is therefore pressing for Community decisions being taken in the fight against inflation.

I noted with pleasure that, in the address given by the President-in-Office of the Council, regional policy, the social programme, industrial policy and protection of the environment were put to the fore as a Community programme aimed at giving our European Community a more human face in the years to come.

I should like to ask the president of the Council in this connection if he approves of the thought, that in the future we must no longer speak exclusively of the realization of an economic and monetary union but that we must strive for the realisation of a social, economic and monetary union, that the whole of this striving must be incorporated in the activities that the Council will develop over the next few months on the basis of the European Commission's proposals in this area.

We thank the Council for drawing up a detailed timetable for the various jobs. Parliament shall, therefore, be able in the coming months to check that this timetable is being observed.

We note that the timetable regarding regional policy has been fairly clearly fixed and that the timetable for social policy has been very clearly fixed. The European Commission is to prepare a report on social policy. In May, the Council will look into the appropriate proposals by the Commission. At the end of June a tripartite conference will be held at Luxembourg with both sides of industry and it is hoped that by the end of September the said proposals will be passed to the European Parliament for advice, so that a decision can be taken before the end of the year.

These timetables are very exact. For this we thank the Council. But we do warn it that we shall take a very close look to see whether the dates shown on the timetables are being honoured. If the Council continues with its present

system of voting, we consider it very unlikely that these dates will be kept to.

As regards external policy, and the strengthening of the Community's institutions, I wish to say the following.

I thank the president of the Council for having stressed that we shall not be able to abide by the programme drawn up at the Paris Conference and by the decisions taken there, unless the Community institutions are strengthened. This, too, is our thinking.

The Community's institutions must first be strengthened and we must be able to avail ourselves of the means with which we can carry out the programme that has been drawn up in Paris.

On of the points on which the Christian Democrat Group laid emphasis is that in this Parliament and also at national level everything must be done to establish strengthening of the institutions as a condition precedent, and that this be done to enable a regional policy, an industrial policy, a social policy, an environmental protection policy, an external policy and a development policy to be carried out as a practical proposition in the coming years.

In this we count most particularly on the present president of the Council.

We give our full support to the Commission in its strivings.

*(Applause)*

**President.** — Thank you Mr Bertrand for your very valuable contribution to the debate and for keeping to your speaking time. I would urge all speakers to follow Mr Bertrand's example.

Mr Davies told us just now that this was an historic occasion for him. I think that it is an historic occasion for us all as I shall now call Lord Bessborough to take my place in the chair.

*(Applause)*

**IN THE CHAIR : LORD BESSBOROUGH**

*Vice-President*

**President.** — I thank you for your words of welcome, Mr Berkhouwer. I hope that I will not make this too historic an occasion by failing to appreciate your Rules of Procedure.

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

**Mr Lange.** — *(D)* Mr President, honourable colleagues! The subject of our exchange of views today is: 'The implementation of the decisions

**Lange**

of the Paris Summit Conference, with particular reference to economic policy, monetary stability and the fight against inflation and the report by the Council of the European Communities on its activities'; then the debate on the oral questions.

A year ago we recommended very great caution with regard to the assertions of the then President of the Council, because a year ago we received—as we have done today—a perfect exposition of the Council's intentions and a more or less perfect exposition of what the Council had done up to now. In this report appropriate time-limits were set. On other occasions too the Council has set time-limits for itself and up to the present time we must state that not a single one of these time-limits has been kept. A striking example of this is in regional structural policy. Moreover, in the debate after the Summit Conference we expressed the urgent wish that that which was postulated by the heads of state or government as the political will of the governments of the Member States—at that time the Six—and of the countries joining the Community on 1 January 1973, should be translated into reality by the Council.

Well, caution is appropriate here too, despite the time-limits set by the Summit Conference, the Council of Ministers and the Commission. I cannot get away from this realistic view of the Council's intentions and will not be able to do so unless the Council reaches decisions more quickly than has hitherto been the case, and reaches them accurately and quickly on the basis of the prevailing state of development within previously determined time-limits.

I want to make this clear. During this period, during these nine or ten weeks, we have experienced developments which could definitely have put the Community in a position to act in a Community way, if one or other Member of the Community had not insisted that on account of a specific economic development it could not yet act in a Community way, although it had taken upon itself a solemn obligation to act in a Community way.

Naturally the remaining countries are understanding about such actions and such attitudes—the old Six were also guilty of this, because over the years they continually sinned in cases like this. The decisive point here is simply, honoured colleagues, honoured President, that the Community will not make the necessary progress towards further development if it carries on in this way. The latest events—I do not wish to express an opinion on the content of monetary problems in detail—gave us an opportunity. The Nine could have given evidence of their

will and could have used technical means to intermesh their currencies one with another to such an extent that autonomous movement by individual currencies of Member States was no longer possible. Admittedly it would have been necessary to build up an appropriate system of financial support, which in essence is already to hand, but this would not have presented any difficulties. On this foundation the nine, or, to be more exact, the eight currencies—taking the Belgium and Luxembourg francs as being linked to one another—or the seven currencies or currency areas, as we must group Ireland and Britain together, could have erected a common defence against outside currencies, but this did not happen.

The question to the Council remains: when will the Council accept the Commission's proposal, which aims in this direction and which effectively constitutes a considerable step in the direction of the decisions taken by the Summit Conference which have always been supported by this Parliament? I mean by this not the detailed decisions of the Summit Conference but the declarations of intent with regard to the development of the Economic and Monetary Union. At this point I would like to add to what Mr Bertrand has said by saying that for a Social Democrat or a Socialist an Economic and Monetary Union must from the outset be a social union and not, as has been stated on previous occasions even in this House, a community of merchants, traders and, as has been said deprecatingly, of shopkeepers. I think this is self-evident in this connection.

My quite concrete question to the Council is therefore: when does the Council think it will be able to give an answer and draw the necessary conclusions from this answer?

The same thing is true for the common economic policy which must precede such a common monetary policy. As long as three years ago this Assembly recommended that the Council should create suitable instruments for harmonizing the policies of individual Member States.

This demand has always been met with the answer that so long as economic differences exist between individual regions and individual Member States in the Community, one cannot arrive at a common policy. It was said that one first had to develop a common structural policy. Today we have again heard that these decisions taken within the framework of the Summit Conference should be put into effect as soon as possible. Once again the Council's self-imposed obligation of last year, or to be more precise the year before last, is evaded.

## Lange

So we are being led by the nose a bit here, if I may use a strong expression—I say ‘a bit’ in order to tone it down, and this applies not only to us but to Europeans generally.

The question which follows is: when will the Member States be prepared, through their representatives in the Council, irrespective of possible difficulties, to make a serious attempt to arrive at a Community policy in the field of economic policy, in the field of structural policy, call it regional structural policy, in order to really construct a firm foundation for a Community monetary policy? Although one could approve of everything in Mr Van Elkslande's speech without reservation, if one judged it separately from actual developments, just as one can approve of the Summit Conference communiqué without reservation, I unfortunately cannot help saying that our experiences, going back some years—in fact now almost a decade and a half—give us cause to view the situation in a rather more sober light.

So we should like to know how concrete are the assertions which have been made here by the incumbent President of the Council.

Of course I realize, as do my colleagues in the Socialist Group, and, I hope, all Members of this House, that the Community's development is also affected by outside influences. We are aware of the fact that the monetary problem, for instance, cannot finally be solved in isolation from the universal problems of the world monetary system. But nevertheless we have a chance—as I have already indicated—to enable the Community to take a step forward with a measure that would simultaneously be a contribution to the solution of the international monetary problems. During the course of its May part-session this Parliament will certainly have to concern itself with a report on an initiative for the reform of the world monetary system, so that Parliament, too, will be able to make its contribution. But then we shall be speaking about currency problems in detail.

All in all, what I am saying with these few examples is that all the assertions and promises of the Council under its different incumbent Presidents which have been made up to now are completely acceptable in detail, but more than questionable when it comes to realization.

Then there is another point which I cannot help mentioning now. This Parliament is not yet in a position to exercise the necessary control over the other organs of the Community. I must admit that according to my own conception of the future development of the institutions in the European Communities, Parliament would be composed of two chambers. We would have the

Council of Ministers representing the Member States or their Governments, and this Parliament alongside it, a Parliament that would one day be a directly elected assembly with full rights; these two elements would then have to treat with each other. But meanwhile the national Parliaments are losing opportunities of control and even rights to legislate to a decisive extent. Certainly the Parliaments in a few Member States have an opportunity to receive the necessary information on decisions which have been prepared by the Commission and the Council. But the way this happens is that the Government's representative, although he supports the view of Parliament or of the relevant parliamentary committee, adds, and is logically forced to add: we had to deal with five other partners, and we now have to deal with eight other partners, so we are not at all sure whether we can get your ideas accepted there. The outcome is naturally always a compromise in the Council—it could hardly be otherwise—so that even the national Parliaments can at best subsequently take cognizance of results determined with much gnashing of teeth. In this respect the Council and the Governments of the Member States, together with Parliament—whose most special task it is—ought to be worrying about the real democratic basis of the Community and not merely giving Parliament possible additional powers of control and legislation under a plan scheduled for 1975 or later.

It seems to me, Mr President, honourable ladies and gentlemen, that this is a matter that concerns the Council and that equally concerns the Commission—the Commission which we have always designated here as a quasi-government, if I take the text of the Treaty, and which we have designated as the nucleus of a future European executive, which often provokes the comment from one or other of our capitals that the fate of Europe should not just be entrusted without more ado to a Commission of this composition. Those who say this have themselves had a share of the responsibility for the present composition of the Commission.

We should endeavour to remain credible to the citizens of Europe and should avoid making avowals of faith in Europe on Sundays while setting up obstacles in day-to-day politics which prevent the achievement of the results we have said we are aiming for.

Mr President, I thought I ought to make this speech in order to demonstrate to Council and Commission at the same time that it is quite possible to form a completely different judgment of what is possibly held subjectively in all good faith, as one does when one sees, as the other side of the coin, the very small degree of pro-

**Lange**

gress that has been made in the growing together of the Community.

One last observation. It is in the interests of none of us that we should let the Community break apart on account of present developments against which we have no appropriate counter-measures. We have indeed been to a certain extent on the verge of such a collapse during these days. What has emerged only represents a very, very inadequate papering over of cracks.

I believe—and I repeat—that the Council must take the decisive step towards the consolidation of the Community particularly as regards the most urgent current problem, as quickly as possible, and the Member States must of themselves develop the will, despite domestic difficulties, to arrive at such Community solutions—with good will on all sides it is possible to overcome these difficulties.

That is what I wanted to say in the fifteen minutes available to me, Mr President. I thank you for your patience.

**President.** — Thank you very much, Mr Lange, for an extremely interesting speech and for keeping precisely to the time-limit.

I now call Mr Triboulet to speak on behalf of the European Democratic Union.

**Mr Triboulet.** — (*F*) Mr President of the Council and Mr President of the Assembly, my dear colleagues, I must thank Mr Federspiel and Mr Rhys Williams for allowing me to speak before them for reasons of personal convenience.

While I was listening to Mr Lange I asked myself how it was that two men who are aiming at precisely the same objective, and are hoping for the same Europe, and who expressed complete agreement at the very fine conclusion of the speech, while not exactly the one presented in writing by the President of the Council of Ministers on a Europe where compassion and cultural values are in balance, can look on a debate of this kind under such different aspects.

I heard Mr Lange complain about the stagnation of our institutions, and I admit that what concerns me in this debate—since, after all, it is about the timetable which issued from the Summit Conference—is to know whether this timetable will be adhered to or not. Let me say that we no longer have to choose the method of building Europe: Mr Monnet and President Robert Schuman started Europe off on a functional basis—that was the jargon of the time—and we began with the functions in the belief that this would create the necessary instruments; this method has little by little taken us to where

we are now, and, it would seem, can take us still further.

Just now I listened to Mr Davies talking to us about Great Britain's entry into the Common Market. He stated that the common agricultural policy had been a source of misgiving to his fellow-countrymen. Really? I am not entirely convinced. But he recognized at the same time that Great Britain had come into the Common Market because she had come to realize, in the very pragmatic British way, that the European Economic Community had produced results and, in point of fact, was indeed a very great success.

This method, which started with the establishment of functions and progressed slowly with the creation of the instruments which were required, seems to me then to have borne fruit.

Now, on what principle is our Community founded? On the principle of Community preference, as we must never forget. It is indeed this principle which has given its strength to the common agricultural policy, the first of our common policies and not, we hope, the last. We are waiting for the trade policy and the industrial policy, which were of course dealt with at the Paris Summit. We are going to establish a body of common policies based on this principle of Community preference.

So it is that, through policy decisions at the summit, a succession of boosts enables us to reach fresh targets. And the Paris Conference had indeed the very great merit of fixing a timetable.

However I noted with regret—I am speaking in the name of the European Democratic Union—that after the Paris Conference had finished we were almost the only ones in this assembly to express our satisfaction at its results. I remember a press conference called by Mr Behrendt in Brussels, during which representatives of the various Groups were called upon to speak, when I was the only one to express my gratification.

Now I note that today in this Parliament, including the committees of experts, questions are being raised about the timetable which was fixed at the Summit Conference, in the understanding that the targets were indeed ambitious, and people are wanting to know if the deadlines can be achieved.

This Parliament has approved the resolution of Mr Müller, at the beginning of which Parliament expressed satisfaction at these new objectives, while showing some scepticism as regards the essential institutions. I should have thought that the really constructive part was the one that we could feel pleased about. The diary is here then, in front of us, but how are we going to keep to it?

**Triboulet**

There is in fact a real danger that we may not do so and because of this the Community itself, even the enlarged one, is at grave risk. Why shut our eyes to this fact? That is where the urgency lies. The most important question is not to know what we are going to do in the near future about the necessary institutions, because it is obvious that these institutions will evolve. The most important thing is for us to realise that the house is beginning to catch fire, and that our first thought should be on how to put it out!

The greatest risk of a fire in the house comes from the monetary problem, as you know very well. Just now Mr Ortoli, with great circumspection, said that he naturally regretted that the solution reached on 9 March had not been a solution of the Nine. It must become one, and quickly. Do not let us forget that, according to the timetable, a European fund for monetary co-operation should have been set up by 1 April. I am pleased to see that Mr Rhys Williams, in a motion for a resolution, has expressed the wish that the fund should function as soon as possible. But there can be no monetary cooperation fund worthy of the name unless we can endorse the decisions of the Nine.

I say more, that all the other deadlines in the calendar, whether for the trade policy on 1 July 1973 or the environment policy in the same month or the regional policy in December, are dependent on the monetary problem. Shall we be able to solve it?

In another connection, as you know it is closely linked with the second danger threatening our Community: the Nixon Round. If we do not see that we achieve unity in monetary affairs and trade before September, when the first ministerial meeting of the Nixon Round is to be held, what will happen to the European Economic Community, or, likewise, to the political Community? Indeed, we must not hide from ourselves the fact that we shall not know how to solve the problems of foreign policy and defence if we do not succeed in presenting a united front on the questions which have taken up our attention for so long, namely those of monetary and trade policy.

As regards the institutions, I am very sympathetic, as I have told the Assembly, towards the views which I heard Mr Davies express on parliamentary control and Parliament. I do indeed believe in the virtues of Parliament, and the Exchequer of Normandy, as I have mentioned before, was all the same the origin of the British Parliament! I am extremely sympathetic to all this, but the creation of a stronger European Parliament, and the creation of new institutions, presupposes that we do not allow the European Economic Community to be swung off course

outside the functions which have been entrusted to it by the unanimous decision of the Heads of State.

That is what the problem is, for we have never thought that the institutions must come first; this is where we differ from some of you, I know. We have always considered in fact that the institutions would come about as the result of continuous creation, and that a slow process of maturing would first create the functions and then as a final stage create the necessary instruments. In this sphere it is necessity which is in control.

I should like you to consider carefully whether, if we had already had, for the solution of the monetary problem—this is the objection which may be raised against me—a European finance minister, a European government and a European assembly, and I put this question to the three countries which are travelling on their own at the moment, there would really have been a majority decision by governments or Parliament? Would not that have risked causing a split? Surely we must first be in complete agreement over the aims to be achieved to ensure the generation of institutions which, despite the difficulties of their creation, will at least be lasting ones, and not liable to founder in the first storm to arise.

That is how we have always believed that the goal of Europe could be achieved, this 'European idea' which we conceived for ourselves, each one of us, in emerging from the dark experience of the Second World War.

*(Applause)*

**President.** — I call Mr Federspiel on behalf of the Liberal and Allies Group.

**Mr Federspiel.** — Mr President, this is the first time I have had the honour of addressing this Assembly on behalf of the Liberal Group. I listened with great interest to my colleague Mr Lange's pessimistic view of the development of the Communities. I do not share this pessimism. My country did not join the Communities because we believed nothing happened—nor do I believe that the United Kingdom joined because they thought that nothing happened—in the institutions of the Communities. On the contrary, if one looks back over the last 25 years, when we started the earliest attempts at making European political personalities meet in this hall in the Council of Europe we would never at that time have believed that we should have progressed as far as we have today.

Therefore, I do not think it is important whether timetables set up by Summit meetings or by the

**Federspiel**

Commissions are strictly adhered to. Nor do I believe that we should indulge in the practice so often used of setting up priorities. In his address to this Assembly in Luxembourg last month, President Ortoli clearly spoke of '*une politique d'ensemble*'. Very few in this hall will disagree when I say that the declaration from the Summit Meeting set up a policy which, if rightly handled, will ultimately lead—whether in 1980, 1978 or 1985—to that United Europe which we have never defined but the meaning of which we all know.

When we are faced with a sudden crisis, as we have been in the last few months, we run the risk of setbacks both to the timetables and to the procedures on which we have embarked to further the idea of our United Europe. In this instance, we had the experience of the functioning of the Community being attacked from outside, not by any deliberate attack—and there are certainly forces which would deliberately work to destroy the Communities—but accidentally, by the movement of capital—that movement of capital for which we always clamour and in which we have always believed, but which took on excessive forms. Our institutions, our Council of Ministers and the Commission found themselves in the same position as the old Israelites of having to live with the ploughshare in one hand and the sword in the other. In other words, we had to face a double front, to defend the Community against attacks from outside and to progress further towards the construction of our Community.

It is the view of your Liberal Group, Mr President, that this situation was handled as well as it possibly could be handled. There was moderation in the measures taken—moderation in avoiding severe interventions which might in other ways have arrested the progress of our industrial and commercial life. Undoubtedly, further steps could have been taken. It might have been wise to follow the advice of the Commission to increase the original capital of the Monetary Fund from 1.4 billion to 10 billion units of account, but, quite frankly, I do not think either figure would be adequate as a means in itself to defend the European currencies against floating and homeless capital.

Another measure—I have never understood why more countries have not adopted it—would have been the idea of a parallel market, which I understand is not difficult to handle by central banks, treating commercial transactions at the rate agreed, the fixed rate floating with the dollar, and letting the balances, which have no commercial function, no ordinary payments function, look after themselves and find their own value. That was not done, but in the next

few days further measures, I understand, will be taken.

It is not for this Assembly to give advice in this matter, for the one area in which Governments must take sole responsibility is monetary policy, but one course would be to mobilize the strength of the central banks, as the one and only way in which we can handle this attack upon our resources. But immediate intervention is only the first step, and it was rightly pointed out by Mr Van Elslande and others in the debate that the major task is the fight against inflation.

Therefore we have to remember the need, as also stressed in Mr Van Elslande's presentation, to look at Government spending. There is nothing that produces more inflation than the attempts by Governments to redistribute incomes by excessive taxation and excessive spending. Here it is undoubtedly necessary that concerted measures should be taken, and that Governments consult with each other to form fiscal policies which will serve to beat this horrible scourge of our decade, galloping inflation.

We have been living in Europe on homeless American dollars, and some of that money is now considered the enemy, but we must remember that it is the American payments deficit which has very largely financed the building up of the flourishing industries of Europe. Apart from that, there is money—figures are mentioned up to 280 billion dollars—seeking a home. They are American dollars but they have no home in the United States. Can we blame the Americans for that? Can we blame the Americans for having paid for services, goods, or whatever it may be, with their dollars, and then not keeping control of those dollars? Surely when we have paid our money it is out of our control.

But we can take other measures in consultation with the Americans, and one of the gratifying things from the last week's meetings is, in my view, that no ill feeling has been created between the United States and Europe in currency measures which may very well inflict hardships on the American people, as they will undoubtedly inflict perhaps moderate but certain difficulties on the people of the Federal Republic of Germany.

Another thing which we look upon with satisfaction from the Liberal side is that in these measures there is no tendency to increasing public control, damaging free enterprise, which in our view is the source of our wealth, and the strength on which Europe must build. In the programme set up at the Summit meeting in Paris there are certain slight tendencies. It would take me too long to go into them, but I trust that in continuing with this timetable,

**Federspiel**

whether it is kept accurately or not, our Governments will realize that in building up our new Community it is a European idea which is the new contribution and not the idea of making experiments in Government control or Government expenditure.

**President.** — I call Sir Brandon Rhys Williams on behalf of the Conservative Group.

**Sir Brandon Rhys Williams.** — We heard with the greatest of interest the speech of Mr Van Elslande before lunch, and I think it was inevitable that he had to concentrate upon the monetary scene and the present economic situation. There were, of course, many other things of great interest in his speech; but the economic situation is really what concerns us all most.

We must see it not primarily as a European problem but as a world problem, a world problem for many different interests. I am concerned that, in our determination to solve the exchange rate crisis in Europe, we should not forget the interests of the developing countries. Lately we have seen an upward movement in commodity prices, particularly in oil and copper. We have to ask ourselves whether perhaps the lean years may be nearing the end for the Third World. In any event Europe must reconcile itself to this: we must prepare our economies so that we can send more goods to the Third World. We must prepare to bear a much greater strain on our economies in the 1970s and 1980s. In our relations with the Third World we must take a long view. Europe cannot simply consider its own interests.

The economic situation is a world problem too from the point of view of the Japanese. Perhaps we tend to forget that the Japanese Government is founded on a democracy just like our own Governments. Maybe that does not give as much freedom to the Japanese Government as they would like. They have revalued their currency by 38% in the last 18 months, and they perhaps are entitled to feel that they have done enough for the time being: but of course the Japanese favourable balance of payments, particularly with the United States, was quite inordinate before the recent series of exchange rate changes began. I think it is good that the Japanese are considering ways to modernize their retail procedures and the non-tariff barriers which have been particular obstacles to the entry of American and, of course, European goods. However that may be, the rectification of the Japanese balance of payments situation can only come about in course of time. We can hope for progress but we must not hope for immediate results.

Then, of course, the economic crisis is a world problem from the point of view of the International Monetary Fund. We must ask ourselves whether the Group of Twenty will be ready with its new outline proposals by the time the International Monetary Fund holds its annual meeting in Nairobi in September. It really would be disastrous for the world if we had to postpone perhaps indefinitely the reconstruction of the world monetary order. The outbreak of a trade war, particularly between the two sides of the Atlantic would be disastrous for us all. Certainly the economic and monetary situation is a world problem which affects the United States. We appreciate the readiness of the United States' representatives to come here and to cooperate with us in finding short-term and long-term solutions to the monetary crisis. We have read of the continuing and serious inflation problem in the United States, shown by their rising food and wholesale prices. Perhaps this is one of the reasons why speculation against the United States dollar has been continuing in recent weeks. Their concern is not only their balance of payments deficit but the continuing outflow of capital. This deserves to be more fully studied in the negotiations that are to take place between European countries and the United States.

However, those of us who have long memories must remember that in the 'thirties the problems, particularly of Europe, were the other way round: the dollar was the attractive currency and our capital was draining away across the Atlantic in the other direction. What we know of economic history suggests that sooner or later there will be a reversal of this movement of capital away from the United States. We must not find solutions to the immediate crisis which ignore the fact that things change. Perhaps the speculators who will make the most money will be those who first see that the tide has turned, and that the United States is emerging with a currency which is highly desirable in the long run. Here, too, in our relations with the United States we have to realize that solutions are a matter of time and that nothing will be solved overnight.

Here in the European Parliament we must ask what Europe has to contribute positively to the solution of the crisis. I believe that the most important thing we can contribute is the restoration of confidence. Speculation feeds on panic and on disunity. It feeds particularly on failure. With our experience of the attempts of British Governments since the war to find ways of preventing speculative movements, and our recollections of the difficulties we encountered in the days when the crisis was primarily a sterling crisis, we have learned that we must



**Rhys Williams**

be extremely cautious in adopting new solutions to counter speculation, particularly speculation on the scale of the short-term capital movements we have seen in the last year or two.

It may be said that ours is a typically Conservative, pragmatic point of view when I say that we must not hasten to adopt solutions which we are not confident will succeed. Mr Triboulet referred to Conservative pragmatism, and perhaps this is the way in which we can make a positive contribution to the present situation.

Mr Van Elslande dealt this morning with the two main aspects of the economic situation. He put the monetary crisis first, and secondly he mentioned inflation. I would reverse that order because it seems to me that inflation is the most important enemy and the one which in the long run we all have to regard as the primary target for our collective efforts. Inflation is proceeding at different rates in the different countries of the Community.

Conservatives place particular emphasis on the need to contain inflation as the principal target of national economic policy. It is not enough, we feel, to leave the economic situation to market forces. Direct action by Governments has been shown to be inevitable in present circumstances. I do not know whether colleagues in the European Parliament appreciate quite sufficiently the extent to which the British Government has grasped this nettle in recent weeks. We are in the middle of a vital struggle in which we are confident that we have the backing of the British people.

In Mr Van Elslande's statement I particularly noted this phrase:

'It is too early for this anti-inflationary policy to bear fruit and therefore impossible, as yet, to judge whether the measures taken will be sufficiently effective to halt the phenomenon or whether they will have to be supplemented by other measures.'

We are confident that what we have done in Britain is the practical and sensible thing; but this has something which has still to be proved to the international community.

The immediate exchange rate crisis of the last fortnight originated as a crisis for relations between the dollar and the Deutsche Mark. Happily, on this occasion it was not primarily a sterling crisis. Everyone trusts that the further 3% adjustment in the exchange rate between the Deutsche Mark and the dollar will be the last; but in this matter we have to watch anxiously the way in which the markets develop over coming weeks.

The adoption of the joint float makes the European cluster of currencies a more significant entity in the world economic and monetary situation. I feel that this decision to move towards the joint float and release the snake from the tunnel is inevitable and right; it is a step forward on the way to eventual total monetary and economic integration in Europe. It is a particularly hopeful sign that we find that countries outside the Community—particularly Switzerland, Austria, Sweden and, we hope, Norway—will perhaps be able to participate informally in the joint float. We wish success to their monetary authorities if this is indeed their intention.

Two big questions still remain. The first is precisely what meaning we wish to put on the 'fixed but adjustable' formula adopted by the Summit Conference. We have to find a way to carry through exchange rate changes within the snake, as it were, in such a way that they do not cause disruptive movements of capital or have disruptive effects on trade. I believe that this is a matter where, once again, the passage of time alone will solve the problems. We shall not hit on the solution to the technical difficulties of changing exchange rates overnight. If we were to find that within the snake sudden, large exchange rate changes had to take place, the joint float would be almost worse than useless. The Deutsche Mark has set a good fashion by revising its exchange rate by only 3%. For the future I hope that this fashion will be followed and that we shall never see exchange rate changes again of more than that percentage at most.

The second question is: can we fight off short-term capital movements after announcing a joint float any more than we were able to do before? I am an optimist. I welcome the setting up of the European Fund for Monetary Cooperation on 1 April, although I have criticized the tiny amount of the funds which will be at its disposal. The formal rules which have been adopted are still an untried and creaky mechanism: I am not confident about the formula for fixing the *numeraire*. There are aspects of the fund which also make one wonder whether in the early weeks and months it will be effective. There is also the whole question of the pooling of reserves. This is particularly a problem for sterling, but we must not misunderstand the situation. The questions for sterling do not arise primarily from the existence of the sterling balances—about £9 000 million worth of them, I believe. The real sterling problem remains this question of uncontrollable short-term capital movements. I am sure that in London the German initiative for studying the sterling balances problem is most welcome; but we must



**Rhys Williams**

find a formula which will convince speculators finally that they cannot make quick gains at the expense of our workers and taxpayers in future. 1973 has had a troubled start, but it was also the year in which Denmark, Ireland and Great Britain joined the Community. Conservatives are pragmatists but they are also optimists, and we are determined that 1973 will be the turning point on the way to Economic and Monetary Union.

**President.** — I call Mr Amendola.

**Mr Amendola.** — (I) Mr President, ladies and gentlemen, I must express my profound dissatisfaction with the content of the report made to us by the President of the Council, Mr Van Elslande; I consider it to be extremely general and vague despite the gravity of the problems faced by the Community at this time. I do not think that this speech has made clear the full gravity of the crisis through which the Community and Europe are passing today. For this reason, our hurried and cursory discussion has also become abstract and unreal, as if a fog had blurred the sharp outlines of the facts before us, facts upon which we should bring to bear a political will that this Parliament seems to lack.

On many occasions we have had the impression of a machine running idle and dissipating a good deal of energy. On Friday morning for two hours the Political Affairs Committee in Brussels debated whether a motion to be tabled in Parliament should discuss the connection or the inter-connection between politics and economy. Now I feel that this is like discussing how many angels can stand on the head of a pin, while the house is burning down.

We need to keep our feet on the ground, for the problems are extremely serious.

I may be mistaken, but I do not believe that there has ever before been a situation in which the currency markets have been closed for more than two weeks; I shall be very happy if someone can prove me wrong, but I do not believe so. We have glossed over this fact without realising the gravity of the possible repercussions of this monetary upheaval on production and on the economic crisis which many states are already passing through. Some people—not we, the Communists, who are often accused of being disaster-mongers, but eminent economists of various schools of political economy—are once again talking of a recurrence of the economic conditions that paved the way to the great crisis of 1929. This is the situation, and in this situation I think it is a little out of place to sing songs

of praise for the Paris Summit, which drew up a timetable but forgot that the point of departure was this international situation over which the clouds were already thickening as a prelude to the storm; that storm, an enormous storm, broke two or three months later.

We have spoken of speculative movements and speculators who gamble on the rise or fall of currencies, but these are not speculators. They are major financial forces associated with the structure of modern capitalism. This proves that capitalism is unable to contain or overcome its inherent contradictions, unable, despite all the paeans in favour of supercapitalism and neocapitalism, to ensure that a modern economy will develop in an ordered manner.

We have multinational companies whose funds amount to two hundred thousand million dollars which gamble with these funds by shifting their capital from one market to another. We have oil-producing states which need to invest the proceeds from their sales, and we have the radical economic discrepancies between Community Member States, between Germany which uses migrant labour and Italy which has to export labour as well as capital. In this situation, therefore, we have had a monetary crisis and it is not yet over. I do not feel, therefore, that I can share any facile hope that the situation will be solved on Friday by a further discussion with the American representative. We have a situation in which Community unity has been disrupted, and I would have liked attention to have been focussed on this point. Why has the unity of the Community been disrupted? The British, the Italians and the Irish, for example, are outside the Community order at the moment and we should therefore feel somewhat concerned at the disruption of our solidarity; but we are not concerned, because everyone recognizes that we were faced with factors beyond our control.

It is not enough to discuss a monetary cooperation Fund, as the Commission has done. We must discuss the size of this Fund, for faced with capital movements of thousands of millions of dollars, for example two or three thousand million dollars a day, a monetary fund which is intended as an intervention instrument must obviously be comparable in size. It stands today at four hundred thousand million, although it is subject to increase, I think, on the 1st April, and this is not enough.

Now, this is a monetary crisis but it is the expression of a crisis of a political nature. I have spoken in these general debates several times and have drawn attention to three factors in the continuing Community crisis preventing the

**Amendola**

Community from becoming what we want it to become: the basis for a political and economic organization in Western Europe. The first factor is the failure to define our relationships with the rest of the world. We cannot reach a decision without viewing our relationships with the rest of the world which is antagonistic towards us. This is also the case with the United States, which was to be the largest power protecting the Community. In fact it did so for a certain period when the Community played a sort of anti-Soviet role.

The second factor relates to the problem of the economic foundation on which a general policy can be built up; as we were reminded in Paris, there is still no such economic foundation. A short while ago we were discussing regional policy, which is non-existent, except perhaps as a heading for a chapter as yet unwritten. School policy, scientific policy, industrial policy, ecological policy: all these are chapter headings without a text.

The third factor, finally, is the problem of democracy in our institutions, which is not confined to the relationship between Parliament, the Council and the Commission but is expressed in the relationship between the institutions and the people. Today we must admit that the people are either indifferent or hostile to our Commission; indifference has been manifested by the French plebiscite, hostility by the attitude of the British Labour party in its decision not to come here. As the only representatives of left wing forces in this Parliament, we have the clear intention of fighting to change the nature of this parliament which is not yet democratic so that it is impossible to lay the foundations for the construction of Europe.

The first problem is that of our relations with the rest of the world. The Central Committee of our party, through our comrade Mr Berlinguer, the secretary of our party, has stated that we would like to see the economic community, the organization for this part of Europe, constructing its own unity, not necessarily anti-American or anti-Soviet. It must be an open Community, a centre of cooperation with the East and with the West, in other words the centre of economic relations, of political, cultural and economic cooperation. Naturally we must discuss the content of these relationships. America, for example, which was at first a power that protected the Community, has now revealed itself to be a fairly wicked and unfair godmother and is making us pay the bill. This is a problem that is not being raised, except perhaps as a side-issue. The bill is for the Vietnam war. The American balance of payments was first in deficit in the 60's as the American

commitment in Vietnam gradually increased. Now that the war is over and the post-war period is proving difficult, like all post-war periods, with the problems of the change-over, the total bill has lengthened. And, as in the war years, U.S. inflation has overflowed into Europe—and the sixty or seventy thousand million Euro-dollars are associated with this overflow of American inflation in Europe. The problem now arises of the final settlement of that bill, the bill for military expenditure. We know that the deficit in the American balance of payments is a fairly small trade deficit and is offset by proceeds from dividends on foreign investments, from the exporting of capital; I do not see why Europe should foot the bill for that financial transaction, since it has served to increase U.S. financial control over Europe, as well as military expenditure. Military expenditure raises another problem: when the United States sees the powers that were defeated in the last war becoming its competitors because they no longer have to bear the brunt of military expenditure, the problem of armament obviously arises. We have never been nihilist in the matter of national armament. We admit that every country has its own national needs. We cannot, however, wish Europe to become a power arming itself to meet the needs of others, or to shelter passively under the American or the Soviet atomic umbrella. We see the path towards disarmament, and we know that disarmament depends on relationships with the Soviet Union; that path is constituted by the preparations for the Helsinki conference. I was surprised by the fact that preparations for the European safety and cooperation conference merited no more than three lines in Minister van Elkslande's report, whereas they should have been given the same emphasis as relationships with the United States. Amongst other things, Mr Schultz is now in Moscow where I believe he is discussing the monetary crisis. It is not beyond the realms of possibility that a solution to the monetary crisis may be found by organizing the monetary system with the participation of the Soviet Union, with its economic strength and its gold reserves. I have already warned this Assembly to be on its guard against the possibility of an agreement between the United States and the Soviet Union reached over the heads of Western Europe without its participation; but if it is to be a participant, Europe itself must take the initiative in relationships with the rest of Europe.

If we remain passive at the Helsinki meeting and fail to take appropriate steps to come to this conference in a fitting manner, we may go forward to a future which, it is true, could ease the tension, but it would be a future to which Western Europe has made no constructive con-

**Amendola**

tribution. Such a contribution would help to solve the concrete problem of the European balance of power and the existing lack of internal equilibrium and the disparity in the development of various parts of this Europe of the Nine; it might even help us to reach general policy decisions.

We shall have to examine these problems. Naturally, if a hurried discussion occurs only once a year, we feel we are operating in a vacuum, for we are often faced with major problems, we take them up and give them a slight prod and then we drop them. We do not go to the heart of the matter, we do not confront our Assembly with problems which at a certain point should provide guidance to the Commission and Council. We speak in generic terms, for a few minutes at a time, and we never manage to decide on a stand which will help to evolve a specific policy.

For this reason I believe that the preparations for the Helsinki conference should be contemplated this year. In September there will be the Nixon Round, but it cannot be said that this too has no connection with our problems. Relationships with the United States are relevant in that they will determine the type of relationship with the Soviet Union and the Socialist countries in the rest of Europe. We can take a positive stand in that field if we can adopt a positive stand vis-à-vis the United States. I use the word positive, not anti-American, because a general world and European solution will enable our part of Europe, this regional organization of ours, to free itself of its encumbrances, its burdens, etc., and to start out on a constructive path without entering into anti-military commitments which are beyond our strength and which would, at all events increase the disequilibrium. We must remember that there are two atomic powers, even if they are on a reduced scale, but there are others who are not atomic powers, who do not want to become atomic powers and who must not become atomic powers. There are, therefore, problems of disequilibrium which should be tackled in this field.

With regard to the Helsinki conference, we are of the opinion that every country must participate on a fully autonomous and independent footing. It cannot be claimed that Romania and Hungary should take part on a fully independent footing while Italy, Belgium or France is to participate only through the voice of the Community. I am in favour of participation at different levels. There may be negotiations between the Community; there are, in my opinion, grounds for negotiations of this kind and the appropriate opportunity must be grasped. There

are individual relationships between one nation and the others. When, in the preparations for the Helsinki conference on disarmament in central Europe, the Vienna conference tried to exclude Italy, we Italians protested because we did not want to be excluded from these negotiations on the reduction of military forces in the heart of Europe. The Soviet Union has recognized the legitimacy of our demand and an agreement has been reached that Hungary is to participate and Italy is also to participate. This is a method of participation of which I disapprove because it has been achieved by negotiation between blocs. We want to do away with such agreements in preparing for the Helsinki conference. This, however, requires proof of the ability of the Commission and Council to take timely action, which is linked with the political strength of the Commission and the Council and the Community as a whole. Its political force will be derived from its representative quality. But our Parliament is not fully representative. We are in favour of election of the European Parliament by universal suffrage, but we know that we have a long way to go before we achieve that objective. Today major political forces are excluded from European Parliament: those which have excluded themselves—temporarily, I hope—such as the Labour party, and those which are excluded, such as the French Communists. I trust that these forces, whether or not they are excluded by their own wish, may take part in this Assembly so that it can become truly representative of a Europe now moving to the left, and so that it can take the appropriate steps in the interests of our states.

**President.** — I call Mr Mitterdorfer, author of Question No 35/72.

**Mr Mitterdorfer.** — (D) Mr President, ladies and gentlemen! I just want to speak quite briefly on the oral question which has been put to the Council on the subject of regional structural policy. I can be brief in dealing with this matter for the simple reason that this is not the first time that we have had the honour of putting such a question to the Council on behalf of the Economic Affairs Committee. It is the third time; and the reasons for the question have thus largely been stated already.

I should just like to emphasize that the question is motivated by a serious concern. We all know the declarations, which have been made many times, and I am sure there is no need to mention, or to remind you, that the Council has once again solemnly acknowledged the importance of a regional structural policy with reference to the establishment of the Economic and Monetary Union. We have had a whole series of declara-

**Mitterdorfer**

tions of this kind. But what is lacking are the decisions which the Council must take if these words and these solemn declarations are to be taken seriously. It does not matter so much that we are faced by the fact that the Council has not kept to its self-imposed timetables for the implementation of measures or for the reaching of decisions; what does matter is that we simply notice that the will to take decisions is lacking in this sphere which is acknowledged to be so vital; and I should like once again to express my personal conviction that this is so.

A European policy for growth is primarily a regional structural policy on a European scale. If the Community is to implement a socially balanced and stabilizing economic policy, the Council must make the Governments of the Member States renounce national sovereignty in the economic sphere to a greater extent than has hitherto been the case.

We shall not achieve the objective of a European Union, one of the goals set by the 1972 Summit Conference, with an unsound regional economic structure. The lack of leadership in the economic sphere in Europe, which finds expression in the dawdling pace of efforts to establish a regional structural policy, cannot be accepted by this Parliament in the long run.

Mr President! After sixteen years of merely sporadic activity in the field of regional structural policy—the desultoriness of this activity has prevented us from achieving harmonic development within our Community, as prescribed by the Treaties—and after a new start to small-scale activity in the field of regional structural policy in the Community, which began four years ago and which must be considered to have been more or less a failure, every effort must now be made to finally reach decisions which will lead us forward.

I do not know if I have understood correctly, but there appeared to me to be no indication in the answer given by the President of the Council that there was any intention of taking up the proposals which the Commission made four years ago now. These were proposals which the Commission worked out and were welcomed by this Parliament even if with certain reservations, proposals which Parliament saw as a first attempt to tackle the problem of regional structure at a Community level at last. There was nothing about this proposal by the Commission in the reply of the President of the Council. I think it is really time to put it into practice now.

In conclusion I would like to say just one more thing. Perhaps the political weight of some of the states which have just joined the Community and the abundance of their unsolved structural

problems will have such a strong effect—I hope that this will be the case—that the resistance within the Council in the Community of the Six against a common regional structural policy which was chiefly maintained by the interests of individual countries, can be transformed into progress and a willingness to take decisions.

*(Applause)*

**President.** — I call Sir John Peel, author of Question 4/73.

**Sir John Peel.** — My Lord Chairman, although I must thank the distinguished Minister for replying to the question I have tabled on behalf of the Conservative Group, it is clear that the reply he has given is not satisfactory. The subject that my political colleagues and I have raised is one of the greatest significance. If I am not mistaken, it is perhaps the very significance of this issue that has led to such timidity and reticence on the part of the Council.

I am aware, as are the Members of my Group, that the question of American force levels in Europe, if considered in isolation, does not fall directly under the Treaty of Rome. In my brief time as a Member of this Parliament I have noted the tendency to evade discussion of awkward questions—however important they may be—which do not spring directly from the application of the Treaties. The question of the American commitment to European defence is, however, one that we should be ill-advised to neglect.

President Nixon has not attempted to link the commercial policy of the European Community and trade relations between the United States and Western Europe with the United States military presence in Western Europe. Secretary of State William Rogers, when asked at a Press conference on 15 February about a possible connection between trade and monetary matters on the one hand and the maintenance of American troops in Europe on the other, replied 'There is no linkage between the two'.

Whatever may be the position between Governments and national administrations, we should not forget that we are a body of parliamentarians responsible to our people. In the years that I have been a Member of the North Atlantic Assembly it has been brought home to me very strongly by American Congressmen that this is regarded by the American people as a very important matter. Many voices in the American Congress increasingly demand that Western Europe should do more in helping the United States in one way or another to be able to continue to maintain its present force level in Western Europe.

**Peel**

President Nixon and the administration are doing their best to maintain the American commitment to European defence, but their attitude is not very popular amongst the people of the United States. Unless we in Europe are seen to maintain our fair share of the common defence burden, less responsible attitudes might eventually prevail in the United States, particularly if dissident voices in Congress win out over the administration.

It is clear that the United States has its own national interests to defend in Western Europe, as has already been mentioned by a previous speaker. The protection of the American dominated multi-national corporations is only one example. If it is useful for the United States to maintain troops in Europe in view of its own interests and requirements, it is essential for us as Europeans that the conventional as well as the nuclear element of the United States deterrent remains in place. In particular, it is vital that no withdrawal be made by the United States before compensating Soviet reductions have been negotiated within the framework of the prospective East-West force reduction negotiations which are now under consideration in Vienna.

As a good ally, the United States has rightly chosen to play down the existence of any formal linkage between the Community trade and monetary policies and the American conventional commitment to European defence but, except to the most ostrich-like, it is clear that there is a substantive connection between these two matters. If the Common Market looks the other way and pretends that there is no connection of this kind, or that the Community can afford to conduct a Mediterranean policy and a monetary policy which run counter to United States interests without at least talking over these questions with President Nixon's administration and trying to find mutually acceptable solutions, and if at the same time those Western European countries which belong to NATO do little or nothing to help the United States to cope with the balance of payments problems which it confronts in maintaining 300 000 men in Western Europe, none of us should be surprised if the moment arrives when the United States Government might feel obliged to make a major reduction in its force levels in Western Europe, perhaps regardless of compensating reductions which might be made by the Soviet Union in the context of mutual and balanced force reduction negotiations. If this moment arrives, it will be too late for us to turn towards Washington in sorrow and in anger to ask why our major ally has let us down. Our American friends will surely reply

that when the crunch came we in the Common Market were not ready either to talk with them or to take the appropriate action.

I do not wish to point to any one course of action that the European members of NATO should take in order to ensure the equitable sharing of the defence burden. It could be that there is no single remedy to be sought and applied, but a number of complementary measures, which, taken together, might redistribute the burden in a fairer way and in a way that appears more equitable to United States congressional and public opinion.

However, in the context of burden sharing I wish to draw Members' attention to the proposals made in a very interesting report by Timothy W. Stanley, presented to the Atlantic Treaty Association in London in September 1971, entitled 'The Political Economics of Defence: Burden Sharing'.

I would not like it to be inferred from what I have said so far that Western Europe is doing nothing to improve its contribution to European and Alliance defence. The Eurogroup—an informal grouping of most of the European Members of NATO—has recorded substantive achievements over the past four and a half years. Furthermore, the United States Department of Defence has itself estimated in 1971 that, in terms of numbers European countries provide some 90% of the ground forces, 75% of the air forces, and 80% of the naval forces in Europe. Nonetheless, the achievements of the Eurogroup are only a beginning, which needs to be built on if we in Europe are to give the President of the United States and his administration substantial evidence, which they can point to, that there is a reasonable balance between the United States' effort in Europe and the efforts of the European countries themselves. As Chancellor Brandt has pointed out on several occasions, Western cohesion is underpinned by the substantial commitment of American power in Europe. It is this power that makes efforts at *détente* possible today.

