

Annex

Official Journal

of the
European Communities

No 161
April 1973

1973-1974

English edition

Debates of the European Parliament

1973-1974 Session

Report of Proceedings

from 4 to 6 April 1973

European Centre, Luxembourg

Contents

Sitting of Wednesday, 4 April 1973	1
Resumption of the session, p. 2 — Apologies for absence, p. 2 — Statement by the President: report of proceedings and completion of work on the Kirchberg II building, p. 2 — Documents received, p. 3 — Texts of Treaties forwarded by the Council, p. 4 — Letter from the Political Affairs Committee in respect of a petition, p. 4 — Authorization to draw up a report, p. 4 — Membership of committees, p. 4 — Decision on urgency procedure, p. 5 — Allocation of speaking time, p. 5 — Order of business, p. 5 — Social trends in the Community in 1972, p. 6 — Change in the agenda, p. 17 — Basic rights of Member States' citizens, p. 17 — Second Commission report on agreements concluded within the framework of international organizations, p. 22 — Oral question No 1/73 with debate: Community relations with the USSR and Comecon, p. 25 — Tabling of and vote on a motion for a resolution on Community relations with the USSR and Comecon, p. 34 — Oral question No 24/73 with debate: multilateral negotiations within the framework of GATT, p. 34 — Statement on the association between the EEC, the AASM and the Commonwealth countries, p. 39 — Procedure for amending and suspending customs duties on certain agricultural products, p. 42 — Appointment of a new Member to the European Parliament, p. 48 — Agenda for next sitting, p. 48.	

(Continued overleaf)

PE Debats. 161

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, 5 April 1973 49

Approval of minutes, p. 52 — Statement by the President on consultation of Parliament by urgency procedure, p. 52 — Question Time: Question No 20/73 by Mr Brewis to the Commission of the European Communities on coal requirements, p. 53 — Question No 16/73 by Lord Gladwyn to the Council of the European Communities on inconclusive Council meetings, p. 54 — Question No 19/73 by Sir Tufton Beamish to the Council of the European Communities on Parliament's powers of control and improvement of working conditions, p. 55 — Question No 17/73 by Mr Lange to the Commission of the European Communities on proposals for institutional reform, p. 56 — Question No 18/73 by Mr Dewulf to the Commission of the European Communities on the attitude of the 'associable' countries of the West Indies and the Pacific, p. 58 — Question No 21/73 by Sir Arthur Douglas Dodds-Parker to the Commission of the European Communities on economic development in Asian countries, p. 60 — Question No 22/73 by Mr Scott-Hopkins to the Commission of the European Communities on the harmonization of regulations on feed additives, p. 61 — Question No 23/73 by Mr Springorum to the Commission of the European Communities on the invitation to tender for the contract to build the fifth nuclear reactor in Italy, p. 61 — Debate immediately after Question Time: proposals for institutional reform, p. 62 — Committee meetings during plenary sittings, p. 71 — Procedural motion: previous question on the report by Mr De Koning, p. 71 — Regulations on farm prices for the 1973-1974 marketing year: regulations on measures to be taken in agriculture in view of monetary developments: debate on a report drawn up by Mr De Koning on behalf of the Committee on Agriculture, p. 74 — Documents received, p. 79 — Regulations on farm prices for the 1973/1974 agricultural year: regulations on measures to be taken in agriculture in view of monetary developments (cont.), p. 79 — Consultation of Parliament as a matter of urgency: imports of citrus fruit and Cyprus sherry, p. 104 — Regulations on farm prices for the 1973/1974 marketing year: regulations on measures to be taken in agriculture in view of monetary developments (cont.), p. 110 — Directive on farming in mountain areas and certain other poorer farming areas, p. 147 — Agenda for next sitting, p. 150.

Sitting of Friday, 6 April 1973 151

Approval of minutes, p. 152 — Order of business, p. 152 — Verification of credentials, p. 153 — Change in the agenda, p. 154 — Special measures temporarily applicable to certain officials and nuclear establishment staff of the Commission of the European Communities, p. 154 — Statement by the President of Preliminary Draft Supplementary Budget of the European Communities No 1 for 1973, p. 156 — European political cooperation and unification, p. 156 — Change in the agenda, p. 160 — European political cooperation and unification (cont.), p. 161 — Regulations on imports of citrus fruits and sherry originating in Cyprus, p. 174 — Report received, p. 176 — Regulations on farm prices for the 1973/1974 marketing year: regulations on certain measures to be taken in agriculture in view of developments in the international monetary system, p. 176 — Reference back of a report: agriculture in mountain areas and certain other poorer farming areas, p. 179 — Regulation on the introduction of Community contracts, p. 179 — Regulations on customs procedure in respect of certain agricultural products, p. 183 — Dates of next sittings, p. 183 — Approval of minutes, p. 183 — Adjournment of session, p. 183.

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

SITTING OF WEDNESDAY, 4 APRIL 1973

Contents

1. Resumption	2	<i>Jozeau-Marigné, on behalf of the Legal Affairs Committee.</i>	
2. Apologies	2	<i>Mr Jozeau-Marigné, rapporteur; Mr Lautenschlager, on behalf of the Socialist Group; Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities; Mr Jozeau-Marigné</i>	17
3. Statement by President. <i>Report of proceedings and completion of work on the Kirchberg II building.</i>	2	<i>Adoption of resolution</i>	22
4. Documents received	3	15. Second report of the Commission on certain agreements concluded within the framework of other international organizations. - Debate on a report by Mr Pêtre, on behalf of the Committee on Social Affairs and Health Protection.	
5. Texts of treaties forwarded by Council	4	<i>Mr Pêtre, rapporteur; Miss Lulling; Mr Walkhoff; Dr Hillery, Vice-President of the Commission of the European Communities; Mr Pêtre</i>	22
6. Letter from Political Affairs Committee in respect of a petition	4	<i>Adoption of resolution</i>	25
7. Authorization of a report	4	16. Oral Question No 1/73 with debate: Community relations with the USSR and Comecon.	
8. Membership of committees	4	<i>Mr Jahn, author of the question; Sir Christopher Soames, Vice-President of the Commission of the European Communities; Mr Vredeling, on behalf of the Socialist Group; Mr Thomsen, on behalf of the Conservative Group; Mr Beylot, on behalf of the European Democratic Union Group; Sir Tufton Beamish; Mr Radoux; Mr Jahn</i>	26
9. Decision on urgent procedure	5	17. Tabling of a motion on Community relations with the USSR and Comecon. Vote	34
10. Allocation of speaking time	5	<i>Adoption of resolution</i>	34
11. Order of business	5	18. Oral Question No 24/73 with debate: Multilateral negotiations in GATT:	
12. Social trends in the Community in 1972. - Debate on a report by Mr Pêtre, on behalf of the Committee on Social Affairs and Health Protection. Mr Pêtre, rapporteur; Mr Van der Gun, on behalf of the Christian-Democratic Group; Mr Adams, on behalf of the Socialist Group; Mr Marras; Lady Elles, on behalf of the Conservative Group; Miss Lulling; Dr Hillery, Vice-President of the Commission of the European Communities; Mr Pêtre; Mr Romaldi	6		
<i>Adoption of resolution</i>	17		
13. Change in agenda	17		
14. Fundamental rights of Member States' citizens. - Debate on a report by Mr			

	<i>Mr Habib-Deloncle, author of the question; Sir Christopher Soames, Vice-President of the Commission of the European Communities; Mr Radoux; Mr Habib-Deloncle</i>	35		<i>Committee on External Trade Relations:</i>	
19.	<i>Statement on the future of the Association between the EEC, the AASM and the Commonwealth countries:</i>			<i>Mr Vredeling, rapporteur; Mr Jahn, on behalf of the Christian-Democratic Group; Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities; Mr Vredeling; Mr Scarascia Mugnozza; Mr Jahn; Mr Radoux; Mr Vredeling; Mr Bos; Mr Vredeling; Mr Bos</i>	42
	<i>Mr Deniau, Member of the Commission of the European Communities . .</i>	39		<i>Postponement of vote until Friday . .</i>	
20.	<i>Procedure for amending and suspending customs duties on certain agricultural products. - Debate on a report by Mr Vredeling, on behalf of the</i>		21.	<i>Appointment of a new Member of the European Parliament</i>	48
			22.	<i>Agenda for next sitting</i>	48

IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 4.05 p.m.)

President. — The sitting is open.

1. *Resumption*

President. — I declare resumed the session of the European Parliament adjourned on 16 March 1973.

2. *Apologies*

President. — Apologies for absence have been received from Mr Bersani, Mr Corona, Mr Dewulf, Mr Wohlfart, Mr Aigner, Mr Baas, Mr Bourdellès, Mr Briot, Mr Reay and Mr Seefeld, who regret their inability to attend today's sitting, Mr Burgbacher, who regrets his inability to attend today's and tomorrow's sittings, and Mr Fellermaier, Mr Terrenoire, Mr Rossi and Mr Lefebvre, who regret their inability to attend this part-session.

3. *Statement by President.*

Report of proceedings and completion of work on the Kirchberg II building

President. — Honourable Members will recall that during the February part-session of the European Parliament in Luxembourg the question was raised of whether, after the move into the secretariat's new building, consideration could not be given to producing the report of

proceedings in the original languages, as is done in Strasbourg. The President promised to make a statement at the next part-session. I shall now do so.

At the first part-session of Parliament held in Luxembourg in 1967, the Bureau was already conscious of the fact that the multilingual edition of the report of proceedings—the 'arc-en-ciel', as it is called—is an indispensable element which cannot be neglected in the long term. The material conditions in the old building were not such as to allow the production of this edition from the outset. As you know, the new building is not yet fully fitted out. In addition, the fact that this part-session was put forward has meant that minor, though important, modifications could not be carried out, so that there is still no chance of producing an 'arc-en-ciel' edition. We believe, however, that all these difficulties will have been overcome by the time we hold our next sittings in Luxembourg in September. I shall personally see to it that the necessary preparations are made to produce the multilingual edition on that occasion.

May I make one more comment on the shortcomings of this new building. As I have already pointed out, the installations are still not complete. Various problems only come to light when a new building is put into use. It thus appeared during the February part-session that the warning system for announcing votes, and so on, was too weak. This and other faults must be dealt with without delay. The necessary work could not be carried out in time for this part-session since it was put forward a week. I am sure that you will understand if we should still labour under certain technical difficulties this time also. We are convinced of the goodwill of all parties

President

concerned in their desire to provide us as soon as possible with normal working conditions.

4. Documents received

President. — Since the session was adjourned, I have received the following documents:

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

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

I. a regulation on imports of citrus fruits originating in the Republic of Cyprus

II. a regulation on imports of wine exported under the designation 'Cyprus sherry' originating in and coming from Cyprus and introducing a system of aids for similar wines produced in the Community as originally constituted and despatched to Ireland and the United Kingdom

(Doc. 6/73);

III. a regulation on the conclusion of the agreement in the form of an exchange of letters on Article 5 of Annex I to the Agreement establishing an Association between the EEC and the Republic of Cyprus (Doc. 16/73)

These documents have been referred to the Committee on Agriculture as the Committee responsible and to the Committee on External Economic Relations and, in respect of part II, the Committee on Budgets for their opinions;

— the proposal from the Commission of the European Communities to the Council for a directive relating to the harmonization of Member States' legislation on natural yeasts and yeast residues (Doc. 7/73).

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

— the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of Member States' legislation relating to electrical energy meters (Doc. 8/73).

This document has been referred to the Legal Affairs Committee;

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 1059/69 of the Council laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (Doc. 9/73).

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

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

I. regulations fixing prices for certain agricultural products and certain related measures

II. regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation

(Doc. 14/73);

Part I of this document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions;

Part II of this document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Budgets for their opinions;

— the proposal for a Council regulation on the conclusion of the agreement in the form of an exchange of letters, on Article 5 of Annex I to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus (Doc. 16/73).

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

— the proposal from the Commission of the European Communities to the Council for a directive amending the Council directive of 26 June 1964 on intra-Community trade in cattle and pigs (Doc. 17/73).

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 2829/72 of the Council on the Community quota for intra-Community road haulage (Doc. 18/73).

This document has been referred to the Committee on Regional Policy and Transport;

— the proposal from the Commission of the European Communities to the Council for a regulation concerning arrangements for importing certain quantities of cane sugar originating in the Associated African States and Madagascar (Doc. 19/73).

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

(b) from the Council of the European Communities:

— a communication from the Commission of the European Communities to the Council on initial measures to establish a common vocational training policy—list of priority projects in the vocational training field to be undertaken in 1973 (Doc. 20/73).

President

This document has been referred to the Committee on Social Affairs and Employment;

(c) from the Commission of the European Communities:

- the report on the development of the social situation in the Community in 1972 (Doc. 2/73).

This report has been referred to the Committee on Social Affairs and Employment;

(d) from the committees, the following reports:

- Report by Mr Giovanni Bersani on behalf of the Committee on Development and Cooperation on the resolution of the Parliamentary Committee of the EEC-East African Association adopted at Nairobi on 28 November 1972 (Doc. 3/73);
- Report by Mr René Pêtre on behalf of the Committee on Social Affairs and Employment on the report by the Commission of the European Communities on social trends in the Community in 1972 (Doc. 4/73);
- Report by Mr Maurice Dewulf on behalf of the Committee on Development and Cooperation on the Agreement between the European Economic Community and the Arab Republic of Egypt (Doc. 5/73);
- Report by Mr Jean-Eric Bousch on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on the introduction of Community industrial development contracts (Doc. 10/73);
- Report by Mr Michele Cifarelli on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive on agriculture in mountain areas and in certain other poorer farming areas (Doc. 11/73);
- Report by Mr Joseph Antonius Mommersteeg on behalf of the Political Affairs Committee on European political cooperation and unification (Doc. 12/73);
- Report by Mr Alessandro Bermani on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive approximating Member States' legislation on safety glass in motor vehicles (Doc. 13/73);
- Report by Mr Jan de Koning on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
 - I. regulations fixing prices for certain agricultural products and certain related measures
 - II. regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation
 (Doc. 15/73);

5. Texts of treaties forwarded by Council

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

- Agreement establishing an Association between the European Economic Community and the Republic of Cyprus;
- Minutes relating to the Notifications of Completion of Procedures necessary for the Entry into Force of the Agreement between the European Economic Community and the Republic of Iceland;
- Act of Notification of the Conclusion by the Community of the Agreement between the European Economic Community and the Republic of Iceland;

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

6. Letter from Political Affairs Committee in respect of a petition

President. — At the sitting of 14 February 1973 petition No 2/72, tabled by Mr Feidt and Mr Laleure, Mrs Stevens and others, was referred to the Political Affairs Committee.

By letter of 12 March 1973, the Chairman of the Political Affairs Committee informed me of its view that the contents of this petition had been rendered irrelevant by subsequent political developments and that there was therefore no need for it to deliver an opinion on the matter.

7. Authorization of a report

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on External Economic Relations to draw up a report on matters currently arising in connection with the application of the common commercial policy to state-trading countries.

8. Membership of committees

President. — I have received the following request for appointments from the European Democratic Union Group:

- Mr Borocco to replace Mr Jarrot as a member of the Committee on Social Affairs and Employment
- Mr Couveinhes to replace Mr Briot as a member of the Committee on Public Health and the Environment.

I have received from the Socialist Group a request for the appointment of Mr Christensen

President

to replace Mr Cruise-O'Brien as a member of the Committee on Development and Cooperation.

Are there any objections?

The appointments are ratified.

9. *Decision on urgent procedure*

President. — I propose that Parliament should decide to deal by urgent procedure with the reports that could not be tabled within the time limits laid down in the rules of 11 May 1967.

Are there any objections?

The adoption of urgent procedure is agreed.

10. *Allocation of speaking time*

President. — Following the precedents and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time for all items on the agenda be allocated as follows:

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

Are there any objections?

That is agreed.

11. *Order of business*

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

Pursuant to the decision taken by the enlarged Bureau on 15 March 1973 I drew up a draft agenda, but in view of subsequent developments I propose that the order of business should now be as follows:

— this afternoon:

At the request of the Committee on External Economic Relations, the first item on the agenda—the report by Mr Baas on the processing of goods under customs supervision—has been deleted.