Finally, if any Members of this Parliament consider that I am presumptuous or out of order in raising, together with my political friends, this question, may I remind them that the Parliament, in a resolution voted on 13th October 1961, following the Bonn Summit meeting, decided 'to extend the field of its deliberations to all political questions of common interest'. I, for one, would like to see full use made of that far-sighted and courageous decision.

**President.** — I call Mr Burgbacher, on behalf of the Christian Democratic Group.

**Mr Burgbacher.** — (D) Mr President, ladies and gentlemen! I should like to confine myself in the ten minutes that I have at my disposal to what we call monetary problems. I belong neither to the pessimists in this House, nor to the optimists; rather, I should like to be numbered among those who look at the monetary crisis in a slightly wider context than is usually the case with the monetary experts.

Monetary problems are after all merely economic problems of a universal kind. What we are seeing in the monetary crisis, as we call it, is the tip of an iceberg, which, as is well known, is only a very small part of the whole. Neither can we restrict ourselves to the usual reference to the deficit on the American balance of payments. My colleague Mr Feder-spiel also mentioned that there are other relevant factors, such as the dollar balances which arise from non-cash transactions.

Monetary policies and alterations of currency parities appear more and more to be becoming a legitimate object of competition policy or, expressed in a simpler but clearer fashion, the disadvantages to competitiveness which have arisen due to the different degrees of development among the world's industrialized nations are not being adjusted by the normal means of cost-correction and improved performance, but the more comfortable collective method is used, for example they are removed with the help of competitive advantages. Looked at in this way, the studies which have been undertaken in this House and in other Parliaments on the improvement of competition appear rather strange when it is possible to escape from competitive disadvantages in such a simple way.

There is no doubt that it would be better—and here I am in agreement with almost everybody who has spoken—if the nine Members of the Community had reached a joint decision and had not gone their separate ways in three different groups. Of the six countries which are floating their currencies, three have opted for a two-tier or 'dirty' float, as some people call it, and three have undertaken a genuine float. Three countries have not floated at all. It would be possible to build a dam round Europe by means of a joint float. But dams do not remove a flood, they merely confine it, and it is only a matter of time before the flood would find a gap and break into the Community again.

For this reason I should like to give an emphatic warning against the adoption of this 'European solution', as I like to call it, and instead recommend the 'Atlantic solution', that is to say a solution which comes about by agreement with the United States, and if possible with Japan, which incorporates what my colleague Mr Peel

has said; I support all that he has said, which has something to do with the fact we are old colleagues in the North Atlantic Assembly. In this solution the wishes which the USA has expressed with regard to the monetary crisis, not only in the currency field but in the realm of general economic and tariff matters, would somehow be incorporated in a way that was not harmful.

I hope that the Members of this House have read the paper by the American Finance Minister George Schultz on the subject of American external economic policy which has been distributed to all Members of our Parliament as Document 32,301—and if they have not read it I would strongly recommend them to do so. I would almost beg them to read this paper. I cannot read out all that I would like to read, but I would like to say plainly and simply that our trading position must be improved. If we cannot achieve this goal within the framework of freer and fair trade, the pressure towards protectionist measures will increase. We all know that protectionism, once it has begun, develops its own dynamic and that then the liberalization of world trade, which is really the goal of us all, is seriously endangered.

I should like to ask Commission and Council to examine a particular problem once again or for the first time, as the case may be, and that is the problem I have already mentioned of the dollar balances. Every hour of the day in the free world these dollars are being created by perfectly legal business transactions without the assistance of national governments; this is not money in the form of notes or coin, but it is purchasing power which is being created.

This is such a wide subject that I could speak on it and nothing else for an hour or more.

I should like to ask you to take note of the works of the American Friedman in this connection and to consider whether it might not be that the excess liquidity which exists in the free world is one of the chief causes of what we call the monetary crisis, and whether we ought not therefore to adopt legal measures to mop up the purchasing power caused by excess liquidity, although I know how difficult this would be. The figure has already been mentioned, and here I should like to draw your attention to another report, by the American Senator Long, chairman of the Finance Committee of the United States Senate, which quotes this ominous figure, namely that the multinational companies have over 268,000 million dollars at their disposal and that this is twice the amount of the currency reserves of the entire world. I know of no other counsel for tackling one of the main causes of the monetary crisis than to take an interest in the volume

**Burgbacher**

of money in circulation, particularly the homeless money and the freedom to continually create this money by business transactions, money that through the administration of the banks starts to circulate in the world economy. And once again I would refer you to the works of Friedman. Very recently Senator Petersen wrote at the conclusion of a report entitled 'The Energy Problem in the Eighties' — this may seem quite irrelevant but you will soon see that it is germane to the subject under discussion:

'Thus the total energy deficit of the United States, Europe and Japan in 1980 could be quantified at between 44 and 62 thousand million dollars per annum. This could have significant and perhaps even dramatic repercussions on the world economy and on the political status of the countries in question.'

This is one of the aspects which, because of the dependence of the oil-producing countries on a single product and the size of the interests at stake, makes a particularly strong impression, and it has caused Senator Petersen to demand that the free world should get together and agree on concerted action in this field to prevent new monetary problems being added to the old.

Because of the time I must restrict myself to these observations.

(Applause)

**President.** — I call Mr Cifarelli, on behalf of the Socialist Group.

**Mr Cifarelli.** — (I) Mr President, the group of which I am a member has asked me to express its view on that part of the debate centering around Mr Mitterdorfer's question, referring specifically to regional policy. Although I have listened to very stimulating speeches, including the contributions from Mr Burgbacher, Mr Amendola and Sir John Peel and so on, and although I am tempted to enter *in medias res*, as one says in Latin and discuss these subjects, I will nonetheless restrict myself to this specific issue: I will underline and state the reasons for the dissatisfaction that we feel at the reply by the acting President of the Council on regional policy.

I shall not repeat the arguments already advanced by my colleague, Mr Mitterdorfer, with regard to dates. My eminent British Liberal colleague was right in affirming today that despite the international, the world origin of monetary problems, they always end up by being like squalls that burst upon this or that currency, although the causes and remedies call for analysis. In the case of regional policy, however, we are faced with phenomena peculiar to each

Member State. Their needs are historic, geographic, economic and social so that in the Community of the Six and still more so now in the Community of the Nine—and we have already heard many echoes of the situation in this chamber—regional policy brooks no delay and justifies no hesitation or waiting period. Nevertheless, the acting president of the Council has said that we are waiting for a report from the Commission which will help give us guide lines for the creation of a regional development fund, and we hope to be able to meet the timetable laid down by the Summit Meeting for the implementation of this regional fund. Everything is simple and everything seems to be clear, but we must realise that the absence of a regional policy implies above all a lack of ideas; I do not believe, Mr Mitterdorfer, that Governments are in bad faith. The truth is that in this field we have not yet attained sufficient clarity of thought either on the national, above all on the Community, level. We all agree on the need for a regional policy but when we come to defining a region, the balance between regions, the responsibilities of the national States, the responsibility of the Community, the types of intervention needed, the effects and limitations of intervention measures already tried out, when we ask ourselves these questions we are unable to find satisfactory replies.

But we, the European Parliament, are the critical conscience of the Community. Today is a great day from my way of thinking, because European Parliament is concerned with great events, it is examining them, it is going into them in depth and it is saying something on them.

I believe that if we want to continue with a smooth process of development—a basic point of the treaties—and if we want to see this smooth development taking place in a free economy, in a market economy (the problem of regional development also exists in non-market economies, but we are concerned with the free solution to such problems) we must make an act of democratic faith and at the same time an act of humility: we must clarify the points of reference or regional policy.

I want to emphasize two points that I believe to be of relevant and decisive importance. The first is that this is not a matter of a static policy in which every region, every piece of territory has to be considered separately. When we talk of harmonious geographical development within the Community—and I address myself now to the representative of the Council—we use what is a fine, rolling phrase in French and in Italian. But I should like to know what this means in practice. In practice it is impossible, it would be Utopian to place all regions and all nations on



**Cifarelli**

the same level. Inequalities are obviously inherent in a free economy. But what must be done is to counter gross inequalities, those that, due to their broad geographic area, to their special features, to their outstanding gravity, create problems that are problems of justice and liberty. And here I refer to the underdeveloped macro-regions of the European community: the South of Italy, the Southwest of France, the North of the British Isles. I also refer to the situation in Alpine regions, in other words where there is a massive and growing exodus from the countryside and from agriculture; and I also refer to certain special situations which it would be inappropriate to enumerate here but which are undoubtedly within the experience of each one of us: major problems of change, the stunting of development on a wide scale.

The Community should follow this fundamental criterion: it must not dissipate its energies in pursuing the Utopian ideal of equalization, of giving something to everyone, but it should aim at issues of outstanding political relevance.

The other criterion is that responsibilities should be shouldered on the Community level. Up to this point, we have reached the point of coordination at most. With a task such as this before us, the task of evolving Community policies, we find curiously that our way is barred by the bastions of national sovereignty (this spectre of national sovereignty which every now and then prevents us adopting the rational course of action).

How can we conduct a common agricultural policy without a regional policy? How can we conduct an environmental policy, a territorial policy, without a regional policy? How can we conduct an industrial policy without a regional policy?

At times we have had arguments with Mr Triboulet—whom I do not see in the chamber now. He has not always been able to see the correlation between the dates set out in the timetable and the problems of sovereignty.

And yet—as I was saying—we want to adopt the course of monetary union and the course of monetary union has enormous relevance to this need for a regional policy, as we have seen over the past few days.

Three Member States, Ireland, Italy and the United Kingdom, who have great regional policy problems, are for a whole set of reasons in a different position from other member States with regard to the temporary solution reached to the problem of relationships between European currencies and the dollar.

I consider, therefore, that in stating our dissatisfaction we do not do so because we are pursuing a chimera or we have our heads in the clouds, but we do so because we are concerned with urgent and unavoidable needs, with our feet on the ground and our eyes wide open.

May I say, Mr President, not without a twinkle in my eye, that fortunately we do not have to wait for another election. In my country we say that we can always wait for the next party congress before reaching a decision. Here, after the French elections, as far as I know no other elections are looming. We can urge all the governments (and to ask the Council of Ministers implies an appeal to a body with collegiate responsibility) to direct their attention to this problem of problems, if we truly want to take a step towards the construction of Europe.

**ON THE CHAIR: MR BERKHOUWER****President**

**President.** — Thank you, Mr Cifarelli, for your contribution to the debate and for having kept to your speaking time. I hope that the speakers who follow will do the same.

As Mr Van Elslande simply has to leave at 6.30 p.m. I propose now to call the spokesmen of the groups, i.e. Mr Bro and Mr Bousquet so that Mr Van Elslande can then answer them briefly and take his leave at the appointed time.

The other speakers listed will be called tomorrow. To ensure this discussion remains in the nature of a dialogue a representative of the Commission will reply tomorrow morning. This is the best way of ensuring the smooth running of the discussion and of enabling all Members to take part.

Are there any objections?

That is agreed.

I would once again ask Mr Bro and Mr Bousquet to outline the position of their groups briefly to give Mr Van Elslande time to reply.

I call Mr Bro on behalf of the Conservative Group.

**Mr Bro.** — (DK) Mr President, the currency agreements in Brussels were no tiger's spring, let alone the final solution to the European monetary problems but the first difficult step has been taken. What happened may be the beginning of a monetary union and I for one hope that the developments and results will lead to a state of affairs in which everyone can participate, including more than the nine countries.



**Bro**

It has been useful to note in connection with the monetary crisis that the characteristic feature of this crisis was not that there were over- or undervalued currencies with which people could speculate. The outstanding feature was the uncertainty of our whole system which entailed some 60 to 80 milliard dollars moving from Europe to the USA and the Middle East.

Against this background I would like to stress that it is very important that other countries should join in this work and I am thinking first and foremost of course of Sweden, Norway, Switzerland and Austria. These countries must be included. And I would add that I also think it is important to European collaboration—and also to the further progress of the negotiations which must take place now and in the future as to how we are to organize our collaboration.

There is real cause, Mr President, for an appeal for international co-operation. No nation in Europe or anywhere else will get anything out of letting the speculators interfere with their daily lives as we have seen happening recently. And I might add that there are several governments which need no help in keeping inflation alive. I recognize that the Commission and the Council have been working under pressures of various kinds in this matter and I also share the opinion which often seems to be the Commission's motto: it may be dangerous to breathe but you'll die if you don't. Nevertheless I would say that the Parliament should and must be involved in a long-term work of economic and political reform. When all is said and done the wide-ranging plans—I might even say the visions—which we have heard in this Assembly in relation to long-term European co-operation, must have their basis in this Assembly, in this Parliament. There can be no realistic talk of the visions which many have rightly spoken of today unless we also understand that they will not become reality before we acknowledge that nothing is beyond and nothing else will do beside the Parliament.

*(Applause)*

**President.** — Mr Guldberg has the floor on a point of order.

**Ove Guldberg.** — *(DK)* I would simply like to comment briefly, Mr President, that I regret the fact that it is not possible to get our names on the list today, when the Minister is here. I fully understand the reason, but as a member of this Parliament I entered my name at the precise moment when I received the Minister's written speech. In my opinion, no rank-and-file member of Parliament can enter his name before he knows what the Minister is going to say, and

since I am sure that I entered my name absolutely on the spot and was the first to do so, this means that the timetable is so arranged that no ordinary member of this Parliament has a chance to be called in the debate while the Minister is present.

I do wish to point out that this must not be interpreted as a complaint against the President, still less against the Minister, who has been here all day and was really waiting for us here in Parliament to be ready for a debate which is a rare event and which was supposed to be a debate in which we in the Parliament could discuss something with the President of the Council, whereas in fact the debate is opening only one and a half to two hours before the Minister has to leave—which I fully understand.

In my view this is not a very happy experience. I hope that another opportunity can be made. I don't think that my own contribution is of such importance that anything has been lost, but the point is that the intention was to have a debate between the Parliament as such and the Council.

**President.** — I shall, of course, take due note of what Mr Guldberg has said. I am also sorry that the President of the Council is unable to be with us any longer but he is, like ourselves, shouldering two mandates. He is not only President of the Council but minister in his government where his commitments oblige him to leave us at 6.30 p.m. precisely.

As you know, Mr Guldberg, we too have to make sacrifices to organize a discussion of this kind with the Council answering.

I should like you and the whole House to know, Mr Guldberg, that I will try in future to organize this discussion with the Council and the Commission in such a way that it can go right through on the same day. I have, in conjunction with a member of Mr Van Elkslande's cabinet, made arrangements so that a Member of the Commission can reply to other speakers tomorrow. Let us remember that this is a discussion between Parliament and the Council and also the Commission of the European Communities.

I share Mr Guldberg's concern and assure him I shall try and deal with the situation. To do so I rely on the cooperation of all Members.

I call Mr Bousquet on behalf of the European Democratic Union Group.

**Mr Bousquet.** — *(F)* Mr President, I should like to say a few words about Mr Glinne's oral question number 4, regarding the Franco-Polish agreement for economic cooperation and joint consultation among the Member States of the EEC on matters of external trade.

**Bousquet**

This subject has already been debated, in January last; it is now once more on the agenda, and I do not think that this is an unnecessary item, since it has importance from the very fact that it raises certain questions of principle.

I wish to make three points about the Franco-Polish agreement. Firstly, I would emphasise that it is not a trade agreement, but an agreement for economic, industrial, scientific and technical cooperation between France and Poland, for a period of ten years. The document was signed before 1 January 1973, that is to say during a period when members of the Community could conclude bilateral agreements, and this is a very important point. The agreement does not accordingly conflict with Community policy. This bilateral agreement was submitted to the Council of Ministers under the terms of the provision which came into force in December 1969, and was signed before December 1972. It is therefore well within the framework of Community trade policy.

In fact, although it is concerned with economic, industrial, scientific and technical cooperation, and deals with a number of fields, it will of course have certain consequences in the sphere of trade, but it is not strictly speaking within the sphere of the common trade policy. It is therefore liable, though no more than others of the same kind, either in general terms or in detail, to the procedures of preliminary consultation defined in October 1961 and December 1968 by the Community.

That is a fundamental point, which must not be overlooked, for France was in no way contravening Community policy by signing this agreement.

A second point, equally important. The responsibility of the Nine in matters of common trade policy is incontestably based on the Treaty of Rome. This was signed a long time ago, in 1957, and since that time there have been many developments, and a great deal has happened in the economic field. Fresh treaties must now be negotiated which are adapted to our time and which take account of new realities in trade and on the political scene, and in the Community sphere fresh agreements must be signed which are of an entirely different structure, and which provide effective instruments for the development of exchanges between the Community of the Nine and all the other countries of the world.

It is then to some extent a new mould, a new formula, which we have to find, and it is for the Commission to propose to us—and from this year it will in fact be doing so—the new solutions which are required.

The third point, which I should like to mention briefly, is that this agreement raises the whole question of our trade agreements with the Communist countries of the East.

Exchanges with Eastern countries are exchanges with countries with a State trading system, that is to say countries which do not have in any respect the same system as ours. In this regard, I must say that I am sorry Mr Glinne alluded to COMECON. Mr de la Malène has already emphasised in his speech in January, and I repeat it now, that we do not have to have any contact with COMECON. What the Community can do is to enter into relations with the Eastern countries and study with them ways and means of developing our trade within the framework of their state-planned economies and our own free system of planning or system of free trade. That is a completely different formula, a completely different field.

I do not think then that one should put any emphasis on COMECON, and one should not attribute more weight to this body than it in fact has. What we should be doing is investigating how the countries with state trading systems can come closer to us in the triple sphere of technical, industrial and trade cooperation, for these three aspects are linked together.

In other words, we must look for the best method of harmonizing our policy in regard to state trading countries.

In relations with the East, the conceptions of prices and deliveries do not have at all the same implications as in our relations with the United States and Japan. It is a completely different sector.

As Mr Soames rightly said last January, the root of the concept of the trade agreement has now given way to the concept of credit policy, industrial cooperation and the promotion of exports. As Mr Van Elslande indicated just now in his speech, it is with these new basic ideas which we are now confronted.

The Community must study the means of putting credit policy and industrial policy into effect, and of developing exports, and how it is to incorporate these new ideas into Community policy. The question was raised at the last Summit Conference. It was also studied on 20 December 1972 by the Commission, which undertook to submit proposals to the Council on the matter in the course of this year.

The question will also certainly be examined at the conference in Helsinki on security and cooperation. It is therefore on the agenda of several different assemblies.

**Bousquet**

But the problem is very complex and difficult, because we must avoid having to harmonize our relations with COMECON but at the same time we must secure harmonization with the state trading countries. In this connection we must take into account at one and the same time the industrial and trading interests of the Community, the special interests of Member States, the need to strengthen relations between East and West, and finally our political responsibilities in regard to the countries behind the Iron Curtain.

(Applause)

**President.** — I call Mr Van Elslande.

**Mr Van Elslande,** *President-in-Office of the Council of the European Communities.* — (F) Mr President, Ladies and Gentlemen, first of all I must ask you to excuse me for having to leave fairly soon: but I had always been told that my presence was required from ten in the morning till six in the evening, and I have tried to comply with this request. However, if I am informed next time that I am required to remain for three days, I shall remain for three days! I should like to thank all the speakers who have taken part in this debate, and who have brought up a mass of ideas and suggestions, as well as criticisms. I shall not fail, as is indeed my duty, to report this debate faithfully to my colleagues in the Council. I should now like to reply, so far as is possible, and on a personal basis, to the main points which have been raised.

Some speakers were pessimistic, in particular over the monetary situation and the insufficiency, in their view, of the measures which the Community had been able to adopt up till now. Others on the other hand showed satisfaction at the results achieved so far by the Community, and expressed their confidence in the future. I think that they are both partly right. The Community has undoubtedly shown itself to be, and still does so, an institution which is crowned with success: the degree of integration which we have managed to achieve in a period of time which is historically very short, the impressive programme of work which we have drawn up for ourselves, as well as the way in which our institutions function, are all proof of this. For this reason I am among those who retain confidence in the European enterprise. All the same this does not prevent me from recognising that we are faced with serious difficulties, and that it will be impossible for us to find a complete solution to them unless the political will to do so is forthcoming in all our countries, and we are ready to accept sacrifices in the common interest.

The next few months will be decisive from the point of view of our knowing whether, despite crises and difficulties, the Community will be able to demonstrate that it is a viable and effective institution which is capable of evolving a policy which is equal to its immense economic potential and its responsibilities towards the rest of the world.

I can assure Mr Bertrand and Mr Lange that the meeting of the Council on Sunday 11 March did in fact produce better results from the point of view of a Community solution than they appear to think. It is clear from the discussion which took place in the Council that the economic situation prevailing in three of the Member States differs too appreciably from the situation in the other six for the former to be able to bring their exchange rates in the immediate present within the limits of the Community 'snake', which has in any case now left the tunnel in which it used to move.

Nevertheless, these three States have undertaken to bring their exchange rates inside these limits as soon as circumstances permit; to this end, the Commission has promised to lay before the Council, between now and 30 June, important proposals regarding the gradual establishment of common currency reserves. I can assure members of this Assembly that the Council will pay the fullest attention to these proposals as soon as they are received. That is why, in my opinion, it can be said without exaggeration that the Community has succeeded in avoiding taking a retrograde step, and that it has in fact made substantial progress.

Mr Lange and Mr Cifarelli asked whether the Council agreed with the view that the creation of an economic and monetary union must be coupled with the creation of a social policy and a regional policy. I can confirm to them that this is in fact the Council's view. The Summit Conference clearly emphasised this way of thinking, and the calendar which was explained to us this afternoon by the President of the Commission shows clearly that these questions will be studied in parallel by the Council.

As for the observations made by Mr Bertrand on the role of social policy in the development of the economic and monetary union, I want to emphasise that the Council considers social policy to be an essential and integral part of a global programme covering the whole range of Community activities. With the activation of this programme according to the time sequence which the Council has reported to the Assembly, we shall in fact bring about a real social, economic and monetary union, and the Council will indeed be grateful to the Assem-

van Elslande

bly for the help it will give to it in meeting the different deadlines in the timetable.

As regards the strengthening of the institutions which was forcefully demanded by Mr Bertrand, I can only repeat what I said this morning. The Council is aware of the importance of this matter, as also emerges from what has been stated by the heads of state or government.

The Council is awaiting proposals from the Commission on the subject of the division of tasks between Community institutions and Member States.

I confirm that the Council is giving attention on the one hand to improving its own methods of work—and I intend shortly to submit some suggestions to my colleagues about this—and on the other hand to improving and intensifying its relationship with Parliament, in order to bring about one of the aims laid down by the Summit, that is, the strengthening of the supervisory powers of the Assembly.

Sir Brandon Rhys Williams brought up the problems facing the Third World, as well as the position of Japan as regards trade and the balance of payments. As to the Third World, the Council is studying at present the whole question of its relations with the developing countries. As for Japan, this country, as you know, will be one of the participants at the meeting of the enlarged Group of Ten which is to take place in Paris on Friday 16 March. I should like in this connection to remind the speaker that in my statement this morning I spoke in favour of cooperation at the international level and of participation by all countries in the efforts to bring about an ordered monetary system. I thank Mr Federspiel for recognising the expediency of the measures adopted by the Council at its meeting on Sunday 11 March. The Governments of the Member States naturally studied all the possibilities for intervention which were open to them, including the extension of the two-tier exchange system. I would also draw his attention to the fact that the Council not only stated that they would reinforce the application of the directive on disruptive movements of capital, which was adopted by the Council on 21 March 1972, but also affirmed that additional controls would be brought in to the full extent necessary.

Mr Amendola regretted that the exchange markets had been closed—or, more precisely, that official quotations had been suspended—for a period of two weeks, an event without precedent. But, on all the evidence, it was more sensible to suspend official quotations, which allowed enough respite for studying these com-

plex issues, than to take hurried decisions which could not serve as the basis for a lasting solution. The decisions which have just been made have the advantage of providing such a basis. It is the best solution that we could hope for with a view to a return to monetary stability.

After the remarks expressed by Mr Mitterdorfer about the reply which I gave to oral question number 35/72, I owe it to myself to confirm that the Council attaches the very greatest importance to the preoccupations echoed by Mr Mitterdorfer, since a balanced development of the Community as a whole—as is laid down in the Treaty—is an essential factor in the bringing about of Economic and Monetary Union. Before proceeding with work on the proposals already referred by the previous Commission, the Council is awaiting with interest the fresh communications which the Commission will be passing to it in the near future, in accordance with the decisions of the Summit Conference.

After having declared that he did not agree with the reply which I gave this morning, Mr Peel later admitted that the matters concerned were not within the competence of the Community; he will no doubt allow me to say that I have nothing to add to the reply which I made this morning, both in the name of the Council and of myself personally.

Finally, Mr Bousquet effectively drew attention to the question, which is in fact a fundamental one, of trade relations between the countries of the Community and Eastern countries with a system of state trading. As I stressed this morning in reply to the question from Mr Glinne, the Commission and the Council are giving active attention to this problem.

*(Applause)*

**President.** — I thank the President of the Council for his answer.

Pursuant to the decision taken earlier by the House this brings our discussion to an end.

#### 11. *Agenda for the next sitting*

**President.** — The next sitting will take place tomorrow, Thursday, 15 March 1973 with the following agenda:

*10 a.m. and 3 p.m. :*

- Report by Mr Arndt on a decision to set up a European Monetary Cooperation Fund
- Report by Mr Arndt on pluriannual estimates of the Communities' budget

---

**President**

- Discussion with the Council and the Commission continued and closed
- Report by Mr de la Malène on agreements between the Community and the non-applicant Efta States
- Report by Mr Scelba on the political situation in the Middle East

- Report by Mr Kirk on the Association between the EEC and Cyprus
- Report by Mr Rossi on the implications of enlargement for the Community's relations with Mediterranean States

The House will rise.

*(The sitting was closed at 6.15 p.m.)*

## SITTING OF THURSDAY, 15 MARCH 1973

### Contents

<p>1. Approval of minutes ..... 73</p> <p>2. Dates of next sittings ..... 73</p> <p>3. Decision to set up a European Monetary Cooperation Fund</p> <p style="padding-left: 20px;"><i>Debate on a report by Mr Arndt, on behalf of the Economic Affairs Committee</i></p> <p style="padding-left: 20px;">Mr Arndt, rapporteur ..... 73</p> <p style="padding-left: 20px;">Mr Bousch, on behalf of the European Democratic Union Group; Mr Fabbrini, Sir Brandon Rhys Williams .... 75</p> <p style="padding-left: 20px;">Consideration of the motion:</p> <p style="padding-left: 40px;">Amendment No 1, after paragraph 5 Mr Artzinger; Mr Lange; Mr Artzinger ..... 77</p> <p style="padding-left: 20px;">Withdrawal of Amendment No 1</p> <p style="padding-left: 20px;">Miss Lulling; Mr Haferkamp, Vice-President of the Commission of the European Communities ..... 78</p> <p style="padding-left: 20px;">Adoption of resolution ..... 79</p> <p>4. Financial forecasts covering several years, relating to the Communities' budget</p> <p style="padding-left: 20px;"><i>Debate on a report by Mr Arndt on behalf of the Committee for Finance and Budgets</i></p> <p style="padding-left: 20px;">Mr Arndt, rapporteur ..... 79</p> <p style="padding-left: 20px;">Mr Deniau, Member of the Commission of the European Communities .. 80</p> <p style="padding-left: 20px;">Consideration of the motion:</p> <p style="padding-left: 40px;">Adoption of preamble and paragraphs 1 to 5 ..... 82</p> <p style="padding-left: 20px;">Amendment No 1, after paragraph 5</p> <p style="padding-left: 40px;">Mr Houdet; Mr Arndt; Mr Houdet; Mr Arndt; Mr Houdet; Mr Deniau .. 82</p> <p style="padding-left: 20px;">Withdrawal of Amendment No 1 .... 84</p> <p style="padding-left: 20px;">Adoption of resolution ..... 84</p>	<p>5. Discussion between Parliament and the Council and Commission of the European Communities</p> <p style="padding-left: 20px;"><i>Oral Questions Nos 18/72, 35/72 and 4/73</i></p> <p style="padding-left: 20px;">Sir Arthur Douglas Dodds-Parker; Mr Boano; Mr Petersen; Mr Haferkamp, Vice-President of the Commission of the European Communities .. 84</p> <p>6. Agreements between the Community and the non-applicant EFTA States. Debate on a report drawn up by Mr de la Malène on behalf of the Committee on External Economic Relations</p> <p style="padding-left: 20px;">Mr de la Malène, rapporteur ..... 89</p> <p style="padding-left: 20px;">Mr Boano, on behalf of the Christian-Democratic Group; Mr Vredeling, on behalf of the Socialist Group; Mr Thomsen, on behalf of the Conservative Group; Lord Mansfield; Sir Christopher Soames, Vice-President of the Commission of the European Communities; Mr Vredeling; Mr de la Malène, Sir Christopher Soames .... 90</p> <p style="padding-left: 20px;">Adoption of resolution ..... 98</p> <p>7. Appointment of general rapporteur .. 98</p> <p>8. Appointment of members of delegations to the Joint Committees of the Associations with Greece, Turkey and the East African Community</p> <p style="padding-left: 20px;">Mr Vetrone ..... 98</p> <p>9. Political situation in the Middle East</p> <p style="padding-left: 20px;"><i>Debate on a report drawn up by Mr Scelba on behalf of the Political Affairs Committee</i></p> <p style="padding-left: 20px;">Mr Scelba, rapporteur ..... 98</p> <p style="padding-left: 20px;">Mr Mommersteeg, on behalf of the Christian-Democratic Group; Mr Broeks, on behalf of the Socialist</p>
--	---

<p>Group; Mr Brewis; Lord Gladwyn, on behalf of the Liberal and Allies Group; Mr de la Malène, on behalf of the European Democratic Union Group; Mr Brewis, on behalf of the Conservative Group; Miss Lulling; Mr Deniau, Member of the Commission of the European Communities; Mr Scelba; Mr Broeksz; Miss Lulling; Mr Christensen ..... 102</p> <p>Adoption of resolution ..... 110</p> <p>10. Association between the EEC and Cyprus</p> <p>Debate on a report by Mr Kirk on behalf of the Political Affairs Committee</p> <p>Mr Kirk, rapporteur ..... 110</p> <p>Mr Vetrone, draftsman of the opinion; Mr Broeksz, on behalf of the Socialist Group; Mr Scott-Hopkins; Mr Vredeling; Sir Christopher Soames, Vice-President of the Commission of the European Communities ..... 112</p> <p>Consideration of the motion:</p> <p>Amendment No 1 to the preamble</p> <p>Lord O'Hagan; Mr Vredeling; Lord O'Hagan; Mr Kirk; Mr Broeksz; Lord O'Hagan; Mr Vredeling; Mr Kirk; Sir Christopher Soames, Vice-Presi-</p>	<p>dent of the Commission of the European Communities ..... 114</p> <p>Withdrawal of Amendment No 1 .... 117</p> <p>Adoption of resolution ..... 117</p> <p>11. Implications of enlargement for the Community's relations with Mediterranean States</p> <p>Debate on a report by Mr Rossi on behalf of the Committee on External Economic Relations</p> <p>Mr de la Malène, deputy rapporteur .. 117</p> <p>Mr Vetrone, on behalf of the Christian-Democratic Group; Mr Vredeling, on behalf of the Socialist Group; Lord Mansfield, on behalf of the Conservative Group; Mr Scott-Hopkins; Miss Lulling; Mr Vredeling; Miss Lulling; Mr Broeksz; Mr Deniau, Member of the Commission of the European Communities ..... 117</p> <p>Adoption of resolution ..... 127</p> <p>12. Authorization to draw up reports .... 127</p> <p>13. Change in the agenda</p> <p>Mr Broeksz ..... 128</p> <p>14. Agenda for next sitting</p> <p>Mr. Dewulf ..... 128</p>
---	---

IN THE CHAIR: MR BERKHOUWER

*President*

(The sitting was opened at 10.20 a.m.)

**President.** — The sitting is open.

1. Approval of minutes

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

Are there any comments?

The minutes are approved.

2. Dates of next sittings

**President.** — At its meeting this morning the Bureau decided to bring forward the date of

the next part-session because of the forthcoming debate on agriculture and the fixing of agricultural prices. The part-session will be held from 4 to 6 April in Luxembourg and not from 12 to 13 as planned. The first sitting will begin at 4 p.m.

3. Decision to set up a European Monetary Cooperation Fund

**President.** — The next item is a debate on the report by Mr Arndt drawn up on behalf of the Economic Affairs Committee on the proposal from the Commission of the European Communities to the Council for a decision setting up a European Monetary Cooperation Fund (Doc. 318/72).

I call Mr Arndt, who has asked to present his report.

**Mr Arndt, rapporteur.** — (D) Mr President, ladies and gentlemen, for some time interventions have been made in Community currencies, within the framework of agreements between the central banks of Member States, so as to make it possible to maintain the agreed bands between member currencies. For some time there has existed an intervention capacity for short-term support up to a not inconsiderable, though still not adequate level. This procedure is now to be institutionalized in a European Monetary Fund. This Fund will start work on 1 April. The Economic Affairs Committee of this Parliament therefore recommends that the House have regard to this date and enable the Monetary Fund to begin work in its rudimentary form on 1 April. More important today than its eventual structure, more important than what it may or should one day be able to do for European monetary union, is simply the very fact of its existence. From this it can develop a certain momentum of its own, and combine with the momentum of monetary events occurring in any case independently of European activities.

The Economic Affairs Committee is proposing to you a resolution which provides that this rudimentary Fund must of course function within the framework of the instructions of the Council of Administration—i.e. the members of the central banks, that it naturally has to observe Council guidelines, but that it would not prove itself very effective if it were subject to Council instructions even in details.

Paragraph 1 of the Resolution is to be understood in the sense that the Fund should function independently of the Council. It is this rudimentary Fund that is meant. In the event of an expansion of the Fund the complex of 'independence problems' will be further considered in the Economic Affairs Committee and proposals will have to be submitted to the Parliament. Obviously reports on the Fund's activities will be published and made available to the Parliament.

Paragraph 2 of the Motion for a Resolution says that the importance of the Fund lies not merely in its initial tasks but above all in the fact that there exists here an opportunity for the Fund to develop into a Central Bank, in the same way as national central banks have developed from small beginnings.

Paragraph 3 of the Motion for a Resolution reads: 'The European Parliament considers it necessary for the Fund to have wider powers and greater resources available.' The powers must grow with the tasks of the Fund as they arise, and the resources must be raised from

the present 1 400 million dollars to a much greater sum. As a basis, one can take it that the Economic Affairs Committee would be quite satisfied with the very considerable sum of some thousands of millions of units of account mentioned in the course of the most recent monetary events.

Fourthly, it is expected that the Commission's report propose, in the sphere of short-term monetary support and step-by-step amalgamation of the currency reserves of individual Member countries, further development of the Fund into a European currency reserve. It is encouraging that the Council communique of 12 March on the recent monetary events contains a paragraph in which the Council likewise entrusts to the Commission the submission of this report, together with the far-reaching provision that the Commission can submit the proposals which it regards as suitable and adequate. The Economic Affairs Committee recommends that the Parliament urge the Commission not to be afraid of reaching for the stars, and to propose very extensive amalgamations of currency reserves and very wide powers to support Community currencies.

Finally, the Resolution points out that an intervention system should make it possible—in practice, not merely in theory—to preserve monetary stability in Europe, in a totally unstable surrounding environment.

It would have been possible to make further suggestions, but the Economic Affairs Committee was working under pressure of time. Something has to be created by 1 April, a new European institution with very promising tasks, and it seemed to us more important to put nothing in the way of meeting this deadline than to take all future eventualities into account in this Resolution. The Commission's report will provide a further opportunity for discussion. In any case it would be a good thing if this European Monetary Fund could start out accompanied by the best wishes of this House.

This brings my report to an end. I must complete it by mentioning that the Socialist Group will vote for the draft resolution. And finally, I may say for myself that the amendment which Mr Artzinger has introduced on behalf of the Committee for Finance and Budgets, and which has as its objective that the Council should of course have regard in its decisions to the connection between monetary and economic policy measures, was not included by us in the Resolution for the Parliament, because we wanted the Resolution to be short and effective, and the inclusion of one obvious point would have required that others be included also. Of course regard must also be had to the develop-



**Arndt**

ment of social policy, of course it must be taken into account that together with a satisfactory development of monetary policy a satisfactory development of foreign policy is necessary. There must be peace in the world if currency is to be viable. We have not mentioned all these problems. And the Economic Affairs Committee cannot advise the European Parliament to include this one obvious point in the Resolution. It would prefer this amendment not to be adopted.

(*Applause.*)

**President.** — I call Mr Bousch on behalf of the European Democratic Union Group.

**Mr Bousch.** — (*F*) Mr President, I am able to restrict what I have to say on behalf of my Group to a few very brief observations. I should like to say that we shall vote in favour of the motion for a resolution tabled by the rapporteur, Mr Arndt. We nevertheless stress the need for the decision setting up the European Monetary Cooperation Fund to be adopted without delay. Indeed, the final communique of the Summit Conference held on 19 and 20 October 1972 confirmed the solemn agreement to set up the European Monetary Cooperation Fund, a body which, according to the very terms of the report, is to be administered by the committee of governors of the central banks within the framework of general guidelines on economic policy laid down by the Council of Ministers.

The latest monetary storm, in the midst of which we found ourselves today, can serve to bring home the need to set up this instrument of monetary cooperation. Perhaps the resources with which it has been provided initially are still decidedly inadequate, but the most important consideration for us is that the instrument should be set up, that cooperation should be initiated, that the means for this cooperation should be established and that the harmonization of the attitudes of the countries of the European Economic Community towards monetary disturbances should become reality thereby.

Subject to these observations, we shall vote in favour of the motion for a resolution before us without proposing any amendments.

**President.** — I now call Mr Fabbrini. I would ask him and the other speakers to be as brief as Mr Bousch, since we are faced with the difficulty that Mr Haferkamp must soon leave us, and we must finish the discussion with him which we began yesterday.

**Mr Fabbrini.** — (*I*) Mr President, I shall be very brief; I accept the suggestion that you have made.

I should like to make one preliminary remark, basically this: unless I am mistaken, it seemed to me from the Italian Press that last Sunday's meeting postponed the institution of this Monetary Cooperation Fund which was originally to have taken place at the earliest possible time; some newspapers have said that it is to be deferred indefinitely.

If this is true, I cannot but lament the fact that, at yesterday's meeting, in the announcement made to us by the President-in-Office of the Council and in the speech by the President of the Commission, Mr Ortoli, himself, we were given no explanation of the Fund, the difficulties encountered at the Paris meeting and the reason why this Fund is not to be set up by the 1st April, the date specifically laid down by the Paris summit meeting.

I should like some information to be given to me and my parliamentary colleagues on this issue. Will the Fund come into operation on 1st April or not? If what certain Italian newspapers are saying is true, if there has been a postponement and if this postponement is indefinite, what are the reasons and what does the Fund propose to do to overcome any difficulties?

Having said this, I turn to the merits of the measure: I should like to say that we are not against the establishment of the Fund in principle. Indeed, we believe that its establishment is useful and that it should be started as soon as possible. In the general context of the monetary crisis discussed in detail yesterday, I think the urgency of setting up the Fund is undeniable. Our reserves depend on whether or not the Fund is to operate within the framework of general economic policy decisions reached by the Council of Ministers as appropriate. This means in essence that while the Fund is to act independently in practical terms, its actions will be in line with the policy of the Council of Ministers: it will be responsible for its activities to the Council of Ministers.

It is also stated (especially in the Economic Affairs Committee resolution) that the Fund is to constitute a sort of antichamber for a central bank and that we should be looking in this direction. If this is so the problem again arises, as always in debates that we are called upon to conduct on all Community questions, of the centralized and autocratic nature of the Community institutions, since the Council's powers on this level would once again be augmented without the Council being responsible for its activities to Parliament except to a very marginal extent. We shall be moving towards even more centralization than now exists in the Council, to a further detracting from the powers of our Parliament.

**Fabbrini**

For these reasons, although we agree in principle to the institution of the Fund, we shall be unable to vote in favour of the resolution and shall abstain.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — I warmly welcome the resolutions proposed by my colleague on the Committee on Economic and Monetary Affairs, Mr Arndt. He spoke very briefly on this important subject but the short and terse resolutions contain the essence of what we all feel about this great institutional innovation which is proceeding all too quietly. We are getting very near to the date of 1 April, when this institution is supposed to be in being, yet we are left with a large number of questions which cannot be answered even if one examines most minutely the Memorandum and Articles, as one might call them, which have been proposed by the Commission.

I have had great hopes ever since I first studied the Werner Report that Europe would go forward to set up a central bank, a European monetary fund or a body of some stature; yet here we are—only a fortnight or so away from the date when it is proposed that this institution should begin. I do not know—perhaps I am the only ignorant person here—who is to be the head of this institution or who will be the members of the board. I am afraid that they will be faceless nominees of the central banks without any stature or political or economic authority.

Where is the institution to be based? It is obviously attractive to start within the womb, as one might say, of the Bank for International Settlements in Basle. Everyone who is familiar with the rôle of the B.I.S. in recent years must approve the closest possible association of the new fund with it. Yet one cannot help wishing that this European institution might have its headquarters within the Community and not outside it. That is not to say that I think that the relations between the European monetary fund and outer Europe are not of the greatest importance. I rather regret that I have not been able to find anywhere in the Commission's document anything at all about the relationship between the fund and the countries of outer Europe—particularly Switzerland, of course, but also Austria and Sweden, which wish to associate themselves closely with Europe's monetary developments. Nor do we find anything about the relationship between this body and the Bank for International Settlements. I am glad that this morning we have with us Vice-President Haferkamp, who may take this

opportunity to tell Parliament his thinking on these questions.

I have also on a number of occasions criticized the formula which the Commission has worked out to govern the changes in the numéraire which may have to take place from time to time. This appears as No. 5 of the articles at the back of the document. It compares unfavourably with the very much neater solution found 20 years ago in the constitution of the European Payments Union. If one had to say in a sentence just where the constitution of the European Payments Union was superior to what is now proposed by the Commission one would say that it was more automatic. It was easier to predict exactly what would happen, and there was less time for discussions, negotiations, haggling, all-night sessions, and all the other familiar appurtenances of crises in our monetary system, which are not very helpful. It would be better if the rules of the institution were thrashed out beforehand and it was then clear for everyone to see for themselves what would happen in certain circumstances. There should not be avenues for further negotiations, points being referred to the Council, and so on.

Mr Arndt deals with this very briefly in his very pithy first resolution, which states 'Considers that the Fund should function independently of the Council'. I stress this, speaking perhaps purely for myself: I think that, councils of ministers and advisory bodies of all kinds must restrain themselves when it comes to the operation of such a fund. They must not seek to keep their fingers on everything the institution does from hour to hour, otherwise it will not be able to operate effectively. The body must be able to act indeed from minute to minute during foreign exchange crises, and there must be no question of its having to refer to the Council of Ministers for instructions in a new situation. It should have a full set of rules which it should apply in particular situations or else have a body of governors of such authority that they feel confident that they can act for themselves and not be constantly running to the Council for directions.

The decision-making power of this body must be based on a big fund. It must have its own *masse de manœuvre*, as it were. The starting fund according to the formula incorporated in the document is quite inscrutable to me, and probably to most people. I hope that Vice-President Haferkamp will be able to tell us the size of the fund that will be set up on 1 April.

There are a number of other questions, some of which I put to Vice-President Haferkamp

**Sir Brandon Rhys Williams**

yesterday and it may be unfair to expect him to reply now; but I should like to know, if we are to enter ultimately a snake outside a tunnel—a freely floating snake—where the direction of the snake will be decided. Will it be decided by the strongest currency or by the weakest currency? This is a matter of very particular importance.

The effect of the old European Payments Union numéraire formula was to guide the whole structure in the direction of stability. This I believe is what we all want; but stability demands a price and the price that has to be paid is readiness to accept formal rules. So I hope that in the revisions of the documents which are already under consideration and are to be brought forward before the end of June we shall not only see suggestions for an increase in the amount of the fund but will also hear much more about the ways in which the rules are to be tightened up. In particular we shall want to know the ways in which persistent deficit countries or persistent surplus countries are to be brought under some sort of pressure to come into line.

This brings me to my final word, and it is this: what has become of the 'fixed but adjustable' formula which we greeted only last October as the formula which was going to solve all our transitional difficulties? Is it intended that the fund should build up some formula to indicate the timing and extent of parity changes? or is it simply to be left to market forces, the intervention of politicians, and the general chaotic framework within which parity changes have been dictated in the past?

I hope that we are taking a major step forward towards civilization in the currency field and that this institution which we are discussing this morning will be the prime mover in setting up a new European currency discipline.

**President.** — Before calling Mr Artzinger, I should like to ask him also to speak to his amendment, No 1, which reads as follows:

After paragraph 5, insert a new paragraph worded as follows:

'5a. Requests that, in its decisions on the progressive enlargement of the responsibilities and powers of the Fund, the Council ensure that a proper balance be struck between general economic measures and monetary measures;'

I call Mr Artzinger.