- Report by Mr Pêtre on social trends in the Community in 1972;
- Report by Mr Pêtre on the ratification of a first list of agreements;
- Report by Mr Jozeau-Marigné on the fundamental rights of Member States' citizens;
- Oral Question No 1/73, with debate on relations with the USSR and Comecon;

— Oral Question No 24/73, with debate, by Mr Habib-Deloncle on multilateral negotiations in GATT;

— Statement by Mr Deniau on the Association between the Community, the AASM and the Commonwealth countries;

— Report by Mr Vredeling on customs duties for certain agricultural products.

*Thursday, 5 April 1973
until 10 a.m.*

— set aside for meetings of political groups.

10 a.m., 3 p.m. and, possibly, the evening

— Question Time;

— possibly, debate on request;

— report by Mr de Koning on farm prices for the 1973-1974 marketing year;

I propose that Parliament fix the deadline for tabling amendments to this report at 1 p.m. on Thursday, 5 April.

Are there any objections?

That is agreed.

— report by Mr Cifarelli on farming in mountain areas and other poorer farming areas.

*Friday, 6 April 1973
until 10 a.m.*

— set aside for meetings of political groups.

9 a.m.

— Meeting of the Bureau;

10 a.m.

— Report by Miss Flesch on special measures temporarily applicable to officials and nuclear establishment staff of the Commission;

The debate on the Communities' Preliminary Draft Supplementary Budget for 1973 has been deleted from the agenda as the Council has not yet forwarded the document in question to Parliament.

— Report by Mr Mommersteeg on European political cooperation and unification;

— Report by Mr Bersani on the resolution of the Parliamentary Committee of the EEC-East African Association adopted on 28 November 1972 in Nairobi;

— Report by Mr Dewulf on the Agreement between the EEC and Egypt;

— Report by Mr Bousch on the introduction of Community contracts.

Are there any objections?

That is agreed.

12. *Social trends in the Community in 1972*

President. — The next item is a debate on the report by Mr Pêtre, on behalf of the Committee on Social Affairs and Employment, on social trends in the Community in 1972 (Doc. 4/73).

President

I call Mr Pêtre, who has asked to present his report.

Mr Pêtre, rapporteur. — (F) Mr President, Ladies and Gentlemen, I should like to begin by saying that your Committee on Social Affairs examined the report of social trends in 1972 with great interest. Although we examine and consider this important document each year, I believe that this year your committee devoted even more attention to it than usual, and for two reasons. Firstly, it appeared to mark the end of a phase—and what a phase—in the life of the Communities. Indeed the next statement, Mr President, will refer to social trends in 1973, to the Community of the Nine instead of the Six. Moreover, I would also like to stress that the committee members greatly appreciated the document's presentation. In this context we regard the fact that the report included the major contemporary social trends, together with statistics in the form of social pointers, not forgetting the chapter on social developments in 1972 in the three new Member States of the Community, as important innovations for which the Commission is to be thanked and congratulated.

The Committee on Social Affairs went on to consider the main social events of 1972. Firstly I would like to mention the entry into operation on 1 May 1970 of the new European Social Fund. Ladies and gentlemen, there is certainly no question of assessing the value of the new European Social Fund at this point, since it has only existed for a few months, and in any case we cannot discuss its achievements today. However, the committee was concerned to discover that the financial resources made available to the new Fund will not be sufficient to meet its obligations or the requirements which will inevitably arise in certain problematic sectors. In any case, the committee will come back to this question next July when the Commission, pursuant to current provisions, submits its report to the Council and Parliament on the Fund's activities during the preceding financial year.

The Committee on Social Affairs also considered the report's two closing chapters, Chapters A and B, and in particular the various points mentioned in my written report. In the course of my statement, Mr President, I propose if time permits to discuss the most important points raised by your committee. I must also say that several of the Commission's proposals to the Council concerning various fields of social policy were brought up during our debates. These were the proposals on corporate dismissals, youth unemployment, vocational training, the conflicts of law that often arise concerning labour re-

turns, and finally the proposal on the European social budget. We noted that some of these proposals are still being studied while others have already been discussed by Parliament. With regard to this matter, your Committee on Social Affairs was happy to note how much action the Commission took last year and greatly appreciated the political will this reflected. We all expressed the hope that the Commission would display the same political will for action when it began to prepare and implement the new social programme.

The point which the committee debated at most length was that of employment. Ladies and gentlemen, we are very worried about this, particularly in view of the unemployment in the Community as a whole. In fact the data given in the report on social trends shows that the number of unemployed in the Community rose from 1.3 million at the end of 1970 to 1.4 million at the end of 1971 and reached 1.6 million at the end of 1972. The gravity of this situation will impress everyone and your committee members believe that suitable measures must be taken quickly to reduce unemployment and promote security of employment wherever possible. Although the Commission explained to us that this admittedly unsatisfactory development was mainly due to the underdevelopment of certain regions and to the difficulties encountered in employing or re-employing certain categories of people such as young persons, older workers, the handicapped and women out of work, we cannot, ladies and gentlemen, accept this kind of explanation. We must remember that in its 1971 social report, the Commission expressed the conviction that full employment and better employment were one of the great aims of our society. It outlined a series of proposed steps to combat unemployment. It was a matter, it said, of implementing a coordinated overall programme at Community level which would embrace the various sectoral policies, whether regional, agricultural or industrial. It also intended putting forward specific proposals to improve the labour market and raise the level of skills of workers, to align vocational guidance and training systems and to make data comparable and harmonize estimating methods at Community level.

At the time, we praised these excellent intentions and excellent statements; but in view of the situation today, it must be agreed that, notwithstanding its good intentions, the Community has not taken effective action against the distressing problems of unemployment and under-employment. In the face of this demonstrable lack of Community action in the matter, Mr President, we are naturally disappointed and insist once again that the Commission really

Pêtre

must take more effective steps to combat the problems involved the creation of new jobs and the readaptation of workers. For its part, the Committee on Social Affairs and Employment has declared that it will follow employment trends in the Community attentively and will re-examine the matter at its next meetings.

Under the heading of salaries and remunerations, I would like to stress that having once again noted the lack of progress in the problem of equal pay for men and women, the Committee on Social Affairs repeats its demand to the Commission to devote more attention to this problem and to take suitable action to implement Article 119 of the Treaty which, as we know, lays down the principle of equal pay for men and women. As for the disturbing problem of prices and wages, reflected in the constant decline in purchasing power, above all the purchasing power of lower income categories of workers, your committee found that here again Community policy had not proved effective. The disappointing results of the Council of Ministers' attempts to curb inflation are evidence of this failure. So we draw the Commission's attention to this priority field of Community social policy and request it to include this problem in the programme for action it is currently drawing up.

A brief word now, Mr President, on what are currently called growth objectives. In these growth objectives we include leisure, culture, family life and the well-being of workers. The Committee on Social Affairs discussed them too and hoped that the Commission would follow the lead of the Summit Conference by including in the Community social programme measures to improve the conditions and quality of life. Regarding this point, your committee considers that raising the standard of living and increasing the number of annual holidays often promotes leisure and cultural policies, not forgetting economic repercussions such as tourism, which gives certain poorer regions chances of survival and recovery of a different kind, on condition that suitable measures are taken.

Mr President, I must close now if I wish to respect my speaking time. Taken as a whole the Commission's statement on social trends shows that certain progress has indubitably been made; yet important problems remain to be solved if a genuine Community social policy is to be achieved. These include, I repeat, employment policy, the problem of unemployment, housing, and maintenance of purchasing power. Although aware of the difficult nature of the tasks to be accomplished, the Committee on Social Affairs puts great hope in the 1972 statement by the Heads of State, who attached

as much importance to vigorous action in the social field as to the achievement of Economic and Monetary Union. Accordingly, while thanking and congratulating the Commission on its desire to press forward in the social field, your committee insists that it must take suitable measures to bring about the necessary social stimulus in the Community. This, Mr President, ladies and gentlemen, was the thinking behind our motion, which was adopted unanimously by the Committee on Social Affairs and Employment and which Parliament, we hope, will approve.