**Mr Artzinger.** — (D) Mr President, the House has before it a draft from the Committee for Finance and Budgets, to which I have put my name. It asks that the parallelism between

monetary and economic policy be underlined in the Resolution. I have just been informed by the Chairman of the Economic Affairs Committee—unfortunately I was not able to follow the discussion until now—that the rapporteur has already said this seems to him unnecessary. One can argue whether it makes sense to repeat, in a Resolution concerned solely with monetary matters, such a so to say obvious point about economic policy. But, Mr President, this House has often repeated the obvious in the past.

However, I do not want to press very strongly for the amendment. I find the argument against it instructive. But I am not empowered myself to withdraw the amendment, which I put forward on behalf of the Committee for Finance and Budgets. The House must decide on it.

I should also say this: it seemed to us in the Committee for Finance and Budgets that it is precisely the latest events which have made clear that it is not simply a question of details of monetary policy and technical points. It is pre-monetary policy and technical points. It is precisely the linking together of the six currencies, in their relations to the rest, joint block floating, that requires an internal harmonization of economic policy, particularly money policy. This emphasis therefore did not seem to us unnecessary.

**President.** — I call Mr Lange.

**Mr Lange.** — (D) Mr President, my dear colleagues, I should like to try again to make clear what moved the Economic Affairs Committee not to go into such self-evident points, to fill out what the rapporteur said.

We are dealing here with an instrument of monetary policy. We cannot write into such an instrument of monetary policy that regard must also be had, over and above the Council guidelines, to maintaining the parallelism of economic and monetary measures.

This instrument, the Fund for monetary co-operation, must carry out monetary policy, not least in the light of recent events. To that extent its monetary task must be stressed here. Otherwise—and here I repeat what my colleague, Mr Arndt, has already said—we should have had to write into the Resolution, in addition to the economic policy side, also the social policy and foreign policy side, and possibly a few other important components as well. As an Economic Affairs Committee we were much more concerned to emphasize the particular task of the Monetary Fund. I should therefore be grateful if the proposer of the amendment who, as he said, gave it this name on behalf of the Com-

**Lange**

mittee for Finance and Budgets, would also grant himself authority to withdraw this draft of his, in recognition of stronger arguments. I do not regard it as a good thing for the House to be obliged to vote down a motion from a Committee. I would prefer for the amendment to be withdrawn, under these conditions, because in fact there are no differences of opinion over the political conditions, and we should not under-rate the value of this instrument.

**President.** — I call Mr Artzinger.

**Mr Artzinger.** — (D) When one is asked so politely one can hardly say no. It is true I am not authorized to dispose of the amendment, but as I put it forward in my own name, I can withdraw it again in the name of the Almighty, which I now do, in order to spare the House from having to reject it.

(Applause.)

**President.** — Amendment No 1 is withdrawn.

I call Miss Lulling.

**Miss Lulling.** — (F) Mr President, I attended the meeting of the Commission for Finance and Budgets during which this amendment was proposed.

I was very much in sympathy with this amendment, because it is a healthy parliamentary tradition to take the opportunity afforded by certain debates to emphasize the need for Community action to be extended to other fields.

Mr Artzinger has just withdrawn it; it will not, therefore, be included in the resolution, but I should like it to be placed on record that our monetary policy will not be able to function without causing serious difficulties to certain regions unless we manage to achieve simultaneous progress on the common economic policy and, in particular, on regional policy.

This is why I should have been pleased to have seen this intention expressed in a Council resolution, but since this is no longer possible, I wanted to make this statement.

(Applause.)

**President.** — I call Mr Haferkamp to make known the position of the Commission of the European Communities.

**Mr Haferkamp, Vice-President of the Commission of the European Communities.** — (D) Mr President, ladies and gentlemen, I should like first to thank the Committee and above all

the rapporteur for his written presentation and also for his explanation.

The rapporteur has referred to the essential points now involved in the creation of the Fund. I can re-emphasize in full what he said.

The establishment of the Fund on 1 April is an act prescribed at the Summit Conference last year. It is to take place in the manner and at the time then envisaged. At that time the establishment of the Fund on 1 April, its tasks and its extent, were laid down as the rapporteur has described them here.

Then the act, laid down at that time, which is now being put into operation, was linked up with recent discussions and with a proposal of the Commission last Sunday. I think it important to make clear that the statutes for setting up the Fund, which we are considering today, are independent, as a legal act, of what was brought into the discussion last Sunday.

As I said, this Fund is going to be established. The Commission's proposal to the Council of last Sunday is as follows. The Commission put forward a proposal, in connection with discussions of the solution of the present monetary problems, which provided for a Community solution for all nine countries: the entry of all Member States into the intervention system of Community margins, suspension of the obligation to intervene in relation to the dollar, and finally adherence by the Community currencies to the intra-Community margins between each other.

In this connection the Commission has suggested that the Community exchange system be supported by a permanent currency reserve on a considerable scale. In the Commission's view it is proposed that this reserve be built up and added to the Fund whose establishment was in any case envisaged for 1 April. We suggested passing on this considerable currency reserve provided for on the present occasion to the European Fund for monetary cooperation, at its institution on 1 April, or at latest on 1 July 1973. Simultaneously with this strengthening of Community resources for this Fund certain tasks involved in carrying out Community floating should be handed over to it.

I think this makes it clear that the establishment of the Fund on 1 April is not in question: this establishment will take place. Still being discussed is the further extension of the Fund and its further development.

In this connection the rapporteur has already pointed to a sentence in the Council Decision of last Sunday, a passage which refers to Reports on coordination of the short-term monetary

**Haferkamp**

policy reserve and the conditions for progressive creation of Community currency reserves, which the Commission has to submit by 30 June. You know that the Summit Conference provided for these Reports at the end of September and December respectively, of this year. However, the Commission will submit the Reports by 30 June.

In this connection there will of course also be further discussions of elements of the proposal which the Commission made last Sunday concerning current events, so that these questions can be discussed further and decisions made soon. We consider it important that the Fund in the form originally envisaged be established as an institution of the Community on 1 April. We confirm that discussion of its activation, and its extension, is proceeding more quickly or can be tackled more quickly than we foresaw at the end of last year.

Certain questions have been thrown up here in relation to the Fund in its present form, for example the question of its location. In our view it is self-evident that the Fund, as a Community foundation, must have its seat within the Community. For the Commission it is not thinkable that an institution to which we all attribute such importance particularly in connection with Community policy, could have its seat somewhere outside the Community. So far as the concrete decision on the location is concerned, this is a matter for the Conference of Governments, according to the protocol to the Treaty of April 1965, which deals with agreements on the seat of Community institutions in connection with the fusion of the Executives of the three Communities. The Conference of Governments will deliver this decision in time for it to enter into force with the establishment of the Fund on 1 April.

So far as relations between the Fund and third countries, outside the Community, are concerned, this is a matter that did not have to be settled in this statute setting up the Fund. It will have to be settled by the Fund within the framework of its general tasks and obligations.

Reference has been made to the necessity of independence for the Fund. On this point the rapporteur has already said that the Fund has to work according to the general economic policy and guidelines of the Council, which however should not interfere in the daily business of the Fund. The proposal we are discussing here refers in this connection to a procedure according to Article 103 of the Treaty. I should like to underline what the rapporteur said. It is obviously necessary to carry on the daily business of the Fund uninfluenced and uncommit-

ted by general everyday discussions and everyday economic policy decisions. Otherwise the practical work would become impossible. On the other hand it is obvious that the Fund, as a Community institution, cannot perform its work in complete separation from general Community policy.

It has been asked what is the extent of the resources which have now been allocated for short-term support, from 1 April. The rapporteur has already named the figure. This is in itself a starting point from which to extend and improve the Fund in the months following its establishment on 1 April.

**President.** — Does anyone else wish to speak?

I put the motion as a whole to the vote.

The resolution as a whole is adopted.<sup>1</sup>

4. *Financial forecasts covering several years, relating to the Communities' budget*

**President.** — The next item is a debate on the report drawn up by Mr Arndt on behalf of the Committee for Finance and Budgets on the financial forecasts for the European Communities, budget for 1973, 1974 and 1975 submitted to the Council by the Commission (Doc. 319/72).

I call Mr Arndt who has asked to present his report.

**Mr Arndt, rapporteur.** — (D) Mr President, ladies and gentlemen, the Council of the European Communities adopted in spring 1970 the Decision upon which rests the medium-term forecast that we now have to examine. Article 1 of the Decision contains the following paragraph: 'In order to place the budget of the Communities within a framework of forward planning for several years, the Commission shall, each year... draw up a financial forecast for the three subsequent financial years.' This forecast is to show what are the financial consequences for the Community of Regulations and Decisions in force, and of proposals. This means, then, that a medium term forecast is needed in order to assess the current budget. After the European Parliament has adopted its position the Council examines and assesses this forecast.

In the Document to be examined, which the Committee for Finance and Budgets is laying before you for your judgment, these conditions have not been fulfilled. The medium-term forecast was passed by the Commission on 15 Nov-

(<sup>1</sup>) O.J. No C 19, 12 April 1973.

**Arndt**

ember. It was transmitted to the Parliament on 18 December, i.e. at a point when the budget for 1973 had already been adopted. This means that the point of the medium-term forecast, i.e. to make it possible to pass judgment on the current budget before its adoption, was not achieved.

Mr President, we are therefore proposing to you a Resolution in which it is regretted that the forecast for the years 1973 to 1975 was submitted late, and thereby made useless. Certain particular points have also been inserted in this Resolution. For example, the Committee for Finance and Budgets did not consider that it would be possible to attain the necessary VAT income for the year 1975 with a rate of 1/4 per cent, but that it would probably be necessary to claim rather more for the Community, because many categories of expenditure in the medium-term financial forecast do not seem realistic. If the cost of living is decisive for the living conditions of public employees, the development of expenditure is quite incorrectly forecast here. Total expenditures, also, are given a growth rate of only 6 per cent per annum for the years 1974 to 1975. Probably this figure will also prove inadequate.

The Committee for Finance and Budgets concerned itself with all these matters.

It also found that agricultural income and expenditure would probably take on a rather different structure from that envisaged in the medium-term forecast.

In the Committee for Finance and Budgets there was a debate on the following questions:—What can really be expected of a medium-term forecast? Can one expect of it an exact prognosis for the coming years? It is not possible. Can one expect from it a projection of what should take place independently of the developments that have to be allowed for? That would certainly be wrong too. So we were inclined to the opinion that a medium-term forecast should really reflect the state of knowledge of the time at which it is submitted. This means that everything which has happened since 15 November and has influenced the medium-term outlook cannot form part of this House's criticism of the medium-term forecast.

However, what was already detectable in October and November should have been reflected in the forecast. That certainly applies to the development of world market prices for important agricultural products. It would be regrettable if it were not possible, in the future, to reconstruct from this medium-term forecast the current state of knowledge in this field.

Fortunately, it has now turned out that the medium-term forecast has to be corrected in any

case, since it was calculated for ten countries, but Norway has not joined. The former Committee for Finance and Budgets therefore proposes to you a Resolution in which, together with this correction from ten to nine member countries, other matters can also be put right, so that the next medium-term financial forecast can be embarked on from a better starting point. The Commission has assured us that this will be the case before the summer, certainly not very comprehensively, not in great detail, but so that in the main features one will get away from a document that is really only explicable on the basis of events occurring in October, November and December last year, while the term of office of the Commission was running out, and which really need not recur.

The old Committee for Finance and Budgets therefore proposes to recommend to the Commission that it correct this forecast. Besides this we suggest you request that the next plurianual forecast be submitted in proper time, i.e. at a point when the budget for 1974 is still under consideration and has not already been adopted.

So much for my Report. In addition may I add on behalf of the Socialist Group that they will vote for the draft regulation of the Committee for Finance and Budgets.

(Applause)

**IN THE CHAIR: MR DEWULF***Vice-President*

**President.** — I call Mr Deniau to make the position of the Commission of the European Communities on the proposal for a resolution submitted by the parliamentary committee known to Parliament.

**Mr Deniau, Member of the Commission of the European Communities.** — (F) Mr President, ladies and gentlemen, I should like to offer my sincerest thanks to Mr Arndt, to whose observations I attach the greatest importance, since he is a man of outstanding competence in this field.

The question of forecasts covering several years is one of importance to the administration of the Community but—as Mr Arndt is fully aware—it presents fundamental difficulties.

It is of the greatest importance that the administration of the Community should be conducted, not merely on a day-to-day basis, but within a framework lending itself to the maintenance of a degree of cohesiveness.

This process of forecasting is already extremely difficult at national level, when one considers

## Deniau

the list of variable parameters which must be taken into account, including trends in both domestic prices and world prices in the various fields, particularly when considering the "costs" side; but in the case of the "receipts", namely levies and customs duties, internal and external developments have considerable influence on the variations to be forecast.

It must therefore be acknowledged that this process is particularly difficult at Community level: indeed there are even more parameters than at national level and the Community itself is in a state of perpetual progress. Everything is conditioned by both international developments and the gradual establishment of our Community policies.

However, I believe that Mr Arndt is absolutely right in drawing the attention of this Parliament and the European Commission to certain points.

As regards timing, the Commission is bound by a number of constraints arising out of the decision of 21 April 1970. In particular, it is obliged to consult the budgetary policy committee even before it forwards its estimates to the Council and the Assembly. This procedure involves us in consultations on opinions which we may receive from the various delegations in the budgetary committee which are sometimes more of a diplomatic than scientific nature. This is also very time absorbing: six weeks on the last occasion. The disadvantage is that we are unable to make budgetary procedure in this Parliament coincide with the examination of the pluriannual forecasts. I am in full agreement with Mr Arndt that it would be appropriate for these two procedures to coincide and that the examination of budgetary matters should itself also take a similar view over several years. I have therefore taken good note of these observations and shall, on my side, be looking into what we can do to accelerate this procedure.

But we are bound by another constraint: when making its forecasts, the Commission cannot be completely unmindful of the authority—a moral rather than political authority—which is vested in it, and cannot forecast a given situation for the future without to some extent contributing towards bringing this situation about, particularly in monetary matters.

As everybody knows, monetary matters tend to arouse superstitious attitudes and inflation is rather like the devil in the old wives' tale: talk of the devil and he will appear. With all due respect for the scientific work which must be carried on, I wonder if it would be beneficial to the Community in terms of policy to predict future rates of inflation with too much accuracy. If we had had figures closer to the facts—and in

saying this, I am not contradicting Mr Arndt—I wonder whether the Commission would have been fulfilling its duty in behaving, to put it in simple terms, as though it was already established fact that the struggle against inflation taken up by our nine governments had failed. Such an attitude would be unwise. In this field, we cannot attempt to get very close to reality, but we must not take it upon ourselves to work against a policy which is shared by the entire Community and each of our Member States.

In this debate, in which the problem before the Commission, particularly in the matter of inflation, that is to say costs, is a problem of attempting to make a choice between the level of inflation which it would like to see reached, in other words the minimum level, and that which it would be afraid to see occur, it is necessary for us to strike a mean between the two. Since we are aware that our figures are never accurate, but are of a certain importance for public opinion, I wonder—this is only a suggestion which I should like to discuss again on another occasion—I wonder if we would not be better advised in these matters, rather than giving an average figure which will obviously never correspond to the facts in the event, to adopt another procedure and use a bracket system, that is to say, give more than one set of hypotheses—minimum hypotheses and maximum hypotheses—but our political responsibility demands that we must always take care not to disavow from the outset all the fundamental work being done, which is indispensable to the Community as a whole.

This comment gives a clear indication of the difficulties of the exercise which we are asked to carry out and the limitations within which this work, which is nevertheless essential, has to be done.

A further constraint, to which Mr Arndt alluded, is that under the formal provisions of the decision of 21 April 1970, our forecasts

must be based on the decisions of the Community or proposals from the Commission already submitted to the Council. The result is that we are only able to take into account proposals for prices which have already been made for the current year, and we are not legally empowered to take into account forecasts on the development of farm prices, although, heaven knows, agriculture has a considerable influence on the overall Community budget. This places considerable limitations on the possibility of making a serious attempt at forecasts covering several years. I have also taken good note of the comments on this point. In this connection, I believe that it will be necessary to change the text of the decision of April 1970 to make it more

**Deniau**

flexible. But, here again, I would point out to Mr Arndt that there is a political limitation: these pluriannual forecasts must not be allowed to become the pretext for preliminary diplomatic "skirmishing" in which all parties concerned attempt to get ideas and their financial consequences written into the forecasts on the premise that, even before the normal procedures of consultation with Parliament, submission of official proposals by the Commission to the Council and decision by the Council, the fact that a given policy is contained in the forecasts is a demonstration of some sort of favourable attitude towards it. Since the system under which we operate is already one of permanent negotiation, we must fulfil the hope expressed by Mr Arndt in resisting this temptation and endeavouring to ensure that this work is carried out as seriously, as scientifically, as possible.

This said, I believe that the text is inadequate, particularly on the matter of farm prices, and have the effect of limiting our calculations to the extent of making them far too far removed from reality. It must therefore be revised. For the future, the proposals which I shall make for a number of improvements designed to achieve as realistic figures as possible will be along the lines proposed by Mr Arndt on behalf of your competent committee.

Finally, as regards one last point mentioned by Mr Arndt, we shall clearly be losing no time in amending our forecasts to take into account Norway's decision not to join the Community.

(Applause)

**President.** — Does anyone else wish to speak?

The general debate is closed.

We come now to the motion.

On the preamble and paragraphs 1 to 5 no amendments have been tabled and there is no speaker listed.

Does anyone else wish to speak?

I put these texts to the vote.

They are agreed to.

After paragraph 5, I have an amendment No 1 tabled by Mr Houdet, Mr Vredeling and Mr Vetrone which reads:

After paragraph 5, insert a new paragraph worded as follows:

- '5a. Points out that the estimates of revenue and expenditure for the EAGGF can only be indicative as the amounts involved in each case are contingent on factors beyond the Commission's control, in particular the exchange-rate position on the world market;'

I call Mr Houdet to speak to this amendment.

**Mr Houdet.** — (F) Mr President, the amendment tabled by Mr Vredeling, Mr Vetrone and myself in the light of the constant preoccupations of the Committee on Agriculture, which was not consulted on this matter, is self-explanatory.

You are aware that the European Agricultural Guidance and Guarantee Fund accounts for almost 90% of the general budget of the Community, hence its importance. The balance of this Fund rests on the balance between revenue and expenditure, which is in turn dependent, through the interplay of levies and refunds, on the balance which it is thought to achieve between world farm prices and Community farm prices. None of the institutions of the Community can be held responsible for the constant variations of world prices, nor for the imbalance between revenue and expenditure which they will inevitably cause. This is why we are seeking in this amendment to make it quite clear that the pluri-annual forecasts in question only serve as a guide and can be modified at any time.

**President.** — I call Mr Arndt, rapporteur.

**Mr Arndt, rapporteur.** — (D) Mr President, it is superfluous to speculate on what the Committee for Finance and Budgets would have thought of an amendment of this kind if it had been able to discuss it, if it had been aware that you would bring forward a proposal of this character. I can only give my own opinion, my own reaction to it.

If we say that 90 per cent of the Community budget is unpredictable on account of imponderabilities in the field of world market prices for important agricultural products, then naturally the medium-term forecast for the whole budget is unpredictable, and the Council Decision to make such a medium-term forecast, in order to assess the budget, makes no sense and we can save ourselves all the trouble involved. If we assume this here, and adopt, practically a *carte blanche* to extrapolate agricultural expenditures and revenues into the future, then the whole work of medium-term forecasting is useless and senseless. If the problem had been discussed fully in the Committee for Finance and Budgets, if we had known their intentions and those of Mr Vredeling and Mr Vetrone, then I should have said, with great respect Mr Houdet, that of course the forecasts of agricultural revenues and expenditures should reflect the position at the time. This would have been important information, because it would have meant that for 1974 and 1975, and even 1973, the



**Arndt**

revenues and expenditures were altered by the development of world prices not symmetrically but asymmetrically, that the savings in expenditures are slighter than the reductions in income. This is an important piece of information for the Council when it draws up the budget, for this Parliament. That should meet the requirements of what we have undertaken, and what has been entrusted to us.

It is also important information for the member countries that if this situation of steeply rising world market prices persists through 1974 and 1975, a quarter of one per cent VAT will not do, and national Finance Ministers must allow in their own medium term financial planning for rather more to be kept back for the European Community. That is the point of the medium-term forecast. Clearly, many changes can come about in the course of time. No one can foresee the future, for wheat, for sugar, or for many other things besides. But the forecast must at least reflect the state of knowledge of its own day. On 15 November, and even in October, it was quite clear what had happened to world market prices for agricultural products. This was no longer a question of prognosis: it was already a known fact.

For this reason I cannot vote for this amendment. For if we say: This cannot be checked, it doesn't matter what figures we write in—and this goes for 90 per cent of the whole budget—then we ought also to say straightaway: Let us give up this medium-term forecasting; we shall return the job of checking the budget to the Council; Parliament is not in a position to carry it out. Either one or the other!

**President.** — I call Mr Houdet.

**Mr Houdet.** — (F) Mr President, I thank the rapporteur, Mr Arndt, for the views he has expressed. I think we are in agreement.

Indeed, Mr Arndt has said that, had this amendment been referred to the Committee for Finance and Budgets, it would have made it clear that the forecasts were made on the basis of either world or Community farm prices of the moment.

These prices can vary upwards or downwards and it is impossible for us to make forecasts. Consequently, Mr Arndt, such variations will not necessarily increase the expenditure of the EAGGF, but could also reduce it.

In our amendment, we are asking to be given the assurance that these are forecasts made on the basis of the prices of the moment and that if these prices increase during 1974 and 1975, the

pluri-annual forecast cannot be used as a basis for refusing supplementary requests which Parliament is called upon to submit through its Committee on Agriculture.

I therefore believe, Mr Rapporteur, that we are in agreement on the substance; it is perhaps on the form that we do not see eye to eye.

**President.** — Very briefly, what is the opinion of the rapporteur?

**Mr Arndt, rapporteur.** — (D) Excuse me, Mr President! If we are so much agreed in this matter—and your present exposition seems to demonstrate this—then you no longer need postpone the Amendment. The Committee for Finance and Budgets is in any case of the opinion that one should make forecasts according to one's best knowledge and belief on the basis of information available at the time, and not simply write in any kind of figures, that are in any case subject to alteration.

If you start from the position that we do not need the Amendment, then you can withdraw it. On that I believe we are completely agreed. It would only lead to misunderstanding if you brought it in.

**President.** — I call Mr Houdet.

**Mr Houdet.** — (F) Subject to what the Commissioner, Mr Deniau has to say, and since Mr Arndt is in agreement on the substance of my amendment, I would be prepared, on behalf of my two colleagues, to withdraw it.

**President.** — I call Mr Deniau.

**Mr Deniau, Member of the Commission of the European Communities.** — (F) Mr President, I should like to make one point of detail: it is difficult to talk in terms of EAGGF receipts. There is no allocation, but instead the principle of budgetary unity, and it would probably be appropriate to say: "points out that the forecasts of EAGGF expenditure and own resources of agricultural origin, ... because of factors outside the control of the Community, etc."

I consider the substance of the comments made by Mr Houdet to be well-founded. In this area, there are several factors outside the control of the Community; this is absolutely clear. Everyone is well aware that although one can attempt to make forecasts, one can never hope to obtain definitive figures: the only possibility remaining open to us is to keep as close as possible to reality without ever allowing ourselves to be mesmerised by figures, because there are factors over which we have no control.

**Deniau**

I have no objection to Mr Houdet's amendment, and consider it important that the situation should be clear on the substance itself.

**President.** — I thank Mr Deniau for his answer which has, I think, given satisfaction to the movers of the amendment.

I take it that this amendment is withdrawn.

I see that Mr Houdet is in agreement and I thank him.

On paragraphs 6 to 8 no amendments have been tabled and there are no speakers listed.

Does anyone else wish to speak?

I put them to the vote.

Paragraphs 6 to 8 are agreed to.

I put the motion as a whole to the vote.

The resolution as a whole is adopted.<sup>1</sup>

*5. Discussion between the European Parliament and the Council and Commission of the European Communities: Oral Questions No 18/72, No 35/72 and 4/73 (continued)*

**President.** — The next item is continuation of the discussion between the European Parliament and the Council and Commission of the European Communities and of Oral Questions Nos 18/72, 35/72 and 4/73.

Before calling the first speaker listed I would remind you that speaking time is limited to ten minutes.

I call Sir Arthur Douglas Dodds-Parker.

**Sir Arthur Douglas Dodds-Parker.** — With great respect to you, Mr Vice-President, I had hoped that Mr Berkhouwer would have been in the Chair when I had this opportunity for the first time of paying my public tribute to him on his election as President. He said some nice things yesterday about the British. I think one of the things that all of us who know him respect in him is his sense of humour. Often in the Chair it is of very great assistance to an Assembly such as this when one has a chairman with such a delightful sense of humour. In return, I shall do my best to do what Mr Berkhouwer said to us; that is, to keep our speeches as short as possible.

It is difficult at this moment, the debate having come to an end yesterday, to make an effective contribution. I do not in any way blame the

Minister. He carried out his contract: he came and sat through to the end of the debate yesterday; but, thanks to our procedure, it has overlapped a little bit.

There are only two points I wish to put as briefly as possible. The first one—and I put it to the Assembly on this occasion because it overlaps several committees—is the need, as I and some of my friends see it, for an energy policy. We have raised this point in past years both in the North Atlantic Assembly and in the Western European Union without very much result; equally, we have pressed for the inclusion in that energy policy of oil from the Middle East. The supply to our Community, of course, is affected by the conflict in the Middle East, which is something which might arise more appropriately on another order later today.

However, I am not going to raise that side of it but rather the problem which is created by this supply of oil; that is, the currency problem and the enormous liquid balances which are being built up. Our colleague Dr Burgbacher, who is a very much respected colleague of the North Atlantic Assembly, mentioned this yesterday and spoke of 268 billion dollars, by contrast, of corporate balances in companies, and blamed them in some way for the recent currency crisis.

A decade or so ago I happened to work for one of the smaller international companies, and I was always struck by the financial sense of responsibility of those in control of international finance. That was, of course, in the days when the gold in Fort Knox more than exceeded the number of Euro-dollars. But I would suggest, from my somewhat more limited recent experience, that it is rather the oil balances which are helping to create this currency problem, and if Dr Burgbacher is correct—and I accept his figures—that there are going to be oil revenues in the decade ahead of up to or exceeding 40 or 60 billion dollars a year this will create a major difficulty for all of us. I do not think ever in history have we had such an expansion, starting, I suppose, in the 1960s and going on until the end of the century or beyond when this fuel may be exhausted.

What I would like to ask whatever member of the Commission is sitting in for the Minister, is this: how does it propose in the years ahead to deal with these surpluses which will arise?

Are we going to try to expand sales to the oil producing areas? Are we going to try to encourage investment in the oil consuming countries against the day when these fossil fuels will be exhausted and the producing countries will not have the same inflow of income? Are we going—this particularly interests the committee of

<sup>(1)</sup> O.J. No C 19, 12 April 1973.

**Sir Arthur Douglas Doods-Parker**

which I am a member—to try to persuade them to make a contribution to the developing countries which are in need not only of fuel but of capital? Yaoundé II involved some billion dollars over four years. It is trivial compared with these huge sums which appear to be likely to build up in the years ahead. Looking at this as a currency problem, perhaps one way of dealing with it in the short term would be to use the two-tier system. With my limited knowledge, this appeals to me as one of the ways of dealing with these flows of so-called hot money. It is a system which has been used by some of the members of this Community with considerable success.

I support my colleague, Sir John Peel, in the very clear statement he made about the association between our North American allies and ourselves. I realize that defence is not in the terms of reference of the European Economic Community, but defence is and must always remain the first duty of all our constituent Governments. The Economic Community exists to support defence and certain political decisions.

It is not just an end in itself. As one of those fortunate enough to be members of the North Atlantic Assembly, which is the only place in which we can discuss these points with our North American parliamentary colleagues, I have no doubt at all that the North Americans look at their problems of urban renewal, race and so on and regard us in Western Europe as now prosperous and relatively politically stable, whatever some of us may feel from time to time about our own domestic affairs, and they believe, rightly or wrongly, that Western Europe could do more to help defend itself than it does at the moment, at least in conventional forces, under the United States' nuclear umbrella. I should like to ask the Commission, therefore, what it proposes to do about this, in supporting my colleague.

Sir Christopher Soames yesterday spoke of the discussions with the North Americans about non-tariff barriers to trade and other methods of helping, and I should like to know in due course whether this question of paying more to support ourselves here is being included in the consultations which take place.

I do not expect any answers to these points now from the Commission. Perhaps it would be best if they were referred to the relevant committees and then discussed in some depth, and possibly in confidence there; but, together with others, I am sure that we shall raise them in future as fundamental not only to the present expansion of the Community, which we have been privileged to join recently, but to its very survival in future decades.

**President.** — I call Mr Boano.

**Mr Boano.** — (I) Mr President, the declarations made yesterday by the President of the Council in office include a subject on which we should have liked a more comprehensive statement, the subject of the Community's external trade policy, both because this subject in a way creates the Community's image in the eyes of the rest of the world and because of the extent of the operational sphere that the Community intends to occupy in the world. United Kingdom membership has broadened the intercontinental scale of the Community's trade relations and the recent agreements reached on 22 July last concerning a free exchange area for industrial products with EFTA states who are not members of the Community have established a new cooperation platform in which the natural tendency of the most characteristic aspects of economies to interpenetrate can be given free rein unhampered by the systematic and, in the opinion of some, obstructive stringency of the agricultural policy, which is not discussed in these agreements.

I should like to say that the prospects of which we were reminded here yesterday by Mr Amendola in discussing the preliminaries for the European Security conference raise a complex problem for the European Economic Community: trade relationships and economic cooperation with state-trading nations. These relationships are untypical and the Community must therefore redefine certain aspects and instruments of its common trade policy.

Here I should like to refer to Mr Amendola's carefully weighed words, words that revealed a sense of proportion seldom attendant upon the passions by which his political party is customarily fired. I must, however, express a feeling of perplexity as to his concept of cooperation between parallel systems, a concept enunciated by Mr Gierck and Mr Pompidou on the occasion of last October's Franco-Polish meetings: cooperation at every level, Mr Amendola said, not only between the Community and individual Comecon member states, but also on the level of the two systems.

I believe this is not potentially an integrating and complementary hypothesis, as Mr Amendola asserted yesterday, but potentially an antithetic hypothesis which would dampen the small spark of internal dynamism within the space of Eastern Europe which the countries belonging to that bloc still retain. Nevertheless, the greatest hurdle facing the Community's commercial policy is undoubtedly the tough confrontation between the Community and the United States at the time of the forthcoming

**Boano**

GATT multilateral negotiations. With this in mind, the Community must be able to conduct its negotiations with objectivity, firmness and foresight. With objectivity: first of all a whole series of misconceptions and prejudices must be swept away, including the American claim that, on the level of the balance of trade payments alone, its own balance of payments deficit should be made good (incidentally, the European Economic Community is responsible only for one twelfth of the U.S. deficit), as well as the American tendency to over-estimate tariff barriers to international trade and inversely to minimize the very substantial effect of non-tariff obstacles. Nevertheless, I do not think that these negotiations should be seen in terms of an irresistible force encountering an immovable object. There is a major historical law which still holds good that even when systems are in conflict they have a reciprocal influence in a positive process of evolution. This is the case with contrasting ideological and economic systems such as the United States and the USSR (as we have seen over the past few days from the contacts between U.S. and Soviet authorities). Why should it not also be the case with systems such as the European Community and the United States, based as they are on such closely related political and social principles? I do not believe these negotiations should be viewed merely in terms of a clash. There will no doubt be a clash, it will be very tough and the Community must take a coherent, unified and firm stand, but I think the discussions should afford opportunities for rationalizing our own structures, our intervention instruments and criteria, making them fairer, more modern and efficient, helping the Community to achieve a more explicit, a more politically integrated position that will more nearly fulfil the expectations of so many peoples of the world. Certain American criticisms of our agricultural policy are justified by the unfairness, discontent and needs within our Community. It is significant that in the past few days the Commission has been discussing the establishment of a system of direct aid to producers together with a system of price guarantees. The Community policy in the Mediterranean to be discussed today in this chamber and the Community's preferential policy as a whole may well provide understandable grounds for anxiety in the United States if they continue to be limited to purely commercial considerations. They would be far more justified if a political goal were involved, if the aim were to help counter the difficulties and temptations of underdevelopment among the peoples on the shores of the Mediterranean in a region which is undoubtedly one of the most vulnerable and explosive in the precarious system of world equilibrium, if the goal of

negotiations were to restore to Europe, as part of a grand design for peace, that homogeneity of conditions, that immediacy of internal relationships which must be achieved before our continent can resume its proper function in maintaining the balance of power between the leading figures on the world political stage.

We are waiting for the Commission and the Council to explain their attitude on these negotiations and we trust that the American Administration will finalize and introduce its trade bill as soon as possible, before measures initiated by Congress such as the Burke-Hartke bill can arouse too many emotions that would compromise the possibility of progress in multilateral negotiations.

In conclusion, Mr President, I should like to dedicate a thought to Italy, whose difficulty was mentioned yesterday, if respectfully, by many speakers. I should like to recall the keenest criticisms of the differential stand taken on monetary fluctuation by our country have not originated in this chamber, but can be found in the Italian press itself, which is undoubtedly a good sign. Italy is on the fringes of the Community; she is torn by economic and political problems which do not even touch other firmly established and prosperous democracies in Western Europe. She is on the fringes of that third world which stretches from China to South America, whose peoples press convulsively on the frontier of that part of humanity from which they are separated by its wellbeing.

This situation explains so many of our problems and so many of our difficulties. This immense part of the world, two thirds of the human race, views the European Economic Community with animosity but also with hope and expectation. I trust that the Community's attitude in the forthcoming multilateral GATT negotiations will not be such as to belie these hopes and expectations.

*(Applause from the Christian Democrat benches.)*

**President.** — I call Mr Petersen.

**Mr Petersen.** — *(DK)* Mr President, in his speech yesterday the President of the Council stressed that the Community will become one of the most important economic factors in the world. The role which the Community will play in the world is revealed by the figures available concerning exports and imports between the Community and the developing countries.

These figures were as follows in 1971, the last year for which information is available:

The EEC countries exported, before the enlargement of the Community, goods amounting to

**Petersen**

56 milliard dollars and imported goods to the value of 60 milliard.

These figures will be greatly increased by the enlargement of the Communities. There is reason to assume that excluding the trade which takes place between the EEC countries internally, the EEC's share in world trade will grow from 18.5% to 25.7% while the USA's share will amount to 17%. It is therefore obvious that the enlarged economic community will have a unique position in the relationship between the industrialized world and the developing countries.

It was therefore gratifying that the President of the Council yesterday confirmed here the Council's desire to follow up the declaration made at the Paris Summit Meeting. In his discussion of the GATT negotiations he expressly said that it would be a serious misunderstanding to consider these negotiations only from the viewpoint of the industrialized countries.

I believe, Mr President, that there are many who look forward with anticipation to a common plan which will show how we are to live up to the demand that the conditions of the developing countries will be taken into account in the monetary and commercial spheres. But in addition to this I think that a debate on the aid programmes as a whole is extremely necessary.

Mr President, I have a few general remarks connected with some of the opinions put forward by the President of the Council when he was discussing the problems of youth and education at the conclusion of his speech. I have good cause to say that youth as a whole cherishes no great enthusiasm for the EEC—at least that is the conclusion I have reached. There is no commitment. Instead, one meets scepticism and indifference and some fear that the EEC is isolating itself from the rest of the world, a fear of large units, a fear that technocracy and bureaucracy are assuming power, a fear that everything is going to be arranged and organized from above by powers over which people have no real influence.

And here I come to the great question which arises again and again when one is considering the debates about individual problems here in the Parliament. How are we to deal with the problems of control? How can we avoid allowing the aims we are pursuing in the different spheres to counter one another? In other words: how can we on the one side take account of the necessity for planning and for using our resources in the most practical way and on the other side further our desire for decentralization—a desire which is very much to the fore—in relation to the individual countries,

the individual regions, the individual groups and even the individual human beings? What we are faced with here is an almost insuperable problem of control.

It has been emphasized during the debate that the Community's institutions must be strengthened. They must indeed. And one of the most important points on which we are agreed is the strengthening of the Parliament. But even while we are working to strengthen the institution we must try to be absolutely clear over the aim we are pursuing, clear as to how the tasks which the EEC Treaty imposes upon us mutually relates to each other and to the tasks which lie within the sphere of work of the Community—and the global responsibility is not the least of these tasks. I am the last speaker before the Commission gives its reply and I would therefore like to say, Mr President, that it is to this end, the solution of the whole problem of control, that we should conduct the debates which are before us, debates on the major common problems, social policy, environment policy, etc. These discussions about the particular fields must thus be seen in connection with general debates dealing with the whole of the Community's work—corresponding to the debate which is about to be concluded a moment from now. The extension of this sort of broad collaboration, an open collaboration between Commission, Council and Parliament, is one of the most important conditions for the satisfactory solution of the problem of control.

Mr President, I would express the hope that in its work on the many, many tasks which it, the Commission will pay great attention to the problem of control—comprising all the things which have to be taken into account—and that we may receive introductory statements expressing this interest for debate in this chamber. *(Applause)*

**President.** — I call Mr Haferkamp.

**Mr Haferkamp, Vice-President of the Commission of the European Communities.** — *(D)* Mr President, ladies and gentlemen, I want to deal essentially with this morning's debate and to make certain remarks about particular problems that have been touched on.

Thus, the significance of energy policy has been referred to in various connections, and it has been pointed out how important it is for the Community to make progress in the sphere of its own energy policy. I do not want to go into details here—they will be brought out in the specialist discussions. Discussions are currently proceeding in the Committees on the basis of

**Haferkamp**

the proposals the Commission put forward last autumn for new perspectives in energy planning. In this way the Commission has tried to develop a perspective, and make proposals, extending to 1985 and taking account of developments until then in various sectors.

In this connection attention has also been paid to the relations of the Community with the world's other consumer regions, and with the producer regions, to which reference has just been made. I should like to emphasize what has been said about the necessity for cooperation.

We are convinced that we must arrive at an intensified cooperation with the producer regions in the field of energy policy. I stress that this is not confined to the relationship between Community, supplier country and crude oil, but extends to cooperation in a very, very wide sense, elements of which have already been brought to our attention in this discussion, and which I have had several opportunities of expounding to the House, i.e. cooperation in a broad economic and technical sense, and in the sense of cooperation to mutual advantage.

So far as external relations are concerned, I think we can confine ourselves to indicating certain basic principles.

In external trade relations the Commission naturally takes as a basis what the Summit Conference laid down in this connection. You will recall that the final communiqué declared, with regard to the industrial countries, that the Community was resolved to guarantee a harmonious development of world trade, to make a contribution to a progressive liberalization of world trade, while preserving what has been achieved by the Community, by measures based on reciprocity and relating to both tariff and non-tariff barriers.

So far as the countries of the East are concerned, the line prescribed by the Summit Conference is that a policy of cooperation founded on reciprocity should be pursued toward these countries.

In this connection the Summit Conference also gave an important indication concerning the Conference on Security and Cooperation in Europe. I may say here that the participation of the Member States of the Community is also a participation and preparation in all areas of Community policy by the Community institutions for Helsinki.

You will surely agree with me that this is not the time to embark on detailed expositions. The details will certainly be discussed in this House, in its specialized Committees, at the proper time in the appropriate form.

Mr Petersen has referred to the scepticism spreading here and there in Europe, which often rests on fear of technology and bureaucracy. You can take it that the Commission shares this concern. We know ourselves that many manifestations of European policy are very technical and bureaucratic. I do not want to conceal it, nor to excuse it. But I should like to say that some things are simply unavoidable.

We are forming law, we so to say legislate for this Europe. And you, Ladies and Gentlemen, who are parliamentarians, know from your activity as national legislators, that this is always, or very often, highly technical and highly complicated, in national law-making too. And I ask you — can every citizen by himself expound and understand each detail of a national tax law? For that he needs a specialist, to give you only one example.

At the European level there is no avoiding the fact that things are often very technical and complicated. For us they are sometimes even more complicated, because we have to deal with nine fields of law, with nine traditions, and we have to carry out a great task of harmonization.

That does not mean that we are simply looking for an easy excuse to make things still more complicated. We shall always try to put things in a simpler form, and make it evident to people that behind this often technical and bureaucratic seeming machinery there really lies a will to attain a Europe that, as it was put at the Summit Conference, is not a Europe of traders but a Europe for human beings.

In the work programme which President Ortoli spoke about here yesterday, the Commission will of course devote quite special attention to this aspect of a Europe for human beings, in all its implications.

Matters that have been mentioned here, like regional policy, an action programme for social policy, environmental questions and the quality of life, will have a part to play in this. It has already been said in the discussion yesterday that the programme we all have to come to grips with together is a very comprehensive one. Without doubt this will be a year of hard work for us all. For the Commission, however, it will also be a year in which cooperation with this House will be quite especially indicated. If we achieve the best possible cooperation between all the Community institutions—Commission, Parliament and Council: I choose this order, because we make the proposals, you take up a position on them, and the Council, I hope, then makes a quick decision — then this year will be one of decisive progress for our Community.

(Applause)

**President.** — Thank you, Mr Vice-President.

Ladies and gentlemen, this brings to an end our discussion with the Council and the Commission.

I thank honourable Members of this Parliament for contributing to this discussion. I also want to thank all representatives of the Commission for taking part in our discussion throughout.

I am sure the Council will be informed of all the opinions put forward this morning.

The discussion is now closed.

#### 6. *Agreements between the Community and the non-applicant EFTA States*

**President.** — The next item is the report drawn up by Mr de la Malène on behalf of the Commission on External Economic Relations on the agreements negotiated between the Community and the EFTA Member and Associated States which have not applied to join the Community, (Doc. 322/72).

I would inform the rapporteur that three speakers are listed: Mr Boano, on behalf of the Christian-Democratic Group, and two members of the Conservative Group. I would be obliged if the rapporteur would facilitate the task of the Chair by making it possible for us to conclude the debate on this report this morning, so that other important reports on the agenda for today's sitting can be dealt with.

I call Mr de la Malène, who has asked to present his report.

**Mr de la Malène, rapporteur.** — (F) Mr President, I am in full agreement with you that the debate on this report should be completed before the end of this morning, and I shall therefore be brief in my introductory account.

Today we are to discuss agreements signed on 22 July 1972 between the Community and Austria, Iceland, Portugal, Sweden, Switzerland and Liechtenstein.

A similar agreement between the Community and Finland has been initialled, but not yet ratified, because the Finnish Government has asked for this to be put back to a later date. I see little point in dwelling on the special political situation in Finland, whose government is currently discussing, not membership, but an agreement with partners in Comecon.

All these agreements which we are to examine today are negotiated and concluded on the basis

of Article 113 of the Treaty establishing the European Economic Community or Article 71 of the Treaty establishing the European Coal and Steel Community. They will lead to the establishment of a free trade area in industrial products by 1977.

Norway initially took part in the conclusion of these agreements as a future Member State of the enlarged Community but, after the negative result of the referendum, she asked to negotiate with the Community an agreement parallel to those already mentioned with the Member States of EFTA. The negotiations have not yet been completed.

Opinions were called for from three committees: the Committee for Finance and Budgets, the Committee on Agriculture and the Legal Affairs Committee. All three delivered favourable opinions.

The Committee on External Economic Relations did not wish to study these agreements in detail, in view of the procedure provided for under Article 113. It does, however, intend to take a political stand on the justification, purpose and scope of these agreements and we recently discussed the problems of the participation of the European Parliament in the ratification of the Community's international agreements, particularly when such agreements have a bearing on Community resources.

These agreements have already been the subject of a debate, on 20 September last on the occasion of a statement by Mr President in Office of the Council of the European Communities. I shall merely recall that the political decision leading to these agreements was taken at the Conference of Heads of State and Government at the Hague on 2 December 1969 and that the negotiations took place between December 1970 and 22 July 1972, the date on which the agreement was signed.

There are certain departures from the principle of free trade in industrial products. For example, a slower than usual rate of removal of tariff barriers has been adopted in certain sectors: paper, certain special metals, Swiss clocks and watches and processed agricultural products which are included in the industrial free trade area. The schedule for the removal of tariffs comprises five stages, each corresponding to a 20% reduction in duties, the first of which is effective from 1 April 1973, so that this takes us up to 1 July 1977.

This schedule for the removal of tariffs is parallel to the one adopted in the accession treaties for the three new Member States.

**de la Malène**

An exception has been made, however, in the case of Austria which has, so to speak, been granted a certain preferential treatment to take into account the fact that this country had been asking to sign an agreement of this nature with the Community for many years.

I repeat that these agreements only establish free trade in industrial products and processed agricultural products. The Community has an agricultural policy comprising rules of discipline and objectives which could not, of course, be watered down in a free trade area. Consequently, apart from a few exceptions concerning Portugal and Iceland to which I will return in a moment, agriculture is excluded from the free trade arrangements. Nevertheless, the parties have agreed to endeavour to promote the harmonious development of trade in agricultural products whilst respecting the individual agricultural policies of each State.