(Applause)

President. — I call Mr Van der Gun on behalf of the Christian-Democratic Group.

Mr Van der Gun. — *(NL)* Mr President, ladies and gentlemen, on behalf of the Christian-Democratic Group I should like to make a few comments on the Commission's report.

I would begin by expressing our appreciation of the new form and scope of the social report. The chapter on social indicators, which gives a picture of developments during the last few years, is particularly interesting since it provides some idea of the prospects for the near future. We are also grateful to the Commission for the activities which it initiated in the social sphere in 1972. I should like to make a few observations on a couple of points of that policy which we feel were not altogether a success. I refer to employment policy and to the fight against inflation.

As Mr Pêtre already pointed out, the number of unemployed rose from 1.3 million at the end of 1970 to 1.6 million at the end of 1972. The chapter on social indicators gives an idea of the spread of this unemployment in the Member States. The Commission writes very little about the causes of this unemployment, and yet this is a very important factor since it is on the basis of these causes that a new policy must be worked out.

In my opinion some of the main causes are new technical developments, increasing mechanization due partly to the rise in labour costs, mergers and factory closures, as well as structural problems in such sectors as mining, the textile and fibre industry, and agriculture. We should, however, appreciate it if the Commission were to mention any other causes, thus enabling us to form a better idea of the undoubtedly less favourable developments in this field.

We should moreover be grateful if the Commission would give us an indication of the

Van der Gun

regional spread of unemployment, since that too is missing from the report. We should in fact like to have a breakdown of the unemployment figures not only for each Member State but also for individual regions.

At the same time the Community faces the problem of labour shortage, which is a most important factor since it is in fact the ratio between supply and demand which determines unemployment to a large extent. There are certain areas which suffer from both unemployment and a shortage of labour because the labour demand does not match the labour supply. In this connection we wonder whether even the enlarged European Social Fund can cope with so broad and diversified a problem as unemployment. We also wonder whether this situation is not partly due to the fact that there is no truly regional policy to speak of within the Community, a factor which we consider not unimportant for the development of employment. One might say that 1.6 million is not much when expressed as a percentage of the wage-earning population, yet for those 1.6 million unemployed and their families that unemployment means spiritual and material poverty. And it is only right in our opinion that employment policy should figure prominently in the 1973 social policy.

I should also like to ask the Commission what the basis is for the prediction given in the report that unemployment among wage-earners would drop by 1% in 1973, a figure which I consider somewhat on the optimistic side. Measured in terms of the total unemployment among wage-earners this represents a considerable drop. Prevention is better than cure, Mr President; which brings me to the subject of inflation, for it is obvious that the increased wages and prices which we are experiencing in the Community will not fail to have an effect on employment. While appreciating the Commission's good intentions, I feel bound to point out that the anti-inflation policy can by no means be termed a success, neither for 1972 nor, considering the prospects published, for 1973. We should like to hear from the Commission what concrete measures are being envisaged to alter this disastrous course. The report rightly stresses that it is the lower income categories which will suffer most from such an inflationary trend. In this connection, too, I should like to ask the Commission what it intends to do to check this development. In our opinion a coordinated wages and incomes policy is unavoidable if we really wish to combat inflation, and of course we all do. We were somewhat surprised that there was little or no mention of such a wages and incomes policy in the report. We are convinced that a totally

unrestrained system of wages and prices, dividends, etc., is not compatible with an effective fight against inflation. In our opinion consultation with both sides of industry is therefore urgently required. In this connection, Mr President, there is a third point on which I should like to comment, and that is the social programme.

At the Paris Summit Conference the Heads of States or Government agreed emphatically that decisive action was called for in the social field, and that social policy should be placed on a par with economic and monetary union. This is a viewpoint to which we gladly subscribe. It was also resolved that the Community institutions must work out an action programme before 1 January 1974 in conjunction with both sides of industry, this last condition being of considerable importance. Finally, a list was given of a number of points to be included in this action programme. We fully endorse the conclusions reached in Paris since it is thanks to them in our view that social policy will at last be given the place it deserves, and which it should have had a long time ago. We should be delighted if the social programme could be worked out as fast and as comprehensively as possible. It would be much appreciated if the Commission were able to submit by the end of April specific proposals for discussion in the Council in May. And then, Mr President—and this we approve wholeheartedly—a meeting with both sides of industry will be held in Luxembourg in June. We consider this in itself a gratifying development since, like the Heads of Government in Paris, we believe that an effective social policy can only combat inflation successfully if good relations exist in industry, and if both sides are given a certain amount of responsibility, a responsibility which they are prepared to discharge through their right of participation.

We were somewhat surprised, Mr President, by the fact that no mention was made of the European Parliament in connection with the Luxembourg conference. We find this a little strange, for it hardly makes sense that the European Parliament should not be present at this conference with both sides of industry, convened for the purpose of laying the foundations for implementing the social policy. The Committee on Social Affairs and Employment in particular finds this very hard to accept, and we therefore appeal strongly to the Commission to invite a comprehensive delegation from the European Parliament, and especially the Committee on Social Affairs, to attend the Luxembourg conference. It is there in our opinion that we can and must create the right atmosphere in which to fulfill as far as possible the great expecta-

Van der Gun

tions currently being harboured with regard to the social programme.

Mr President, I have nothing further to say except to thank Mr Pêtre for his report to which the Christian-Democratic Group fully subscribes.

(Applause)

President. — I call Mr Adams on behalf of the Socialist Group.

Mr Adams. — *(D)* Mr President, ladies and gentlemen I would first like to say on behalf of the Socialist Group that we approve the report and therefore the motion which it contains.

At the beginning of his report, Mr Pêtre—rightly in our view—makes the remark that social policy in the Community had been given new life by the Paris Summit Conference, since in spite of considerable activity in many fields and the establishment of regulations of various kinds it was not possible to provide lasting political impulses in 1972 to achieve a broad social effect.

The report by the Commission, Mr President, largely represents a description of the social policies of the Member States of the Community, including those who have just joined. But it also documents the fact that we are growing further and further apart. The Community has of course accomplished something: I am thinking here of the worker's freedom of movement, the social security of migrant workers, questions of offers made by employers, the European Social Fund and social problems associated with the agricultural, transport and economic policies. For the millions of workers, however, the unification of Europe is increasingly tied to the question of the social aspects involved. The Community's policy is faced with the growing demand by workers that greater emphasis be placed on the social factor in European cooperation. I believe, and I speak here for my colleagues, that the Community would be exposing itself to a considerable trial of strength if it evaded this issue. Among other things, the Socialist Group sees in the result of the Paris Summit Conference the possibility of reviewing the Treaty and in particular Articles 117 and 118, which should include clearer and comprehensive stipulations on a European social policy.

The rapporteur welcomes the initiative taken by the Commission on many fronts in 1972. He has fought for the term 'welcomes', his child as he has called it, at committee level. The majority of the committee members, including my colleagues, stood by him. The criticism, Mr President, was directed at the initiative taken by the Commission with regard to the representation of

workers on the managing bodies of the European limited company. I said that we of the Socialist Group also welcome this initiative, but we nevertheless regret, Mr President, that this Parliament did not make a clear and positive statement on the subject in 1972 even though decisions had already been reached with large majorities by the appropriate committee and the committees asked for their opinions.

What is the aim, let me ask once again, of workers' participation? The principal aim is to overcome the view that the worker is an object, to eliminate the alienation that exists and to achieve active commitment by all concerned in the economic process. It would in our opinion be a contradiction in terms in present day society to limit democracy to the state. The co-existence of people in a spirit of responsibility should take the forefront in all spheres of life. We therefore feel that even in the economic field the focal point is at last not the "body corporate", but an association of human beings making up an active whole and setting our economic process in motion.

Mr President, ladies and gentlemen, within this association there are naturally conflicts of interest, which have to be settled by means in particular of cooperation between management and labour at an entrepreneurial level. These conflicts should be resolved by the introduction of workers' participation based on equal rights for labour and management in the company. According to the rules of democracy, where opinions form in the company, only a representative body with an equal number of members from management and labour can protect the interests of both sides.

The subject on which there is still heated discussion is the choice of the officers to be appointed to the supervisory body of a company. I am sure, Mr President, ladies and gentlemen, that taking democracy for granted is not restricted just to workers, but is also so pronounced in many shareholder circles that the qualitative rearrangement of economic and social interplay can be achieved in the spirit of greater social justice. I would like to add a personal remark at this point. I hope that the results of elections in various countries of the Community in 1972 and 1973 have shown a number of my colleagues in this Parliament that their present attitude on this question is without a doubt wrong.

A few words on the Social Fund, Mr President, ladies and gentlemen. We welcome the opportunities that the Social Fund in its new form revealed in 1972. It is surely clear to all of us that the Fund should not be regarded as a poor-box for workers and that it cannot bring the

Adams

employer any financial advantages. The Socialist Group is in favour of the expansion of the Social Fund so that freedom is achieved in the choice of educational establishment, occupation and place of work. This freedom is not at present guaranteed where the individual does not have a choice between various places of education, training and work at a reasonable distance from where he lives.

Mr President, in the Community area collective agreements are still to be found which include special wage groups for women. In other words, although they are doing the same work as their male colleagues, women receive less pay. In addition, we have in Germany, for example, low-wage groups which provide the lowest wages in the scale, and it is into these groups that women predominantly fall.

This question is closely connected to the problem of equal pay for different activities. The solution is naturally related to the way in which workers are classified under collective agreements and by their employers. It might above all consist in the abolition by management and labour—and it is to them that we appeal—of low-wage groups. It should be the aim of the governments of the Member States of the Community, Mr President, ladies and gentlemen, and of a future European social policy to provide every woman with social security of her own. My colleagues and I intend identifying with equal rights and opportunities for women so that they can participate fully in the spheres of family, work and society. This has not as yet been achieved in this Community.

Mr President, ladies and gentlemen, in 1972 the Community again failed to complete its discussions on the formation of assets by workers. In this respect, too, we note that varying rulings already exist in the Community. In Denmark, for example, a bill has been submitted which concerns both workers' participation and the formation of assets by workers. In West Germany, there are about a million workers who share in the growth in income from production under agreements with their employers. In addition, decisions will, I am sure, be reached in West Germany this parliamentary term aimed at achieving a situation in which workers must by law be given a share or a larger share in income from production. I mention this, Mr President, ladies and gentlemen, because I hold the view that these projects will without a doubt affect the worker's decision on whether or not he finds a given place of work acceptable and that they will be of decisive importance where the labour market in Europe and the worker's freedom of movement are concerned. This means to us that we can but press for a European solution to this

problem if this freedom is not to have an effect in emergencies only.

Another chapter which we did not complete in 1972 or on which we did not achieve harmonization was the problem of industrial safety. Mr President, ladies and gentlemen, some of you will no doubt have read in the newspapers a few days ago that at a paint factory in Italy more than one hundred workers have died of cancer of the bladder over a period of three years due to a lack of appropriate safety arrangements. We consider this alarming. My socialist friends have raised the question in their parliament. We believe that to effectively control accidents and hazards to health in industry, employers should be compelled to have company physicians and safety personnel available at their plants. The objective is threefold: firstly, the expert application of technical and medical regulations; secondly, the expert application of the latest know-how in the fields of safety and industrial medicine; thirdly, the achievement of the greatest possible effect with the available means of labour protection and accident prevention.

Mr President, ladies and gentlemen, I feel obliged on behalf of my group to add these remarks to the comprehensive report prepared by Mr Pêtre. As I have already stated, our group approves the motion and the report.

(Applause)

President. — I call Mr Marras.

Mr Marras. — *(I)* Mr President, we Communists have already had occasion, at meetings of the Social Affairs Committee, to express our appreciation of Mr Prêtre's report, which shuns the airy optimism so often found throughout Community documents and concentrates on the most significant phenomena in the social field, at least for the year 1972. For our part, we believe that the past year has seen a general retrogression in the social situation throughout large areas of our countries, in spite of the resolutions to get social policy under way again and in spite of the programmes, the mountains of documentation and the fine words of the Summit Meeting on social policy. As a matter of fact, we see this borne out by the great struggles of the working classes which have marked the entire course of the year 1972, not only in Italy but in so many countries of the Community. Our colleague, Mr Pêtre, has done well, therefore, not to let himself be dazzled by the programmes and the proposals but instead to highlight the two principal factors which characterize the social trends in the Community today. These two factors, in our opinion, are increased un-

Marras

employment and the influence of inflation on the standard of living of the working masses.

There is only one thought that I should like to develop on the problem of employment. The facts have already been fully set forth, but as far as 1973 is concerned the Commission's report contains a rather optimistic statement which might give the impression that this phenomenon is about to be arrested and that in 1973 we shall have an increase in the number of employed workers.

It seems to me that this confidence for the future is misplaced, especially if the Commission examines its own statistics, unemployment increased by 100,000 units from 1970 to 1971 and by 200,000 units from 1971 to 1972. A second statistic: the number of vacant jobs which could not be filled went from 1,050,000 in 1970 to 750,000 in 1972. Third statistic: non-native manpower requirements, that is to say, migrant workers, came to 750,000 units in 1971 and 450,000 in 1972. If we take these three statistics together, we see immediately that developments in the employment situation are rather more serious than the picture painted for the Parliament by the Commission. In addition, these statistics are reinforced by others which give food for more serious thought, such as, for instance, the fact that one-third of the total number of unemployed workers in the Community are between 19 and 24 years of age. All this means, at the very least, that effective rapport between school, education, professional training and the possibilities for deployment in production is being lost.

There are two illusions that we could possibly entertain, and it would seem to us to be very wrong to do so. The one is that the phenomenon of unemployment is about to decrease in the Community, and the other is to try to balance the number of unemployed against the jobs that are available in other areas of the Community. We have already remarked, in fact, and emphasized in other circumstances that the fact that Germany can offer 750,000 work units which have not been filled, while Italy, or Southern Italy, on the other hand has hundreds of thousands of unemployed, shows once again that differences and discrepancies exist within the Community which are becoming a very real hindrance to any effective process of economic and political unification of the Community, and we are becoming aware of this today through the difficulties we are having in setting up a common monetary policy. We must, therefore, as the rapporteur has rightly said, relate the problems of employment to the general economic policy and to structural policies, both regional and social, using the machinery already existing and setting

other processes in motion with the utmost despatch, such as the Regional Fund and other measures already envisaged by the Community.

That brings me, Mr President, to my second point. The problem of inflation is certainly a very complex phenomenon which we do not intend to examine in all its aspects. We have examined it and we have a duty to examine it especially in its social implications, and more precisely insofar as it brings about an increase in the cost of living for the great majority of families. When it was stated at the meeting of the Council of Ministers held in Luxembourg that Community proposals had not been successful, this was a rather mild way of putting it. I would prefer to speak more bluntly of a failure of Community policies tried up to the present in this area. We were told at Luxembourg: 'we are directing our efforts towards seeing to it that the increase in the cost of living within a period of twelve months will not exceed 4 per cent'. Community statistics available to us today speak of an increase in the cost of living of 6.9 per cent, almost double the figure predicted by the Council of Ministers. But this overall figure does not bring out sufficiently the social repercussions of these phenomena, because it is in agricultural food products, rented housing and the purchase of building sites, in precisely those sectors therefore in which we advocate the necessity of making it possible for workers to acquire some property and which relate most directly to the standard of living of the masses of workers, that the increases are much greater than the 6.9 per cent given as an overall figure by the Community.

Experimental measures tried out in certain countries, such as consumer price freezes or wage freezes, seem to be futile and illusory. This is due to the fact that up to this there has prevailed in the Community an economic and monetary policy which allows a small group of speculators, by a telegram from a bank in one country to a bank in another country, to make enormous profits and it is the mass of millions of workers who have to bear the brunt of the most obvious effect of these speculations, namely, inflation. We must give the Commission credit for the fact that it has pointed out these phenomena courageously and honestly but one has the impression that the report on the evolution of the social situation does not show an awareness of the seriousness of the two problems which are at the heart of Mr Pêtre's report, namely those of employment and of the excessive cost of living.

In conclusion, I believe that no one of us should shirk the fact that, if these phenomena are aggravated any further, all our blueprints for a social policy will be effectively sabotaged.