Mixed joint committees are set up under all the agreements for the purposes of looking into any difficulties arising in the agricultural sphere and ensuring that the provisions which they contain are properly applied.

In addition to these two areas of responsibility, these mixed committees are empowered to exchange information needed by the contracting parties and—and this is important—to study opportunities for extending bilateral relations to spheres not covered by these agreements. A further important point to note is that, with the exception of the agreement with Finland, the preambles to all these agreements state that the contracting parties are prepared to examine the possibility of developing and broadening the scope of their relations.

Thus, these agreements are in accordance with the GATT rules, in the context of industrial free trade. I do not wish to dwell on the special arrangements with Austria, since I have already referred to them. Further departures from the rule, to which I have also already referred, have been made in the cases of Portugal and Iceland in that the agreements with these two countries go beyond industrial products and cover a certain number of products from agriculture and fishing. This is justified in terms of the considerable importance to the two countries in question of exports of these products.

Your Committee on External Economic Relations hopes that the bilateral negotiations between Iceland and certain Member States of the Community on the subject of fishing rights, which are effectively blocking the implementation of much of the agreement, will be concluded without delay, thus eliminating the present diffi-

culties. The agreement with Iceland on fishing products could, in theory, come into force on 6 April 1973. In fact, this appears to me to be impossible, but one can always hope.

I have already mentioned Norway, which is still negotiating with the Community for the time being. In conclusion, I feel that these agreements give every grounds for satisfaction, and that they show that our Community has managed to combine its own enlargement with the establishment of satisfactory relations with the neutral European States which, whilst they fulfil the economic and political conditions for becoming full members of the Community, have preferred to enter into special arrangements enabling them to retain the political autonomy to which they attach the greatest importance.

The agreements with Iceland and Portugal are more like preferential agreements, but meet the requirements of these two countries. It is therefore worth stressing that, from the political and economic points of view, trade relations between the countries of Western Europe have been regulated in a manner which takes maximum account of the desires of all parties and affords the greatest advantage to all, whilst the essential rules of international trade have, of course, been adhered to. By this in itself, our Community is demonstrating that it is always outward-looking and that it is not seeking to isolate itself as an economic block. We can find further grounds for satisfaction in this.

Of course, I regret that the existing procedures do not allow the European Parliament to take a greater hand in the negotiation and ratification of such agreements, but we hope that they will be improved gradually. This was debated very recently in Parliament.

I should like to end by asking you to approve the motion for a resolution tabled by your Committee, which is attached to the report which I have just introduced.

*(Applause)*

**President.** — I call Mr Boano on behalf of the Christian-Democratic Group.

**Mr Boano.** — *(I)* Mr President, a few very brief comments on the very clear and very exhaustive report presented by President de la Malène. The first comment concerns the need, confirmed in this Parliament on several occasions, for a greater share for members of the European Parliament in the information and decision-making process. In particular, I should like to state that this Parliament should have had more detailed information on the financial effects on the system of the Community's own resources



**Boano**

caused by the decrease in earnings from customs duties originating from countries signing the agreement.

There is no doubt that the scale of this problem has changed, partially due to the fact that it concerns only the six older members of the Community, the three new members having already abolished all duty on industrial products within EFTA for some time. Nonetheless, we are still hurt at the purely marginal role to which European Parliament has been reduced, at being placed in a position in which it automatically records financial decisions but is not even being consulted during the reaching of those decisions.

As President de la Malène has already reminded us, certain problems are still pending in the context of these agreements, including the question of Iceland. This is not easy to solve, even on the level of international law, as the countries concerned (Iceland and Latin American countries) affirm that the determination of the limits of territorial waters is an internal matter and is not subject to international jurisdiction or regulations. We trust that the fact that exports of fish products account for 80 per cent of Iceland's exports will be borne in mind when reaching a solution which should, at all events, be a Community solution.

With regard to Finland, this state originally gave as its motive for not signing the agreements a procedural reason, an absolutely justifiable one, in other words that the government was resigning at the time. Subsequently, further difficulties and problems arose of a clearly political nature; last Monday, as Mr de la Malène has said, Finland also began discussions on an agreement with Comecon. We trust that such an agreement would not preclude cooperation between this nation with its outstanding democratic traditions of freedom and social progress, and the Western European states. Outside the framework of this agreement, too, certain problems have arisen and I should like to ask the Commission for its opinion on the *pourparlers* which have reputedly been launched by Spain and Yugoslavia with a view to joining the little EFTA. I should like to ask Sir Christopher Soames if these *pourparlers* have in fact begun, if there is any likelihood of progress and, if so, what problems it might cause the Community.

Nevertheless, we consider these agreements to be positive on the whole in that they may help Europe to achieve a greater degree of cohesion through a greater immediacy and interpenetration of the relationships between its members, so that it could have a more incisive influence on the maintenance of equilibrium and peace on the world political scene. There are some who

claim that customs duties are an archaic instrument of trade policy and that the Community should define its individual personality and its process of self-realization through other more incisive instruments. These agreements are a step in this direction: they stand for the Community's act of commitment and faith in itself, they provide a stimulus to the pursuit of its economic and political identity through more demanding channels. For this reason, the Christian Democrat Group gives its firm consent to the conclusion of the agreements.

(Applause from the Christian-Democratic benches.)

**President.** — I call Mr Vredeling on behalf of the Socialist Group.

**Mr Vredeling.** — (NL) Mr President, for the sake of brevity I wish to associate myself with the remarks made by Mr Boano on behalf of his Group with regard to Iceland and Finland.

I should briefly like to refer to the importance of paragraph 14 of the resolution in which mention is made of the particular problems applying to the paper products sector.

It is not for nothing that allusion is made here to the Community's own problems. Allusion is made to the Community measures at social level which may in the event be necessary when the consequences of the dismantling of tariffs—a dismantling which anyway is already behindhand—in this sector, which even without this agreement already has its difficulties in our Community, may give rise to additional difficulties which may lead to the closure of businesses, mass dismissals, etc. This connection with social policy must be clearly underlined.

It is rightly stated in this paragraph that the paper products sector is of more vital importance to the whole economy of Sweden and Austria than to our Community. But we too have capital-intensive paper industries of some importance who may also end up in difficulties as a result of this agreement. We feel that the Community must then be responsible for coping with the social difficulties that may possibly result. For this purpose we have the Social Fund. I shall not dwell further on this point. This matter lies in the field for which Mr Hillery is responsible. I would, however, like to draw attention to this point during this debate.

I have two further points. One refers to Switzerland, the other to Portugal.

I do not wish to go into detail about tariffs and suchlike, but there is one oddity in the Swiss agreement. Namely, a statement has been added regarding labour. There is a curious reference

**Vredeling**

in this statement to the minutes of the Swiss-Italian Mixed Commission, which dealt with the question of labour.

We know that large numbers of Italian labour in Switzerland form a special problem—those spending a few day's holiday in Switzerland will know this from their own experience. Now the nub of the matter is that the statement says that the parties to the agreement, i.e. the Community and Switzerland, consider questions regarding labour of Community interest. This means therefore that the question of Italian labour and the likely possibilities of discrimination in Switzerland against Italian labour is not just a problem for the Italian government but a matter of general concern. If the Swiss government or the Swiss population or a canton—you know how democratic Switzerland is—were to do something nasty with regard to Italian labour, then the Swiss must be aware of the fact—and it is a country that I esteem highly—that they are doing something nasty not with regard to Italian labour but with regard to labour from the Community. This is the question of "Überfremdung". If this is in fact given a push back into the right direction by a certain narrow majority in a referendum in Switzerland the Swiss will have to be aware—and I am directing myself over your heads to the Swiss authorities—that such discrimination is a completely prohibited thing in the Community. We do not discriminate against any Italian workers. We are familiar with the problem of "Überfremdung" in the Community as an officially sociological or social question, but not as a political fact. They are having some trouble with this in Switzerland. We shall continue to keep a very careful eye on this, at least as far as my Group is concerned.

The second point concerns Portugal. I cannot esteem Portugal as highly as Switzerland when we are talking about democracy. I have a couple of questions for the Commission on this, first of all a question of a more technical nature. I am rather mistrustful by nature—this I can't help—when texts which otherwise are homonymous differ on one single point. Then I wonder why this should be so. I have a feeling that this never happens by accident, because civil servants are keen—I know them a little—to help little accidents of this kind out of the world. So I note that in ordinary agreements, for example that concerning Austria and Switzerland, an extension clause is included. When specific problems occur the one party can approach the other about this and ask him to do something about it. The matter can be studied and a recommendation can be made, so that a solution can be found. Now a stipulation is made specifying in which circumstances this is possible. In the agreements

with Austria and Switzerland it says: when the one party considers it in the interests of the economies of both parties to the agreement to deal with the matter etc..., then the procedure can be put into operation. Strangely enough in the agreements with Sweden, Iceland and Portugal—and I refer chiefly to Portugal, I am thinking of this country in particular—it says that when one party to the agreement is of the opinion that it is in the joint interests of both parties to the agreement to take additional measures, with a view to solving a problem and so on.

The stipulation therefore in the one case (Austria and Switzerland) is that it has to be in the interests of the economies of both countries, while for the other countries it says in the agreements that it has to be in the joint interests of both parties, in order to have the procedure put into operation. These are differing wordings: "joint interests" is a much wider concept than "the interests of the economies of both countries". I therefore wonder how this comes about, why should there be a divergent wording or is this really an accident?

Is it really neither here nor there whether the one or other formula is used?

If this is the case I should like to hear this stated explicitly by those who conducted the negotiations, namely the European Commission. Talking about Portugal, I should like further to refer to a specific point having regard to relations between the EEC and Portugal. Before negotiations were opened the Commission made a recommendation to the Council with regard to these negotiations. This includes a passage which I shall quote in full as I consider this of great importance. It runs:

"As regards the countries of Southern Europe the standard of whose economic development does not allow of immediate accession, preferential relations with the enlarged Community should be capable of being brought about by virtue of which their development could be furthered. These relations could only adopt the form of actual association as regards countries possessing institutions and systems that can be compared with those of the founding countries."

I should like to ask the Commission if it subscribes to exactly the same point of view with regard to Portugal. I feel that, as far as this is concerned, I can rest assured as in the course of question time yesterday Sir Christopher Soames gave me a completely satisfactory reply. But I would like to have it repeated in this context.

My next comment also relates to Portugal. I should like to have some clarification from the

**Vredeling**

Commission's side on the following. My source is fairly unusual but still official, namely the Tunisian paper *Jeune Afrique* of 14 October 1972. This contains a reference to the attitude of Italy with regard to the EEC-Portugal agreement. We do in fact find it mentioned there that Portugal has undertaken to buy Italian agricultural machinery in the framework of this pending agreement. It appears from the report that it was agreed in the course of a visit by the Italian under-secretary of state for Finance to Lisbon in June 1972 that Italy would support the agreement between Portugal and the EEC in exchange for Portuguese silence on a plan to establish a large number of Italian colonists in Angola. I should like to know from the Commission if it knows anything about this. If it knows nothing about this, which I would expect, I would ask it to declare officially that it will have nothing whatever to do with this business. I ask the Commission, insofar as there might ever be any sign of discrimination of this kind in trade in agricultural machinery—which would therefore be specially imported from Italy instead of, for example, the Federal Republic of Germany—to apply the provisions of the EEC Treaty that are directed against discrimination and preference for any one industry as against another, so that an immediate stop can be put to any practices of this kind.

Still on the subject of Portugal I have to report on a spicy item. I have in fact to say something about a gentleman known to us all, namely Mr Ortoli in his capacity as a French cabinet minister duly made a certain statement in the course of a visit to Lisbon in January 1972. During this visit talks were held amongst others with regard to French investments in Portugal. It appears that Mr Ortoli then stated, so the *Diario de Lisboa* said on 29 January 1972, that French investments could also be extended to the Portuguese colonies in Africa, and particularly as regards the Cabora Bassa dam.

And so I report. I should like to know if it is in fact true that these kinds of things were also agreed during the discussions on this agreement.

Mr President, we have even had news from the Federal Republic of Germany. You will see that I do not discriminate in the political direction of one or other country.

In the course of a dinner at the Portuguese Chamber of Commerce the ambassador of the Federal German Republic to Portugal, Mr von Holleben stated that Portugal can depend on the full support of the Federal Republic of Germany in its attempts to become an associate member of the European Community. This gives rise to the question what importance should be attached to a statement made in the course of a dinner.

I cannot hold the European Commission responsible for this utterance by the German ambassador.

I should just like to express the hope that these are merely the usual diplomatic politenesses as are uttered at dinners. At least the way that I understood it was that a promise of this kind by a German ambassador to Lisbon should only be put down to the kind of politenesses that I personally abhor.

Finally, Mr President, just a further word with regard to the position of the trades unions. As far as Portugal is concerned I should like to refer the European Commission to a letter, which they must know about, from the European Association of Free Trades Unions and from the European Organization of the World Federation of Labour by which the European Commission is informed that the trades unions will oppose any kind of cooperation between Portugal and the European Community. This letter is heartily supported by our Group.

**President.** — I call Mr Thomsen on behalf of the Conservative Group.

**Mr Thomsen.** — (DK) Mr President, I would like to say on behalf of the Conservative Group that we fully accept the report given by Mr de la Malène for the Committee on External Trade Relations. We consider it a good and satisfactory report and I have no other comments to add to it except to participate in the regrets already expressed by Mr Boano—and others, I have heard—namely that the Parliament figures here only in the form of a subsequent revision.

There is just one little exception here, in that Mr de la Malène's report could rightly deal with Norway only peripherally because the negotiations with Norway have not yet been concluded. So I would like to take this opportunity to allow a voice from the Parliament to be heard in the negotiations with Norway which are now approaching their final phase.

The fact that Norway's negotiations are taking place so late is the fault of the unfortunate result of the Norwegian referendum, a matter in which I as a Dane feel that we Danes may have been to some extent co-responsible. If we had held the Danish referendum which ended strongly and positively, before the Norwegian one, it might possibly have been able to affect the Norwegian results. So I would like to use this opportunity to say a few regretful words about Norway and Norway's position which I as a Dane know particularly well owing to the intimate relations between the two countries.

**Thomsen**

In order to understand the Norwegian attitude and the poor results, from the European standpoint, of the referendum, it is important to remember that Norway is an old country with an old culture but it is a new nation, first created as a nation in 1905 and with a population which has the strong national sentiment which is associated with young nations. It is an extensive country and the people up there are very widely separated. Large population groups live in conditions down in the valleys, as I myself have seen, where there is no direct sunlight between the end of October and the beginning of March. This influences the mentality of such a population and it influences the whole population. Norway is by no means a rich country. It is a poor country with an agriculture which is influenced by the climate and which must naturally be a meagre agriculture, highly dependent on fisheries. By virtue of its electrical energy it has built up a strong electro-chemical production industry which happens to produce a number of products which are at present giving rise to difficulties and hesitations during the negotiations in progress in Brussels.

This is not the time or the place to examine these negotiations and their details but what I would like to make clear to the Parliament is that geographical and historical and economic conditions have created a population with a strong national feeling, a self-assured population. A Norwegian author has indicated the difficulties experienced by the Norwegian population in maintaining a balance between being themselves and being sufficient unto themselves and what we saw in the referendum held in the autumn was the outcome of this.

I would therefore like to conclude with the suggestion which I can also make on behalf of my Group that the negotiations with Norway should not be treated as any sort of punitive action because Norway might have said no through its referendum, but with an understanding of the conditions under which the Norwegians live.

Let me add a little rider to this.

Norway is a very great seafaring nation. Norway's merchant fleet which is a little country in itself is as far as I know the fourth or fifth largest fleet in the world. It would be important to Norway—I realize that no undertakings can be given here—if, when questions affecting shipping policy are discussed in the Commission Norway could be heard there in one way or another or at least could be allowed to attend as an observer.

I would like to close this speech, which has been principally concerned with Norway, by

saying as an expression of both the Danish and a Conservative standpoint: we must not regard Norway as a country which on principle has refused to join the European Communities—that was what the application and the negotiations were about—but as a country which will in all probability be the next country to join as a member—and a full member—of our Communities. And it should be treated accordingly.  
(Applause)

**President.** — I call Lord Mansfield.

**Lord Mansfield.** — In view of the position of the clock I will not detain the House for more than one or two minutes.

The matters to which I wish to refer are Norway and Iceland. As far as the former country is concerned I would associate myself with the remarks made by Mr Thomsen. That part of the United Kingdom from which I come—that is to say, Scotland—has had long historical links with Norway, and certainly so far as the North of Scotland is concerned there is a real feeling of regret that the inhabitants of Norway found it impossible to join the Community along with the United Kingdom.

In regard to the United Kingdom itself, of course some of the products of Norway are of immense importance to us. I refer specifically to frozen fish products, of which I understand at the moment our country imports about 20 million units of account per annum, and at this moment it is duty free. There have been difficulties with the aluminium industry of Norway. Perhaps I could ask Sir Christopher a question which deals with paragraph 15 of the Resolution. 1 April is only a fortnight away. We very much hope—I am sure I speak for everybody in the Chamber—that the negotiations are rapidly being brought to a successful conclusion.

My second point concerns Iceland. If I may, without offence, I would take exception—kindly exception I hope—to a remark of Mr Boano. In the United Kingdom we do not regard the negotiations or the action of Iceland as purely a domestic matter. We regard it as being subject to international law and a matter of negotiation both between our respective countries and between the Community of Nine and Iceland. It is important for all of us, because we in our turn in the United Kingdom depend very much on the products which Iceland exports to us in the form of fish, and we also depend very much on their goodwill for our own fishing industry. This is a matter which should be negotiated, and negotiated quickly. If Sir Christopher has any news for us or can tell us what is happening it would be of interest.

**President.** — I call Sir Christopher Soames to answer the questions raised by the Members of the House.

**Sir Christopher Soames** *Vice-President of the Commission of the European Communities.* — I should like to make a few remarks about the agreements under discussion. Before doing so, I will direct my attention to some of the questions which have been asked by Members during the debate.

Lord Mansfield referred to the agreement with Norway, and I shall be mentioning this in the body of what I have to say. We are much aware of the need to do our best to come to an agreement by 1 April, for many reasons. If we fail to do so difficulties will be created about rules of origin and the like from the point of view both of the Community and of Norway. We are doing our best, and both sides are conscious of the pressure of time.

Mr de la Malène, Mr Boano and Mr Thomsen raised the general problem of Parliament's rôle in treaty-making. I agree that that is an important point, but the debate is on a particular agreement and Parliament's rôle in treaty-making is a more general point which is under consideration in various places. There was a debate on this matter under the Giraud Report in our last session, and there will be on-going discussions from there.

Mr de la Malène, Mr Boano and Lord Mansfield also spoke of Iceland. The agreement will come into force on 1 April, and the protocol which deals with fish products is subject to a solution satisfactory to all Member States being found to the problem of fishing rights. This was made clear during the negotiations.

I underline the fact that the text of the protocol refers to Member States a number of whom are still in dispute with the Icelandic Government on this question. We hope that the dispute will be resolved as soon as possible, but I do not think it would be useful for me to say anything more than that at the moment.

Mr Boano mentioned Yugoslavia and Spain. Yugoslavia is a beneficiary under the Community's generalized preference scheme, and we are hoping to negotiate and conclude very soon a non-preferential agreement covering also cooperation with Yugoslavia. The Council is currently discussing the definition of a negotiating mandate for a free trade area between the Community and Spain, and the Commission hopes that it can be negotiated this year.

There is a not inconsiderable link between the negotiations with the Magreb, the negotiations

with Spain and the negotiations with Israel, all of which we hope to be embarking upon during the year.

Mr Vredeling raised two matters. One was on the slight differences between the texts of the evolution clause in the various agreements. He was a bit rough on us. He implied that there was some carelessness in the manner in which the text had been drawn up. I defend the position by saying that the reason for it was that a number of our partners who pursue a neutral foreign policy were anxious to underline that such evolution could cover only economic questions. Other partners did not attach so much importance to this and wanted the clause to be applied to them whatever may have been their position on neutrality. Some countries attached more importance to it and asked for the clause to be related specifically to the economic interest and others said that they would like it to refer to the general interest of the partners concerned...

**Mr Vredeling.** — Neutrality was not the yardstick, since Sweden also did not want the clause applied to it.

**Sir Christopher Soames.** — I know. I am saying that some countries attached more importance to this than others. Some wanted the clause to refer specifically to the economic interest and others said that they would like it to be attached to the general interest. The Council felt that the countries should have the wording they preferred. It was not loose wording and was not arrived at loosely. Our partners specifically wanted it in that way...

**Mr Vredeling.** — I did not know that.

**Sir Christopher Soames.** — I am glad that Mr Vredeling is satisfied on that. With regard to Mr Vredeling's point about Portugal, this agreement is merely a free trade area agreement and it makes no reference to any move to eventual Portuguese membership. If Portugal were to apply for membership it would have to be under quite different procedures—those of Article 237 of the Treaty of Rome, which are in no way affected by this agreement. This is a free trade area trading agreement and of quite different character from the agreement we have with Greece, which raises the possibility eventually of Greece coming in and forming a part of the European Community.

The Commission is extremely glad to see generally the deep political interest which Parliament has taken in these agreements, and welcomes the excellent report which, under

**Sir Christopher Soames**

Mr de la Malène's leadership, has been placed before us. These agreements are of major political significance, and this report, and the way it has been received, is a source of political satisfaction to us. We are happy that after these long negotiations we have been able to agree with our friends and partners on the creation of free trade areas in industrial products between the Community and all these other West European countries. We have thus been able to enlarge the Community by three West European States, two of them previously EFTA members, without at the same time raising any new industrial tariff barriers within Europe, but, on the contrary, also dismantling those between the six original Member States of the EEC and the remaining EFTA countries as well.

We have been able to do this without in any way surrendering the Community's own independence of action and the autonomy of its institutions. To ensure that that was possible, we have on some points had to go slow on cooperation with non-candidate EFTA countries beyond the trade field. In dismantling tariff barriers, one can define the steps in advance, but, when one goes beyond that, one needs constantly to have recourse to new institutions. I think we are all aware—sometimes almost too painfully aware—of the complexity and in some ways even the cumbrousness of that machinery in any case. We would have to be very careful if, in addition to the rights of the nine Member States, we also gave rights in these institutions to the non-candidate EFTA countries as well.

But we have also to remember something else. In our advance towards Economic and Monetary Union and other forms of closer integration, it is rare that any one step is taken in isolation. Each advance is linked, both technically and politically, to a whole range of other ongoing advances along a broad front towards fuller integration, so one can see just how difficult it would be to have any country that is taking part in only a few selected sectors of this broad advance towards European Union involved in taking decisions affecting those who are fully participating in that whole process in all its aspects.

So we have not thought it right to erode our own self-determination; nor, indeed, have our partners. The agreements we have negotiated with them have been conceived so as not to interfere with their autonomy any more than with ours. This was, for them, of technical and constitutional significance, obviously, but in so many cases it also met their foreign policy preoccupations. Some of them are formally and

historically or informally neutral or unaligned. What we have together ensured is that this special position of theirs should be fully safeguarded, and yet that they should not be penalized for it by being excluded from the great free trade area we are now setting up for industrial products within Western Europe.

All that being said, the fact remains that there are some matters which go beyond the purely trading domain and in which closer cooperation with our neighbours would still offer mutual benefits. We entirely agree with point 9 of the draft resolution. We are sure that this House for its part will agree with our reservation: that we must not, through broadening the cooperative effort, so burden our institutional mechanisms as to slow down progress. Let us see how the joint committees which have now been set up work out. In the light of that experience, let us see how we can translate into practice the good will and readiness on both sides for mutual cooperation in other fields.

The joint committees that have been set up in the case of countries whose agreements came into force last January—that is to say, Austria, Switzerland, Sweden and Portugal—have already done some good work in organizing the technical instruments and procedures that are required. They have even had to deal with the quite unexpected application of a safeguard clause—that which the Community had to apply in the case of timber as a result of a natural catastrophe in the Federal Republic of Germany—and they dealt with it very successfully. All this is a good augury.

Now, in just over a fortnight's time—on 1 April—not only will we have the first tariff cuts between the original Member States and the three new members of the Community but we will also on that date be making the first tariff cuts between the Community and these EFTA countries.

The agreement with Iceland will come into effect on the same day, with the reservations we have already talked about, and we hope that around that time the negotiation with Norway will have been brought to a successful conclusion as well. That is also the date when the Coal and Steel Community Member States and our partners will bring into effect the customs reductions on ECSC products, in the certain expectation that the Parliaments of Member States will before the summer holidays ratify the Treaties on those goods.

It is our confident hope that the procedures of ratification in connection with Finland will be completed before the end of the year. When that is done, the problems raised for EFTA States

**Sir Christopher Soames**

by the Community's enlargement will, we believe, have been successfully resolved. The Commission is, as I said at the outset, grateful for the support of this carefully prepared report in the conclusion of all these treaties.

*(Applause)*

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — *(NL)* Mr President, I should like to thank Sir Christopher Soames for his clear reply explaining the divergence in wording. I believe that in politics one must always go out from a certain mistrust; one can then most clearly find the truth. I now know the reason and I thank Sir Christopher for the explanation that he has given with regard to this divergence.

I missed two points in Sir Christopher's answer. I had clearly asked him something as to his understanding of the system of government in Portugal. I asked if he would be so kind as to express the excellent words that he spoke this week to this Parliament about dictatorships in general with regard to the Greek situation with similar reference to the Portuguese system and if he adopts exactly the same attitude towards this Portuguese system as that to which he gave witness in general. His reply to this can be very short.

The second point is of a more complicated nature and concerns the question of Italy. A report has been published that some kind of agreement might exist between Portugal and Italy regarding agricultural tools; let me put it at no more than this. With reference to this I asked whether the Commission, if this should prove the case—you need not say whether it does in fact—will react as it should react to this kind of thing, without regard to person, without taking any kind of interest into account?

**President.** — I call Mr de la Malène.

**Mr de la Malène, rapporteur.** — *(F)* Mr President, I thank Sir Christopher Soames for his reply and the details which he has given.

On behalf of the Committee on External Economic Relations, I should like to tell him that we are worried by the problems concerning Iceland.

Iceland is a small country which is not in a position to match its strength against the might of the Community, and which has recently suffered a disaster which has dealt a serious blow to its economy. We would not wish that the question of whether Protocol 6, which is in

fact the essential part of the agreement, is brought into force to be dependent on the good will of one or other Member State.

We would not wish that the implementation of a Community agreement should be delayed too long by opinions emanating from one or other Member State; the Committee on External Economic Relations intends to follow this matter very closely so that.

Protocol 6 can be brought into force as soon as possible and that Iceland can see that the Community is adopting a fitting attitude towards its relations with her.

We shall also be following the negotiations with Norway, and hope that it will be possible to sign the agreement with this country at an early date, although this does not appear probable.

I should like to express my full agreement with the statements by Sir Christopher in saying that, as regards Portugal, we have already just dealt with a Mediterranean problem.

Indeed, although Portugal is not a Mediterranean country in the geographical sense, it is generally agreed to be part of that region. Through these agreements, therefore, a first step has been taken towards a solution of the problems of the Mediterranean, to which we shall be returning this afternoon.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — I must remind Mr Vredeling that I answered those parts of his questions relating to Portugal which I thought I should answer. I want to make it absolutely clear that I do not want to say anything more than I said yesterday. It is not right for the Commission to be asked to comment on the internal affairs of every State just because it is thought that this or that is not right there. I yesterday made a general answer on the Commission's attitude to these matters, and I do not wish to go any further today.

Any further development in relationships beyond these agreements between the Community on the one hand and any of the other States on the other hand could only take place by common agreement, and that means the Community acting on a proposal by the Commission, which must be agreed. The Commission will certainly wish to weigh up carefully all the political and economic elements before proposing to the Council the evolution of these agreements with any particular country.

As to the question of a possible agreement on agricultural machinery between Italy and

**Sir Christopher Soames**

Portugal, I am not in a position to reply, but I will inquire into the point and let the Member know at the earliest possible date.

Mr de la Malène referred to the protocol of the agreement with Iceland about fish. I can only repeat that this point is written into the protocol and refers to Member States being in agreement. It would be a pity either to minimize or to exaggerate the problems that lie before us, but they are not inconsiderable and must be resolved according to the protocol before the treaty can enter fully into being.

**President.** — Does anyone else wish to speak?

The general debate is closed.

I put the motion as a whole to the vote.

The resolution as a whole is adopted.<sup>1</sup>

Thanking you for making the task of the Chair easier.

We shall now adjourn until 3 p.m.

The House will rise.

*(The sitting was adjourned at 1.15 and resumed at 3.5 p.m.)*

IN THE CHAIR: MR BERKHOUWER

*President*

7. *Appointment of general rapporteur*

**President.** — The next item is the appointment of the general rapporteur on the Sixth General Report on the activities of the Communities, in accordance with paragraph 3 of the resolution of 15 February 1973 on the procedure for considering the General Report.

Mr Seefeld has been nominated.

Are there any objections?

This appointment is ratified.

8. *Appointment of members of delegations to the Joint Committees of the Associations with Greece, Turkey and the East African Community*

**President.** — At its meeting today the Bureau drew up the list of nominations for the delega-

tions to the Joint Committees of the Associations with Greece, Turkey and the East African Community.

The list is as follows:

*Joint Committee of the Association with Greece:*

Mr Bourdelles, Mr Corterier, Mr Cousté, Mr Dewulf, Miss Flesch, Mr Galli, Mr De Koning, Mr Christensen, Sir John Peel, Mr Radoux, Mr Ribière, Mr Schulz, Mr van der Stoel, Mr Thomsen, and Mr Vetrone.

*Joint Committee of the Association with Turkey:*

Mr Baas, Mr Bangemann, Sir Tufton Beamish, Mr Behrendt, Mr Boano, Mr Bousquet, Mr Cousté, Mr Fellermaier, Mr Jahn, Mr Klepsch, Mr Ligios, Lord Mansfield, Mr Mommersteeg, Mr van der Stoel, and Mr Wohlfart.

*Joint Committee of the Association with the East African Community:*

Mr Achenbach, Mr Antoniozzi, Mr Blumenfeld, Mr Briot, Mr Corona, Mr Cruise-O'Brien, Sir Arthur Douglas Dodds-Parker, Mr Flamig, Miss Flesch, Mr Galli, Mr Rosati and Mr Wohlfart.

I call Mr Vetrone who has asked to speak on the membership of the delegations.

**Mr Vetrone.** — (I) I should like to say a word on the information you provided, Mr President. I have heard my name mentioned as a member of the Joint Committee of the Association with Greece. This is obviously a misunderstanding, since the group to which I belong knows that I refused this office promptly and in writing.

**President.** — Mr Vetrone's statement is duly noted.

A nomination will have to be made to complete the delegation to the Joint Committee of the Association with Greece.

Are there any objections?

These appointments are ratified.

9. *Political situation in the Middle East*

**President.** — The next item is the report by Mr Scelba on behalf of the Political Affairs Committee on the political situation in the Middle East (Doc. 235/72).

I call Mr Scelba, who has asked to present his report.

**Mr Scelba, rapporteur.** — (I) Mr President, ladies and gentlemen, on the first of September last year, in a letter to the Chairman of the Political

<sup>1</sup> O.J. No. C 19, 12. 4. 1973, p. 30.



**Scelba**

Affairs Committee stating that events had come to pass in the Middle East which offered brighter hopes of success for an attempt to reach a diplomatic solution to the conflict between Israel and the Arab states, your rapporteur asked him to consider the advisability of a debate in our Assembly on the situation in the Middle East and on a Community initiative for peace in that region.

The Political Affairs Committee decided unanimously to forward the letter to the President of Parliament and asked for permission to submit a report to the Assembly. The President of Parliament agreed to this request and, in a letter dated 11th October 1972, authorised the presentation of the report.

At a meeting on 17th October, the Political Affairs Committee honoured me with the office of rapporteur.

The subject of a Community measure to promote peace in the Middle East, based on a report and a draft motion drawn up by myself, was fully debated at several meetings of the Political Affairs Committee.

At the end of the discussion, in a meeting held on 8th March last, the Political Affairs Committee approved the text of the resolution now submitted for your consideration and authorised the rapporteur to give a verbal explanation.

The brevity of the text and the clarity of its content simplify my task as rapporteur. The 'whereas' section is so obvious that it calls for no comment. I imagine we all believe that the European Community Member States and the Community as such are particularly concerned with the earliest possible restoration of peace to the Middle East. I imagine, too, that we all share the aspiration that the Community should earn its place in the world as a peaceful and peace-making force by appropriate measures. Obviously, however, the Member States and the Community cannot introduce any measure to promote peace in the Middle East at any moment without a common policy. This is the reason for the appeal to the governments of the Member States in item 1 of the resolution: they should attempt to develop a common policy for the Middle East, overcoming any divergences and agreeing upon the forms and methods of translating that policy into action at what is deemed to be the most appropriate moment.

The resolution provides no guidance as to possible peace terms, but refers to resolution no 242, approved by the United Nations Security Council in 1967, which it considers to be an acceptable platform for a fair solution to the conflict. It also refers to the previous resolution

for which our Parliament voted on 22 June 1967. The resolution also asks the Community Member States, within the context of a Middle East Policy, to provide for a contribution towards the economic and social development of countries which have suffered during the long conflict.

Here ends the role of the rapporteur, which is to comment on the text of the resolution. I shall if necessary be replying to speakers in the debate, but I should like to make a few personal comments.

It is not the first time that our Parliament has concerned itself with the conflict in the Middle East; it was fully concerned immediately following the six days war, in its sitting on 22 June 1967, after a report had been approved by the Political Affairs Committee (the rapporteur being Mr Burger), which was then in his absence verbally clarified by Mr Dehousse, both members of the Socialist Group. The debate closed with approval of the resolution to which specific reference is made in today's resolution. The 22 June 1967 resolution, approved in the immediate aftermath of the ceasefire imposed by the Security Council, began with the statement that the grave crisis which was convulsing the Middle East was intimately 'linked with the security and development of Europe and with its political responsibility towards its partners, and that the European States are individually not in a position to safeguard the interests of Europe nor to assume responsibility therefore'. The resolution went on to deplore that 'Community Europe has not yet succeeded in arriving at a common policy which emphasises its concern with peace in this region' and concluded by urging the governments of the Member States 'to call a meeting of the Ministers of Foreign Affairs at the earliest possible time so that Community Europe as such can be represented at the peace negotiations'. The resolution then made certain concrete recommendations as to the peace treaty, including 'recognition of the Israeli State, definition and security of frontiers for all States, free access to the Holy Places, guarantees for freedom of shipping in the Gulf of Akaba and the Suez Canal, the refugee problem'. The rapporteur, Mr Dehousse, in commenting on the section of the resolution which deplored the absence of a Community voice in the conflict, expressed himself as follows: 'Yesterday we warmly applauded that part of President Hallstein's declaration expressing regret at this absence. In the conflict the voice of the United States has been heard, as has the loud voice of the Soviet Union... but Europe was not there'. And he went on: 'Europe of the Six has been afforded and is still afforded a magnificent occasion by the Middle East crisis

**Scelba**

to work out the rudiments of a common foreign policy in a concrete situation. This, he concluded, 'is the hope that you will find expressed in the resolution'—a hope that I would add is repeated word for word in today's resolution. Mr Pleven, stating his support for the resolution in the name of the Liberal Group of which he was Chairman at the time, approved the step taken by the Political Affairs Committee pressing for a Community initiative for peace in the Middle East and considered it 'paradoxical, that peace in that region should depend solely upon the understanding, the whims and the disposition of the United States and the Soviet Union', in other words of two nations whose involvement with the Middle East is not so great as that of the European Community. To the question of how this situation had come about he replied '...simply because, by dint of saying that the European Economic Community should under no circumstances go beyond the economic sphere of responsibility attributed by the Treaty, by dint of mutual suspicion... we have found ourselves facing a crisis which involves vital European interests with a spiritless European Community'.

Mr Habib-Deloncle, stating his own group's support of the resolution, called for a unanimous vote of Parliament to lend greater force to its decisions. President Rey, winding up the debate on behalf of the Executive Commission, stated in his turn that 'the primary responsibility... (in the Middle East) is Europe's, more than of any other of the great of the world. It is a good thing, therefore, that the Parliament should say it, and that it should say it in this form.

It is not perhaps sufficient to deplore the fact that our discussions have not yet led to a common concept as to the way in which to start achieving political union. Perhaps we can accelerate these discussions by facing the problem in a pragmatic way. If Europe truly tackles this problem first, and perhaps others as well, it would gradually evolve the political union that we have been discussing since 1961 and have never yet achieved'.

'Do you not believe,' he continued, 'that we may promote our ideas on the subject by coming together to tackle a concrete problem, a topical and important problem, a problem for which we unanimously recognize Europe's responsibility?'

In June 1967, when these statements were made, the declarations and commitments in favour of political union at the Hague conference and at Paris had not yet been made, and the problem of an overall Community policy towards the Mediterranean countries, of which my colleague,

Mr Rossi, will speak a little later, had not yet been raised.

We may well ask whether a venture by the Community Member States would be any more likely to succeed than those attempted by other countries up to now. A positive affirmation is to be found in the resolution presented by Sir Tufton Beamish on behalf of the Conservative Group, which has been absorbed in the resolution submitted by the Political Affairs Committee.

Sir Tufton Beamish's resolution reads as follows: 'Reiterating the view already expressed that the Community should speak with a single voice in its search for a just solution to the resolution No 242, submitted by the Security Arab-Israeli conflict; in view of the fact that Council in 1967, provides an acceptable platform for a just solution; believing that the prospects for reaching an agreement in this direction have improved, the Community is urged to take the initiative and to conduct a leading role on a continuous basis in the quest for peace in an area where it has an acquired interest in stability greater than that of any other major power'.

Honourable colleagues, approximately six years have passed but they have not gone by in vain. In an interview granted to the journalist, Igor Mann of 'La Stampa', a Turin daily paper, the present Egyptian Minister of Foreign Affairs declared on 2 February last: 'We have no alternative: we must live either by the law or under the banner of violence. The price of violence is too high for a nation such as Egypt anxious to achieve progress and development. An aircraft squadron costs £12 million: an air battle lasting a few minutes and it may go up in smoke. No, violence does not pay'... Violence must be discarded if we all wish to save ourselves. We desire, we are resolved, to procure a solution to the conflict within the context of international law.' The Minister of Foreign Affairs went on to say: 'The crisis in the Middle East is a problem that is of direct concern to us and to Israel. It must be solved by turning our backs on violence, on outrage. We are prepared for a just and peaceful solution and', he added, 'I think that it is in the supreme interests of Italy, France and other countries to bring an end to the conflict once and for all; Europe can play a decisive role.'

Honourable colleagues, had these thoughts inspired Egyptian policy in 1967, the conflict which is still going on today would not have occurred; even though we must be forewarned against possible tactical manoeuvring and complications, it would in my opinion by mistaken not to take account of this language

**Scelba**

which represents a renunciation, even if only in words, of the terrible policy of violence which led to the 1967 conflict. Today we note with satisfaction that those responsible for Egyptian policy no longer speak of destroying Israel, of repelling the inhabitants of that country into the sea; today the talk is of negotiations and of a just and lasting solution to the conflict. Why not put these new intentions to the test? Why should Europe refrain from conducting the role incumbent upon her? If Community Europe fails to take on this role in a region such as the Mediterranean, it can hardly aspire to make its mark in other parts of the world as a force for peace with its own autonomous and independent personality.

The European Community is fitted to assume a leading and active role in the Middle East by its geography, its cultural links and its economic relationships. The European Community's interests coincide with the fundamental concerns of all countries in the Mediterranean basin, in particular in the parts in conflict.

The European Community asks nothing in exchange for peace, no military bases, no economic privileges, whereas it has much to give to encourage economic and social progress in countries torn by years of conflict. For a start, the European Community can set an example by its very existence. Community Europe rose from the ruins of a world war in which for years nations were pitted one against another, those nations which today are fortunately part of the European Community. In the debate conducted on the Middle East in 1967, a speaker—quoted by Mr Pleven in the speech to which I have already referred—declared to the Chamber of Commons: 'Just imagine an Israeli-Arab community coming together to solve the problem of water, the problem of exploiting desert regions in which a new home and a new dignity could be given to the Palestine refugees whose existence is such a major factor in the conflict'. I would add: a new home and a new dignity should also be provided for the Jewish refugees who are still being forced by illiberal regimes to seek a free mother country.

Let it not be argued that these are no more than pipe dreams! Who in 1945 would have imagined that within the space of a few years, after a long drawn out war which brought death, destruction and hate incomparably greater than those in the brief Arab-Israeli conflict, countries such as France, Italy, Belgium, Holland, Luxembourg and now the United Kingdom, Denmark and Ireland would have come together with Germany, which had unleashed the war, to become members of a single Community aspiring to become a political

community of the free peoples of Europe? The very fact that it exists gives the European Community a unique moral authority, the right to say to parties in conflict that their future lies in peace and active cooperation. Of course, to make peace takes courage.

The person now addressing you, honourable colleagues, was the first in Europe, as leader of the Italian Government, to close the chapter of the aftermath of the last world war with a former enemy, Yugoslavia. The hate between the two nations sown by the war was so bitter that at first the Italian and Yugoslav delegates would not sit at the same table to discuss peace. Great Britain and the United States acted as go-betweens until an agreement was reached and the delegates from the two countries concerned could sit beside each other.

Sacrifices had to be made, especially by my own country which was forced to cede ultra-Italian cities to Yugoslavia, cities that had come to Italy by virtue of peaceful agreements with the bordering State.

The prospect of peace gave us strength and courage to bear the sacrifices. Today, according to a public statement by President Tito, relationships between Italy and Yugoslavia are held up as being 'exemplary'.

Can an attempt be made today to establish peace in the Middle East with better hopes of success? Is the European Community more likely to succeed where others have as yet failed?

Honourable colleagues, any hesitation in replying is more than legitimate and your rapporteur feels that he is in no position to give even a personal assurance on the subject. The only thing that can be said for certain is that conditions today are no less propitious than in 1967 when European Parliament voted for a resolution committing the Member States to take the initiative with a common policy for peace in the Middle East.

The lack of success achieved by the measures adopted up to this time is a demonstration that peace in the Middle East will result only from continuous, dogged and patient action; but such measures are to be recommended even though there may be a belief that they will lead to no immediate or spectacular results.

The invitation in the Gospel, 'knock and it shall be opened unto you', probably applies to peace more than to any other blessing.

But whatever the immediate and long-term results of a Community initiative, I think it may be stated that such a step would mark out the European Community as a force acting for peace and can only increase its prestige and authority

**Scelba**

in the world, the repercussions spreading even wider than the Middle East affair.

Our appeal to the governments for a common policy, as in the case of our appeal for a European security conference in voting for the Radoux resolution, is also a reminder to the governments to grasp every opportunity to translate the desire for political union expressed at the Hague and Paris meetings into concrete facts, a reminder stimulated by the votes so often cast by this Parliament, of which the most recent documentary expression is my colleague Mr Mommersteeg's general report.

Since peace in the Middle East does not concern the European Community Member States alone, they claim no exclusive interest, nor would they wish not to avail themselves of the force of United Nations decisions.

Depending on the time and circumstances, it will be the responsibility of the Member State governments to adapt their actions, which may take the form of support for any measures introduced by UNO or other countries.

What we want to affirm now is that, faced with an increasingly dangerous situation, it would be unwise not to profit from any circumstance that might promote peace; the European Community cannot remain inert or stay behind the scenes or leave the task of promoting or not promoting peace to other countries which are less concerned or less disinterested than itself.

Peace will not come of its own accord and if those who are in a position to act make no move it cannot be achieved, with all the risks ensuing from the current situation.

On the occasion of the 1967 resolution, Parliament was asked to vote unanimously to give more force to its appeal and to the action that the Community governments were to conduct. I too believe in this reasoning and I cannot but express the hope that Parliament may give its widest and unanimous suffrage to the resolution; it is a hope that is certainly shared by all members of this Assembly that any Community measure attempted by the governments, who are in the final analysis responsible for reaching a decision, will be crowned by success, so that peace can be restored at the earliest possible time to those lands and those nations so close to us, to whom we owe so much of our heritage of civilization.

*(Applause)*

**President.** — I think that Mr Scelba may have forgotten that at the beginning of this part-session speaking time for all items on the agenda was limited to 15 minutes for the rapporteurs.

Out of respect for our former President I naturally refrained from pressing the point, but I think he must be the only exception.

I would remind you that spokesmen for the groups also have 15 minutes and other speakers 10 minutes.

I call Mr Mommersteeg on behalf of the Christian-Democratic Group.

**Mr Mommersteeg.** — *(NL)* Mr President, on behalf of the Christian-Democratic Group I confirm that the report by Mr Scelba and the introduction that we have just heard confront us with a deeply tragic and enduring problem that appears insoluble.

Deeply tragic, Mr President, as there exists since 1967 a truce that should have been a starting point for discussion that should again lead to a peaceful settlement, but despite mediation by the United Nations, and particularly by Mr Jarling as go-between, and despite the trouble taken by the great powers, there is as yet no question of any actual discussion or of any actual negotiations. On the contrary, dangerous explosions of violence take place continually and the problem of violence has gained a further new dimension through international terror.

This is not a problem concerning countries at a great distance from our Member States, from our Community. It is a matter of neighbouring countries and the Member States of the European Community and the Community as such have, as stated in the first paragraph of the preamble to the present resolutions, particular interest in as rapid a return as possible to peace in the Near East.

We are in fact most strongly concerned in this matter emotionally and morally in the first place. You will understand this from me particularly, Mr President. We cannot close our eyes to this situation. If, as has been stated repeatedly in this House, we are and have to project our European Community into the world as an active factor for peace, then this also applies—as stated in the second paragraph of the preamble to the resolution—with regard to the Mediterranean Area. As Member States and as Community we of course maintain all kinds of relations with all nations in this area, whose welfare we do and must have at heart. For this reason the resolution makes appeal to the governments of the Member States to put everything in motion to promote peace in the Near East, using the appropriate Community instruments.

One can ask whether this is all that the European Parliament has to say at the present time and whether it cannot do something more concrete.

**Mommersteeg**

My Group is of the opinion that it is necessary for the European Parliament to express its concern and continue to express it, that it appeal to Member States of the Community to put everything in motion with a view to promoting peace in the Near East and that at the same time it observe a great measure of tact in this very delicate matter.

If I may just speak more concretely, I see two lines of action. The first follows the Davignon procedure: harmonization of points of view; this almost succeeded at New York during the last General Assembly of the UN; a resolution that started with a great bias was amended as agreed. It almost succeeded, in that eventually only 8 of the 9 Member States could agree to the UN resolution.

The second line of action lies in attempting through Community action to improve the social-economic prospects in the countries concerned, and to help create a prospect of peaceful coexistence and reconstruction, for the Palestinian refugees as well.

Both lines must converge and through them the Member States will have to do everything possible to promote peace, for factual, emotional and moral motives.

The resolution that I wish to support in the amended text on behalf of the Christian-Democratic Group—we have received an amendment to the Dutch text—expressly states that resolution number 242 of the Security Council of 1967 forms an acceptable basis for a just solution.

This all means that the Member States and the Community in their peace-promoting activities should keep careful note of this resolution with its delicate balance. This, too, was at stake at New York at the recent General Meeting of the UN. All peace-promoting activities must contribute to the two parties concerned eventually sitting round a table by the one or other formula in order to arrive at the one or other form of discussion.

In the long run these parties will themselves have to produce the will to come to an agreement. Everything that contributes to this and everything that we as Member States and as Community can do to promote this in fact has the support of our Group.

Mr President, a final personal remark. I am of the opinion that it is a good thing that Parliament pays increasingly greater attention to problems of international policy and expresses itself on this. The difficulty is in fact the question who we are talking to in this case. We do of course have a representative of the European Commission here, but as we have for the time being to

follow the Davignon procedure, i.e. the political cooperation of the nine Member States, I should like to see participating in a debate of this kind not only the Council representative but also the representative of the Conference of Ministers of Foreign Affairs. It is a pity that these persons are not present when this important subject is being dealt with. I hope nevertheless that what is said here today on this problem will also penetrate not only to the Council but also to the Conference of Ministers of Foreign Affairs.

*(Applause)*

**President.** — I thank Mr Mommersteeg for his contribution to the debate and particularly for bearing in mind what I said just now.

I call Mr Broeks on behalf of the Socialist Group.

**Mr Broeks.** — *(NL)* Mr President, may I begin with a point of order?

Mr Mommersteeg announced that an amendment has been circulated in the Dutch language to paragraph 1 of the Dutch wording of the draft resolution. I asked for this yesterday, because it appeared to me that the original German version had not been properly translated. But I should like to know whether this amendment has been circulated, not only in the Dutch language, but also in French, Italian, English and Danish; the German version is correct. If this is the case, I shall proceed.

**President.** — Mr Broeks, this point will be dealt with.

**Mr Broeks.** — *(NL)* Mr President, I now see that an amendment has also been circulated in the Italian language, but I had the impression that this was not the case, because I heard the rapporteur speak of a "return to peace" and of "bringing peace about", while we in the Political Affairs Committee have expressly said that we wish to help promote peace, and not that we wish to bring it about. There is a misapprehension on this point in the game.

Mr President, now that complete pacification seems to be becoming realized in South East Asia, the floodlights of publicity and attention of the whole world will be directed to the difficult, and even tragic situation in the Near East that continues to drag on.

We are continually being startled by the deeds of violence and assaults, senseless in our opinion, which remind us how precarious the armistice there is at the present time. Fortunately the two great powers at either side of the demarcation line appear to be firmly decided not to let this conflict expand into a third world war.

**Broeksz**

Fortunately, because at one time in the past it did look otherwise. Not only America and Russia, but also the United Nations have already been intensively engaged on this difficult problem for years. They have made attempts to achieve peace in the Middle East through their mediation. The General Assembly of the United Nations held in December last, dealt with the matter for the umpteenth time, and it appeared that the representatives of the nine countries of the EEC had consulted amongst each other and had fortunately arrived at a common standpoint, even though — Mr Mommersteeg has already referred to it—Denmark declined to vote. This is sure to be a happy development for all who hope that Europe will be able to speak with one voice also when it comes to political questions.

It is perfectly true that this Parliament too wonders whether Member States can possibly indicate a way of bringing peace closer, because at the present time there is as yet no peace.

It is certainly to the credit of Mr Scelba that he brought up this matter in the Political Affairs Committee, whereupon Mr Chairman Behrendt authorised this committee to report. This consideration of Mr Scelba's initiative does not, however, imply that the Socialist Group shares his original opinions, nor that it shares the view that he made known as his personal opinion on reporting.

We, too, consider this Parliament's 1967 resolution particularly important. We are, however, aware of the fact that a good deal has changed in the world since then.

We are actually in complete agreement with the resolution now placed before us, after all, the governments of Member States are besought in paragraph 1 to exercise their influence for the promotion of peace. Each of us will no doubt wish to do all towards this, without being optimistic regarding possibilities or outcome. There is a saying according to which one need not be optimistic in order to start something. We heartily subscribe to this, just as we also hope that a chance for peace will indeed come about. This peace was achieved in Korea and we also expect that all violence of arms will before long cease in Vietnam.

But how was this peace reached there? This came about because the parties at dispute went and sat round the table. No one thinks that President Thieu of South Vietnam found it pleasant to negotiate with the Vietcong, but it had to happen in order to achieve peace.

If the disputing parties in the Middle East cannot come to an agreement themselves there is no chance at all of peace of a lasting nature. So

we do not believe in peace in the Middle East unless both parties open negotiations either indirectly or, still better, directly. If one proceeds on the supposition that Israel could be compelled by no matter what powerful influence to accept other frontiers than those that took shape after the 6-day war, it still cannot be assumed that a lasting peace could come about with the neighbouring countries, who will in no way have acknowledged the statehood of Israel. They will then of course at their own discretion reserve full rights to drive the Israelis into the sea. They will then have acknowledged the existence of the state of Israel neither *de jure* nor *de facto*.

I do know that it could be said that any new frontiers that might be fixed could be guaranteed on the part of the great powers. It would not, however, be the first time that guarantees of this kind would be forgotten in changed circumstances.

Mr President, in the course of my life I have unfortunately had to experience this several times under international agreements. We are convinced that no peace is possible in the Middle East unless Israel is acknowledged as a fact by the surrounding Arab States and the consequences of this are accepted.

The refugee problem has been kept alive too long and can similarly be solved with the help of the whole world and certainly, too, with that of the European states.

It is not for us to discuss the reasons for and the immediate causes of the long drawn-out strife in the Middle East nor to say that either of the disputing parties are in the right or in the wrong, because there would be no point in doing so. If the EEC countries were able to help in bringing the parties closer to the conference table to commence negotiations directly, and if this is not possible, indirectly by one or other means, only then will there be a possibility for peace and then this will be capable of being a lasting peace. Then, too, the second part of paragraph 1 of the resolution in Mr Scelba's report can be of significance, where it is stated that the Community policy to be worked out must also supply the bricks for a subsequent peaceful reconstruction on social and economic terrain in the countries concerned.

It is not for me to talk of the aspects of social-economic policy or of our attitude as EEC towards the Middle East as far as social-economic problems are concerned, because these are dealt with in Mr Rossi's report and we can state our opinions on this later on.

Mr President, it is probably rather early to delve deeply into the second part of paragraph 1

**Broeksz**

of the present resolution, but we do want to make it clear that the same conditions will have to apply for the reconstruction referred to as have been laid down in the resolution on reconstruction in South East Asia. We discussed this on broad lines last month in Luxembourg and there is no need for us to repeat all this here. I would still like again to stress clearly that aid will have to be extended on the conditions set out in the latter resolution.

We understand that the present resolution, as drawn up by the Political Affairs Committee offers a fair opportunity for differing interpretation by the various Groups and the various publicity organs. But this just cannot be avoided with a problem as complicated as the present. Hence why our Group considered it valuable to bring its views on the matter to the fore as clearly as possible.

To this I would also like to add, Mr President, that what you have said regarding the comment by Mr Mommersteeg on the presence of a representative of the Conference of Ministers of Foreign Affairs, a comment that we fully endorse, gives us the hope that before long the president-in-office of this Conference will be able to attend during discussions of this kind.

*(Applause)*

**President.** — Thank you, Mr Broeksz. I have checked that the French text has been amended. I now reads "promouvoir". I do not know what the original wording was, but "promouvoir" seems right to me. I assume that the texts in the other languages should be changed accordingly.

I now call Lord Gladwyn.

*(Lord Gladwyn rises)*

**Mr Brewis.** — On a point of order, Mr President. I have had my name on the list for some time to speak on this report. May I be told why I am not being called next?

**President.** — I would point out to you that spokesmen for the groups are called in the order of the numerical strength of their group. Your group is a little smaller than the Liberal and Allies Group.

*(Loud laughter from the Conservative benches.)*

IN THE CHAIR: SIR ANTHONY ESMONDE

*Vice-President*

**President.** — Lord Gladwyn, you have the floor on behalf of the Liberal and Allies Group.

**Lord Gladwyn.** — Thank you, Mr President, for giving me priority over the Conservative Group! (Laughter) I had no intention of speaking until just a little while ago, but perhaps it may be worthwhile to say just a few words. I hope also that I speak in the name of the Liberal Group: I certainly do not think that I shall go against the general feeling of that Group.

As you will see from the document before us, we have an approved resolution; but I cannot say that I personally think that it will be very much good. The general impression probably will be that, though the resolution is all very well, it is indeed quite innocuous—no-one can imagine that it will have a very profound effect either on the Council or on the progress of events. But we may as well pass it. We approved it. And it certainly will not do any harm.

But we must also realize that if by any chance the Ministers took our advice and took some concerted initiative—in other words, I suppose, put forward proposals for actually solving this appalling dispute which has gone on for so long—there might be a certain risk, to say the least, that in doing so they would irritate, to the point of frenzy perhaps, the Israelis or the Arabs, or even both. That would be the danger. Therefore, the time for any concerted initiative that must be taken must be very carefully chosen unless the worst is to befall.

During the debate in the committee I put forward an amendment. This is not the time to suggest an amendment, and I certainly would not want to press it now since it was rejected in the committee by a very large majority and would not, therefore, presumably be approved by the House. But I suspect that the amendment would not be disapproved by our rapporteur and even, perhaps, by our President, who is no longer in the Chair, since I put it forward with his approval some time ago.

For the record, I should however like to read out the amendment which was designed to be an additional paragraph in the operative portion of the report and which would have read: 'Suggests that as a first step towards concerted action in the Middle East the Governments concerned should at least agree that any individual action by any one of them likely to affect the Arab-Israeli dispute should be the subject of previous intensive discussion between them in order if possible to establish its desirability not from the point of view of its initiator but from that of the Community as a whole.' It seemed to me that that was only good sense, and I still cannot quite understand why so many of my colleagues thought that

**Lord Gladwyn**

it was so treacherous and undesirable. I still think that it was a good amendment, and I am sorry that it was turned down.

The point of it was, and I believe that it is essentially the point made just now by Mr Mommersteeg, that one cannot in practice get any concerted policy on such matters as the Middle East unless one has previously set up a reasonably powerful machine for concerting one's foreign policy.

I know that some people say that we shall never get a machine unless first of all we have a foreign policy. It is like the chicken and the egg. Some people say we must have a machine before we can get a foreign policy. Others say that we must get a foreign policy before we can get a machine. I think myself we shall never get a concerted policy unless we get a proper machine. That is my view, and I stick to it.

It must be evident, surely, that, before we can formulate a policy on the Middle East, we must take into consideration our whole oil policy, our whole policy in regard to the provision of arms to countries in the area, and that until we can get a concerted view on those major issues it will be impossible to make a concerted initiative, even if we wanted to make one, in the Middle East as a whole. Therefore, we come back, as usual, to the problem of how best the Ministers can get together in order to produce a common policy on these great issues.

We shall later, in regard to Mr Mommersteeg's report, or on other occasions, come back again and again, I should hope, to the possibility of the Ministers setting up some suitable machine, which, as we all would hope, would be in some kind of *rapport* with the Community machine as a whole. That is indeed the dominant issue, and until we can make progress on that front it is rather useless to put forward resolutions urging Ministers to come together in a concerted initiative in the Middle East. I hope I have not said anything which will disturb my Liberal colleagues, but I suggest that that is really only common sense.

**President.** — I call Mr de la Malène, on behalf of the European Democratic Union Group.

**Mr de la Malène.** — (*F*) Mr President, I should like to make a few brief comments on behalf of my group on the excellent report by Mr Scelba. My group approves this report both for reasons of expediency and for reasons of substance.

For reasons of expediency firstly. Indeed, we find that there are several reasons favouring a Community initiative, or at least an endeavour to take such an initiative.

Geography presents one very logical reason. For geographical reasons, it would be inconceivable that our Community should turn its back on what is happening in the Mediterranean at any time or in any field: this problem is of far too great concern to all of us for us to be able to afford to turn our backs, from near at hand or from afar, on any of the aspects of this conflict being played out on the other side of the Mediterranean Sea.

Moreover, our Community is already pursuing a Mediterranean economic policy. This we have built up gradually with most, not to say almost all, the countries on the Mediterranean coastline. Now it is very difficult to divorce economic matters from political matters entirely. We shall be discussing this policy later on, in the debate on the report by Mr Rossi.

We also have the beginnings of a policy towards the conflict in the Middle East, in that we are providing food aid as a means of attempting to mitigate the effects of the refugee problem. This intervention is in an area which is not strictly political, but we are aware of the political importance of the refugee problem.

Furthermore, as several speakers have mentioned, this Assembly and the executive organs of the Community, and, through the Davignon procedure, our nine countries together have on various occasions taken a hand in this issue.

I believe that all this amounts to a considerable list of reasons, all of them emphatic, demonstrating why we must not stand aloof from this conflict, but, instead, take a direct interest.

We also have the scope.

In a conflict in which history and emotion play such an important role, our Community is neutral by virtue of its very youth. In this conflict, it is not burdened by history and past emotions in the same way as all our individual States are, for better or for worse. Our Community has a clean sheet, and this should enable it to play a special role in this dispute.

A second factor favouring action by our Community is the fact that the Arab-Israeli conflict is being played out against the background of the cold war and the rivalry between the two super powers. Because our Europe is less directly involved in this conflict than they are, it has a better chance of finding a way out of the impasse, or at least can offer an alternative solution to an agreement between the two major powers.



**de la Malène**

These are the reasons for approving the principle underlying the resolution.

As to the substance, one of the reasons why we approve this document is the prudence with which it has been drawn up. Several speakers have tried, also very prudently, to outline their idea of how an approach towards a peaceful settlement could be made. I do not propose to venture on those waters; I do not consider it appropriate to do so and am grateful to Mr Scelba for the restraint which he has shown in this respect.

Finally, although our approach to this debate and the resolution is not one of unwarranted optimism, there is too much at stake—the quest for peace in this part of the world—for us not to take the chance, however slender, of making our contribution, even if we believe that our efforts will produce hardly any results, or none at all, at least in the immediate term. For this reason, we shall vote in favour of the motion for a resolution tabled by Mr Scelba.

*(Applause)*

**President.** — I now call Mr Brewis on behalf of the Conservative Group.

**Mr Brewis.** — Thank you Mr Vice-President. I assure you I shall not be as long as ten minutes.

I welcome this chance to say a few words on the Middle East, and I should like to thank Mr Scelba for his report. I was fully in agreement with most of what he said, but having been associated at one time with the problems of Trieste and Gorizia, I cannot feel they have quite the same dimensions as the problem of Jerusalem, which is the centre of the Jewish religion, the Moslem religion and also the Christian religion, I have never heard of anybody wanting to make a pilgrimage to Gorizia on religious grounds. I think, therefore, there is a different dimension of the problem in the Middle East.

This is probably one of the most important political problems in the world today, and the interests of the European Community in this problem are at least as great as those of Russia and America.

I was glad that Mr Scelba referred to Resolution 242, which has been accepted by all parties to the dispute and must be the basic plan on which a settlement is worked out. There are two points which are equally basic. First, in this day and age territory which is won by war cannot be kept. Territory may perhaps be transferred by negotiation but not by hostile occupation. The territory in Sinai belongs to Egypt and the West Bank belongs to Jordan, and ultimately this territory must be returned. Secondly, a solu-

tion to this problem must involve the recognition of Israel as a State.

The fog of suspicion is so thick that all the points in Resolution 242 cannot be implemented immediately. We have to proceed by stages, and there are some initiatives which could be taken. The question of the occupied territories on the West Bank in Jordan might be a promising start. Unlike Sinai and the Golan Heights in Syria, the West Bank does not have great military significance, but it is a very important territory for Jordan. Jordan has a stable Government under King Hussein. Even if there were a radical change of Government in Jordan, the West Bank would not be militarily dangerous to Israel, and I feel that here there is a chance of negotiation.

Another step which seems to me to be important to the ultimate solution of the Palestine problem was touched on by Mr de la Malène, and that is the question of refugees. There is a hard core of 1948 war refugees, but there are also persons displaced by the 1967 war. They are in a different position, and they could be much more easily resettled. The Israelis have never rejected the possibility of a return of the 1967 refugees to Gaza and to the West Bank. Indeed, after the six days' war in 1967 some fourteen refugees returned to their homes which were then under Israeli occupation. Subsequently, the gate was barred by the Israelis, but they are on record as being in principle in favour of allowing these new refugees to return.

This is something which we could do to help to resolve the present impasse in Middle East negotiations. Let us not forget that a game of ping pong in China led to a tremendous détente under the Nixon Government. If our Community looks to these two points as a start, some valuable progress could be made to an eventual settlement of this problem.

**President.** — I call Miss Lulling.

**Miss Lulling** — *(F)* Mr President, I am constrained to take the opportunity afforded by this debate to express my feelings on the subject of the text which has been placed before us, particularly the corrigendum. As has already been mentioned, both the main text and the corrigendum bear witness to our prudence on this problem. Personally, I see this prudence more as a sign of our powerlessness than of our wisdom with regard to what is taking place in the Middle East.

Things being what they are in this area of the world, that Israel, which has proved through its democratic system, its industriousness and will-power that it is possible to bring prosper-

**Lulling**

ity, freedom and democracy to those who live in this region of the world, has the right to live—as do the other peoples there. But there are enormous tracks of available land in this part of the world, and it should be possible to integrate those who have been obliged to abandon certain regions in other parts of this vast territory.

This objective could certainly be attained if there were not those who continue to exploit the misery of the refugees for political ends.

I must apologize for expressing myself in such frank terms, but I am not in the habit of mincing my words: there must be an end to hypocrisy, particularly regarding the misery of the refugees. Admittedly, there are facts, realities, but it would be perfectly possible, with a certain amount of goodwill, to attempt to integrate these peoples in the vast territories of this part of the world. This would certainly be possible if people were willing to make the same effort in terms of work, will-power and industriousness and to apply the same democratic system—in short, if people were willing to follow the example of the Israelis who have managed to provide happiness and prosperity to the inhabitants of their part of this territory.

This text which gives such a clear illustration of our powerlessness prompts me to say that I, like all of us present, I believe, am in favour of the reestablishment of peace. We are not playing with words when we ask whether it is necessary to *reestablish* or *promote* peace. It is obvious that it is necessary to *promote* first in order to *reestablish* afterwards!

Be that as it may, there is no doubt that if one could make an appeal to goodwill on all sides instead of exploiting misery, one would certainly have a better chance of bringing about an effective reestablishment of peace in this part of the world.

Subject to these observations, I shall vote in favour of this resolution, disregarding the argument over terminology which occurred in the Political Affairs Committee.

(Applause)

**President.** — I call Mr Deniau.

**Mr Deniau, Member of the Commission of the European Communities.** — (F) Mr President, I shall be extremely brief, since, as Mr Scelba himself pointed out, this resolution is addressed primarily to the Member States.

For its part, the Community, whereas it wishes to examine all aspects of the problem, all of which are not simple, and at the same time

seeks to provide a satisfactory basis for a political settlement, rather than aggravating the political situation through economic channels, is in a position to contribute a certain number of answers.

We can make a real contribution in this area by helping to create a more favourable climate for the quest for peace in this region of the world. But, as has already been said by several speakers, apart from what we can do for the refugees on a strictly humanitarian level, it is essentially our Mediterranean policy which can provide us with a framework within which to discuss concrete opportunities for the Community to take action to help remedy this distressing situation.

**President.** — I call Mr Scelba.

**Mr Scelba, rapporteur.** — (I) Mr President, I should like to have the floor to reply, as rapporteur, to the comments that have been made in the course of the debate. First of all I should like to thank those of my colleagues who have spoken to express their support of the resolution and their appreciation of the verbal report accompanying that resolution. With regard to the amendment, I should like to point out that the correction has been made to all texts, including the Italian text, and that there is no problem. As rapporteur, I shall not enter into the merits of the decision taken by the Political Affairs Committee, but I must merely take note of its decision.

With regard to the amendment suggested by Lord Gladwyn, I must remind you that this has not been re-submitted to this Assembly and the rapporteur is not in a position to express an opinion. I can say informally that I expressed myself in favour of the amendment submitted to the Political Affairs Committee at a meeting of that committee, but that the majority of the Committee rejected it. Since Lord Gladwyn has not re-introduced it, it can obviously not be discussed here.

I agree with Mr Mommersteeg who deplored the absence from this debate of the Council of Ministers representative with greatest direct concern.

In the future, when debates of this kind take place an attempt should be made to use the regulation methods to ensure the presence of the Council of Ministers, such as the contemporary presentation of a question on the same subject. With regard to the comment made by my British colleague on the reference to Trieste, I did not mention this with the intention of comparing peace between Italy and Yugoslavia

**Scelba**

and peace between Israel and the Arab countries; I did so to give an example of a method that should be followed to achieve peace.

Peace between Italy and Yugoslavia was achieved despite the fact that the parties would not sit at the same table at the beginning. But it is clear that peace is not made if the delegates will still not sit at the same table to sign the peace document, which should stand for reconciliation. I mentioned this as an example which might be followed in resolving the very grave conflict between Israel and the Arab nations. Concerning the gravity of the Trieste problem, I should like to point out to my colleague that this city's union cost Italy 600,000 dead and 1 million wounded in a war which we fought side by side with England and France from 1914 to 1918. It could be no small matter if it involved the loss of a population equivalent to half of the population of Israel.

Mr President, I have come to the end of my reply and I would like to renew my thanks to the Commission representatives and to my colleagues for their participation and support of the resolution.

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I feel it necessary to make just one comment with regard to what has transpired here.

Lord Gladwyn does not understand why his amendment is not being accepted. It is quite clear in my opinion why the Political Affairs Committee has not wished to adopt this amendment. We have asked the countries of the EEC to observe unanimity as far as possible in political matters. If this is asked for it is not necessary in our opinion to add to it what Lord Gladwyn wants to add to it. It goes without saying that the Member States do not do what he wishes to put forward with such emphasis. A question of this kind seems to us like hammering on an open door. Hence why the Political Affairs Committee has not accepted the amendment.

Nor am I in agreement with Mr Brewis that we here in the European Parliament should not attempt to say how peace can be brought about, or what is feasible on the one hand and is not on the other hand. If he asserts that territories cannot be obtained by going to war, then I am inclined to say that I agree with him, although this does not quite run true in Vietnam. Even Mr Brewis does in fact make one exception, namely regarding the Golan Heights, where matters are not quite so simple. I just wish to emphasise this again.

Finally I believe that Miss Lulling has not understood that there is a difference between

an EEC that has to "restore" peace and will have to do so independently, and an EEC that has to be prepared to "promote" peace. There is a fairly clear difference between the two concepts. We are in fact of the opinion that it is not possible to ask of the nine countries to appear in concert at the United Nations and to speak with one mouth and at the same time to restore peace independently in the Middle East, accepting that this may be possible. This is more than a war of words. I feel that our Group has described its position clearly enough.

But I value its statements of conscience, although I wonder whether it is always so wise to give free run to statements of conscience in public. This can sometimes complicate negotiations.

When Mr Scelba says that the parties must sign the peace treaty, he is starting at the end. We have expressly stated that the parties must go and sit round the table in order to reach agreement as to peace. When they have reached agreement as to peace, they will no doubt also sign the peace treaty.

**President.** — I call Miss Lulling.

**Miss Lulling.** — (F) Forgive me, Mr President, but I should not like to leave this House with the impression that I do not understand the difference between "promote" and "reestablish". My main purpose in referring to this corrigendum in my contribution of a moment ago was to avoid the possibility of the public getting the impression that this Parliament indulges in playing with words and pondering over the meanings of the terms "reestablish" and "promote".

I am fully aware of the limitations on our scope for action and I said very clearly that it is of course necessary to promote peace in order to be in a position to reestablish it.

Mr President, if I am to be reproached for making emotional statements, my reply is that, thank goodness, we still enjoy the right to express our opinions and feelings in Parliament. I do not accept that the feelings I expressed in my brief contribution were very emotional, or emotional to an extent not customary in a Parliament.

Perhaps it would be better if the men and women in politics were to put a little passion and feeling into their words, rather than perhaps allowing themselves to be guided by other considerations.

I wanted to say this, Mr President, because I should not like to bring upon myself criticism which I do not consider justified.

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

**Mr Christensen.** — (DK) As a representative of one of the new member countries I would like to call attention to the fact that I do not regard the difference between encouraging efforts towards peace and creating peace as a play on words. In my opinion there is a very decisive difference.

Now that we have been encouraged from time to time to express our feelings with accuracy, I would like to do so by saying that from where I stand, the difference is that if this Parliament and consequently this Community believes itself to stand in the position of a great power to the extent of being capable of creating peace in the Middle East, then they are adopting an old-fashioned chauvinistic attitude which has no validity in the reality of 1973.

This is exactly the problem which has been the subject of all the debate and discussion in the Political Affairs Committee. That is why as the representative of a new member country, representing a country which could not make up its mind to speak with one voice in New York when we refused to vote with the other Community countries—I am very well satisfied that we have given up playing the strong man in this affair, have given up believing that we in the Community are capable of creating peace in the Middle East.

I would like to stress that there are a number of people here who, despite the fact that the text says something different, have used the words "to create peace". All right, that is their affair.

The words are as they are. What is important about this resolution, and what is important to me if I vote for it is that we here should say that we want to play a part in furthering the efforts towards peace and to my mind they will be best furthered by the parties who are in conflict sitting down and resolving their dispute. When they have resolved it, then this Community is ready to join in work to contribute to reconstruction in that area. Therefore I support the resolution. There is no question of any play on words here. This difference is one of substance and I very much want to emphasize that point. If this substance were not there I would not be able to vote for the resolution.

**President.** — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted. <sup>1</sup>

(<sup>1</sup>) O.J. No C 19, 12 April 1973, p. 33.

#### 10. Association between the EEC and Cyprus

**President.** — The next item is a debate on the report drawn up by Mr Kirk on behalf of the Political Affairs Committee on the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus. (Doc. 334/72).

I call Mr Kirk, who has asked to present his report.

**Mr Kirk, rapporteur.** — The agreement which is before Parliament today is an agreement made under Article 238 of the Treaty of Rome, and, therefore, one of those rare but happy events where Parliament constitutionally has a right to intervene. It is perhaps that which gives a certain amount of significance to this afternoon's proceedings. It is also one of those rare events where the three political institutions of the Community, Parliament, the Commission and the Council come together for a general discussion constitutionally. The Commission negotiates the agreement and has done so; Parliament, under the Treaty, must give its opinion; the Council must then ratify it and put the agreement into effect. For that reason, there is a certain significance in any agreement made under Article 238 which does not apply to other agreements, though many of us hope that it will.

The President of the Council has asked me to convey to Parliament his regrets for not being here this afternoon. We all know he was here all day yesterday, that he is Foreign Minister of one of our countries and has many other duties to perform. However, I know—because I have discussed this matter with him both publicly and in committee and privately outside—that, while he would not necessarily agree with every word I am going to say, he will accept the theme of what I am going to say. It is no secret that there are problems created with the agreement that have not been created with any other Article 238 agreement which we have concluded at the time it was concluded, although problems have arisen later in connection with one of them.

The problem does not concern the content of the agreement. I think it is accepted that the agreement was a fair one—fair to the Community, fair, and indeed essential, to the people of Cyprus. The problems are concerned perhaps not with the form of the agreement so much as with the difficult constitutional position within the Republic of Cyprus, which raises the question about the capacity of the Government of Cyprus to conclude any agreement at all.

**Kirk**

Under the agreement which flowed from the London and Zurich agreement of 1960 the Vice-President of Cyprus has the right to express an opinion on any agreement concluded by the Republic with any external authority unless—and I think this is quite an important point—both Greece and Turkey are members of the organization with which this agreement is being concluded. It could well be asked—I am not asking today because I reckon my job to be simply to put the facts before Parliament and advise it what to do—whether in the case of both Greece and Turkey, being associate Members of the Community, that would apply and the Vice-President's rights would fall. If it does not apply, then it is perfectly true that, if one sticks to the letter of the constitution, the Vice-President has the right to be consulted. It is equally true that the Vice-President has by letter to the Council, as we now know, indicated his position on the agreement—and I think that this again is important—and he has never raised, as far as I am aware, any objection to the content of the agreement but merely to the way in which it was drawn up. I understand the same objection has informally been raised by the Government of Turkey. This creates a problem for the Community. It created a problem for the Commission, as we know, when it was negotiating this agreement. It creates a problem for all of us who are considering it and for the Council when it comes to consider what to do with it.

It is not our business to construe the Constitution of Cyprus; 'thank Heaven', I think most of us would say, because it is a very complicated document. I had a modest amount to do with it in 1964 when I was a Minister in the Government at that time. It is a very complicated and difficult document. It is a document which has not been applied in full for very many years for reasons of which we are all aware.

I think what is our business is to examine this agreement from the point of view of its fairness both to the Community and to the communities of Cyprus. It is an agreement designed to replace for the Cypriot people the advantages they formerly possessed as members of the Commonwealth with rights of accession to the Community for their products which would give them at least compensating benefits, and possibly more than compensating benefits.

As far as I am aware, there is no dispute at all that the Cypriots not only will receive compensation from this agreement but that if this agreement is not approved by the Community there will be a very serious economic situation in Cyprus. It is this fact that we have to bear in mind. There are legal problems, and it is

important that the minority community in Cyprus should be protected. This has been recognised by the Commission by their insistence on including within the agreement Article 5, which perhaps I might quote because I think it is important, and, indeed, we make reference to it in the resolution that is before you. Article 5 of the agreement says: 'The rules governing trade between the contracting parties may not give rise to any discrimination between the Member States or between nationals or companies of those States nor nationals or companies of Cyprus.' We in the Political Affairs Committee attach great importance to that Article.

I know the Commission itself has made specific reference to it, and I hope that if this resolution is passed this point will be taken, but as far as I know there is no intention on the part of anybody in Cyprus to apply any such discrimination. The suggestion has been made, I think quite reasonably, that we ought perhaps to delay for a bit and examine this matter a little more profoundly to see whether we cannot discover the precise view of the Turkish community. Unfortunately, the problem brooks no delay. The market for citrus fruit, which is one of Cyprus's main exports, is upon us now. If this agreement does not go through this Parliament this week and is not ratified by the Council in the very near future, very grave economic damage will be inflicted on the people of Cyprus. I do not think that there is time for us to make further inquiries, and I do not think that it would help at all if we did make further inquiries. We have to decide today what we ought to do.

I suppose that the best thing we can do is to be guided by precedent outside. The Government of Cyprus is recognized as a valid Government capable of taking decisions of this kind by more than 80 countries. Cyprus is a member of the United Nations, and accepted as such. The Government has concluded agreements like this without the formal approval of the Vice-President of Cyprus during the past eight years. I do not think that it is for the Community to intervene in any way in what are delicate political and internal constitutional matters. It is for the Community to accept that this is a valid interlocuteur with the Community, as the Commission has done in its negotiations, and that the Community's only concern, and therefore this Parliament's only concern, is whether the agreement is economically fair to the people of Cyprus and the Community. I believe, and the Political Affairs Committee believes, that it is fair, and we hope that by passing this resolution this afternoon this Parliament will express its approval of the agreement and enable the Council to go ahead with the procedure of ratification.

**Kirk**

There is, however, one matter which peculiarly concerns Parliament, and that is the annex to the agreement, an annex similar to annexes contained in the other agreements made under Article 238 requiring parliamentary cooperation between this Parliament and Cyprus. The annex is in the broadest possible terms. It reads :

'Joint declaration by the contracting parties concerning cooperation and contacts between the European Parliament and the Parliament of Cyprus. The contracting parties agree to take all appropriate measures in order to facilitate cooperation and contacts between the European Parliament and the Parliament of Cyprus

It is short, it is uncomplicated, it is unconvoluted, and it hardly conceals the fact that there are problems here. It is only fair that I should put the problems before Parliament, and they are these.

The constitution of Cyprus requires that one-third of the membership of the Cyprus Parliament must be of Turkish origin and that one-third of any delegation appointed by the Cyprus Parliament equally must be of Turkish origin. It might be said that, because in arguing for the ratification of this agreement I have said that one must regard the Cyprus constitution for the moment in its letter as being out of use, one should not worry too much about this. But, unfortunately, in 1964 the Consultative Assembly of the Council of Europe refused to ratify the credentials of the Cypriot representatives to the Assembly on the ground that that provision of the Cyprus constitution was not being applied and that one-third of the members of the delegation were not of Turkish origin.

This is not a problem which we can possibly hope to solve this afternoon. It obviously concerns us very much more than it concerns other institutions. It is something that we shall have to go into. The proposal that the Political Affairs Committee puts before you is that a delegation from the Political Affairs Committee should go to Cyprus and should talk in Cyprus with the parliamentary authorities of both the Greek and the Turkish populations to see how we can carry out this annex, which is a charge laid upon us by the other institutions of the Community.

Such a delegation has been normal in the case of every Article 238 agreement and is perhaps more essential in this case than in almost any other. The delegation would, I hope, go as soon as possible.

I have been as frank as I can with Parliament. Despite the problems that arise, this agreement is absolutely vital for the people of Cyprus,

regardless of their origin, whether they be Greek or Turk, and it is important for the Community. I believe that we should accept it. The resolution requires us to accept it, and I hope that Parliament will let it go through.

**President.** — I call Mr Vetrone, draftsman of the opinion of the Committee on Agriculture.

**Mr Vetrone.** — (1) Mr President, honourable colleagues, the rapporteur for the Political Affairs Committee has spoken at length on the political aspects in the contexts of the two communities which exist on the island of Cyprus: the Greeks and the Turks. Acting in the capacity of rapporteur stating the opinions of the Committee on Agriculture, I do not intend to dwell on these questions now, but I should merely like to point out that in fact the Council, in its mandate to the Commission to launch negotiations with Cyprus, urged that an assurance be obtained in the course of negotiations that the advantages derived from any agreement should be such as to benefit the population of the island as a whole, in other words the two ethnic communities, Greek and Turk. I do not know how one should interpret a visit from a European Parliamentary delegation to the island of Cyprus to make contacts with the population of one or the other ethnic community.

I make no comment and go straight on to the subjects which reflect the content of the agreement, on which I should like to make a few brief general comments on behalf of the Committee on Agriculture.

The first comment refers to the fact that the additional protocol states that the United Kingdom and Ireland should maintain the customs duties applicable to Cyprus at the time that the protocol comes into force up to 30 June 1977.

On this subject, it is open to question whether this system has an effect on the agricultural sector, in reference to individual products, in view of the fact that pre-existing systems obtaining between the United Kingdom and Cyprus must be assumed to have been more favourable than those established by the agreement signed between the Community and Cyprus.

In this case, even if only during the preliminary period, a preferential system would be created within the system established by the Community-Cyprus agreement, which in itself is preferential.

The second remark concerns the fact that tariff preferences granted by the Community in the agricultural sector for imported products relate

**Vetrone**

to quantities which, when considered in solution, may be small, of little significance, or substantial, depending on the countries of origin.

On the other hand, the evaluation of these quantities may be viewed in a different light when we bear in mind the body of agreements reached or to be reached with the Mediterranean countries; in practice the general protection system established for imports virtually ceases to exist.

The purpose of this comment is to emphasise the stress to which the agricultural sector of the Community is subjected whenever agreements of this type are reached, and at the same time to draw your attention to the need for an overall assessment of the situation that is being created to ascertain the repercussions in the Community's agricultural sector.

Mr President, honourable colleagues, this is especially valid and topical in view of the debate shortly to commence on my colleague Mr Rossi's report, as the Community intends to establish an overall policy of approach towards countries of the Mediterranean basin, both coastal and non-coastal such as Jordan and others.

**President.** — I call Mr Christensen on behalf of the Socialist Group.

**Mr Broeks.** — (NL) Mr President, I should like to speak instead of Mr Christensen.

It is not particularly easy for the European Parliament to come to a decision on this point at this stage. One has the feeling that the constitutional basis of the agreement that is now to be brought into being is not entirely clear. There would therefore be every reason for saying: let us not yet make this agreement, let us first look and see whether a delegation from the Political Affairs Committee can visit Cyprus to try and reach agreement with the parliament there and with the two ethnic groups there.

This would mean, however, that the agreement cannot be executed for the time being and that as regards the Turkish section of the population, which, we fear, will not perhaps fully achieve its constitutional deserts, we would in fact be doing things which would strongly prejudice this section of the population materially. We do in fact refer in paragraph 2 of the resolution to the need for the whole population of Cyprus to profit from this Agreement without discrimination. In view of the fact that agricultural workers profit most from this and that agriculture in Cyprus is to a large extent in the hands of the Turkish population, we would be doing this same Turkish population a great dis-

service if this agreement were not now to be made.

Our Group fully subscribes to what Mr Kirk has said on the subject. We also subscribe to the fact that it is necessary for discussions to be held with the Cypriot parliament, or at least with the population groups on the spot, on the difficulties lying in the way of this matter being put into order as far as possible. None can in fact say that the agreement with the Cypriot parliament has really been planned quite correctly.

We are convinced, as is Mr Kirk, that it is an extraordinarily difficult thing to achieve. We are convinced, as he is, that the economic necessities are more important in this case than matters relating to constitutional law, which evidently cannot be settled by us anyway. The desirability of exploring the most appropriate way in which Parliamentary contact can be established has been clearly stated by the Political Affairs Committee in paragraph 3 of the draft resolution.

In these circumstances and with approval as regards what Mr Kirk has said on these matters, the Socialist Group is prepared to vote for the draft resolution.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — On a point of order, Mr President. May I have your guidance concerning the fact that it seems, most unhappily, that the Chairman of the Political Affairs Committee does not appear to be present for this debate? It is doubly unfortunate, because we have not the benefit of his views or of the Christian-Democratic view. Is there any way in which you can help this House to get those two very important views before we come to the conclusion to be drawn by the right honourable gentleman, Sir Christopher Soames, or the amendment which will be moved later on? It is important for the House to know, as my friend, Mr Kirk, has already said, these particularly important views before we conclude the debate. I would be very grateful for your advice on this matter.

**President.** — Much as I would like to help, Mr Scott-Hopkins, I do not see what I can do.

I call Mr Vredeling.

**Vredeling.** — (NL) Mr President, I wish to endorse your opinion and proceed with the day's business.

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — If I might first address myself to the point made by Mr Vetrone about the possible effect of this agreement and others with other countries in the Mediterranean which we hope will follow it: surely the question here is that the status quo on the United Kingdom and the Irish markets relates only to the tariff element of the protection.

So far as the instruments of the CAP are concerned, the United Kingdom and Ireland will apply these to Cyprus agricultural exports from the beginning, with the sole exception of the special derogation which is made in this agreement for Cyprus wine. Apart from that, the CAP element will remain exactly as it is, both for the United Kingdom and for Ireland; so this agreement affects essentially the tariff element.

I should like to associate myself with the theme of what Mr Kirk said most lucidly in his introduction to this debate. He covered all the points and brought out the undoubted difficulties with which, alas, we have to live and which stem from the difficulties within Cyprus.

We have had an interesting short debate, and the House has shown its awareness of the great importance of this agreement to Cyprus and also its realization of the urgency of its implementation for the whole Cypriot community, be it Greek or be it Turkish.

Cyprus depends for three-quarters of its exports on the enlarged Community, and of those exports which are subject to duties or levies a high proportion is made up of what is included in this agreement, of citrus fruit and of wine. Unless this agreement comes into force shortly—this point was clearly made by the honourable Member, Mr Kirk, but he will forgive me if I repeat it because it is of fundamental importance in this issue—there will be major economic difficulties. This year's citrus harvest is well on its way, and if the agreement does not come into effect by the beginning of April its benefit for that sector will not really be felt for another year. No one in Cyprus can possibly gain from delay, and I am therefore extremely glad that we should now, I hope, thanks to the vote which this House is about to take, be able to apply the agreement at a time when the island can reap its full benefit for the present year.

I think the House will agree that this debate has brought out clearly that we are dealing, as so often, not only with an economic but also with a political problem. None of us is happy that there should be so much stress and strain and tension between the communities living side by side in Cyprus. But there are two points I

should like to make in that connection. Firstly, that strain would not be diminished in any way by our failing to implement the agreement negotiated. On the contrary. I say no more than that.

The second point is that we have been careful to negotiate a provision in this agreement which ensures that its benefits accrue to the whole population of the island. This is of absolutely prime importance. Article 5 of the agreement sets this out beyond peradventure; indeed Mr Kirk read it out to the House. There it is, in black and white, and signed by both parties.

As the House will know, a significant proportion of the products concerned is produced by the Turkish community, as the honourable Member said. There can be no doubt that this agreement will be to their economic advantage.

In conclusion, I would say this.

We would all like to see both communities working together on a basis of common interest to make the most of the opportunity offered by the agreement and we hope that their working together in this domain for obvious mutual benefit will not remain entirely without influence on the atmosphere which exists between them. So we see this agreement as an important reinforcement of the links between Cyprus and the Community; we see it also, let us hope, as a contribution to building up the economy and prosperity of Cyprus; and, without in any sense wishing to interfere with the internal politics of Cyprus, we see it hopefully as a positive element for future peace and stability within that island.

*(Applause)*

**President.** — Does anyone else wish to speak?

The general debate is closed.

We come now to the motion.

I have to inform the House that I have received an amendment — No 1 — to the preamble, tabled by Lord O'Hagan and Mr Vredeling, which reads as follows:

Add a final recital worded as follows:

“— noting that the EEC was confronted by special political and constitutional problems in negotiating the Association Agreement with Cyprus, some of which still appear to be unresolved.”

I call Lord O'Hagan to move the amendment.

**Lord O'Hagan.** — I should like to speak a few gentle and moderate words about the amendment standing in my name and that of my peripatetic colleague Mr Vredeling.

*(Laughter)*



**Lord O'Hagan**

The aim of the amendment is plain. After the first three recitals it would add a fourth recital reading: '—noting that the EEC was confronted by special political and constitutional problems in negotiating the Association Agreement with Cyprus, some of which still appear to be unresolved'.

I understand that the Political Affairs Committee had already rejected the addition of a similar recital when in Brussels it adopted the resolution. Despite that decision, I ask Parliament to look again at the issue and to include the text of our amendment in the final resolution we adopt, because it seems to me that Parliament is confronted with a very complex and volatile—even dangerous—situation in giving its opinion on the association between the Community and Cyprus. I understand that there has been very considerable progress in the intercommunal talks between the Greek Cypriot and the Turkish Cypriot communities, and I believe that it would be most unwise for Parliament to take any action that could delay or block a successful completion of this discussion. That would be the last thing I would want to do.

I am sure that all Members of this Parliament hope that these talks will bring about a just and workable solution to the political and constitutional problems which have agonized Cyprus for so long. None the less, it seems that the draft resolution of the Political Affairs Committee is altogether far too bland. It has certain blancmange-like qualities. No mention is made of the very special political and constitutional problems with which the Community was confronted in its negotiations with Cyprus. I understand that the discussions held between the Political Affairs Committee and representatives of the Council and of the Commission did not demonstrate convincingly that all these problems had been solved.

I am happy that the text adopted by the Political Affairs Committee emphasizes strongly the need for the association to benefit directly the Turkish Cypriot community as well as the Greek Cypriot community on a fair and equal basis as laid down in Article 5. It is probable that the agreement will operate, but I am not fully convinced that the Cyprus Government did consult the Turkish Cypriot Vice-President—formerly Dr Kutuchuk and now Mr Denktash—yet this consultation, however much we may choose to look through the wrong end of a telescope at the economic and social issues, is obligatory, or would seem to be obligatory, under the Cyprus Constitution. Furthermore I am not sure how fully the British Government has carried through its responsibilities for ensuring the implementation of the Cyprus Constitution,

because the British Government has a special rôle as a guarantor of that Constitution.