President. — I call Lady Elles on behalf of the Conservative Group.

Lady Elles. — Mr President, speaking on behalf of the Conservative Group, I shall be very brief because this report refers to the social policy of the Commission in 1972, and of course the United Kingdom only became part of the Community on 1 January 1973. Nevertheless, I should like to take this opportunity to welcome this report and to congratulate Mr Pêtre, the rapporteur, on a very full and comprehensive statement. There are just two or three aspects I would like to mention.

The first—and the Committee on Social Affairs and Employment will not be surprised—is the subject of women. Now Mr Pêtre has been very kind and given us a paragraph in the resolution and I welcome this, especially the last two lines in which the Commission is urged to give the same opportunities and consideration to women as to men in its new programme. I hope, Mr President, that this displays a new type of thinking in the Community in dealing with these problems, because I do deplore and I deplore once again in this report the paragraph on page 10, paragraph 9, where we have a list 'young persons, older workers, handicapped persons, women etc'. (Laughter) I find this frankly both insulting and degrading; after all, 'young persons' as I understand it is a global phrase which can also include females, so can 'older workers'—in fact many older workers are indeed females, and so alas are many handicapped persons. So I hope that once and for all we can scotch this kind of listing whereby women are an appendage to many of the particular problems that arise in society today, especially when I might remind you, Mr President, that whether one likes it or not women do form 52 per cent of the population of the Community. That is one little problem that I did want to mention.

The other point on which I would like to say a few words is my regret that in paragraph 10—and of course I will only deal with the formulation of the new social programme because that is what we will be concerned with working together in this Parliament—there is no mention of the population problems with which this Community is faced. Now it seems to me that a great deal of the employment problem depends on the size of the population, the effective labour force in the Community, and the demographic problems which are related thereto, and I think that this is a very real problem which we must take on board and ask the Commission to consider when they are dealing with these problems of unemployment in certain areas, in certain

industries and in certain age groups. We are all aware that the effective labour force of the Community is declining owing to the raising of the school-leaving age, which is indeed a good thing, and earlier retirement, which is also a good thing, but nevertheless we are depleting our effective labour force and we are having to rely on a vast number of immigrants. Now it is all very well that we do have immigrants in our Community, and they should be treated fairly and equally, but nevertheless I think we must make up our minds what kind of policy we are going to use and whether we are only going to use immigrant labour for the poorer and less remunerative types of work. This I think is a major point that we should consider in our social policy in the future.

Finally, Mr President, apart from these remarks, I think it is clear that in the United Kingdom as on the Continent we share very many of the same problems that have arisen in the last twenty years in a very highly developed and increasingly industrialized area of the world, and we in the European Conservative Group will certainly play our part and do our share in working out effective policies to raise the standard of living of the people in the Community and to see that every section of the population has a better chance.

President. — I call Miss Lulling.

Miss Lulling. — (F) Mr President, while congratulating our rapporteur, Mr Pêtre, on his report, I should like to make a few remarks on the European Community's social policy for the future. As a result of the decision reached at the Summit Conference of October 1972 in Paris, I am glad to find that the Community's social policy will at long last be able to branch out beyond the confines of the fire brigade and the Red Cross, to which an all-too-narrow interpretation of the few social provisions contained in the treaties had reduced it for too many years. One can therefore but welcome the invitation addressed by the Summit to institutions of the Communities to establish by 1 January 1974 a programme of action which should aim, in particular, at carrying out a coordinated policy for employment and 'improving working conditions and conditions of life, at closely involving workers in the progress of firms, and facilitating on the basis of the situation in the different countries the conclusion of collective agreements at European level in appropriate fields and at strengthening and coordinating measures of consumer protection'.

But it is my view, Mr President, that the preparation of this programme should not slow

Lulling

down the activity which the Commission can develop right now within the framework of the Treaty and also on the basis of its own provisions. I am thinking in particular of the Commission's proposals concerning the order of priority when implementing the first phase of the Economic and Monetary Union—namely, the establishment without delay of a Community Labour Market, the suppression of hidden and structural unemployment, the improvement of safety and health conditions both at work and in general life, improving the situation of employed women, the employment of handicapped persons, the social budget and the cooperation of social partners.

I hope you will excuse me if among these priorities I insist upon that which concerns the improvement of the situation of the employed woman. I am grateful to my colleague, Lady Elles, for having protested against the mania for relegating women to the category of people who are regarded as being not entirely normal—handicapped persons, the old, the young, etc. It was, I think, Director-General Rifflet who once told me that if one takes the whole of this list into consideration, 14% of the population are left who can be regarded as normal. But if, in addition, all the women are included among the abnormal, then not even 14% of the total will be left in the category of normal people. Thus there is in fact—and I think we are agreed on this point—a problem of women in employment and in society. In any case, they should not be included in these groups, and the same applies to others as well.

I am also particularly grateful to our rapporteur for having introduced into the resolution Paragraph 13, which urges the Commission to 'take all the measures necessary to implement Article 119 of the Treaty, which establishes the principle that men and women should receive equal pay for equal work'. But in this connection, Mr President, I must protest against the delay in submitting the report on the implementation of the principle that men and women should receive equal pay for equal work, for in fact the last report dates from 1968. And what I deplore even more than the delay in submitting these very interesting data is the fact that the Council—unfortunately its members are not present now—has sublimely ignored a resolution of April 1971 in which we asked Member States, firstly, to complete the application of the provisions of the Resolution of 30 December 1961—you see how people take their time when it is a question of women's problems—in order to reach agreement on a uniform interpretation of the principle of equality of pay in the Member States and, secondly, to establish a new timetable for the

complete application of Article 119, which the Treaty had laid down for 1961. It is now 1973 and still the Council has not produced this new timetable! We asked the Council to do this in the course of its own work, or perhaps even by convening a conference of Member States, as was done in 1961. I therefore regret that the Council has ignored this resolution. I very much hope that the present President of the Council of Labour Ministers, our former colleague Glinne, will do his best to ensure that we no longer overlook, as we have done up till now, these fine resolutions of the European Parliament on the subject of equality. In general, I should like to say that the difficulties encountered by women in all countries of the Community, although to varying degrees—for many thorny problems concerning the position of women in economic and social life remain to be solved—will only be surmounted if the Community gives real priority to the solution of these problems, which are making too slow progress in all the Member States.

Mr President, I do not want to anticipate the discussion of the general report, but even now I am gratified that the Committee on Social Affairs and Employment should have accepted the proposal I made as rapporteur to demand the setting up of a committee of the Community and of a special department under the European Commission along the lines of the Women's Bureau in the United States. We hope that this suggestion will not fall upon stony ground but that, on the contrary, the Commission will follow it up in order to accelerate a solution of the numerous and thorny problems besetting the situation of women, whether they be employed professionally, of independent means, or working as housewives.

Here I should like to say something about one aspect of the social situation of the married woman who is not professionally employed and who is not entitled to sickness benefits or to an old-age pension. In my opinion, emancipation will remain an empty word without any definite meaning for women who do not benefit from a social security system of their own, independent, from that of their husbands. By studying models which enable the woman who stays at home for a good part of her life to bear children and bring them up to remain assured that she will be able to benefit from special arrangements regarding contributions for the years which she has spent performing her duties as a mother, the Commission could encourage the adoption of solutions that are not uniform but perhaps identical in all Member countries in order to achieve, in a field which is more or less new in all our countries, a certain harmonization right from the beginning in the organiza-

Lulling

tion of this social security for women, whether professionally employed or not. I would ask the Commission to take the initiative in launching these studies in order to ensure this harmonization right from the start.

One last word, Mr President, on the situation of migrant workers. As regards those coming from Member States of the Community, Community provisions already exist which regulate perfectly satisfactorily the conditions of their stay, their legal situation, their social security, etc., even if there are problems of integration still to be resolved. But as a result of growing employment in the Community, workers from third countries have been attracted in an increasing degree and their legal situation is governed by treaties and bilateral agreements. The length of their stay depends on the legislation relating to aliens, which offers very little security. I think, Mr President, that we should try to find a solution to the many problems posed by the presence of hundreds of thousands of workers from third countries, including tens of thousands of "illegal" workers, in the different Member States of the Community. It is impossible for me to go into this subject in detail within the framework of this debate, but I must emphasize that we must become aware of this problem if only for humanitarian reasons: unfortunately, these often have to give way to economic considerations. The Community must find a more humane solution for the problems relating to this labour force, which our economies need, for it cannot afford the luxury of remaining any longer in ignorance of this situation.