I apologize for bringing up this matter, and I am probably putting my head on the chopping block in doing so, but I do not think that this Parliament is justified, because of these uncertainties, in taking a view positively, and that it would be safer in the long run for it to adopt the text of my amendment because it makes clear that in the event of any possible future criticism of the constitution and legal aspects of the Association Agreement, Parliament was at least aware when giving its approval that these problems existed and would, if the amendment were accepted, go on record as being aware of them.

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, Lord O'Hagan says that he is laying his head on the block, but then he is also laying mine there at the same time, without having asked me.

As far as I am concerned, I stand apart from the question whether the British government can or cannot properly allow the matter of the constitutional law to rest and I can do nothing about it. I do not find it important at this point in the debate. If I can permit myself a brief remark with regard to Lord O'Hagan, I should like to say that, if he wishes to call the British government to book, he should do so in the House of Lords.

I should, however, like to ask the members of the European Parliament—without bother or consultation with our governments, Mr Kirk!—to accept the amendment. The significance of this amendment for me and for all of Parliament is nothing other than that we are aware of a specific problem. I note that this problem has again reared its head quite clearly in the debate that we have conducted. This will be in tomorrow's Debates and that is translated into all languages. Why should we not then give it expression in a resolution. It goes without saying that this problem is underlined in the resolution and, if we do not do this, then this will attain a political significance, which I find incorrect. It goes without saying that the amendment will be accepted; to reject it would be surprising to say the least.

For this purely logical reason and in the interests of the matter with which we are concerned, and also by virtue of the grounds stated by Lord O'Hagan, I should once again like to beg for acceptance of this amendment.

**President.** — Lord O'Hagan wishes to make a short statement.

**Lord O'Hagan.** — I do not particularly want to make a short statement beyond reassuring my colleague, Mr Vredeling, that I bother the British Government as well in the House of Lords.

**President.** — I call Mr Kirk.

**Mr Kirk.** — As Lord O'Hagan said, these words were in the original text considered by the Political Affairs Committee. The committee voted to remove them.

As rapporteur I can only advise Parliament not to accept them.

*(Laughter)*

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — *(NL)* Mr President, we are engaged here on a very important matter. What in fact is the case? On the one hand there are the economic interests of the population and on the other hand there are the possible constitutional difficulties that may arise in Cyprus. Had I studied the matter as member of the Legal Affairs Committee, I would certainly have said that it was not yet ripe for treatment and that further investigations would first have to be made. If the matter had been investigated, however, and we were to come to the same conclusion as Mr Dahrendorf, the agreement could then in my opinion in fact be approved.

The matter was, however, dealt with in the Political Affairs Committee and we have had to ponder what would be the wisest step. Were we to bury ourselves in constitutional questions, which were probably insoluble anyway, or were we to keep the interests of the population in view? We opted for the latter and did not therefore consider it advisable to adopt this preamble. Its wording in fact indicates too clearly that there may well be constitutional questions that are not yet solved.

At this stage, now that this matter has come into the open, there is no further point at all in doing the same as we did in chambers. In chambers we said: Let us not, after all, include this wording in the resolution. After this debate I am of the opinion that this preamble can just as well be included in the resolution. I subscribe to what Mr Vredeling has said, namely that this business will be given full publicity tomorrow in all languages that are spoken in the Community. There is no point at all therefore in still not saying clearly what the matter is about, provided that it is also clearly stated that we have allowed the interests of the population and in particular those of the minority referred to, on whose constitutional rights we shall still have

to think further after effect has been given to paragraph 3 of the resolution, to prevail.

**President.** — I call Lord O'Hagan.

**Lord O'Hagan.** — In view of our constructive discussion, may I withdraw the amendment, Sir Anthony?

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — *(NL)* Mr President, I must say that I support this statement by Lord O'Hagan. There is in fact a danger of a false vote taking place in consequence of the disciplined front shown by our Conservative colleagues, whom I respect highly. The Conservatives are present in large numbers, which no one can certainly put to their discredit. I wish it to be noted, however, that if the House were to divide now on the amendment a false vote would take place and that this logical amendment would then be rejected.

**President.** — I call Mr Kirk.

**Mr Kirk.** — I only want to say that I have not advised my friends to vote. I have advised Parliament of what happened in the Political Affairs Committee. My friends are free to vote as they wish, as they always are and always will be.

*(Laughter)*

**President.** — I call Sir Christopher Soames.

**Sir Christopher Soames, Vice-President of the Commission of the European Communities.** — I hope that the amendment is being withdrawn because of the weight of argument and not on the grounds of how the vote may or may not go.

I should like to say a word or two about the Commission's attitude to the amendment. It has no difference of substance with the movers of the amendment. My only concern is that by inserting a formal reference to these unresolved problems in Cyprus we might add a new element of confusion and dispute to an already tangled story. I confess to a certain amount of concern that if the amendment had been pressed to a vote, and Parliament had accepted it, it could be put to unhelpful uses in the internal disputes which continue in Cyprus. This would be a pity.

It is good that there should have been an open debate in Parliament on an acknowledged and real problem within Cyprus, but I am grateful to Lord O'Hagan for withdrawing the amendment and not putting it to the vote.

**President.** — Amendment No 1 is withdrawn. Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

11. *Implications of enlargement for the Community's relations with Mediterranean States*

**President.** — The next item is a debate on the report by Mr Rossi, on behalf of the Committee on External Economic Relations, on the implications of enlargement for the Community's relations with Mediterranean States (Doc. 302/72).

I call Mr de la Malène, deputizing for Mr Rossi, who has asked to present the report.

**Mr de la Malène, deputy rapporteur.** — (F) Mr President, I am more than pleased to replace Mr Rossi at short notice, but if, as I suspect may be the case, I am unable to remain until the end of the debate, I must ask you to excuse me.

If there is one sphere in which the European Parliament has been a driving force, it is certainly that of relations between the Community and Mediterranean countries. As in the case of the Yaoundé Convention, Parliament has understood the importance of forging links with a part of the world and its peoples which call for an overall approach.

You will recall that the debate which took place in this House in February 1971 during which, after a long debate, Parliament laid down a certain number of lines of action expressing the need for an overall policy designed to improve the organization of Mediterranean production and markets, whilst stressing the need for this policy to be accompanied by development aid.

This formula is reflected today in what is known as the "global approach", as proposed by the Commission and confirmed by the Summit Conference of 19 October 1972.

During this debate in 1971, we also said that this global approach was essential to the improvement of living conditions in these countries, but it is also essential to the establishment of an area of peaceful coexistence, for which we were calling a few moments ago during the debate on Mr Scelba's motion.

Since that decision, our Community has been enlarged and the entry of three new Member States has been the occasion for further reflec-

tion, to which I shall refer in my conclusion. The point of departure of this reflection is of course the problem of the technical and legal adaptation of the agreements already concluded to suit the new dimension of the Community.

However, to restrict oneself to this rather mechanical problem of adaptation, although it is very complex, would have been to fail to take the measure of the more important role which the enlarged Europe must now play, particularly in this part of the world. For the Mediterranean basin is a part of the world to which the Community must give its special attention, not only because we have established so many ties there over the centuries, but also because, as we were saying a few moments ago, our Community is the most important grouping on the Mediterranean coast by virtue of the fact that, through economic and customs unification, even its northernmost members now have access to the Mediterranean and have developed unprecedented economic activities there.

It should be added that since the debate held in February 1971, an awareness of fundamental Mediterranean unity has gained ground, perhaps slowly, but surely.

Let me now outline the present situation of our economic and commercial relations with the Mediterranean countries.

Three States have remained outside these agreements of their own volition: Albania, Syria and Libya. The agreements with a fourth State, Portugal, have been the subject of an earlier debate today, and I do not propose to cover the same ground again.

There remain twelve States involved in this policy through relations which can be divided under four headings.

First, there is the State which has signed a non-preferential trade agreement with our Community: Yugoslavia; there are then four States with preferential trade agreements: Spain, Israel, Egypt and the Lebanon; three other States are linked with our Community by association agreements which contain no provisions for eventual accession to the Community: Morocco, Tunisia and, subject to negotiations still under way, Algeria.

Finally, there is a fourth type of agreement, what we might call the "continental" association which, in theory at least, leaves the way open to accession. This type of association agreement has been concluded with Turkey, Greece, Malta and Cyprus, which we have just been discussing, the agreements with the latter two countries being somewhere between the two types of association.

<sup>1</sup> O.J. No C 19, 12 April 1973, p. 34.

**de la Malène**

These, then, are the four types of relations into which we have entered with the twelve States.

Our relations with this group of twelve countries are going to be influenced by the new "global approach", but even before this is laid down—and this must be done this year—our Community must attend to the legal and economic aspects of adopting all these agreements with these twelve countries this year, purely because of the implications of enlargement.

It is possible that the consequences of this enlargement on the Mediterranean countries will vary over a period of time, because, whereas in the long term it is favourable to them in that a larger market is open to them, in the short term, these countries may well encounter a higher level of customs protection in the three new Member States than that which they had found previously.

If one adds the fact that the enlarged Community has granted preferential arrangements to the non-candidate EFTA States, one is able to appreciate the reluctance of certain Mediterranean States in the face of the purely technical adaptation and their hopes—and this is a point which must be stressed—that this purely technical adaptation will be followed very quickly by a policy of more wide-ranging agreements under the global policy.

Some of the Mediterranean States have made it clear that they would accept these intermediate agreements for 1973 if they were certain that, perhaps by 1974, they would lead to the adoption of this global policy on which many of their hopes are based.

Thus, this is the aspiration which is met by the global approach, that is, a policy which fills out the twelve agreements covering economic and financial measures with a political dimension.

Obviously there are difficulties working against this ideal which you in the European Parliament launched in 1971, which is the only possible basis for a Mediterranean policy.

Some of these difficulties are internal to our Community, relating as they do to the agricultural sector. Others are external difficulties arising out of the opposition of certain of our commercial partners in the world.

The defence of the interests of the agricultural producers could appear to be irreconcilable with a policy promoting agreements with the Mediterranean countries which are exporters of similar or competitive agricultural products. This is why the opinion of the Committee on External Economic Relations has taken maximum account of the opinion of the Committee

on Agriculture presented by Mr Vetrone asking for the provision of all the necessary compensation measures to ensure that our agricultural sector will not suffer, although it is true that there is no question of a choice between the agricultural policy which we have built up and the development policy which it is our duty to pursue.

There can be no question of making the agricultural sector in the Community or the agricultural policy pay for our efforts elsewhere in the world on the development policy, particularly in the Mediterranean. It is not for the least advanced sector in our Community to make up for the backwardness of outside countries, particularly those in the Mediterranean. This is all that I have to say on the internal difficulties.

We all know what the external difficulties are. The reactions from outside, particularly from the United States of America, are even more radical than those from within the Community, especially since they are concentrated on what are called "reverse trade preferences", which, from the American point of view, would favour Community exporters and would constitute a form of discrimination against exporters in the United States of America. Moreover, we see here a contradiction between the criticism received from within the Community and that from outside, since we are attacked from within for allowing too much freedom of access to Mediterranean agricultural products, whereas our principal trading partners are criticizing us for setting up barriers around the Common Market and for our policy on agreements and association arrangements.

Surely—and this will be one of my conclusions—it is for your Assembly, which is a political assembly par excellence—to define the spirit in which we hope to see this Mediterranean policy embarked upon.

More important for us than any technical discussions on any of the agreements for associations is the need for us to ensure that there can be no suspicion of any form of "new-style imperialism" about the measures we have in mind for this part of the world.

Just as we have suggested that, within the Community, open discussions must be the principal means by which compatibility between the common agricultural policy and the common Mediterranean policy is to be achieved, so we hope that the most wide-ranging dialogue possible will be held with our principal trading partners as well as with the Mediterranean countries concerned. This will serve to make it clear that our attitude is a generous one which is free from all ambitions towards supremacy.

**de la Malène**

This is why we proposed to organize meetings between the Mediterranean countries two years ago to enable them to discuss very specific problems, such as preferences for groups of products.

We also proposed to offer the Mediterranean countries what we called "services", for example, by giving them the benefit of our know-how in the fields of agricultural statistics and forecasting, and also marketing, to enable them to find a larger market for their products.

We even took it upon ourselves to represent our Mediterranean partners before the major international technical institutions by helping them to coordinate their requests and formulate a common strategy, and by helping them present their case.

All these proposals and attitudes demonstrate that we are not seeking a role as the leader of this part of the world, nor even as its spokesman, but that, on the contrary, we are only seeking to contribute towards the establishment of political and economic cohesion in a neighbouring geographical area, since this is the only possible basis on which to create the right climate for peaceful coexistence.

That is all I would have had to say some time ago. Now, I should like to add a few very brief observations. Firstly, we have learned that, during a recent meeting of the Council of Ministers, there arose some difficulties which caused some anxiety, since it seems that one of the bases underlying the globalisation of the Community's Mediterranean policy—the notion of the gradual, cautious creation of a free trade area for industrial products—has been called into question. Although it has not been called into question with regard to the countries to the north of the Mediterranean, it appears to have been as far as the countries to the south are concerned, and we see two major drawbacks in this situation, or rather it gives ground for concern on two counts.

If we may consider the first of these, we do not wish to see too much differentiation between the treatment of the countries to the north and south of the Mediterranean, since this would undermine the very principle of the overall approach and uniformity of treatment of the area, and this would detract from the benefits which we hope to derive, if only in the sphere of peaceful coexistence and peace. The idea of different approaches for the countries to the north and south of the Mediterranean is less satisfactory to us than the previous approach in which the hope, if not the reality, was to seek to achieve a single attitude.

Our second cause for concern is the fact that there appears to be a departure from the notion of free trade in industrial products as far as the countries on the southern or eastern coasts of the Mediterranean are concerned.

The main disadvantage is the fact that we would be making ourselves more open to criticism, since, from the point of view of GATT, it is clearly sounder to progress towards a free trade area than towards a non-reciprocal system of preferences.

Perhaps we could abandon the notion of reverse preferences, that is, that if the countries to the south of the Mediterranean wished, not to simply extend the advantages granted to us to all other countries in the world, but to negotiate them with other trading partners, we would be sufficiently generous not to raise any objections.

However, we must maintain the need to continue to organize these agreements along global lines within the framework of an industrial free trade area.

These are the anxieties at what seems to be the new thinking in the Council which I wished to express before the European Parliament in addition to the first part of my report.

*(Applause)*

**President.** — I call Mr Vetrone on behalf of the Christian Democratic Group.

**Mr Vetrone.** — *(I)* Mr President, honourable colleagues, the discussion on agreements with the Mediterranean countries, which began with a simple reference to the need for adaptation of the technical and legal instruments of the agreements following enlargement of the Community, has taken on a far wider dimension and has become a true political discussion in its more concrete and more topical terms.

This is not merely a matter of the political factors inherent in the strengthening of the relations that the Community has wished to maintain with the countries in the Mediterranean Basin, with the understandable goals of peaceful co-existence, liberty and progress in that very sensitive geographical area; it is also a matter of those political factors ensuing from the more or less obvious negative reactions (vigorous reactions, indeed, according to Mr de la Malène) from the African nations and the United States faced with the prospect of overall agreements involving preferential systems between the Community and the Mediterranean countries.

The discussion has thus become not only political but complex, and it will become increasingly

**Vetrone**

complex as we gradually approach the date of the new GATT negotiations. Nobody would wish the problem not to be faced merely because it is extremely complex; even the Mediterranean countries would protest, and rightly in view of the assurances they have been given, at any attempt to shelve the problem. It must, therefore, be faced and solved, bearing in mind the individual position of each Mediterranean country, each with its own needs, and also the inherent interests and possible reactions which certain types of preferences could arouse between the associated African states and the United States of America.

The Commission has made its proposals to the Council of Ministers but the latter has, it seems, not yet succeeded in starting on concrete discussion on individual items (except for its acceptance in principle of the assumption of an overall agreement); in my opinion, it will not be able to start up and bring such a discussion to a conclusion unless it hammers out certain basic guidelines which alone would help to achieve results acceptable to all the parties to the agreement or to the parties having some concern therein.

What I want to say is that it is not enough to be guided solely and principally by the Community's geographical closeness to the Mediterranean nations and by former historical relationships, both political and economic, even though these premises obviously give the Community the primary responsibility for helping to ensure regional equilibrium in the Mediterranean basin; but it is vital that, in the quest for more appropriate and fitting instruments for the economic and social development of these countries, we do not look solely at the commercial factor, with the relative tariff preferences. Concern with the trade factor alone might be useful if reciprocal preferences could have been granted, but it is of no value when such preferences are virtually impossible. With the exception of Spain and Israel, which can offer these preferences, all the Mediterranean countries are developing and emergent nations and are certainly in no position to offer them either in the short or in the medium term.

The comment that the principles of the free exchange zone should be respected for the purposes of abiding by GATT rules is a proper one. But if the majority of the Mediterranean countries whose economies are mainly agricultural are unable to meet the principle of reciprocity, an automatic mechanism in the free exchange area, the EEC would have no other choice than to subject the agriculture of its own southern regions—I would repeat, the agriculture of its own southern regions—to further

stress in the context of the farming product tariff concessions.

This is a stress that the Community's southern agriculture—an agriculture which takes place in its least favoured regions—cannot withstand unless measures are brought in to restore the balance within the Community with regard to production and marketing conditions, and unless at the same time a concrete and effective start is made on structural policy and above all, on a regional development policy.

In addition, is it not appropriate for the EEC finally to declare its position on the principle of the integration of agricultural incomes vis-à-vis the United States? It will be argued that reactions could be avoided—and my colleague, Mr de la Malène, has just emphasized this—if the Community renounces its exclusive customs concessions to Mediterranean countries and allows them to offer rights to other industrialized countries as well. But how would the associated African states react? We are, it seems to me, on the eve of the renewal of the Yaoundé agreement. Our colleagues (you too, I believe, Mr de la Malène) who are to go to Kinshasa in a few days' time will certainly on their return bring back reports of the vigorous reactions of those countries in view of the introduction of an overall Community policy approach towards the Mediterranean countries.

In consideration of all this, and in conclusion, I wonder whether it would not be better to emphasize economic, technical, financial and labour policy in our dealings with Mediterranean countries rather than continue to place emphasis on commercial policy. These countries are almost all very backward in development: an effective, valid cooperation policy that does not show us in the light of colonialists might be better able to help them emerge. A cooperation policy would permit greater diversification of their production, together with a variation in the volume of agricultural products for export, especially in the light of fluctuating internal demand.

In other words, the policy adopted should not make further demands on the Community agricultural sector, as otherwise this sector, the weakest and still the sector in greatest need of aid, would end up by being the only one to shoulder the heavy burden of Mediterranean policy—a situation that seems ridiculous. A global approach along these lines would have that additional political significance which the Community rightly intends to pursue, but its meaning and effect would be altered were it to be limited to the commercial factor alone, as has been the case with former bilateral agreements.

These concepts are set out in the motion tabled by Mr Rossi, whose place has been worthily

**Vetrono**

taken here today by the Chairman of the Committee for External Economic Relations, Mr de la Malène, whom, together with Mr Rossi, I should like to thank for the understanding shown by the Committee for External Economic Relations towards the arguments advanced by the Committee on Agriculture. In the name of the Christian Democrat Group, subject to the reservations which I have had the honour of expressing, I would also like to announce our intention to vote in favour of Mr Rossi's motion. *(Applause)*

**President.** — I call Mr Vredeling on behalf of the Socialist Group.

**Mr Vredeling.** — *(NL)* Mr President, with reference to Mr Rossi's report, which deals chiefly with global policy with regard to the Mediterranean Area, I should like to make one comment on behalf of my Group, which relates chiefly to a fairly neglected aspect of the Mediterranean Area problem. In our Community we benefit tremendously from the fact that there is so much unemployment in the countries around the Mediterranean, as a result of which our industries are able to attract cheap labour, something from which the native population of our countries draws great profit.

We do find a slight reference to this point in the resolution. In paragraph 15 it is in fact stated that we must offer the Mediterranean countries a prospect of diversifying their means of production and in paragraph 17 there is a reference to attempts to improve the working conditions of workers migrating from Mediterranean countries to the countries of the Community.

Mr President, a German brochure has just been circulated here, entitled "Die Europäische Gemeinschaft und der Mittelmeerraum", in which it says that there are about 7 million foreign workers employed in our enlarged Community, of which a good 3 million are from Mediterranean countries. These are wage-earners for the most part. More than 50 % of the males work in the building industry and more than 65 % of the females "im häuslichen Dienstleistungsbereich".

Of these 7 million foreign workers four out of five are between 18 and 45 years of age.

There is a good deal more in this brochure, amongst other things regarding illiteracy, but I won't read all that out. It is a vast problem. I wish to take the opportunity of referring to the fact that we in the Community are neglecting this problem tremendously.

We all like to close our eyes to this problem, including I myself, I dare say, because I live close to a town where the well-known phenomenon arises of Moroccans, Turks, Greeks, Yugoslavs, Algerians, sitting in the stations terribly bored. Deep at heart they are tremendously homesick; this is written on their faces. Then I have to catch a train and as soon as I am sitting in the train it has all been forgotten. It is a problem that is being badly neglected not only by us but by the trades union movement. I have never yet found a trades union movement—and this must really be a black mark against them—taking much notice of the problem of foreign labour. They could negotiate the wages of these workers in the course of talks with employers, but they could do yet more. They could through the collective work agreements be able to compel employers profiting from these foreign workers to set aside a sum for these people and their families and for the countries from whence they come, to give effect to what is stated in the resolution regarding prospects for diversification of means of production in the countries of origin, so that they have a goal to work towards, namely the development of their country's economy.

Mr President, all this is closely tied up with the question of the whole of the Mediterranean basin, with which the Community wishes to maintain special relations for all kinds of reasons, including political reasons. I think there is sure to be a place for a plan, such as the Marshall Plan for example, for these areas, and that the Community could do a particularly good deed in this respect.

I would not like to suggest to the Commission that it lodge a plan with the Council today, but that it continue to bear in mind the possibility of a moment arising when it would be only logical to make a proposal of this kind.

Mr President, I wanted to limit myself to this aspect as so much has already been said on this question. It is always said that the problem of the Mediterranean countries is an intangible problem. This is no doubt true, but the problem of foreign workers is intangible only because we do not want to come to grips with it.

Millions of people are concerned. I repeat that we are in my opinion concerned with a too neglected chapter in our Community.

I have one further comment to make, which tends to follow on from this morning's exchange that I had with Mr Soames. It is a pity that Mr Soames is not able to be present now. I shall just say it to Mr Deniau therefore.

The Mediterranean problem also includes Portugal. I have possibly been influenced by an

**Vredeling**

utterance by Mr Soames as spokesman for the Commission. With reference to my question whether his statement on the political system in Greece could also be applied to the political system in Portugal he commented: "It is not right for the Commission to be asked to comment on the internal affairs of every state just because it is thought that this or that is not right there."

Mr President, Mr Soames should have thought of this during question time when the situation in Greece was under discussion. I am glad to see that someone from his office is present, so that this can be passed on to him. I do not in fact think it fair to ask Mr Deniau's opinion on this matter. I just wish to remark that Mr Soames is not really a man for making comments of this kind. He must have known Sir Winston Churchill well. The latter had a habit at one time—I am now talking about the thirties and before that—of embroiling himself in the internal affairs of a country whose dictatorial system was not to his taste. And don't we all say that he did so rightly? This is what I mean with my contribution now on Portugal. If it is known what is happening in Angola, in Mozambique and in Portugal itself, it must be admitted that this is not all that nicer than what in time past, in the thirties, happened in Germany.

Mr President, I wish to restrict myself to these remarks.

**President.** — I now call Lord Mansfield on behalf of the Conservative Group.

**Lord Mansfield.** — On behalf of the Conservative Group I welcome the report and the motion. However, it is right to say that there is considerable room for discussion both as to the meaning of some paragraphs and as to their implementation. It is right to point out, for instance, that the report was drawn up before the three acceding countries joined the Community. It is correct that my committee—the Committee on External Economic Relations—considered the matter on 30 January last. At that time the report was not in our own language; that came out on 9 March. I say at once that I very much doubt whether my colleagues and I on that committee would have sought to amend the report, but it certainly comes out in a form of which in some respects we are slightly suspicious.

I have no complaint against any of the sentiments or proposals contained in paragraphs 1 - 6, but the matter does not end there. Although we are committed to what is now being called the global policy, that does not necessarily mean that the policy entails equality of treatment towards each Mediterranean coun-

try. Here I must take issue with Mr de la Malène. I submit that it is not necessarily equitable or fair to treat one country which adjoins the Mediterranean in precisely the same manner as we treat another. That is particularly so with those countries lying to the north of the Mediterranean and those lying to its south. It may very well be that the Community is entitled to expect reverse preferences from those countries lying to the north of the Mediterranean, and equally it may be considered only fair that at this moment reverse preferences should not be demanded from those poorer countries lying to the south of the Mediterranean.

In parenthesis, I believe that Israel poses a special problem. Compared with some of its neighbours, it is developed, and probably in the end reverse preferences will be expected from it.

Still dealing with paragraphs 1 - 6, I emphasize that in our view the policy for the Mediterranean which the Community is slowly hatching out, if that is the right phrase, should not prejudice its ability to help by one means or another the economic strength of other countries which are just as much in need of help. Here I have in mind what I might call the Protocol 22 countries—those countries which are eligible under the Treaty of Accession for association with the Community. Honourable Members will know that these countries form part of the British Commonwealth—they include those small countries that lie in the West Indies. It would be wrong, I submit, if the Community were to dissipate its strength helping those countries round the Mediterranean so that it could not provide a measure of equitable help for those countries further off.

As I see it, the problem is that, although we are talking of a global policy for the Mediterranean, we should be thinking in terms of global policy for a great many more countries situated around the world. We should see the problem in a world-wide context.

Paragraph 11 is the last of the paragraphs dealing with matters of principle. It is worth comment that it was drawn up before the United Kingdom became a Member of the Community, and it is perhaps obvious to state that it points out the disadvantages and burdens which those Members of the Community which perhaps have a horticultural industry fear as a result of the help which is to be given to such countries north and south of the Mediterranean which have a horticultural industry of their own. But I remind all our friends in the Community and honourable Members that we are all in this as Members of the Community. For instance, in the United



**Lord Mansfield**

Kingdom we have, or had, a flourishing industry in early potatoes, and we feel that our industry merits the same consideration, as is pointed out in paragraph 11, as any other country in the Community which has a horticultural industry.

We very much welcome the help which is being given—and which, I hope, will in future be given increasingly—to Malta. Malta is a country which is weak politically—and I do not say that in any offensive spirit at all. It is in difficulties politically probably because it has for so long been in difficulties economically. Any help that can be given to it will have a great effect on its future.

Paragraph 16 deals with the development and greater security of the Community's oil supplies. That is a paragraph which nobody would quarrel with as it stands, but I very much doubt whether it means very much. There are very few countries around the Mediterranean which have any dealings with the Community which are producers, refiners or exporters of oil, with the exception of two which I need not mention, one of which, at the moment at any rate, has no desire to seek any agreement with the Community at all. It will be interesting to know what form of talks could be held which would have any meaningful future.

Lastly, so far as paragraph 18 is concerned, that is an interesting matter for speculation. The idea of a round table so that all the problems which beset Mediterranean countries could be considered is attractive in itself. However, we in our group are convinced that more good will come of simple bilateral talks, certainly so far as the Mediterranean is concerned, between the Community and each of the countries on its own to try to solve these various problems than round table talks which will probably, if I may use the expression, get bogged down in technicalities.

*(Applause)*

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — There is very little I wish to add to what has already been said. I entirely agree with what my noble friend Lord Mansfield has said, and, indeed, I would like to endorse the point made by Mr Vetrone when he was speaking a little earlier, that one cannot or should not expect reverse preferences from all the Mediterranean countries and, in particular, those along the southern shores of the Mediterranean.

It is important for us to realize that these are poor countries and that we should offer whatever help and aid we can to them. This is the

main burden of the report, with which I agree. I applaud the exemplary way in which it was put forward by Mr de la Malène and congratulate him on it. To expect a return by way of reverse preferences from these poor countries is not realistic at the moment.

I would emphasise what was said by Lord Mansfield concerning the necessity for equality in treatment in regard to the timing of negotiations. Although this is important in connection with the Mediterranean countries, it is also important that our negotiations with other countries throughout the rest of the Third World should be continued and that we should seek priority for those countries as well as for those around the Mediterranean. That does not mean I do not see the need for urgency, but I do not think the need for urgency should override the need for speed in concluding negotiations with other countries that do not happen to be placed around the Mediterranean but are equally in need of reciprocal and bilateral agreements with the Community.

My final point, once again, concerns preferences which the Community, I hope, will be offering to those countries in the Mediterranean, particularly in relation to agricultural products. This is an extremely sensitive area and, as the House was reminded by my noble friend, the basis of this was concluded before the three new entrants actually joined the Community at the beginning of this year. It is a very sensitive area for agricultural products, but I hope that in any negotiations that take place, and any agreements that are concluded, the most liberal attitude will be adopted towards the import of those agricultural products which are grown round the shores of the Mediterranean.

I quite understand the point made by Mr Vetrone—indeed, the rapporteur made the same point—as to the damage that could be done to the existing agricultural industries of the Community countries that lie along those shores of the Mediterranean to the north. Of course, this is true. Nevertheless, bearing that in mind, I would still hope that the most liberal attitude will be adopted by the Community and by the Commission, in any negotiations they may be undertaking in the near future, in granting preferences to those products which are grown in and which are the lifeblood of those countries, particularly the poor countries which border the Mid-Mediterranean.

In some cases the trade policies, and the preferences under the most-favoured-nation treatment, in regard to certain products from the Mediterranean countries to the south, are more favourable coming into the United King-

**Scott-Hopkins**

dom than they are coming into the Community at the moment, and I would hope that we shall not see, as a result of any negotiations the Commission may undertake, any raising of the barrier of preference which might take place as far as imports into the United Kingdom are concerned. Rather let us liberalize as far as we can, protecting, of course, and seeing that the Mediterranean industries of our friends in the Community, which are already established, do not suffer, but nevertheless, at the same time, liberalizing as far as we can to help those countries on the southern shores of the Mediterranean, with their agricultural industries and their agricultural exports to the new Community of the Nine.  
(Applause)

**President.** — I call Miss Lulling.

**Miss Lulling.** — (F) Mr President, perhaps I failed to grasp the full meaning of what Mr Vredeling said about the passage in the resolution dealing with the improvement of living and working conditions. It has been suggested that the employers should pay a percentage of salaries towards the granting of assistance in these countries.

Some clarification is necessary on this point, since I believe that we could only be doing a disservice to the workers from the Mediterranean countries in granting them special status in the matter of living and working conditions.

They should be granted exactly the same rights and it would be wrong to apply a policy of assistance to them or to make employers pay special charges because they employ migrant labour from these countries. In my view, we must give due weight to the dignity of workers and show our respect for them by granting them the same rights and setting up appropriate structures to deal with their problems and adequate social services through national or Community funds, rather than calling upon the employers for whom they work to make any special contribution.

The point I wanted to make was that you should be wary of some of the ideas which have been put forward here, which, in the end, would work against the interests of the migrant workers who, unfortunately, already number among the lowest paid.

Such a policy would work against the interests of the migrant workers whom we must try to integrate into our society. We are all aware of the problems involved in integrating them, but it is perfectly possible to solve them. I come from a region where there is a very large Italian

population, whom we have been very successful in integrating, not by applying a policy of assistance, but by giving them equal rights.

Mr President, I wanted to make this point because some of the ideas which have been put forward would do nothing to help the integration of the workers who have emigrated from the Mediterranean countries to other regions in the Community.

(Applause)

**President.** — I call Mr Vredeling.

**Mr Vredeling.** — (NL) Mr President, Miss Lulling seems to want to make a habit of conducting internal Group discussions in a plenary sitting. I must comment that she has not understood what I said. I first of all referred to the great problem of foreign workers which is neglected in our countries by our governments and also by our trades unions. I don't just say this here, but also as a man of the trade union movement internally in the trade union movement in my own country and I am entitled to do so. The trades unions are quite happy to fix wages and working conditions for a category of workers carrying out work that our own labour is no longer willing to do, and to negotiate directly—if it can be put like this—on behalf of foreign labour, while it is known that the employers put the surplus, if I can use this expression, of work carried out by the foreign workers into their own pocket. I therefore do not think it so logical for Miss Lulling now to come to the defence of employers. Of course, through taxation on these employers and on the product of the labour of foreign workers, we all benefit from the surplus of their work. But I do not find it illogical thinking that we should lay claim to this surplus for the benefit of foreign workers, while we still leave the employers to profit from the employment of foreign workers, who are not attracted by them at additional expense for nothing. We now benefit in another way from the position, in the trade union movement that is. They have now appropriated the gap that results from the fact that these foreign workers are working amongst us. And this profit we all put into our own pockets, all of us.

I find this a policy to be regarded as shameful in the course of time and that can at any rate be brought into discussion.

I do not think it so illogical to say that this labour is too cheap.

Through the trade union movement we do make efforts for our own people. What do we do if they have to work nights or on Saturday after-

**Vredeling**

noons or Sundays? We then first of all ask for an extra 30%, then 50% and if possible 100%, and if that is not enough, 150% for our own people. But what do we ask for these foreign workers who have to work under conditions that are not so nice either. All that we ask for them is the ordinary basic collective agreement wage. We say: Just do it for that. I don't think this equitable. I don't think this just. But, like Miss Lulling, I think that one should not create a problem by paying these foreign workers more, to put more into their hands than our own people, by saying that an ordinary worker may earn 200 or 300 guilders per week and a foreign labourer 600 guilders per week. This cannot be, because you then discriminate in the other direction. The view can indeed be taken that this additional money can be paid into a fund, that the employers must transfer it into it. If this is found to be technically too difficult then a solution can also be sought via the tax legislation. Perhaps this is a more sensible solution, a solution open to discussion. I do not, however, think it would be unjust or discriminating in itself if the legislators in the Community who profit particularly by the foreign workers were asked to make an additional contribution by way of counter-performance towards the reconstruction and strengthening of the economy in the countries where these workers come from.

I know that it will then be the tendency for less and less foreign workers to be available. It is a two-way street and in the long run a balance will be achieved in this way that is acceptable. Less labour will then come from the countries concerned, because more opportunity for work will result in these countries themselves. I am advancing a plea that this balance be aimed at.

**President.** — I call Miss Lulling.

**Miss Lulling.** — (F) Mr President, I was not defending the interests of the employers in what I said, but I am a little more alive to this problem by virtue of the fact that certain charges have often been imposed on employers to protect women workers. Such arrangements have often worked against the interests of women workers because, by becoming more expensive to employ, the women have suffered, particularly in terms of earnings.

Consequently, when Mr Vredeling proposed that employers should subscribe aid for the development of certain structures in the countries from which these workers come, I took it upon myself to draw attention to my contention that such a proposal would work against the interests of these workers in the long term.

I therefore think that another solution must be found, and that unilateral charges should not be imposed on those who employ migrant workers. This would not be a good idea and I repeat that such a system would not be advantageous to the workers concerned.

It is necessary to seek or find the funds required to provide the necessary aid in some form or another—a Marshall Plan, for example—but I do not believe that it would be appropriate to impose charges on employers unilaterally. I say this because we have seen the effects of such arrangements on women workers in our countries; I am not seeking to protect the employers. On the contrary, in saying this I am thinking of the interests of the workers, who must enjoy equal rights and must not be made to suffer any form of indirect discrimination through such charges.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, I do want to make it clear that, even if it is true that some women have suffered due to the fact that they have asked for equal pay for men and women, we remain of the opinion that women are entitled to equal pay with men if they carry out equal work. Under no circumstances whatever, even if women would initially have to suffer for it, would I agree to their not receiving equal pay for equal work.

Mr President, I am also convinced that employees from abroad are too often signed up cheaply by the employers. I consider it unjust that this can go on in this way. All said and done, too cheap labour of this kind—Mr Vredeling has said so clearly—is too great a source of income for many employers, even if others, other employees too, and we ourselves have profited by it.

That consideration should be given to the way in which over-low wages can be discouraged, I consider very just. Mr Vredeling has not, however, given any kind of indication how this can or should occur. It is even possible that damage may initially be done to these foreign workers because of this, but when workers have wanted to achieve something, they have always initially encountered damage due to it. But it has mostly been of benefit to their progeny and quite often even to them themselves after a short while. I wish to continue this battle and also that for equal pay for women through to the end, even if there may well be women who have to suffer thereby, which I regret most deeply and find thoroughly unjust.

**President.** — I call Mr Deniau.

**Mr Deniau, Member of the Commission of the European Communities.** — (F) Mr President, ladies and gentlemen, I shall be brief, not only because I am in the fullest agreement with the rapporteur, but also because I approve the motion for a resolution on Mediterranean policy which has been tabled.

I nevertheless feel that it would be useful to recall a number of aspects of this policy and to elucidate a number of points in reply to the Members who have spoken during the debate.

On the question brought up by Mr Vetrone, I think I can confirm that there is without doubt an agricultural problem, particularly as regards the southern regions of the Community. This is absolutely clear: it is impossible to exclude the agricultural aspect from these negotiations. This is largely a matter of concern to the countries on the southern and eastern coasts of the Mediterranean, but, above all, those on the southern coast. Agriculture accounts for a predominant proportion of these countries' production. Even if there are grounds for hoping that, in the longer term, our aid will bring about diversification and industrialization, the crucial problems with which these countries will be concerned in the immediate future will be agricultural problems.

It is incumbent upon us to take action in the agricultural sphere, but we must exercise prudence in doing so. In this matter, there can be no question of overthrowing the balance we have achieved internally or causing social or human tragedies within the Community. Basically, our way out of this difficulty is to be found in the idea that, in the modern world and particularly in agriculture, one cannot talk in terms of total free trade, but rather in terms of organized free trade.

By applying a certain number of disciplines regarding prices, qualities, quantities and schedules which would be determined by our own mechanisms and accepted by these countries, it would be possible to achieve guaranteed outlets for their products at guaranteed prices, that is, prices allowing them a fair return. This does not run counter to the interests of our own farmers. In fact, it would be a guarantee of the stability of the common agricultural policy itself.

I therefore believe that, with a little imagination and goodwill, we should find a balance which—and this is a point which interests me—a balance which would underline the bilateral and reciprocal aspect of such arrangements, so that they would have genuine contractual value.

Without wishing to open another debate, I should like to say that I am happy that Mr Vredeling has brought up the problem of labour and migrant workers, because it is obvious that, when discussing what is to be done for the developing Mediterranean countries, one cannot disregard the question of migrant workers which, for better or for worse, is for the time being a fundamental aspect of the beginning of their economic development or of their economic prospects. Massive movements of workers have become a key factor, at least in the short term, to the overall prospects of the developing countries, particularly the Mediterranean countries.

I believe—and this is reflected in the Commission's proposals—that we must hold discussions on the problems of these workers with those of these countries which have asked us to do so. One thing which I would consider it useful to do would be to provide these countries with technical and financial assistance for the occupational training of their workers, either whilst they are in Europe—this is already done by a certain number of States, but could be intensified—or before they leave their home countries.

All of this adds considerable weight to the economic aspect of these movements of workers, because, particularly when they return home, they have acquired technical skills which can be used in their countries; and, as everybody knows, whilst they are working abroad, they send part of their earnings home, thus supporting a whole sector of the population; their circumstances are slightly easier. The question of movements of workers is thus one which merits our attention.

Mr President, I should like to conclude my observations on the financial and commercial aspect of these agreements by referring to Mr Vredelings' mention of a Marshall Plan. It is true that we must make a significant, substantial contribution in terms of financial assistance. Moreover, it would be impossible for us to achieve anything in terms of technical assistance if we rely entirely on banking mechanisms to the exclusion of grants. I do not see anything in this which would be unacceptable to the countries which have signed 'Protocol 22' and the Yaoundé Convention. Indeed, the problems of financial aid are not at all of the same nature, nor are they similar in quantitative terms.

I think that I can allay the fears of the Conservative Group on this question; there should be no competition which would be detrimental to one group or another.

**Deniau**

On the other hand, the Member States of the Community have given very clear undertakings on a number of priorities and we must meet our commitments towards the associated countries, those which could become associated and the Mediterranean countries, for we have each of us entered into a series of commitments towards them.

This is precisely what we must avoid: the failure to take these priorities into account, or the manipulation of the various considerations with a view to reducing our contribution to all interested parties.

I believe, on the contrary, that our duty is to try to ensure that the Community meets its commitments, which were very specific and—particularly those regarding the Maghreb countries—were discussed in consultations with the British Government before the formal accession of Great Britain.

Finally, Mr President, ladies and gentlemen, there remains the commercial aspect, which is perhaps the most important of all. It is perhaps somewhat difficult for rich countries like ours to seek favoured treatment. As everyone knows, I am not personally in favour of such favoured treatment.

This leaves a legal problem and a problem of political choice.

The legal problem is one of satisfying GATT requirements in organizing trade with countries which are our neighbours, which do 60% to 70% of their trade with us, that is more than the EFTA countries, in a manner which is accepted by the GATT as an exception to the most favoured nation clause. At present, the only exception which is allowed by the GATT is a customs union, or a free trade area. This allows the Community to grant more favourable treatment to certain countries than to others whilst remaining within the terms of the GATT. This is the nature of the legal problem. Currently, the free trade area is the only means available to us by which we may grant more favourable treatment to certain third countries than to others.

Mr President, ladies and gentlemen, there is also a political problem. I find myself entirely in agreement with the rapporteur. The political problem is one of whether, in the light of what is contained in the Treaty of Rome, of what was said at the last Summit Conference and of the terms of the existing agreements and the interim agreements to which Mr de la Malène referred (which have been accepted), whether, in the light of all these commitments, the Com-

munity is to stand firm in the idea that it is ready and determined to go further on behalf of certain neighbouring countries to which it has given undertakings without this being detrimental to the countries which have signed 'Protocol 22' and the countries which are already associated. This principle has been accepted and we shall be going further for certain countries; at least this is what we have formally committed ourselves to.

We must find the most appropriate possible legal formula, but it must not be assumed as a matter of principle that any gesture made on behalf of the Mediterranean must automatically be extended on a worldwide scale. This would be a radical change.

We must be clear as to whether extending our agreements with the Mediterranean on a worldwide scale means making any measures adopted automatically applicable to other developing countries, or whether we have decided to consider the United States as a developing country, so that when one does something on behalf of the Maghreb countries, one must automatically do the same for California. This is the root of the problem.

*(Applause)*

**President.** — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

## 12. *Authorization to draw up reports*

**President.** — I have authorized the following committees to draw up reports:

- the Committee on External Economic Relations is authorized to draw up a report on current problems in relations between the Community and Japan
- the Committee on Development and Cooperation is authorized to draw up a report on the results of the annual session of the Parliamentary Conference of the EEC-AASM Association which is to take place at the end of March in Kinshasa.

## 13. *Change in the agenda*

**President.** — I call Mr Broeksz on a point of order.

<sup>1</sup> O.J. No C 19, 12 April 1973, p. 34.

**Mr Broeks.** — (NL) Mr President, I should like to ask you something about the agenda for tomorrow's sitting. It says on the original agenda that the sitting begins at 10 a.m. I propose that we start at 9.30 a.m.

**President.** — Mr Broeks has asked for the time of tomorrow's sitting to be brought forward to 9.30 a.m.

Are there any objections?

That is agreed.

#### 14. Agenda for the next sitting

**President.** — The next sitting will be tomorrow, Friday, 16 March 1973, with the following agenda:

9.30 a.m. and possibly 3 p.m.

- Report by Mr Durand on the recovery of sums paid in error under the common agricultural policy.
- Report by Mr Wohlfart on the exemption from customs duty of small parcels
- Report by Mr de Koning on external trade statistics.

The Committee on External Economic Relations has asked for this report to be voted on without debate.

- Report by Mr Noè on the creation of a Community uranium enrichment capacity
- Report by Mr Vetrone on the coordination of agricultural research
- Report by Mr Baas on a regulation amending regulations on the common organization of markets

— Report by Mr Scott-Hopkins on a regulation on the agricultural accountancy data network

— Report by Mr Richarts on production subsidies in the United Kingdom

— Report by Mr Durand on measures to deal with foot-and-mouth disease.

The Committee on Public Health and the Environment has asked that this report be voted on without debate.

— Report by Mr Vredeling on sugar deliveries to UNWRA under the food aid programme

The Committee on External Economic Relations has asked for this report to be voted on without debate.

— Report by Mr Baas on outward processing traffic

The Committee on External Economic Relations has asked for this report to be voted on without debate.

— Vote on the motion in the supplementary report by Mr Noè on a common approach to air transport.

I call Mr Dewulf.

**Mr Dewulf.** — (NL) Mr President, Mr Héger will replace Mr Richarts as rapporteur and has asked me to request that you put the said report earlier in the order of business than was provided for on tomorrow's agenda.

**President.** — It will be for whoever is in the Chair to decide that matter, but the communication will be passed on.

Does anyone else wish to speak?

The sitting is closed.

(The sitting was closed at 6.35 p.m.)

## SITTING OF FRIDAY, 16 MARCH 1973

### Contents

1. Approval of minutes .....	130		
2. Reference to committees .....	130	net, Vice-President of the Commission of the European Communities; Mr Bousch, on behalf of the European Democratic Union Group; Lord Bessborough .....	135
3. Directive on sums paid out in error under the common agricultural policy		Consideration of motion .....	140
Discussion of a report drawn up by Mr Durand on behalf of the Committee for Finance and Budgets		Adoption of preamble and paragraph 1 .....	140
Mr Aigner, deputy rapporteur .....	131	Amendments Nos 1 and 2 to paragraphs 2 and 3	
Mr Héger on behalf of the Christian-Democratic Group; Mr Lardinois, Member of the Commission of the European Communities .....	131	Mr Bousch; Mr Noè; Mr Flämig; Lord Bessborough; Mr Bousch .....	140
Adoption of resolution .....	132	Withdrawal of Amendment No 2, point 2 .....	141
4. Exemption of small parcels from customs duty		Agreement to Amendment No 1 ....	141
Debate on a report drawn up by Mr Wohlfart on behalf of the Committee for Finance and Budgets		Agreement to paragraph 2, as amended .....	141
Mr Wohlfart, rapporteur .....	132	Agreement to Amendment No 2, point 1 .....	141
Mr Lardinois, Member of the Commission of the European Communities	132	Adoption of paragraphs 3 to 9 .....	141
Adoption of resolution .....	132	Adoption of resolution .....	141
5. Regulation on external trade statistics		7. Membership of committees .....	141
Vote without debate on the motion contained in a report drawn up by Mr de Koning on behalf of the Committee on External Trade Relations ..	133	8. Regulation on the coordination of agricultural research	
6. Resolution on the creation of a Community uranium enrichment capacity		Debate on a report drawn up by Mr Vetrone on behalf of the Committee on Agriculture	
Debate on a report drawn up by Mr Noè on behalf of the Committee on Energy, Research and Atomic Problems		Mr Vetrone, rapporteur .....	141
Mr Noè, rapporteur .....	133	Mr Scott-Hopkins, on behalf of the Conservative Group; Mr McDonald; Mr Lardinois, Member of the Commission of the European Communities	143
Mr Springorum, on behalf of the Christian-Democratic Group; Lord Bessborough, on behalf of the Conservative Group; Mr Flämig; Mr Simo-		Adoption of resolution .....	146
		9. Regulation amending regulations on the common organization of markets	

Debate on a report drawn up by Mr Baas on behalf of the Committee on Agriculture		Mr Durand on behalf of the Committee on Social Affairs and Public Health .....	153
Mr Brouwer, deputy rapporteur ....	146	14. Regulation on sugar deliveries to UNWRA under the food aid programme	
Mr Scott-Hopkins, on behalf of the Conservative Group; Mr Lardinois, Member of the Commission of the European Communities; Mr Brouwer	147	Vote without debate on the motion contained in a report drawn up by Mr Vredeling on behalf of the Committee on External Economic Relations .....	153
10. Change in the agenda .....	148	15. Directive on outward processing traffic	
11. Regulation on production subsidies in the United Kingdom		Vote without debate on the motion contained in a report drawn up by Mr Baas on behalf of the Committee on External Economic Relations ....	153
Debate on a report drawn up by Mr Richarts on behalf of the Committee on Agriculture		16. Decision on a common approach to air transport	
Mr Héger, deputy rapporteur .....	148	Vote on the motion	
Mr Scott-Hopkins, Mr Lardinois, Member of the Commission of the European Communities .....	149	Mr Noè, rapporteur .....	153
Adoption of resolution .....	151	Sir Anthony Esmonde; Mr James Hill, on behalf of the Conservative Group; Mr Noè .....	154
12. Regulation on the agricultural accountancy data network		Adoption of resolution .....	156
Discussion of a report drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture		17. Dates of next part-session .....	156
Mr Scott-Hopkins, rapporteur .....	151	18. Approval of minutes .....	156
Mr Lardinois, Member of the Commission of the European Communities	152	19. Adjournment of session .....	156
Adoption of resolution .....	153		
13. Decision on measures to deal with foot-and-mouth disease			
Vote without debate on the motion contained in a report drawn up by			

#### IN THE CHAIR: MR DALSAGER

Vice-President

(The sitting was opened at 9.30 a.m.)

**President.** — The sitting is open.

##### 1. Approval of minutes

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

Are there any comments?

The minutes are approved.

##### 2. Reference to committees

**President.** — I have to inform the House that the proposal from the Commission of the European Communities to the Council for a directive on agriculture in mountain areas and other poorer farming areas (Doc. 333/72), which has already been referred to the Committee on Agriculture as the committee responsible and to the Political Affairs Committee and the Committee on Budgets for their opinions, has now also been referred to the Committee on Regional Policy and Transport for its opinion.



3. *Directive on sums paid out in error under the common agricultural policy*

**President.** — The next item is a debate on the report drawn up by Mr Durand on behalf of the Committee for Finance and Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 278/72) for a directive on mutual assistance in the recovery of sums paid out in error under the common agricultural policy (Doc. 337/72).

I call Mr Aigner, deputizing for Mr Durand, who has asked to present the report.

**Mr Aigner, deputizing for the rapporteur.** — (D) Mr President, ladies and gentlemen, Mr Durand, chairman of the Committee on Budgets, apologizes for the fact that he is unable to be here. I am therefore taking on the task of reporting.

In this connection I should like to refer not only to Mr Durand's report but also to the observations of Mr Vredeling on behalf of the Committee on Agriculture and Mr Héger on behalf of the Legal Affairs Committee.

Mr President, your committee welcomes the fact that the proposed directive will greatly facilitate the recovery of sums paid in error in connection with the financing of the common agricultural policy and the collection of agricultural levies and customs duties and will close a legal loophole. The committee—together, I believe, with many of our colleagues, including our new colleagues—is very concerned about the sums which have been paid out in error and about the unpaid agricultural levies and customs duties.

As you know, the committee is in the process of discussing suitable measures for a stricter control of the Community's revenue and expenditure with the other organs of the Community and will be laying before this House—soon, I hope—proposals for the implementation of this control.

Allow me to make a few observations on the proposal in detail. The few amendments in the title of the proposal and in Article 6 are merely editorial corrections. The amendments to the seventh consideration and to Article 8 are chiefly intended to underline the Community character of the revenue and expenditure and to give claims under this directive the same preferential rights as the corresponding claims of the financial authorities of the respective States.

This amendment to Article 8 has not been approved by all members of the Committee on

Budgets. But the committee, who took over this amendment from the Legal Affairs Committee, believed that it would throw into greater relief the Community character of the means used in connection with mutual assistance between Member States for the recovery of these debts.

To Article 9 the committee proposes a minor amendment because it is of the opinion that the request for security measures should be substantiated by the petitioning authority.

The committee also desires that the implementing measures provided by Article 13 should be accepted by the Council without delay so that this directive may come into concrete force.

Mr President, this has been an attempt to clarify the report as briefly as possible. Your committee recommends that the report be accepted.

**President.** — I call Mr Héger on behalf of the Christian Democratic Group.

**Mr Héger.** — (F) Mr President, ladies and gentlemen, the Christian Democratic Group supports the proposal of the Commission. Newspaper reports have frequently disclosed large-scale multiple fraud or evasion, but, as we all know, the cases which are discovered are a minority. The complexity and multiplicity of agricultural regulations and monetary measures which have been found necessary owing to the sudden changes we have experienced allow speculation a free run.

It is a question of mutual assistance between States to permit the recovery of sums paid in error, as sometimes there are businessmen who successfully claim export subsidies, and others who are able to evade payment of levies. Member States must, therefore, be enabled to exchange information and to recover sums paid in error or evaded.

The proposed measure will, however, be only partially effective, owing to the principle of territoriality. Operations are international; the country where the fraud or evasion was committed has power to take cognizance of it, but if it imposes a penalty, this is ineffective in the country of origin of the author of the fraud or evasion.

Territoriality, especially in penal matters, is a principle which has always been observed and which, even today, is inviolable. Therefore, the conclusion we have reached, both in the Legal Affairs Committee and in the Christian Democratic Group, is that the Commission should make proposals as soon as possible to establish what must be called economic penal

**Héger**

law. Until this has been established, the proposed measures will certainly have their value, but will not cover all offences. I believe that the Commission, and I am pleased to see that Mr Lardinois shows signs of approval, is preparing a proposal on these lines. There have been a number of preliminary studies.

I think that, consequently, Parliament may, without a long debate and unanimously, adopt the proposal submitted to it by the Committee for Finance and Budgets. It is this that I have the honour to propose on behalf of the Christian Democratic Group.

(Applause)

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I am particularly pleased that this Parliament can deliver a unanimous opinion on this not unimportant subject. I shall see to it that the amending proposals, which mainly cover technical improvements, will be drafted into the directive.

I agree with the statement made by Mr Héger and thank him particularly for his contribution to this debate. I also agree with him that we shall some time have to come back to one or other constituent part of this whole matter.

**President.** — Thank you, Mr Lardinois.

Does any one else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

#### 4 Exemption of small parcels from customs duty

**President.** — The next item on the agenda is the report drawn up by Mr Wohlfart on behalf of the Committee on Finance and Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 282/72-II) for a regulation on the duty-free entry within the enlarged Community of small consignments of Community goods of a non-commercial character (Doc. 338/72).

I call Mr Wohlfart, who has asked to present his report.

**Mr Wohlfart, rapporteur.** — (F) Mr President, I should like, very briefly, to present to you

the motion for a resolution submitted to the Assembly, together with the Committee's views.

The object of this proposal for a regulation is to allow duty-free entry within the enlarged Community of small consignments of goods of a non-commercial character originating in Community countries.

As we know, the Council is now studying a proposal for a fiscal directive to permit entry within the Community, free of turnover tax and excise duties, of small consignments of a non-commercial character.

The intention of the proposal for a regulation is to remove the existing customs duties on small consignments between the original members of the Community and the new members. As the Commission rightly points out, the fiscal regulations applicable can be fully effective only if they are accompanied by the above-mentioned duty-free entry, that is to say if, in relation to these small consignments, the customs union between all members of the enlarged Community is introduced forthwith, while as regards normal trade transactions the customs union is introduced only gradually.

In considering this proposal for a regulation the Committee had to take as a basis Article 235, since neither the Act of Accession nor the treaties enabled the Community to allow duty-free entry.

I feel that the presentation of this proposal for a regulation is to be welcomed.

The granting of duty-free entry to small consignments will bring home to the citizens of the Community the reality of the Community, without disturbing trade, since these small consignments are of a non-commercial character and involve no large amounts.

The new Member States are moreover agreeable to granting exemption from customs duty to small parcels.

In conclusion, I can only recommend the House to adopt the motion before it.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I thank the Committee for Finance and Budgets and the rapporteur most sincerely for the good reception given to this proposal. I agree with the rapporteur that this proposal, which contemplates extending the opportunities existing in the six original EEC countries to the nine present countries, can be said to be of some importance to the citizens of Europe, particularly from a psychological point of view.

<sup>1</sup> OJ No C 19, 12 April 1973, p. 38.

**Lardinois**

Moreover, the new members agree that duty-free entry should be allowed on small consignments.

In conclusion, I can only recommend to the Assembly to adopt the motion submitted to it.

**President.** — Thank you, Mr Lardinois.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

##### 5. Regulation on external trade statistics

**President.** — The next item is a vote without debate on the motion contained in the report drawn up by Mr de Koning 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 statistics of the Community's external trade and of trade between the Member States (Doc. 317/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>2</sup>

##### 6. Resolution on the creation of a Community uranium enrichment capacity

**President.** — The next item is a debate on the report drawn up by Mr Noè on behalf of the Committee on Energy, Research and Atomic Problems on the proposal from the Commission of the European Communities to the Council for a resolution on the creation of a Community uranium enrichment capacity (Doc. 296/72).

I call Mr Noè, who has asked to present his report.

**Mr Noè, rapporteur.** — (I) Mr President, representatives of the Commission. In the debates which we have had on energy questions we have always maintained, among other things, that we must achieve diversity in fuel supplies. This is especially true for petroleum. And in the field of electrical energy we have always firmly believed—also in connection with reducing the significant role of petroleum—that we should progress beyond conventional thermo-

electric power stations and increase output from nuclear installations. But before we can take this course we must have an assured supply of fuel.

The reactors at present in service, and those which are to be installed within the next five years or a little longer, require enriched uranium. Consequently the great problem will be how to obtain access to sufficient quantities of enriched uranium for the operation of these power stations. This was perhaps not a serious problem when there were only a few such stations, and when consumption was low in relation to the surplus available from the United States of America. Moreover we must not forget that towards 1980 production capacity from the American plants, which are at present supplying Europe, will have been virtually exhausted because of increased future requirements. So that the managements of the Community's electricity boards, who will have to take a decision after 1974 on the construction of new power stations which will come into service in 1981, will not have any assurance that supplies will be available by that date. Herein lies the seriousness of the situation. The Commission, supported by Parliament, has determined to reach decisions by 1974 or 1975 which will ensure a feeling of security for the 1980s over the problem which I have just mentioned.

It is not easy at the present time to say what path should be followed. The important thing is that we should work hard from now on and make a comparative study of all the technical factors available to us, or which will be, so that we can reach a decision which will have the advantage of producing an intelligent solution.

Why is the situation so complicated? Because as at today we have two methods of uranium enrichment. Only one has been tried out, originally for military purposes and later for peaceful uses: this is the gas diffusion method. This kind of system has the disadvantage of needing large quantities of electrical energy for its operation, as well as very large installations. It is not possible to build a gas diffusion plant for enriching uranium unless it is of very large dimensions; for instance, only one could be built for the whole of Europe.

Alongside this method, another method has been projected, and is in course of development, which offers brighter prospects; this is the high-speed centrifuge method, which allows uranium to be enriched with the consumption of only a tenth of the electricity required in the gas diffusion system. This represents an enormous advantage. Besides that, this particular method enables comparatively small plants to

<sup>1</sup> OJ No C 19, 12 April 1973, p. 40.

<sup>2</sup> OJ No C 19, 12 April 1973, p. 41.

## Noë

be constructed, so that more than one could be built in the Community. This second method has achieved recognition also in the United States, and they are now moving, if somewhat belatedly, in this direction and are thinking of adopting it, although for their next installation they will still be using the gas diffusion method.

However, Mr President, this method is still in the experimental stage; there are three families, G1, G2 and G3, of these centrifugal machines. The first is almost ready, but it is not very large. The second is undergoing engineering tests, the third is still under study at an advanced experimental stage, but it is not yet known whether this third type will ever be produced. The difference between one type and another lies in the speed of the centrifuge and the materials used, and, for the third type, which should be more competitive, in the structural parts of the plant which are still being studied.

So we are not likely to be able to make a proper comparison in the next few years so that we can come to an immediate decision. Probably, therefore, we shall have to go through two stages: to construct or participate in the construction of a gas diffusion plant, and then, when the centrifuge method has been perfected, to make a positive move in that direction.

Recently, since the matter is of great interest to industry, there have obviously been various projects coming up, which I will enumerate briefly. For example at Churchill Falls, in Canada, where cheap hydraulic energy is available, the Canadian Rio Tinto company has initiated a scheme, in which the Germans appear interested in participating, for the construction of a large installation which for a few years, from 1980 to 1984 or 1985, could supply enriched uranium not only to Canada and in part to the United States but also to the whole of Europe, until the high-speed centrifuge method is brought to perfection. This is a possibility. In Europe there is only one place where cheap hydraulic energy would be available, in the north of Sweden; but although it is very suitable because of its geological structure, temperatures are very low, and it would cost more to build a plant there because of the difference in living conditions. All the same this too is a possibility.

At the present time there are some Japanese delegations in Europe which have been showing just recently their interest in finding a solution to the problem, since they are in the same position as we are in Europe. Why has this increasing interest become apparent in the last few weeks? The United States has revealed the new terms on which they will be prepared to sell enriched uranium after 1980, and these

terms are very tough. The price is based on the conversion process per kilogram, which has risen from 27 to 32 dollars, and may be doubled in the future. In addition, for any new contracts, the United States will be asking for eight years notice of intentions to purchase. Contracts will not specify a price, and this may well increase.

There will be very high penalties for rescinding a contract.

These very onerous terms have led Japan, as well as Europe, to look for a solution to the problem. There is talk about the construction of a gas diffusion plant, to be followed by an ultracentrifuge plant. In this House we have already had occasion to say that the two things are not incompatible, and it might be that in the future it will be found expedient to have a gas diffusion plant, to undertake partial enrichment of uranium, and then to carry out accelerated enrichment through the ultracentrifuge. The possibility exists. Parliament, which is a political body, when faced with problems of this kind and with situations of the sort which I have tried to describe, can only have provisional discussions, since we are not able to take decisions. But we wish to state firmly, and this was stressed unanimously by the Committee on Energy, that we support the Commission in their efforts to induce the Council to give the matter their full attention.

The Commission must be given the authority and the opportunity by the Council to provide themselves with the information and knowledge required for an unbiased study of the problem. Besides this we must ask for a decision to be reached by 1974 or 1975. This, as I said earlier, could be in more than one stage, and need not involve immediate plant construction, since the ultimate choice may still be in doubt. But it must be possible to say, for instance, that we are taking part in a specific undertaking, with conventional systems, which will ensure that there is available fuel for another four or five years, and then ultimately we can have our own autonomous installations. This question, which is at a provisional stage, must be under continuous review by Parliament.

One last observation, Mr President. The increased cost of enriched uranium ought certainly to induce us to propose a little later on, in a month or so, a fresh comparative study of the reactors at present in use, which need enriched uranium, and the heavy water reactor which can be fed with natural uranium, that is without enrichment. This comparison, which we could not make earlier because we did not have enough information, should now be made again in the light of data which are now available; I apply to my English colleagues on this point, since

Noè

I know that in August 1972 the Winter report was produced dealing with this subject. I hope that my English colleagues will be able to help me in the next few months from their experience. I also turn to the Commission and ask them to take steps to see that this question is brought up, and that all reactors should be reviewed in the light of these considerations. We must constantly bring our views up to date as the situation is seen to change, and in the way I have briefly outlined. It is our duty to do that.

So, no decision for the time being, unfortunately, but very great concern over this subject, which will determine the course of development of energy in the Community. Unless these problems are solved, it would be senseless to talk about a common energy policy.

(Applause)

**President.** — I now call Mr Springorum on behalf of the Christian-Democratic Group.

**Mr Springorum.** — (D) Mr President, ladies and gentlemen, may I first express a word of thanks to the rapporteur. He has not only produced an extraordinarily interesting written report, but what he had to say this morning was surely of interest to us all too. But I should also like to be allowed a word of thanks to the Commission for once again becoming involved in this distressing business.

We have certainly all seen the report of the so-called Club of Rome. Although this report may have been more controversial than it really deserved, the comment in the first chapter that we humans are simply not in a position to deal adequately with the problems of the future is undoubtedly true. And this matter which we are now discussing makes it clear that not even the Governments of our Member States are in a position to spot the problems of the future as early as is necessary for the proper care of the people of our countries.

The problem of uranium enrichment is not acute at the present time. For today, tomorrow and the day after that we have sufficient supplies. But gaps will start appearing as early as 1980; in that year the shortfall will amount to around 1 500 tonnes of raw source material and by 1983 this will have grown to 5 000 tonnes. Until now we have been able to say quite calmly that the Americans would easily be able to fill these gaps by the expansion of their facilities.

Under the latest conditions—Mr Noè referred to them—which the Americans are placing on the delivery of enriched uranium an electricity producer wishing to bring a plant into opera-

tion in 1982 would have to sign a contract today and this contract would contain ten-year terms of notice of termination. This means therefore that so long as Europe, the Community, is unable to struggle through to a decision, the electricity producers will probably have to obtain their supplies from the United States from 1982 onwards.

What does this mean? It means that the European uranium enrichment facilities, which would be ready by let us say 1980, '81, '82 or '83, would not receive any orders because the electricity producers would have already obtained their supplies in the United States, Canada or the Soviet Union and that Europe's facilities, which by that time would have cost thousands of millions, would simply not be able to fill the gap in supply. And thus what has always happened in Europe would happen again because we are incapable of taking decisions, and we, the people of Europe, would have to suffer the consequences hereafter. Mr Noè remarked that there are two processes currently on offer in Europe and that these two processes differ radically from each other. One is fully developed technically, the other is still being tested. And here there is an odd aspect of this problem as far as Europe is concerned, similar to the one we have experienced with the SECAM and PAL systems, and this is that there are two methods available and these methods are not judged differently across the board by all countries but we have some countries in the Community who consider the diffusion process to be the only possible system and others who say: no! the ultra high speed centrifuge is the cheapest and most efficient system for us!

We have already dealt sufficiently with the treaty of Almelo here in the House. The results of this agreement held great promise. Unfortunately the three countries who are parties to the treaty have in the meantime spent very dissimilar sums on further research, and naturally the country which has put most money into its experiments has made the most progress while the others to a certain extent represent a brake on progress, so that one does not know when these countries will be able to agree on a joint method. This again demonstrates Europe's great difficulty, which is that Governments are unable to agree on a common denominator.

Euratom has protested against the stipulations of the controlling authorities in the United States. As these conditions do not constitute discrimination and apply equally to American buyers, I cannot see that there is much sense in this protest.

If we are to master the problem, Europe requires a decision not in 1974, as is provided

### Springorum

for at the moment, but right now, so that the electricity producers know that they can be supplied with European enriched uranium as from 1980. In this connection it does not matter which process is used to enrich the uranium. We should give this assurance to the electricity producers now. We, the European Parliament, have been calling for this for years. Unfortunately we are far too weak to be able to implement our call. We can only hope that those to whom the call is addressed will gradually begin to hear it.

**President.** — I call the Earl of Bessborough on behalf of the Conservative Group.

**The Earl of Bessborough.** — Thank you very much, Mr President, for giving me the opportunity of speaking.

This extremely important report and the resolution proposed by Mr Noè do not, I think, pose any fundamental problems for the United Kingdom. I agree with Mr Noè, and also, indeed, with Mr Springorum, the Chairman of our Committee on Energy, Research and Technology, and I am pretty certain that the British Government agrees, too, that there is a need to look urgently at the enriched uranium supply position, especially, as Mr Noè indicated, in view of the American price increases and the United States' virtual monopoly in this field outside the Eastern bloc.

But in looking at this report and the resolution I am not sure that I agree altogether with the methods proposed. This is because, as the report brings out, and as Mr Noè and Mr Springorum indicated, there are these two competing processes for the enrichment of uranium. One of them is the United Kingdom/German/Dutch gas centrifuge, while the other is the French version of gaseous diffusion.

Each of these processes is under close study by the Association for Centrifuge Enrichment (ACE), which includes a number of countries, and also by an organization which calls itself EURODIF. The aim of these two organizations is to evaluate the economic viability of the two processes. In the case of the centrifuge there are also two international tripartite companies, EURENCO and CENTEC, to which some reference was made in a recent article in the *Financial Times*. These two companies are already in being and are backed by the United Kingdom, the German and the Dutch Governments with the object of building centrifuge plants.

Frankly, the United Kingdom sees no need at this moment in time—and I emphasize 'at this moment in time'—for a Community joint enter-

prise to study the choice of methods. ACE and EURODIF are already doing studies in depth, and these studies could at some stage, perhaps early next year, in 1974, when full technical data are available, be examined and compared by a Community expert group, but I do not think the time has yet come for this. It may early next year.

I think our German and Dutch friends, generally speaking, would agree with this line, and even our French friends. I do not know which process will prove to be the better. I do not think that one can be too dogmatic about this, although I know which way I think it will go, and I think that Mr Springorum and Mr Noè agree with me on this. But if perhaps next year a Community joint enterprise were agreed to be necessary, such status could be granted to one or more of the existing companies which are expert in the different processes.

Obviously, the United Kingdom would hope, as I have already suggested, that this process would be the gas centrifuge, for, as both Mr Noè and Mr Springorum said, this process uses about one-tenth of the electricity consumed by an equivalent diffusion plant. I have seen the American diffusion plant at Oakridge, and it is about the largest plant in the world for any industry.

The centrifuge also can be developed economically in small increments of plant to meet the demand, and this would represent a clear saving in development capital over the diffusion method, which to be viable, must be built in much larger tranches. The centrifuge has considerable development potential which, as even the United States admits, cannot now be claimed for diffusion.

However, this said, I would certainly support the resolution which has been moved in such a comprehensive way by Mr Noè—he covered all the important points in this particular matter—if some reference could be made in paragraph 2 on the lines of the amendment which Mr Normanton and I have presented; that is, Amendment 296/1. If this amendment were adopted, that paragraph would then read as follows: 'Believes that the Community should take the initiative in this field by promoting the creation of Community uranium enrichment facilities'. I accept that part although, as I have indicated, I think it will come a little later.

The paragraph would then continue: 'and in so doing should have regard to developments already in train within the Community'. If, as I think, Mr Noè can accept this amendment, I shall be very happy to support the resolution.

**President.** — I call Mr Flämig.

**Mr Flämig.** — (D) Mr President, I should like first to associate myself with the words of thanks which have been addressed to Mr Noè in this Assembly for his report. The subject which he has dealt with in such an excellent—because so concentrated and concise—way, belongs to the great topic which we have discussed in this House under the title ‘the Burgbacher Report’.

In particular we welcome the Commission’s initiatives in connection with safeguarding uranium supplies, even though we regret that it had to be the Council who in this case suggested that the European Parliament should be consulted. We request the Commission most urgently to bear in mind at all times that Parliament has an important role to play here; and this not only in the Community itself but, if I may so express myself, as a driving belt to the decision-making committees within the national Parliaments. This should not be overlooked.

Now to the report of our colleague, Mr Noè! The Socialist Group’s view of this subject falls under five aspects:

The first aspect is the increasing importance of nuclear energy in connection with the Community’s energy supplies; nuclear energy was an important topic at the 1972 Summit Conference and was mentioned in the final communiqué. Secondly we consider this report from the point of view of the Community’s present dependence on the USA for enriched uranium. Thirdly we view the subject under the aspect of the impending shortage of enriched uranium. If the Americans are now able to make very far-reaching demands, this just shows how they view the market situation. Fourthly we see this topic from the point of view of the necessity of assuring a long-term supply of enriched uranium to the Community; fifthly, and finally, there is the aspect of the compulsion towards economy of operation. We must ensure that energy is made available within the Community as cheaply as possible but also of course as reliably as possible.

This morning it was again mentioned by my predecessors in this discussion that there are two methods of uranium enrichment. I would like to be allowed to point out that at least *three* methods are now spoken of, and that in addition to the proven diffusion method, which has its advantages but also its disadvantages, and the gas ultra high speed centrifuge, about which my predecessors have just spoken, the ‘separation-jet process’ is also being developed in the Community. On a world scale, still more other methods are said to be in existence.

It would certainly be beyond the capacity of Parliament to decide which of the technical

methods would be the correct one to adopt. This must be done by the experts. We can merely express our opinion that we would prefer the most economical method; and that must naturally be tested.

Let me now say something on the question of who should undertake the uranium enrichment when we have reached the decision that method 1, 2, 3 or some other method should be chosen. Mr Noè’s report certainly provides no answer on this point. This we welcome, because we consider that we should not yet at this point in time lay down whether we should accomplish it by means of a Community concern as provided by the Euratom Treaty or whether there are other possibilities. I repeat, and I stress: what matters is to secure the most economical production of enriched uranium. Here we have indeed certain experiences and certain reservations regarding undertakings at Community level.

We welcome the fact that the Noè report demands a decision before the end of 1974. For we realize—and here I should like to underline what was said by Mr Springorum, the chairman of the Energy Committee—that a gap could arise here! We know that for ten or fifteen years—this can already be foreseen today—the light-water reactor with enriched uranium will have to bear the main burden of energy supply in the Community. The rapid breeder will not be available as quickly as we all hoped two or three years ago.

We also welcome the fact that Mr Noè spoke in general terms of the necessity for measures within the Community to be concerted. This is true. We do not want to lay down today what should happen in detail, but we do want to voice the overall demand today in the name of Parliament that the measures to be taken here should be harmonized with each other.

I should like to conclude, Mr President, with an allusion to ancient times. There was once a famous orator whose *ceterum censeo* is still remembered today. It referred, if I remember rightly, to destruction. Naturally we do not wish to destroy anything. My *ceterum censeo* refers to construction. I would like to express it in this way: ‘for the rest I am of the opinion’ that the European Communities must finally have a common energy policy! The topic we discussed this morning must become part of the total conception of a Community energy policy!

(Applause)

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission of the European Communities.** — (F) Mr President, I should like first to associate myself with

**Simonet**

the entirely justified praise accorded to the rapporteur, Mr Noè.

In his report Mr Noè pin-pointed the importance of the problem before your Assembly and in his introduction stressed a number of gaps which still exist in the formulation of a common policy on uranium enrichment.

I will, therefore, say at once, both to him and to the members of this Assembly, that the Commission is fully conscious of the still embryonic nature of the proposal under discussion by your Committee on Energy, Research and Atomic Problems, and which you have before you today. For this reason, in view of the supreme significance, referred to first by Mr Noè and then by other speakers, of the intention expressed by the United States Atomic Energy Commission to renew its conditions, our Commission has been at pains to define more precisely the proposal submitted to the Council of Ministers.

Accordingly, we have drafted a number of new proposals. The first is to lay down a quantitative target for 1980-81, which will enable potential customers to receive an immediate assurance that by that date the Community will possess, as a body and on Community soil, a uranium enrichment capacity of its own. As was rightly pointed out by Mr Noè and others, users of enriched uranium are unable to formulate a policy without a definite assurance that a specific target will have been reached by the time they will need this uranium.

A second aspect, which has not escaped the Commission's notice, is the need to consider what part of the enriched uranium needed to create new atomic power stations in our Community will come from abroad, i.e. mainly from the USA, and what part from the Community's own production. We have come to the conclusion that, rather than to introduce here and now, as does your committee in the document now before us, the concept of joint enterprises, it would probably be better, from the point of view of flexibility in operation and rapidity in achieving results, to propose to the Council and to the Parliament that a standing coordinating committee be formed to study uranium enrichment. This committee, which could more rapidly solve the problems put to it, one of the chief of which would, in fact, be this apportionment between imported uranium and uranium produced in the Community, should be able to make proposals before the end of 1974, so that the Council of Ministers, also before that date, shall have been able to decide what our quantitative target should be, in order to make a breakdown between what can be produced in Europe and what must be imported from the USA.

This committee should also make proposals on the choice between existing technical processes. In that context may I say at once to those who have studied the matter that the two existing formulae, each of which, as Mr Noè has pointed out, has its merits, are neither technically nor politically incompatible.

Obviously, it would be unwise to expect that, in the kind of discussions we periodically attend within the Community, one process should be markedly superior to another, and that both the need for political compromise between two technically sound processes, and the evidence of technical compatibility can permit us to adopt both processes and fit them into the overall pattern of a European uranium enrichment capacity.

May I underline two more political aspects which are likely to interest your Assembly more than would the continuance of an unduly technical discussion.

First, as in other matters the crux of the problem is not a question of the kind I have just referred to, one of a choice between two technologies, but the political will of the Community as such to establish itself on the international market as one of the producers of enriched uranium. In that field your Parliament has without doubt an important role, and even a decisive one, to play in hastening the realization of the absolute need for this political will, in this field as in others.

Second, we live neither in a world of philanthropists, nor in a world which spontaneously applies evangelical principles, more especially at State level. When we are in a position of strength, we all tend to negotiate from that position. The facts are that, in the commercial world of today, and especially in the monetary and nuclear fields, it is not the Community which occupies this position of strength: in this field, as in others, our American partners are in a stronger negotiating position than we are. The necessary realization of this imbalance in our respective strengths will perhaps help us to find, here too, a common attitude. On that condition, and on that condition only, we can initiate with them a fruitful dialogue, a dialogue which will lead, among other things, to a closing of this increasing energy gap, which is apparent to us all, and which the Americans too are beginning to discover.

*(Applause)*

**President.** — Thank you, Mr Simonet. I call Mr Bousch on behalf of the European Democratic Union Group.



**Mr Bousch.** — (F) Mr President, gentlemen, the Commission's explanations enable me to restrict my remarks considerably, as the views put forward just now are in perfect accord with the realities of the situation. What we have to do is to assert first and foremost the Community's political determination to possess a uranium enrichment capacity. Although we continue to have arrangements with other countries to acquire enriched uranium, our position will still not be strong, and, as was suggested a moment ago, we shall be able to hold discussions on an equal footing only if we ourselves have facilities to create this enrichment unit, and if we have taken the necessary steps to create it in good time.

In other words, we must define, not later than 1974, the policy which will ensure that we have the supplies of enriched uranium needed in 1980, by when supplies will no longer be available on the present terms.

By that time an isotope separation plant must be operational.

The scale of the production capacity must take account of the growth in foreseeable European demand by then, namely approximately 10 million isotope separation work units.

Between now and then, as a result of joint cooperative efforts, the solution must be found. More particularly, before the end of 1974 we must decide between the two competing processes. On the one hand, there is gaseous diffusion separation, which is well known in the West. It is a safe process, used on a large scale in the USA, and on a lesser scale in France and Great Britain, not to mention the USSR and China, which appear to use the same process.

The other process, by high-speed centrifuge, is used at laboratory level, but we know that three countries in our Community have decided to build industrial plants jointly.

We believe, however, that the two processes do not conflict with each other.

If, either now or in 1974, it is decided to build a plant, it can only be by using gaseous diffusion, owing to the advances made in this technique. As yet, no one can confirm that the centrifuge process will be operational by 1974.

It will only be known towards 1976 or 1977.

Therefore, if the building of this plant is not decided by 1974, there is a strong probability that it will not be built, or that it will not be European.

What will then become of European independence in the energy field, and, more generally,

what will become of our industry, which depends closely on the energy sources and the costs of producing the required energy? Further, if the building of a plant is to be economically attractive, it must have a market as soon as it enters production. Consequently, before it is built—as the Commission has said—a decision must have been taken that the European market will not be mortgaged under long-term commitments—beyond 1980—to the benefit of extra-Community suppliers.

Our Committee on Energy, Research and Atomic Problems, which has for long studied the problem, has therefore declared in favour of the Commission's proposal, which outlines a method calculated to achieve its goal in due course, that is to say, to reach a Community decision before the end of 1974 on the policy to be adopted for building an enriched uranium production unit.

Its decision must involve cooperation and consultation on all initiatives, but it believes that, in order to achieve this, there must emerge at Community level, as the Commission has said, a political will to establish, as the final communiqué of the Paris Summit in October states 'an energy policy which guarantees reliable and lasting supplies under adequate economic conditions'.

My group has instructed me to give our approval in principle to the procedure proposed by the Commission to achieve the results sought. We also believe, however, that care must be taken to ensure that national interests do not overrule the general Community interest.

While it is true that, before undertaking a task of this magnitude and at such a cost, we must ensure that all the necessary guarantees exist and seek the most economic means of implementation, at the same time applying the most advanced technology, we nevertheless find it regrettable that no resort is made to a technique which is already proven—costly perhaps, although there is no evidence that it is more so than any other—which will afford the certain possession by 1980 of a plant capable of supplying our needs of enriched uranium for the following decade, and enabling us to be a partner in the negotiations which would have to be undertaken at world level.

The amendment we have tabled does not seek to amend the sense of the Resolution proposed by our Committee on Energy, Research and Atomic Problems. We ask merely that paragraph 3 be put in second place, and further that at the beginning of paragraph 2, which becomes paragraph 3, the wording should be: 'therefore considers that before the expiry of the period...'

**Bousch**

—that is to say in 1974—‘...the Community should be in a position to take the initiative in this field, etc’.

That, briefly, is the position of our group.

**IN THE CHAIR: MR DEWULF**

(*Vice-President*)

**President.** — We now come to the motion.

Mr Bousch has already spoken to his amendment, and I would ask the Earl of Bessborough whether he wishes to speak to his.

**The Earl of Bessborough.** — I apologize for not being in my place. I have already given the reasons why I feel that my amendment should be accepted. I know that Mr Noè and Mr Springorum will support it. Although I have no major objection to Mr Bousch's Amendment No 2, I would much prefer to keep paragraph 2 of the resolution as it is, with the addition of my amendment. I formally move the amendment.

**President.** — What is the opinion of the rapporteur?

**Mr Noè rapporteur.** — (*I*) Mr President, I accept the amendment proposed by our British colleagues and I accept that paragraphs 2 and 3 should be switched round, as proposed by Mr Bousch, but with the text left as it is; that is, paragraph 3 will become paragraph 2, with the British amendment incorporated. I agree to the reversed order because it may have some logical justification, but I should prefer not to make any further alterations to the text, if only because it is difficult to accept undertakings before the time allowed is up. Unfortunately, there is such a state of uncertainty that even if I thought it right to say that there was this intention, we could not bind ourselves to any date without reservations. So, to sum up, I accept the British amendment and the reversal only of paragraphs 2 and 3.

**President.** — There are no amendments to the preamble or paragraph 1, and no speakers listed.

I put them to the vote.

The preamble and paragraph 1 are adopted.

On paragraphs 2 and 3, two amendments have been tabled which can be debated together.

The amendments read as follows:

— Amendment No 1 tabled by Lord Bessborough and Mr Normanton:

“Paragraph 2: add the following:

“...while taking account of action already under way in the Community.”

— Amendment No 2 tabled by Mr Bousch on behalf of the European Democratic Union Group:

“Reverse the order of paragraphs 2 and 3 of the motion, so that the new paragraph 3 (ex paragraph 2) reads as follows:

“3. — therefore considers that, before the expiry of this period, the Community must take the initiative in this field by encouraging the creation of Community uranium enrichment plants.”

The movers of the two amendments have already spoken to them.

The order proposed by Mr Bousch has been accepted by the rapporteur. There should be no problem... but I see that Mr Bousch wishes to speak again.

**Mr Bousch.** — (*F*) Mr President, I thank the rapporteur for having accepted the suggestion to reverse the order, which is more logical. In this amendment, however, I had proposed an addition. On reexamining the text it appears that, actually, the wording should not be ‘before the expiry of the period’, but ‘on the expiry of the period’. If, on the expiry of the period mentioned, we are unable to take the necessary initiative, we shall not in 1980 be ready to meet our needs. This, of course, is only a slight inflection of meaning, which does not modify the meaning of the committee's text, but I feel that it might perhaps be helpful.

**President.** — I call Mr Noè.

**Mr Noè, rapporteur.** — (*I*) I repeat that it is not necessary, Mr President, because the original text of Article 3 runs as follows: “bearing in mind the necessity for a decision to be taken by end of 1974 regarding a common strategy”. So, a date has already been fixed. It would simply be a pointless repetition and an unnecessary underlining of the matter which would be out of tune with what was said in Committee. What is more, some people there would have liked to leave matters even vaguer. It was thought right to establish a date, but not to go beyond that.

I agree to the reversal, but not to altering the text.

**President.** — I call Mr Flämig.

**Mr Flämig.** — (*D*) I should like to associate myself, Mr President, with what the speaker before me, the rapporteur, has just said: we must

**Flämig**

remain flexible because we must also see the realities as they are in the Council. If we now commit ourselves too firmly, there is a possibility that the brake will be applied in the Council, which we do not want at all. I believe that a somewhat more flexible formulation, as the rapporteur has suggested, would be more useful.

**President.** — I call the Earl of Bessborough.

**The Earl of Bessborough.** — I just want to say that I entirely support what Mr Noè has said.

**President.** — I call Mr Bousch.

**Mr Bousch.** — (F) Mr President, if our rapporteur considers that the former paragraph 3 already emphasizes the vital need to take the decision on the expiry of the period allowed, I do not insist on adding a repetition to the text. It is clear, however, that in voting for paragraph 2, that is to say the new paragraph 3, we do say that before the end of 1974 it must be possible to take a decision on the matter.

**President.** — The second part of the amendment tabled by Mr Bousch is therefore withdrawn.

We now come to the vote.

I put Amendment No 1, tabled by Lord Bessborough and Mr Normanton, to the vote.

Amendment No 1 is agreed to.

I put paragraph 2, as amended, to the vote.

Paragraph 2, as amended, is adopted.

I put the first part of Amendment No 2, changing the order of paragraphs 2 and 3, to the vote.

The first part of Amendment No 2 is agreed to.

On paragraphs 3 to 9, there are no amendments tabled and no speakers listed.

Does any one wish to speak?

I put them to the vote.

Paragraphs 3 to 9 are adopted.

I put the motion, as amended, to the vote.

The resolution, as amended, is adopted.<sup>1</sup>

#### 7. Membership of committees

**President.** — I have received the following requests for appointment:

(a) from the Christian Democratic Group a request for the appointment of:

— Mr Mursch to the Committee on Social Affairs and Employment, to replace Mr Früh;

— Mr Kollwelter to the Committee on Budgets;

(b) from the Socialist Group a request for the appointment of Mr Brégégère to the Joint Committee of the Association with Greece, to replace Mr Wohlfart.

Are there any objections?

The appointments are ratified.

#### 8. Regulation on the coordination of agricultural research

**President.** — The next item is a debate on the report drawn up by Mr Vetrone on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the coordination of agricultural research (Doc. 329/72).

I call Mr Vetrone, who has asked to present his report.

**Mr Vetrone, rapporteur.** — (I) Mr President, honourable Members, as in every field of present day activity, in agriculture too, scientific research is one of the most effective means of bringing about technical and economic improvements in production. Modern agricultural research, which first saw the light of day in the nineteenth century, when progress was also being made in the field of chemistry, has in these last decades been applied to almost every sector, including social problems in the countryside and economic research. So that agricultural research, as an important factor in the development of the agricultural sector and its place in the general framework of the economy in the Community, is the subject of the present proposal for a regulation, which is intended to safeguard the achievement of a common agricultural policy.

The Commission, in presenting its proposal, has started from the principle that the potential for research in the different Member States, which up till now has been given support according to national standards and requirements, can be equally used to satisfy the needs and general interests of the Community taken as a whole. It is with this purpose in mind that the Commission, on the basis of Article 43 of the Treaty, has submitted the draft regulation now being studied, which, as its title indicates, has as its

<sup>1</sup> OJ No C 19, 12 April 1973, p. 42.

**Vetrone**

objective the coordination of these activities, pursuant to the provisions of Article 41 of the Treaty. This Article, in fact, specifies that the achievement of the objectives defined in Article 39 can be furthered in particular, in the sphere of the common agricultural policy, by an effective coordination of the work put into professional training, research and land management, which could involve joint projects or institutions financed in common.

The proposal for a regulation is mainly concerned with provisions for two kinds of measures, permanent and specific, which are the subject of Chapter I and Chapter II respectively.

Chapter I deals with the permanent measures, which comprise first of all the establishment and publication by the Commission of a list of projected programmes or programmes in course in Member States, and secondly consultation with Member States and an exchange of information and research workers.

This will allow the Commission to conduct a study of the general direction of the research being undertaken in Member States, and to recommend action in furtherance of the common agricultural policy.

Chapter II deals with the specific measures, which can be promoted by the Commission whenever it thinks necessary, and which in this case are determined according to the procedure laid down in Article 43 of the Treaty, that is to say after consulting the European Parliament.

There are three types of measure which will vary according to the degree of any financial participation by the Community: first of all the coordination of national research programmes, then the most effective use of the results of this research, and a redirection of activities in accordance with the needs of the common agricultural policy.

In this type of specific measure the Commission may have recourse to recommendations regarding Member States, and the Council may decide on financial participation by the Community up to an amount not exceeding 10 per cent of the cost of the national programmes.

In addition, where there are joint programmes for the support or completion of national programmes concerned with matters of special importance for the Community, for these specific measures the Council may decide on financial participation not exceeding 50 per cent of the cost of the measures.

In conclusion, there is the setting up of jointly financed institutions for sectors of great im-

portance to the Community for which there are no national programmes. Although it is not specifically stated in the text, it is implicit that in these cases finance is entirely a Community responsibility.

Furthermore, in Chapter III, the proposal provides for the setting up of a permanent committee for agricultural research with a strictly consultative purpose, composed of representatives from Member States. The proposal leaves it to the Commission to take the necessary measures for circulating and publishing the results of research.

The Commission undertakes to present to Parliament and the Council a periodical report on the coordination of agricultural research.

As is clearly indicated, the proposed resolution is of a general nature and aims at setting down the broad outlines of the measures to be taken in utilising agricultural research in the interests of the common agricultural policy and the objectives laid down in Article 39 of the Treaty. But, while on the one hand it determines the necessary pre-conditions for further development of common measures in this sector, on the other hand it lays great stress on its significance for national initiatives.

On the other hand, it is obvious that there can be no further development of common measures in this field unless the Commission first acquires the widest and most detailed possible knowledge of the activities in course or projected, at every level, both in the public and private sector, in the Member States. Indeed, it is in the subsequent stage that the Commission will be able to start coordinating and directing national initiatives, with the possible exercise of its authority to make a financial contribution to the cost of research. It is to be noted that this is laid down in Chapter I as a permanent measure, and in Chapter II as a specific measure; and it is only in the second case that financial participation by the Community can be decided on, particularly where, in the view of the Commission, a redirection of national initiatives is necessary.

In both cases the proposal stipulates that the Commission can address recommendations to Member States.

At present, in the second case, whenever, that is, the Commission decides on specific measures, especially if they entail financial contributions by the Community, it would seem that the Commission does not have recourse often enough to recommendations concerning Member States.

As for the other measures, that is to say the implementation of common programmes in

**Vetrone**

which financial participation can amount to 50 per cent of the cost, it should be borne in mind that they are determined according to the procedure of Article 43 of the Treaty, that is to say with the consultation of the European Parliament.