Subject to these remarks and in the hope that the Commission will follow the few suggestions that I have made, I shall vote in favour of the motion for a resolution contained in the excellent report of Mr Pêtre.

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — Mr President, I would also wish to compliment Mr Pêtre on the excellent contribution that he has made here, and on the positive, constructive approach to this report, and to this resolution. I am grateful too to the committee and to Parliament for the contributions made here. In February I had the honour to present to Parliament the annual report on trends in the Community of Six in 1972, and I would like to say how much I welcome the speed at which that report gave rise to the resolution and the very useful discussion in the Assembly today. This discussion and your resolution give a very good idea of the measures

and the actions in the social field which the Assembly regards as of priority importance, and this early reaction on the part of Parliament is particularly useful to me since at this time the Commission is considering the early stages of the development of a programme to be considered at the Tripartite Conference in June in Luxembourg.

I note the proposals made in the resolution in regard to the action programme, and I do not think that it is necessary for me to go into these at this time, since today's discussion here is for me a consultation and over the next few months we will have the opportunity of discussing the proposals which the Commission will be putting for consideration in June. I note that you have requested participation or observer status at the meeting in June and I think that is a good idea. In the meantime I would like to say that what the Commission is now doing is considering the possible decisions that could be taken, the possible courses of action over the next years to implement a social policy for the Community. When the Commission has decided what proposals it will send to the Council, the Council will consider these on 21 May and will decide at its meeting in May what to put to the conference in June. After that, definitive proposals from the Commission for an action programme will be presented to the Council. I would like to make that clear at this stage, because from time to time I have heard people say that there is not adequate possibility for consultation. There will be adequate opportunity for discussion, and of course after the conference the normal consultation process.

It seems to me to be clear from what was said here today that programmes have been developed before, and I have met this in other institutions and in consultation with other people. What seems to bother those who have had previous experience is whether advances will be made on any action on a programme, and like Parliament I rely on the political will expressed at the Summit Conference. The Summit Conference expressed a strong will that the social aspect of Community policy should stand in its own right, just as strong as the movement towards monetary and economic union, and it is on that together with the necessary part of the existing treaties that we would base our action programme.

However, I think it is becoming fairly clear from the consultations I have had that positive steps should be taken in certain areas. It has become clear today that the main problems of the Community, as you are quite aware, are in the employment field. In spite of the large number of unfilled vacancies in areas in the Community

Hillery

there is high unemployment in other places. In the enlarged Community of Nine, as distinct from the report, we had about 2.6 million people unemployed in the months of January and February, an average unemployment rate of 2.5 per cent. Employment problems remain, especially for some regions and particularly for some groups of workers, even though the forecasts for economic progress in the near future are optimistic.

Mentioning optimism, I would like to answer the Member who spoke of the too optimistic attitude of the Commission to the creation of full employment. If I might refer to Page 10 of the Social Report for 1972, and I quote: 'Only great efforts at Community level will give any hope of achieving the objective of full and better employment which the Commission, with the support of the European Parliament and all those concerned in social life, place and has always placed in the first rank of priorities'. Now when one says that only great effort can achieve this, one is not being optimistic. Full employment is still a very difficult goal to attain. It is not attainable by any single action or by a programme in any particular area of the Commission's competence. It is the result of a complex interaction of many economic forces, but it does require wholehearted contribution from every person having anything to do with the creation of employment. There is no optimism there; I think we must regard it as a difficult objective, but still it is the prime objective because all the other problems which we raise are dependent for their solution on the creation of full employment.

The creation of better employment can be achieved by training if employment opportunity exists. Where we can help to solve employment problems is in the creation of a manpower policy or an organization of the labour market for the Community, and this would require much better information on the employment position in the various regions and in every sector in the Community. It would require clear comparability in the definitions of employment opportunities and it would require coordination of the activities of the employment agencies of the Member States.

Somebody did ask on what we base our forecast of an increase in employment. Our forecasts are based on the sum of the forecasts from the national forecasting agencies, but it is important that these, too, be coordinated at Community level. Thus we could contribute to the removal of the disparities that exist among the different states in the Community. We do require an active regional policy in the Community to remove some of the worst disparities. We can contribute to the easing of the position of the

migrant workers by knowing clearly the position of vacancies in the Community. Many of our problems could be solved if we had adequate information, and this would, I think, be one of the priorities to arise from this discussion here today.

As for the question of women, I find it difficult, as must the writer of any report, to bring forward the urgent need to take action in relation to what has been described as 52 per cent of the population of the Community without classifying them as women. I have seen reference to 'women and other categories', but as far as I am concerned there is only one other category from that of women. Nevertheless, women have problems in their careers in relation to equality of training, equality of opportunity, equal opportunity for promotion, equal pay and also the problems created by the other function imposed by society on women, the function of having families and taking care of them, and it requires a much wider thinking than just the straight question of equal pay to solve the problems of women in the Community. We will soon be publishing for Parliament a report on the position of equal pay in the various countries. We will be able to see from that the gaps that exist and we will have some proposals from the Commission at that time. But apart from equal pay there is the problem of the limitation imposed on women by their system of education and by their very rearing, the limitation placed on them in terms of the careers which they think are suitable, and the limitation placed on them as regards the places in industry to which they aspire. I cannot see how this can be broken into except through a long process of changes in the education system and changes in public opinion, but we could try to short-circuit this by training. I think that perhaps if we pay more attention to the possibility of training and placement services for women we could solve many of the problems which that section of our population faces. It is true that the categories mentioned—the old worker, the young school leaver, the handicapped—can equally well be men or women, and it is not fair just to put women as an added classification with them, but there are problems in these groups and all these problems are again dependent for their solution on the availability of full employment.

The problem of the school-leaver is probably more marked than that of other age groups in the employment field, and again we should consider and are at this time considering how we can help the young unemployed potential workers. The aged worker needs special help too, and the handicapped can be brought fully into ordinary work if handled from hospital rehabilitation to training; so these could all be

Hillery

matters in which progress can be made if the overall question of employment is satisfactory. Even if it is not satisfactory, they should have their equal share of the opportunities that do exist.

The question of health and safety has been raised, and a high number of deaths from vesical cancer due to occupational exposure was mentioned. Again, I do feel that the time must be near when Community standards should be considered by the Commission; this is one of the areas where we can study the possibility of improving the situation through action by the Community.

The effects of inflation have been mentioned, and the action that we could take in the field of social affairs is only a part of the overall possibilities in the fight against inflation. The national governments of all Member States are seriously engaged in this problem now and so is the Commission, but it is true that some of the Member States have introduced measures to protect the weakest Members of the Community who are the worst sufferers from the effects of inflation.

I want to thank Parliament for the contributions which it has made here; they will all contribute to the consideration of action to be taken in the future. I would like to say that the result of the discussion is that it is obvious that there has been a certain amount of social progress in the Community before, even if people say that there has not. The possibility of social progress being *sui generis*, having a right of its own, gives us all a degree of optimism which I hope will not be disappointed. In the days before the Paris Summit, from the signing of the Treaty, it was expected that the Common Market and the effects of the Common Market would bring harmonization and improvement and progress in the social field. This has been slower than was expected, and from the mandate given us by the Heads of State or Government I do not think that we can any longer assume that the Common Market will bring about social improvement of its own accord. I think the time has now arrived for positive action in some or all areas, depending on the possibilities of implementing any particular social programme. As has been said here and in other places, there have been programmes before, so I think that at this time we will be examining the possibilities with a view to seeing what can be done rather than what is desirable. At the same time we must never lose sight of the broad possibility of having in Europe a social policy based on a philosophy which puts human beings first and makes all other activities serve human needs.

(Applause)

IN THE CHAIR: MR BEHRENDT

Vice-President

President. — I call Mr Pêtre.