This procedure, which involves consultation of the European Parliament, is not laid down in regard to decisions on the amounts concerned in financial participation by the Community, and accordingly the Committee on Agriculture thought it necessary to bring in suitable modifications.

Another point where some modification seems necessary is the frequency with which the Commission should present to the Parliament and the Council a report on the state of co-ordination achieved. The Committee on Agriculture has suggested that this should be once a year.

Finally, the Committee on Agriculture welcomes the recommendation made by the Committee on Energy, which was asked to give an opinion, and has stipulated that this type of scientific research in agriculture should be coordinated with general research policy.

In conclusion, your rapporteur suggests that the basic principle of the proposal should be viewed favourably, given that it only outlines a plan for measures which must be decided upon later, both as regards their character and the common financial contribution to be made from time to time, after consulting Parliament.

The consultation of the European Parliament on decisions over financial participation, which is made compulsory by the amendment which the Committee on Agriculture has introduced in Article 8, ought to lessen any difficulty in accepting this proposal for a regulation because of the lack of indication of the costs involved in its application.

Lastly, the observations on the instrument recommended in the proposal are based on the fact that, as regards the situation in the field of ecology, there is already a trend towards the creation of more effective instruments, both regarding the supply of information to the Commission and the means available to the Commission for acting on the initiatives of Member States.

Moreover, agricultural research also enters into the field of ecology, if one considers research on chemical additives and fertilisers used in agriculture.

For all these reasons I feel confident that Parliament will vote in favour of the proposal for a regulation.

**President.**— Before calling the last two speakers on the list I would like to ask them to be as brief as possible.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.**— I will certainly follow your advice, Mr President, though I see that we are making very good progress as it is now only 11 o'clock and this afternoon we sit until whatever hour is necessary.

I welcome and support the recommendation and report put forward by Mr Vetrone, and I also welcome and support the initiative being taken in this connection by the Commission. Agricultural research is one of the trickiest and most difficult subjects for any parliament to debate. As a rule, what actually goes on is beyond our knowledge, but it deals with subjects which are fundamentally important to the life and health of the industry in which we take so much interest. In addition, parliaments have always found—my own certainly has, and I am sure that the parliaments of my colleagues have found also—that such research can run away with a very great deal of money unless there is very careful scrutiny, by the parliament concerned, of the money being spent. That is why I particularly welcome the rapporteur's reference to financial scrutiny by Parliament of whatever funds are to be allocated and used.

There is a certain difference in terminology when dealing with fundamental research or applied research. With applied research one comes up against the enormous amount of work being carried out by private industry, but this aspect is not included in the Commission's proposals or in the report. Nevertheless, all of us here know that a great deal of very important work is being done by private companies, and one often feels that there is a great deal of duplication.

This is neither the time nor the place to discuss methods of coordination of private and public research by governments and by the Commission, but one knows that a great deal of money is being spent in both fields, and at some stage there will have to be a breaking down of the barriers, particularly in the private industry sector, and information on a confidential basis will have to be exchanged to a greater extent than is now the case so that governmental and Commission research projects will be kept informed of what is happening in the private industrial sector.

I imagine that Chapter 1 applies to the fundamental research where exchange of knowledge is to take place but I should like to know whether this is basically a matter of funda-

**Scott-Hopkins**

mental research on agricultural problems. Are we to get the directors of agricultural institutions getting together on such research, with governmental researchers also exchanging information? If that were the case it would be a very good step, but I am a little confused whether the new Council mentioned by Mr Vetrone will duplicate or take over the existing meeting of directors. One does not want both, and it really does not matter which we have, but we do not want duplication in the exchange of knowledge. Personally, I hope that the Commission will be the coordinating unit in connection with fundamental research.

Chapter 2 deals with applied research. This is where the function of the Commission is of more importance. I hope that the Commission will recommend and initiate research projects, giving 10% financial aid in some cases, in others 50% and, as Mr Vetrone said, in other cases still perhaps 100%. I hope also that the Commission will work on a cost effectiveness basis. As I have already said, agricultural research is one of the most expensive items of Government expenditure and must be carefully controlled. I am certain that the Commission intends to base itself on cost effectiveness, but I should like to be given that assurance.

I hope, too, that in applied scientific research into agricultural matters the Commission will use to the full the extensive ability and expertise available to it in our universities throughout Europe. The university pattern of applied research should be, and will be, extremely valuable to the Commission. I hope that the Commission will in some cases take the advice of the experts in the universities, and seek their evaluation of the worthwhileness of projects and their cost effectiveness.

Like our rapporteur, I welcome the Commission's initiative. I welcome the report, and the amendments to the Commission's initial recommendation which are contained in the report. In particular, I welcome the reference to the scrutiny required by Article 43. I hope that the House will adopt the report, because I am sure that it will be to the advantage of the agricultural industry and of those who work on agricultural research.

**President.** — I call Mr McDonald.

**Mr McDonald.** — A Leas-Uachtarán agus a cháirde, is onóir mór domsa bheith ag caint annso ar an chéad ocháid a raibh seans agam labhairt sa Pharlaimint.<sup>1</sup>

I want to support very wholeheartedly the contribution of my colleague, Mr Vetrone. Nevertheless, I would like to take this opportunity of mentioning one or two points that I think are very important, especially to a country like mine where, even though we are quite small, we have extremes, extremes in size of holding and also in husbandry, in land structure and, to a certain extent, in climate.

We have in Ireland a very young and virile agricultural institute which has in the very short number of years it has been established, done tremendous work. We must be careful to ensure that regulations imposed by the Community do not inhibit progress. One great problem facing the agricultural industry throughout the world is the lack of agricultural labour. While we must at all times have foremost in our minds the problem of ecology and the problem of keeping our country greener, nevertheless those people who have to make a living from the land must be given the greatest possible assistance from the agricultural scientists so that, more especially in agronomy, we shall be able to exercise pest and crop control to perhaps a greater extent than some people would wish us to.

There must be room for a greater exchange in programmes between agricultural scientists engaged in research in agronomy, beef production and again, of course, pest control. Each country has made a significant contribution. While it is important that we should benefit from the moneys that have been expended on these problems in Member States, each country surely must have special problems of its own. Therefore it would be advisable to organize and perhaps finance from the Commission an exchange of personnel covering at least one full productive agricultural season from spring to harvest. This would help those people who are actively engaged in research to keep abreast of the competition they must face in the Community.

Agricultural research must not be taken in isolation. There must be a greater tie-up between the advisory services, the research institutes and the research carried out in our universities and teaching colleges. This is important, for even in my own country we have three different organizations which carry on quite independently—and all at public expense—their own particular research, and this is, perhaps unnecessary duplication. If we could have a complete reorganization of our efforts in this regard, even at national level, and could achieve a happy medium throughout the Community, we would gain greater benefit from the moneys which have already been expended in this direction.

<sup>1</sup> "Mr Vice-President and Friends, it is a great honour for me to have the opportunity of speaking now for the first time in this Parliament."

**McDonald**

Mr Vetrone's report is an excellent one, more especially in theory, but the danger is that, if we are all theorists, the small man at the very bottom of the income scale in the agricultural world may very well be forgotten. That is why in agricultural research in our country we have endeavoured to ensure that our agricultural institute should set up, as it has, some very small farms, some average-sized holdings, and put in charge of those just one scientist and perhaps one agricultural labourer, setting these people the task of seeing how they can make a greater living from the average type holding, compared with the ordinary farmer who inherits his holding with what, unfortunately, has heretofore been perhaps a minimum of education. This has worked exceptionally well, and I am sure that many countries would be interested in it. In our country we have the problem of cut-away bogs. That is the peat land that has heretofore been more or less arid and useless except for snipe and grouse shooting. Our research institute has done a tremendous job in the cultivation of vegetables on this reclaimed peat land. As far as I can see, the only people who have shown an interest in this have been the Russians. They have, over the past number of years, sent many delegations to study our progress in the Irish midlands, where our scientists have achieved remarkable results from what were formerly the central plain bogs of Ireland.

There is a tremendous need and there must be a more important place for agricultural research, and if the farming community are going to be equipped to provide the necessary food for the ever-growing population in the future, we shall need to have a greater coordination of effort and a greater distribution of the finances available to enable us to pursue this kind of work. There are many other points, Mr Vice-President, with which I should have liked to deal, but I know that we are pressed for time. I look forward to a future date when I shall have the opportunity of going a little further into this very interesting report.

In conclusion, may I wish you and, indeed, all my colleagues in the European Parliament a very happy and bright St. Patrick's Day tomorrow.

**President.** — Thank you very much, on behalf of all our colleagues.

I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I cordially thank the Committee on Agriculture and its Rapporteur for the erudite report that they have seen fit to produce and for the un-

usually positive manner in which they wished to accommodate these important proposals by the Commission.

I therefore have particularly little reason for not reacting positively to the proposals by the European Parliament for the improvement of certain points and articles that we had originally put forward.

Mr Vetrone first of all asked whether the European Parliament can be brought into decisions on specific measures as stated in article 7. The promise for which he asks I am glad to make. We shall therefore take this up in our proposal to the Council.

I can say the same with regard to his request to amend article 8 and also to ask the European Parliament's advice on this point, when we consider devoting financial contributions from the Community to such measures. I consider that in doing this I am also falling in to a large extent with what Mr Scott-Hopkins has asked in this connection. He has asked with emphasis that a good look be taken first of all at the financial aspect of these measures and that we look before we leap. I entirely agree with him on this. In Western Europe agricultural research demands exceptionally large financial means. This will undoubtedly increase further substantially in view of the tremendous increase in wages and salaries that takes place here from one year to the next. This kind of research is very labour-intensive for that matter. It is, in addition, often carried out by very highly qualified people. Naturally, many scientific staff are concerned. Because of this it is necessary in the first place to maintain decent agricultural research in the Community and in the individual countries.

We are striving for maximum cooperation between the various governments and institutes and, where this is at all possible, also with the private enterprises, who sometimes make very considerable contributions to this.

There is without doubt far too much duplication of work, but let us admit on the other hand that this is not just the case as between different countries, but even within different countries. Now it happens to be one of the general characteristics of this research, that each research institute and sometimes, one could say, each researcher, is particularly attached to the work that he and his institute is doing. He sometimes has a tendency to keep any other person occupied with similar problems at a distance and to consider them as a kind of intruder who is bent on putting the results of the research into the limelight and into the professional literature earlier than he.

**Lardinois**

Although we are faced with enormous problems here, this work must nonetheless be commenced and we must hope that we shall come upon the right people for this, who can also give the necessary leadership.

Mr Vetrone has also asked that an annual report be issued instead of a periodical report. I have little objection to this, if he will at least accept that we gladly promise that, to the extent that this work is furthered and that we can get a better grip of it, an annual report will be sent to Parliament.

Mr Scott-Hopkins has asked whether the Permanent Committee will take the place of the working party that is at present engaged on this matter. Now, the present working party is of an ad hoc nature and as such will disappear. If the Council adopts this proposal, we shall have a permanent committee which will be composed in principle from those who are responsible at an official level in the Member States concerned for agricultural research. They can, of course, always fall back on special groups of experts or whatever we may call them on specific topics. It is not the intention, therefore, that the present working party should continue to exist as such.

Mr McDonald has sung the praises of the "Agriculture Institute" in Ireland. I also know this institute personally and I would be pleased to concur that this is indeed an agricultural institute that succeeds in getting down to very practical subjects. It is still a young institute. I do not doubt that this institute shall not be held back by the global framework of our work, but, on the contrary, will be able to gain additional impetus.

Otherwise I rather doubt whether we have a great need in our Community now by hook or by crook to bring quickly into production all kinds of land that has not yet been put under cultivation. I am possibly, however, anticipating the discussion that we shall be having here at the beginning of April. At the moment there is rather a greater danger, particularly within Western Europe as regards common agricultural policy, of our producing too much than too little. I should still like to recommend this to Mr McDonald's attention, particularly in that he seems to attach very great significance to putting land into production by hook or by crook that we might do better by leaving in its present state, that is looking at it from the point of view of production needs in Western Europe and in the Community as a whole.

I do not want thereby to criticize what is being done in Ireland itself in what is so far a national framework.

I thank him particularly for his good wishes addressed to me on the occasion of St. Patrick's Day. For my part I gladly wish him and his country luck and hope that he has an enjoyable day.

**President.** — Thank you, Mr Lardinois.

I think we shall have to come back to a great many of these points in our debate on agriculture in April.

I put the motion to the vote.

The resolution is adopted<sup>1</sup>.

*9. Regulation amending regulations  
on the common organization of markets*

**President.** — The next item is a debate on the report drawn up by Mr Baas on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 827/68 and Regulations (EEC) Nos 1009/67 and 2358/71 (Doc. 315/72).

I call Mr Brouwer, deputizing for Mr Baas, who has asked to present this report.

**Mr Brouwer.** — (NL) Mr President, I can be very brief. The Commission's proposal is intended to supplement the market arrangement for some of the products mentioned in enclosure 2 of the EEC Treaty with regulations of the same purport which will also apply to other sectors of the market arrangement. The common market arrangement, based on regulation No 827, does not provide for a scheme for granting restitutions upon export. This naturally leads to each Member State being autonomous as regards the granting of restitutions on export. Now the Commission feels that, as far as the export of breeding stock is concerned, the situation is unhappy and that in particular the competitive conditions on the world market in this respect are not equal. The Commission has assembled facts on this from which it indeed appears that the national restitutions for breeding cattle differ widely. The executive therefore proposes to harmonize the support measures in this field by developing a scheme by which export restitutions can be allowed for breeding stock within the Community framework.

The Commission further considers that two products—honey and coffee—need no longer stay outside the market organization. It proposes to include both products on the list, so that in

<sup>1</sup> OJ No C 19, 12 April 1973, p. 43.



**Brouwer**

each instance of the home market being upset use can be made of the so-called protective measures.

The European Commission finally proposes to apply the voting procedure on article 43, paragraph 2, of the Treaty. The Committee on Agriculture, in view of the great concern that is always evinced in this Parliament for the general principles of the market organization, is putting an amending proposal before the Commission contemplating the application not only of the voting procedure but of the complete procedure under article 43, paragraph 2. This therefore includes consultation with Parliament.

**President.** — I call Mr Scott-Hopkins on behalf of the Conservative Group.

**Mr Scott-Hopkins.** — I accept and welcome the report of Mr Baas. I join with you, Mr President, in regretting that he has been called away, but I quite understand the reason.

There are only two questions which I should like to ask Commissioner Lardinois. I hope he will not think I am presumptuous in congratulating him on the way in which he dealt with our previous debate, and I hope that he will be as helpful now.

The first matter I wish to raise concerns export restitution for bloodstock and livestock, which include cattle and horses. I am sure that Mr Lardinois is aware that in dealing with pure-bred animals we are concerned with a very high quality article. Bulls are often valued at between £9 000 and £10 000. Bloodstock horses are sometimes beyond value. For example, the value of a horse which has won the 'Derby' or the 'Prix de l'Arc de Triomphe' may be about £500 000. When Mr Lardinois comes to lay down the regulations which will flow from these regulations I ask him to bear in mind the necessity of taking account of special cases and putting the top limit on the levels of restitution.

The second matter concerns coffee. That is a very sensitive subject. The European Community countries, including mine, import almost their entire consumption of coffee. I hope that under the regulations, which, if we accept the proposal, we shall give power to the Commission to make, nothing will be done to change in any way the commercial treaties which already exist between the Community and the developing countries—Kenya, the French possessions and so on—so that there is no disruption of existing levels of imports and import patterns until further discussions and negotiations have taken place between these countries.

I should be grateful for an assurance on those two matters.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I thank Mr Brouwer for indicating his agreement on behalf of the Committee on Agriculture with the draft regulation. The Committee on Agriculture puts forward an amendment on one point. They would like to have the procedure under article 43, paragraph 2, of the Treaty applied to the establishing of general provisions with regard to restitutions.

We are concerned here with a blanket article that appears in each regulation for the organization of the markets. By asking for the ordinary procedure under article 43 the Committee on Agriculture wishes to ensure that Parliament will be consulted on these general provisions. I should very much like to accede to this request but it seems to me that it would be difficult for us to make an exception to the general rule as regards these two fringe articles in the foodstuffs and agricultural sphere. I should therefore like to ask the Committee on Agriculture to consult further on this.

Mr Scott-Hopkins referred to the fact that the export of particular types of cattle or horses involves particularly large sums. He implicitly comes up with the question whether export subsidies should be allowed in cases of this kind.

I cannot imagine that the Commission would propose also to make export restitutions in such cases. I hope that we do not come down to formulas of that kind.

The problem that we are trying to solve with this draft regulation is the fact that at the present time this subject is dealt with in very different ways in the different Member States. I am of the opinion that the existing scheme in some Member States goes much too far. As far as this is concerned I should like to arrive at a harmonization under which less is given on average than at present, and certainly too in view of the fact that momentarily one can generally speak of a shortage rather than a surplus of beef in the Community. This can also play a certain role in the problem that we are considering. The chief aim is to arrive at a uniform policy on this point. The aim is certainly not, however, to arrive at a uniform policy on normal commercial export—I am not speaking of exports to developing countries and suchlike.

Mr Scott-Hopkins has also put a question regarding possible upset in the coffee trade. I can give him an assurance that the proposed

**Lardinois**

regulation will in no way whatever upset the normal trading pattern in this sector.

**President.** — I call the rapporteur.

**Mr Brouwer.** — (NL) Mr President, I shall pass Mr Lardinois' request on to the Committee on Agriculture.

**President.** — Does any one else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

#### 10. *Change in the agenda*

**President.** — Gentlemen, may I have your attention for a few moments for a proposal concerning the agenda.

Mr Héger has agreed to deputize for Mr Richarts and present the report (Doc. 326/72) which is on the agenda for this sitting. Mr Scott-Hopkins has been kind enough to make way for Mr Héger, so that Mr Héger can leave as early as possible.

Are there any objections to this change of order?

That is agreed.

#### 11. *Regulation on production subsidies in the United Kingdom*

**President.** — The next item is the debate on the report drawn up by Mr Richarts on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council (Doc. 316/72) for a regulation on the production subsidies which the United Kingdom is authorized to maintain for certain agricultural products (Doc. 326/72).

I call Mr Héger, deputizing for Mr Richarts, who has asked to present the report.

**Mr Héger** — (F) Mr President, gentlemen, I should like first to express my thanks to Mr Scott-Hopkins, who has been good enough to allow me to speak before him.

Before presenting the report which should have been submitted by my former colleague, Mr Richarts, I wish to make one observation. We all appreciated Mr Richarts' competence and the way in which he used to present his invariably succinct, but very objective reports. My task

will therefore be easy. It would have been especially so if I had not had before me a press release from Brussels dated 12 March 1973, reading as follows:

“After its sitting on 12 March the Council of the European Communities announced that it approved, in principle, Art. 54 of the Act of Accession, enabling the United Kingdom to retain, under certain conditions, the system of guaranteed prices by means of production subsidies.”

The communiqué ends as follows:

“The Council will announce its final decision on the Commission's proposal only after having heard the Assembly's opinion.”

These words certainly reveal a spirit of deference towards the Parliament. In principle, however, the decision is already taken; the examination we are about to make is, therefore, no more than a formality; nevertheless, the principle of compulsory consultation of Parliament is established.

Mr Richarts had prepared a document, with which you are familiar, on the application of Art. 54 of the Treaty of Accession. There is, in this matter, a point of departure and a point of arrival; the question we are considering is somewhere between the two.

We are familiar with the British system of deficiency payments, which is intended to enable British farmers to receive an assured income from their production. We know also that the prices fixed by the Community are at a different and often higher level. It is usual for a transitional period to have been fixed, as it would cause intolerable confusion if the British economy were obliged to align itself immediately on Community prices.

For this reason the Commission, very rightly, proposed a transitional period, but at the same time authorized Great Britain to continue to pay subsidies to its farmers on certain products and on certain terms.

If the principle itself is simple, its application obviously is more difficult, for the following reasons:

Price comparison is a little complicated because in Great Britain the price is that paid to production, whereas in the partner countries it is the wholesale price, and involves certain adjustments.

A further difficulty lies in the system applied, especially in dairy products. In the Community we have a guide price. This price—the ministers of agriculture, including Mr Lardinois, a Member

<sup>1</sup> OJ No C 19, 12 April 1973, p. 45.

**Héger**

of the Commission, when he was the minister in his country, have had to repeat it many times—is not a guaranteed price, a target to be striven for. In Great Britain, on the other hand, there is a guaranteed price, but it is subject to special conditions: the price is guaranteed only for a certain quantity, and it is also used to play a role in regional planning.

Hence the points of comparison are not perfect, and the Commission will have to undertake certain calculations, into the details of which I will not enter.

The main point is that today the Commission acts to ensure that the implementing provisions enable Article 54 of the Treaty of Accession to be implemented. It has been agreed that when, after negotiations with the farming organizations, prices in Great Britain have been fixed every year, Great Britain will notify the Commission, to enable the latter to satisfy itself that comparability has not been distorted. Should the British proposal create difficulties, it would be for the Commission to arrange recourse to the Court of Justice. I am convinced that this contingency will never arise. We know our British friends' sense of fair play; they will be anxious to make proposals which are consistent with the aims of the Community.

Such is the essence of the proposal made. There remains, however, a very small field which remains outside this harmonization of prices and aid towards uniform prices based on common criteria: the sheep sector, since in this sector the Community has so far established no rules, the wool sector and the potato sector. These are the only sectors in which Great Britain can today fix prices freely and where our Community prices are not yet regulated. Difficulties may arise from the point of view of competition. They will certainly only be temporary, since, relying on the diligence and the energy of the representative of the Commission, I am convinced that this proposal for a regulation, a proposal frequently called for in the Council of Ministers, will see the light of day as soon as reasonably possible.

In conclusion, I think I can say that the Committee for Finance and Budgets, and certainly the Committee on Agriculture—as Mr Richarts would have told you—fully approve the proposal from the Commission and hope it will be adopted by Parliament.

*(Applause)*

**President.** — I call Mr Scott-Hopkins on behalf of the Conservative Group.

**Mr Scott-Hopkins.** — First, I congratulate Mr Héger on his presentation of this report, which

all present will realize is one of the most complicated we have had. Thanks to the clarity of Mr Héger's presentation, a great many of the complications will be understood. I congratulate him on his grasp of an excessively complicated factor.

I join with Mr Héger in congratulating Mr Richarts on his report. I am sad to find that Mr Richarts is no longer with us. He was a great help to me during the short time when I was a member of the Committee on Agriculture.

I thought, when considering how I was to deal with the Commission's recommendation, that I would have a great deal of difficulty. I had visions of talking for at least the full amount of time allowed me in dealing in detail with the various aspects, with the fourchette too high and the fourchette too low. I am saved that task because, as mentioned by Mr Héger, we have had a communiqué from the Council of Ministers, which dealt with the problem on Monday. My only regret is that we in this Parliament did not have an opportunity to debate the matter before the Council of Ministers took its decision in principle. On the other hand, if we had that opportunity we would have been debating the subject for a very long time, so perhaps on the whole its lack is not a bad thing.

The last paragraph of the communiqué from the Council of Ministers marks a great advance in that it says that the Council of Ministers will not pronounce finally on the recommendation of the Commission until it has had the advice of Parliament. I have heard the rapporteur's advice, in which I can only concur wholeheartedly because this is a matter of very great importance for the United Kingdom. Timing is important, too.

I do not object to what has been proposed in this recommendation—the various units of account in connection with wheat and barley and the adjustment in respect of beef and veal. I have no quarrel there. Minor modifications, although I am not yet aware of them, were made at the meeting of the Council of Ministers on Monday. I must add, however, that I believe that it would have been better had we been told what the minor modifications are. Nevertheless, our consideration need not be held up.

Mutton and lamb are not included in the managed market conditions of the Community at the moment, and in this respect we are free to fix our own levels without the restriction of the fourchette in Article 54. But the relationship between all red meats is very tight-knit indeed, and we firmly believe that the relationship of prices of lamb and mutton bears a direct resemblance to that of prices of beef and veal and

**Scott-Hopkins**

lower down, or on a different scale, pig meat. I hope that Commissioner Lardinois will be able to bring forward proposals for the whole Community in relation to mutton and lamb. The same consideration applies to potatoes.

I understand that wool is considered to be an industrial product within the Community. That seems to be a very strange definition, though I understand that it is years old. Perhaps the Commission can do something about changing it.

On behalf of the Conservative group I welcome the recommendation. It is essential and vital. We in the United Kingdom intend to keep to the spirit of the agreement and of the protocol between us and the Community. We shall keep within the fourchette — there will be no need to bring in the Court of Justice. We shall behave within Article 54, to which it is our firm intention to adhere, and we will take the six steps during the five-year transitional period. It is true, as Mr Héger appreciated, that we will do so gradually, but it is what we have agreed to do and it is our firm intention to act in this connection in the best possible way.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) I should like to make a brief response, Mr President. I owe this to the importance of this proposal. This proposal is indeed of great significance to Great Britain. In essence it lays down to a very wide extent the agricultural policy that will be carried out in Great Britain during the next five years.

I thank Mr Héger particularly for his positive advice and for the way in which he proffered this on behalf of my former colleague Richarts. I thank him too for his willingness to take over Mr Richarts' function. I should like to ask him to confer my thanks and the thanks of the European Commission to our former colleague Richarts. Former colleague Richarts has left his stamp on much of the work carried out by the Committee on Agriculture over the past fifteen years.

Mr President, under this proposal the withdrawal of deficiency payments in Great Britain will take place gradually and in such a way that this will be done earlier for certain products than for others.

The British government has indicated that this system has already been withdrawn as from the beginning of this year for beef and for rye and therefore no longer applies to the coming harvest. It has also already indicated that it will certainly be withdrawn for eggs and for sugar but only as regards the harvest in the year 1974.

I can inform Mr Scott-Hopkins in general that the majority of the Council, or at least various delegations, strongly pressed the British delegation to interpret the article in the Treaty of Accession that relates to this subject in such a way that the deficiency payments would be withdrawn as quickly as possible for the various products.

The second point about which Messrs Héger and Scott-Hopkins have asked, was whether a market arrangement could be introduced as soon as possible for potatoes, sheep and wool also. The Commission did want to do this some time ago, but this did not appear possible in view of the accession of Great Britain and the complications arising from this.

I intend in fact to come up with a proposal at a fairly early date with regard to potatoes, in respect of which we are very likely to be able to obtain a simple market arrangement in the Community, because the differences regarding this product are really too wide, particularly as between Great Britain and the former Community. As regards sheep I am equally of the opinion that we are very likely to have to go in the direction of a market arrangement very similar to the market arrangement for beef. What would it mean, were we to decide to introduce a market arrangement of this kind at this moment? Well, this would mean that as between the countries which at present enjoy a free flow of trade this free flow of trade would disappear the moment that the new market arrangement came about, because we would then have immediately to introduce compensating monetary sums in places where this is not the case at present.

I am of the opinion that it cannot be the intention again to proceed to introduce market arrangements with full guarantees if these in practice result in the disappearance of existing free flow of trade and its replacement by an artificial whole of this kind. In other words: we are working on this and I can also promise you that the necessary preparations shall be made, but the introduction of a market arrangement of this kind for sheep can take place, in my opinion, only at a time when we, as far as compensatory sums are concerned, return from the pernicious road that we have had to travel in this area over the last year and a half.

**President.** — I should like to thank Mr Lardinois, particularly on behalf of the Bureau, for his kind words concerning Mr Richarts.

The Bureau will not fail to forward to Mr Richarts this kind expression of your regard for him. It is men like Mr Richarts who have

**President**

added to the prestige of this Parliament through their ability and dedication.

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

*12. Regulation on the agricultural accountancy data network*

**President.** — Pursuant to the decision taken a short while ago, we now come to the debate on the report drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 79/65/EEC on the field of survey and the number of returning holdings to be included in the farm accountancy data network of the European Economic Community (Doc. 327/72).

I call Mr Scott-Hopkins, who has asked to present his report.

**Mr Scott-Hopkins.** — I am rapidly becoming extremely embarrassed at having to spend my time going up and down like a jack-in-the-box at this microphone. I apologize to you, Mr President and I shall keep my speech even shorter than I have done in the other short interventions I have made.

This proposal from the Commission is that the amount of the accounting network should, between now and 1978, be extended up to 40 000, which is 1% of the total number of farms of the Community. I think the intention to expand and to have a reasonable basis for such expansion is entirely the right one. The more information on farm incomes that one can have the better the basis one can use to form judgments as to whether or not any particular sector is ailing and what needs to be done to remedy it. Of course, as we all know, this presupposes that that information is up to date and is accurate and that the analyses of it have been correctly done. One of the great dangers which the Committee on Agriculture foresaw was that unless the information accumulated and analysed was carefully explained there could be difficulties arising from misinterpretation by various bodies who use it, such as the Press, universities and so on and, indeed, by the ordinary farmer. One could well have a misrepresentation quite unintentionally taking place which could cause difficulties and problems in the agricultural sector.

However, the proposal for a regulation which has been put forward by the Commission is fair and sensible and should be supported, with the one amendment to it.

If I may return to the main point I made, that is, that the information should be kept up to date, we have been dealing with what is the subject of the report from the Commission: namely, the analysis of accounts for 1968, 1969 and 1970. Part A gives the summary of what is contained in these accounts, and Part B gives the breakdown of income, which is extremely valuable and shows exactly the trend of figures in regard to farms in Europe. The various movements of income on the family farm and other farms is carefully laid down. This information will be very useful when it is represented year after year. It will be more useful for long-term planning, and I am sure Commissioner Lardinois and his staff will use it as the basis for deciding what structural changes are needed within the agricultural industry of the Community. It will also be of great use for academic study, and it could well become one of the main reference works which will be used in this field as long as it is kept up-to-date.

However, to use 1970 figures for a 1973 determination of prices is not the easiest thing to do, and this is why the committee recommends to the House that there should be a speeding up of this process. It would be quite impossible for Commissioner Lardinois to have available to him the farm income data of 1972-73, to collect it and analyse it. What he should have is the 1971-72 figures. If there were a little more speed with this work, which at the moment is very slow, these figures could be at his disposal. I must here compliment the Commission and, indeed, all those who were involved in this. When one realizes that seven years ago there was nothing on many countries in Europe, it is remarkable what has been achieved, particularly since 1968, when it started working seriously on this.

It has properly audited and detailed farm accounts, a system of collection at regional level, a system of analysis at governmental level and at Commission level. This is a remarkable achievement. It is slowly working. What I am suggesting, and what is necessary here, is that there should be a speeding up of this, so that the previous year's accounts from the 1% of farms should be available to the Commissioner, to all the Commissioners, and to those who are concerned in the determination of prices, as one of the bases from which they will make their determinations and judgments.

Flowing from that, using those same farms, or perhaps only a percentage of those farms

<sup>1</sup> OJ No C 19, 12 April 1973, p. 47.

**Scott-Hopkins**

which are within the 1% scheme—that is, of the total 40 000 farms in the Community—there should be forecasts made, using those farms in order to obtain for 1972/73 the current level of increase of prices, the increase of costs, and the prices they have been receiving in the markets for their products during that year. It is from that second strand basis that reasonably accurate forecasts can be made.

My next point is that when this information is available it should be given to the Commissioner, as early as it is possible to do so, to enable him to make his judgment. It is absolutely essential that when Parliament, in the Session on 4, 5 and 6 April, comes to debate this matter we should have at our disposal as Parliamentarians at least the figures for 1971/72, and the forecasts of what has happened in 1972 to the level of farm incomes and the various products throughout the Community. This is absolutely essential; otherwise we shall have on the one hand the Commission, with all the information and expertise behind it, talking and debating with Parliamentarians on the other hand who will be lacking this vital information.

We may not agree—though I am sure this will not happen—with what the Commission will propose should be done in the various fields for the coming year. If we have not got the information which the Commissioner is using for the basis of his judgment it will be a very one-sided debate, and Parliament would feel frustrated and hard done by.

As far as the accounting side is concerned, it is excessively difficult when in most countries in Europe there are different beginning and terminal dates for the farm year. I understand entirely the religious and other problems, but I hope that the Commission will look into this as a matter of urgency and say whether some agreement can be arrived at, so that we can have one starting date and one terminal date for the farm year for the purposes of these accounts.

My next point concerns the organization of these statistics. There are two types, as the House will recognize. Firstly, there is the type we are talking about here, the farm incomes; that is, of 1% of the total farms, which are done annually. We hope that through this recommendation it will be speeded up. Secondly, there are the statistics of how many pigs, cows and so on there are on the various farms. This is done about every five years. The two statistical departments must work very closely together. At the moment they do not. It may be that I shall be told that there is great coordination between them; but they are not based in the same place, one is in Luxembourg and one in

Brussels. I hope the Commission will look into this to see what reorganization, if any, is needed to achieve this smoother working between these two branches of the same department.

I come finally to what we are proposing to the House should be done. We are asking for reports on farm incomes in the Community. Such reports should be submitted annually to the Council and to Parliament in time for them to be taken into account when agricultural commodity prices are fixed. This is the additional article that we wish to put into the initial regulations proposed by the Commission. If this is done, it will satisfy the main point that I have been trying to put over to honourable Members during this short debate. I think it is necessary. I think it will improve the smooth running of Parliament. But in basis I think the Commission's proposal is right and good. We should expand. We can do this between now and 1978 with the small addition of an annual report to us and to the Council and to the Commission. I believe that the whole of the agricultural industry will profit in the end by this amendment.

**President.** — I call Mr Lardinois to explain the Commission's position.

**Mr Lardinois, Member of the Commission of the European Communities.** — (NL) Mr President, I should like to congratulate Mr Scott-Hopkins on his introduction of this complicated subject and on the fact that he has been able to comment on it so briefly and succinctly.

I associate myself entirely with what he has said on the functioning of the new system. On the one hand he said that it was a particular achievement for this matter to have been prepared in so short a time. On the other hand he said that it still is not proceeding in the way it actually should proceed, particularly as regards the speed with which the figures should be available to us. I agree with him entirely on both points.

I should really like to say the same thing as regards the report on incomes, the first of this kind. In this respect, too, we are not yet where we ought to be. There are still too many differences in order to make a complete comparison, in a way that this is possible at national level. I need merely refer to the differences in taxation due to which differences in interpretation can also arise as regards income levels. But anyway, what isn't here today can come tomorrow. It is very important for us to continue with this work, that we extend it and that we improve on the method from year to year, both as regards the speed with which the results can be made available and as regards the interpretation of the various data obtained.

**Lardinois**

It is I think an excellent suggestion that an attempt be made to harmonize the beginning of the financial year in the various countries. Something of this kind has of course been attempted in the past, but without great success. In any case I am of the opinion that this encouragement from the parliamentary side is yet another reason for striving towards this with renewed efforts.

It is indeed a pity that the work regarding the two statistical modules to be used by the Agriculture Directorate is being carried out at two different places. I need not, however, tell Mr Scott-Hopkins that as regards the places where the Community institutions are working there are quite a few problems more than just the question of these two statistical modules. On the one hand in executing a concerted agricultural policy we need several persons who in a manner of speaking are daily submerged in figures; on the other hand we happen to be in a position where the Statistical Bureau is established at Luxembourg and that this has to carry out tasks not only in the agricultural sector but in a good many other areas as well.

This is an explanation, therefore. I would, however, like to bring about better coordination of activities.

If Parliament accepts the Commission's proposed amendment I shall be prepared to take it into account and to write it into the wording of the regulation.

**President.** — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

**13. Decision on foot-and-mouth disease**

**President.** — The next item is a vote without debate on the motion contained in the report drawn up by Mr Durand on behalf of the Committee on Social Affairs and Health Protection on the proposal from the Commission of the European Communities to the Council for a decision on measures to deal with foot-and-mouth disease (Doc. 325/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>2</sup>

**14. Regulation on sugar deliveries to UNWRA under the food aid programme**

**President.** — The next item is a vote without debate on the motion contained in the report drawn up by Mr Vredeling 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 sugar deliveries to UNWRA as food aid pursuant to the Agreement with that agency of 18 December 1972 (Doc. 342/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>3</sup>

**15. Directive on outward processing traffic**

**President.** — The next item is a vote without debate on the motion contained in the report drawn up by Mr Baas on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of provisions laid down by law, regulation or administrative action in respect of outward processing (Doc. 336/72).

There are no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>4</sup>

**16. Decision on a common approach to air transport (vote on the motion)**

**President.** — The next item is the vote on the motion contained in the supplementary report drawn up by Mr Noè on behalf of the Committee on Transport on the proposal from the Commission of the European Communities to the Council for a decision on the first steps towards a common approach to air transport (Doc. 328/72).

I call the rapporteur, who has asked to make a brief statement.

**Mr Noè, rapporteur.** — (I) Mr President, Mr Commissioner, honourable Members, this question was discussed in this Assembly in January. In February, in Luxembourg, numerous amend-

<sup>1</sup> OJ No C 19, 12 April 1973, p. 47.

<sup>2</sup> OJ No C 19, 12 April 1973, p. 49.

<sup>3</sup> OJ No C 19, 12 April 1973, p. 50.

<sup>4</sup> OJ No C 19, 12 April 1973, p. 51.

Noè

ments were made to the text of the resolution, and for this reason the debate on the resolution was adjourned. The Transport Committee, with Mr Kollwelter as chairman, took the amendments in the afternoon of 1 March in Brussels. My task, therefore, is to refer briefly to the contents of the amendments and how they fared in Committee.

Most of the amendments were put up by my colleague Hill. Some of them proposed merely formal improvements, and these were accepted. Some on the other hand were concerned with more significant and substantive modifications, and these were rejected.

For instance, since it represented an improvement to the resolution, the proposal was accepted which suggested that there should be mention in the text (as there was in the text of the report) of future collaboration by international organizations such as IATA and CECA in measures taken by the Commission to implement matters. This suggestion was unanimously agreed by the Commission.

There are also other improvements but, I repeat, not on essentials.

On the other hand those proposals were rejected which were basically contrary to the position adopted by the Commission on the relationship between charter flights and the air lines. I had the honour to explain this at Strasbourg in January, and I will now go through it briefly once more merely to justify the reason why these amendments were rejected. And because our measures, in the Commission, are in tune with initiatives by CECA, which has been rightly called a planning body, we shall be acting in a contradictory manner if we first confirm that it is necessary to work in harmony with the specialist technical organizations and then go against the course of action on which these organizations are working.

What course of action are these organizations working on? They are endeavouring to define as precisely as they can the nature of the activities of the charter flights in relation to scheduled flights. An attempt is being made to make this definition because for the future it should enable these two airway systems to co-exist without the need for indiscriminate conflict and an uncontrolled struggle for markets.

What is CECA basically trying to do? To define the type of travel known as charter. I should just like to quote a few examples. In order to fly on a charter flight a passenger must book the flight three months in advance and pay 25 per cent down at the same time; he has to pay the remaining 75 per cent a few days before depart-

ure. The departure date is not hard and fast, and the charter company can delay the flight by up to one or two days. Therefore it offers a service slightly inferior to that provided by the scheduled flight companies, and for this a differential in fares, which one would like to be in the order of 25 per cent, is justifiable.

As matters stand, there will be passengers who will choose to fly charter, but this will not result in general, unbridled competition for the regular lines, since they have a specific purpose: to ensure that European passengers have access to flights arranged for specific times throughout the year. Consequently we rejected amendments which wanted on the one hand to exclude a survey of charter flight fares and on the other a survey of charter capacity, that is to say the number of aircraft. They would in fact have led to some confusion instead of the control which is being aimed at, particularly in the North Atlantic zone, where these questions are involved for flights from the United States to Europe.

It is obvious that control over affairs in this geographical area has a decisive effect on all other flights.

This is as much as I wanted to go into, Mr President. I will add that the Transport Committee voted by a large majority in favour of the contents of the resolution which I have had the honour to describe briefly, in its modified version. I therefore propose a vote for the resolution as it appears in this document.

*(Applause)*

**President.** — I call Sir Anthony Esmonde.

**Sir Anthony Esmonde.** — Mr President and colleagues, I want first to thank Mr Noè, the rapporteur, for postponing the debate until we met in Luxembourg to give us an opportunity to look into the matter. We three countries which have just entered the Common Market are in a difficult position in that many of these matters were discussed before we came in, and we therefore need time to consider them.

I shall support the motion, but at the same time I want to make a few comments on the transport facilities in Ireland. We in Ireland are more or less on the outpost of Europe, and our transport situation, therefore, presents a particular difficulty. I know that the ultimate aim is to abolish charter flights. Charter flights may be undesirable in that they affect the scheduled flights and, perhaps, the finances of the airlines generally, but at the same time there are certain rush periods when charter flights are very necessary.



**Sir Anthony Esmonde**

For instance, when Wales comes to play Ireland in a rugby match half the people of Wales come over to Ireland (*Laughter*) and the scheduled flights are unable to deal with so much traffic. We nearly always beat them, I might add (*Laughter*). I do not know whether it is ultimately envisaged in the European airways of the future that a small airline such as ours might be put out of existence, but if that happened we should be unable to secure the transport facilities which are so desirable to allow the Welsh people to come to Ireland full of hope and to go home again shortly afterwards in despair (*Laughter*).

Another important aspect is student flights. Student flights are perhaps more responsible than anything else for better international relations. Students have always been able to acquire facilities on charter air flights. I take it that the rapporteur's intention is to abolish these flights, and that is a matter which requires consideration. I suppose that it is the Commissioner who ultimately deals with this, and I hope that he will bear in mind that certain geographical factors must be taken into account. Ireland's geographical position in relation to that of other European countries is somewhat difficult. People who live in Europe just have to get into a train or a plane—provided there is no strike—or into a motor car, and travel immediately to their destination. We have much wider problems. It is quite difficult to get to Strasbourg from Ireland, and I hope that this journey will be made simpler if a European airline is established. I hope that the Commissioner will take note of what I have said.

**President.** — I call Mr James Hill on behalf of the Conservative Group.

**Mr James Hill.** — Though I have no wish to delay Parliament for long I feel that it would be quite wrong for me not to explain why I shall ask the Conservative Group to abstain from voting on the document, but there is so much good in the document that I believe the task to have been very worthwhile. The document mentions the need for further air traffic control over the whole EEC network, and the disasters of the last few weeks must alert authorities to this need.

Another good thing is that amendments have brought in a very respected name—the European Civil Aviation Conference—which was previously missing. I am also glad that the document does not include a section on supersonic aircraft. In the previous estimation it was believed that such aircraft would produce

further deficits for the airlines. We are grateful that all these things are now cleared up, and that the number of amendments put forward by myself and others have been accepted.

I shall ask my colleagues to abstain for a very simple and straightforward reason. The United Kingdom's is the third largest aviation industry in the world after those of the USA and the USSR. That being so, the document is of extreme importance to our aviation industry, and we have a point of view to put.

We do not agree with the concept that operators of scheduled services must be protected. This seems to have been based on the assumption that there are still traditional distinctions between scheduled and non-scheduled services. It ignores the increasing blurring of many features of such services, and implies, without justification, that scheduled services have some special merit and should be given protection. That may be the root cause of a series of amendments which the Committee on Regional Policy and Transport would not accept. On the other hand, in the long process of its preparation the document may have been overtaken by events in the aviation world.

I repeat that we in the Conservative Group are most grateful for getting further time to consider the document, and I am sure that in the future the Committee on regional Policy and Transport can continue all the good work that has been done.

**President.** — You have the floor, Mr Noè.

**Mr Noè, rapporteur.** — (*I*) Just a brief word, Mr President, to my Irish colleague. I would like to say that the Transport Committee has not the slightest intention of abolishing charter flights, but we are aiming at harmonious coexistence.

I should also like to assure him that the document expresses the desire for a European timetable to be worked out and brought into force which would provide more sensible connections not only between his country and Strasbourg but also between my country and Strasbourg, since to get from Milan to Strasbourg is also very inconvenient. The European timetable to be set up for flight connections should follow the pattern of the European railway timetable already in service, with a consequent improvement in travelling conditions for the European passenger.

I should also like to say to my colleague Hill that I have purposely said nothing about supersonic aircraft, since problems of industrial production have not been included in the document,

Noè

but they can be a subject for subsequent debate; it is in fact a matter of common industrial policy, whereas in this document we have concerned ourselves more with the management of air line fleets than with anything else.

I have nothing further to add, Mr President. I must thank all those who have taken part in the debate.

**President.** — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.<sup>1</sup>

#### 17. Dates of next part-session

**President.** — We have now dealt with all the points on our agenda.

The enlarged Bureau proposes that Parliament should hold its next part-session in Luxembourg from 4 to 6 April 1973.

Are there any objections?

That is agreed.

I would remind you that the Parliamentary Conference of the EEC-AASM Association will

be holding its next meeting from Thursday, 29 March to Saturday, 31 March 1973 at Kinshasa in Zaïre.

#### 18. Approval of minutes

**President.** — Pursuant to Rule 17(2) I have to submit to the House the minutes of today's proceedings which have been drawn up as the sitting has progressed.

Are there any comments?

The minutes are approved.

#### 19. Adjournment of session

**President.** — I declare the session of the European Parliament adjourned.

Before we rise I should like to thank all members of the staff for their unsparing efforts on our behalf.

I should also like to thank the press for being so patient.

The sitting is closed.

*(The sitting was closed at 12.35 p.m.)*

<sup>1</sup> OJ No C 19, 12 April 1973, p. 52.