Mr Pêtre, rapporteur. — *(F)* Mr President, I would be failing in my duty if I did not thank those colleagues who have spoken in the debate on this report. I would also like to thank Dr Hillery for his reply. He has given us new grounds for hope, and I trust that no one will accuse us of being too optimistic for saying this. In any action which it undertakes for the gradual implementation of this social policy—because, as we know, it cannot all be done at once—the Commission will always have the support of Parliament. But it must expect Parliament to be vigilant and, where appropriate, critical.

President. — I call Mr Romualdi.

Mr Romualdi. — *(I)* Mr President, ladies and gentlemen, I should like to make a brief statement to say that we are voting in favour of the valuable motion for a resolution drafted by Mr Pêtre. We cannot but welcome the measures which will be taken to promote employment in every country of the Community and to bring about an improvement in the standard of living, in the quality of life and in professional training. This latter, as we know, is felt particularly keenly in a country such as ours, with a large work force which is obliged to emigrate to find work and which therefore stands in particular need of a thorough professional training.

In addition, we cannot but underline the truly vital importance for the workers of the housing problem. This problem is felt keenly not only by countries which, like Italy, have undergone great and rapid social transformation, but also by the large nations which house large masses of emigrant workers.

We are, therefore, on the whole in favour of this proposal but this does not dispense us from making some observations on it. The measures of which we have been speaking have not, at least up to the present, brought about a solution of these problems. In fact, these problems have assumed giant proportions and in some situations they have become extremely serious.

We welcome the fact that the Paris Summit Meeting has defined, once and for all, the basic importance of a European social policy, placing it on the same level as the other programmes needed to strengthen the Community, and that it has also recognised the necessity for the Community to go from sectoral interventions, and

Romualdi

chance interventions, to a real comprehensive policy in the social sphere. It is important that the Commission, in presenting its first social programme, should have taken account of these needs, but we hope that these good intentions can be converted into effective action, which up to the present, unfortunately, has not been the case.

Social life in Europe has declined, unemployment has increased and housing conditions are far from ideal. As well as that, the effort to give the worker a share in the life, the decisions and the administration of his company, in other words to raise the worker from being a mere wage earner to the condition or better still to the dignity of having a say in his company, has taken very few steps forward, if, in fact, it has not rather gone backward—I speak of this because it is a basic element for which my political party has been fighting for many years. It is my wish, therefore, while being aware of the sincerity with which this problem has been tackled in this Parliament, that we should pass as soon as possible from good intentions and from fine words to actions, thus giving a higher social value to the life of the workers and of the peoples of all of Europe.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion.

I have received no amendments or requests to speak.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

13. *Change in agenda*

President. — The next item on the agenda is a debate on the report by Mr Pêtre, on behalf of the Committee on Social Affairs and Health Protection, on the second report of the Commission of the European Communities to the Council on the possibilities and difficulties facing Member States regarding the ratification of a first list of agreements concluded within the framework of other international organizations (Doc. 289/72).

At the request of Mr Jozeau-Marigné, and in agreement with Mr Pêtre, I propose, however, that the House now consider Mr Jozeau-Mari-

gné's report, and then the report by Mr Pêtre. Mr Jozeau-Marigné has to leave soon to meet other obligations.

Are there any objections?

That is agreed.

14. *Fundamental rights of Member States' citizens*

President. — Pursuant to the decision just taken, the next item is a debate on the report by Mr Jozeau-Marigné, on behalf of the Legal Affairs Committee, on the motion tabled by Mr Lautenschlager, on behalf of the Socialist Group, concerning the protection of the fundamental rights of Member States' citizens when Community law is drafted (Doc. 297/72).

I call Mr Jozeau-Marigné, who has asked to present his report.

Mr Jozeau-Marigné, rapporteur. — (F) Mr President, ladies and gentlemen, our colleague, Mr Lautenschlager, has, in the name of the Socialist Group, tabled the motion for a resolution confirming protection of the fundamental rights of Member States' citizens when Community law is drafted.

This is a problem which to many will seem extremely abstract, and yet in the daily life of our fellow citizens it is of capital importance. Your Legal Affairs Committee has done me the honour of asking me to examine this problem and propose a resolution. It is in the name of the unanimous Legal Affairs Committee that we applauded Mr Lautenschlager's initiative, and the motion for a resolution which I shall submit for a vote at the end of this introduction has been unanimously voted for by the Committee and therefore by all the representatives of the Political Groups. The modifications which I have introduced have in fact been nothing more than corrections of detail, which moreover have received Mr Lautenschlager's unqualified approval.

An abstract problem, I said! Indeed, how many people find themselves wondering what a 'fundamental right' is! And so, in this introduction —without, of course, wishing to recapitulate the whole of my written report, which is at your disposal—I must recall that fundamental rights constitute a clearly defined legal category in German constitutional law, but that in the law of certain other countries, more particularly of my own country, France, one fails to find as excellent a definition as that which exists in the Federal Republic. We have therefore agreed to state the following: "The term 'fundamental

¹ OJ No C 26, 30 April 1973, p. 5.

Jozeau-Marigné

rights' is applied to rights and freedoms underpinned by positive guarantees; these rights and freedoms may be set forth in the written provisions contained in the constitution or form part of a continuing constitutional tradition kept alive by the law-giver or case law".

In my report, I gave by way of example the following rights: respect of human life, freedom of the individual, freedom of conscience, freedom of opinion. You may reply: We are familiar with these rights, but how can they possibly be contradicted in any way by legislation, be it in the form of directive or regulation, emanating from an Assembly such as ours? The point is that the rights I mentioned just now, which are among the most important, are nevertheless not the only ones. There are those deriving from the general principle of equality before the law; there are those deriving from the principle of equality of the sexes (a few minutes ago these problems were raised by some of our colleagues and by Mr Hillery); there are also the right of association, the right to work, and the right freely to engage in an occupation. You see how many rights may be affected either by a directive or by a regulation!

I must also, at the beginning of my speech, attempt, together with you, to get a better knowledge of conflicts which may arise between Community law and these fundamental rights, to find ways and means of defining and asserting these rights at Community level and to provide arrangements for ensuring that these rights are effectively safeguarded.

The supremacy of Community law and the protection of the fundamental rights of Member States citizens; how should this problem be formulated? Here it is essential to recall certain things—as has incidentally already been done in the course of previous sessions, in particular by two eminent jurists whose names I have pleasure in recalling as I have pleasure in saluting their achievements. These are Mr Deringer, who has been chairman of our Legal Affairs Committee and who has made an indelible impression upon this Parliament, and Mr Dehousse, who represents Belgium in this Parliament; both of these have had the occasion, in reports of high quality, to re-evoke the great principle underlying these rights. The principle of the supremacy of Community rules over the corresponding national rules is the corollary of the direct applicability of the provisions of Community law in the national legal systems of Member States. What would become of all our work, of all the system of rights and laws which we wish to establish if these Community rules were not obligatory in all our countries? Different forms of Community decisions have been conceived, and Mr Lautenschlager's motion for

a resolution envisaged the consequences deriving from directives; the committee has decided to add to these the consequences deriving from regulations, for it must not be forgotten that these regulations have a direct impact upon the lives of all our fellow citizens, since their application is direct and immediate. Mr Lautenschlager, in his motion for a resolution was right in envisaging the consequences deriving from directives, for even though these directives are not directly applied—the national parliaments in fact also have something to say—we must bear in mind that in passing them it is not our intention to confront our national parliaments with difficulties resulting from the impossibility—a moral impossibility if nothing else—of adopting a text which conflicts with the fundamental rights recognized in these States. Above all, it is the wish of the entire committee to make recommendations, and the text which we are submitting to you is in no way to be regarded as a sanction.

I have already re-evoked the great principle underlying Community law. I shall not recount the consequences which have been drawn from this, for you have them in your written text. This principle has been confirmed by doctrine and by case law. The Belgian Court of Cassation and the highest courts of Germany have affirmed—I insist on repeating this, and it will never be repeated too often—that the supremacy of Community law stands out in fact as an essential rule observance of which insures uniformity of implementation of Community law, which is the prerequisite for its coherency and authority.

But the implementation of such a rule raises some doubts, and these doubts have already been expressed. Is not the implementation of a rule which appears so rigid and so necessary not likely to affect each one of our citizens? On more than one occasion, colleagues of ours have expressed their doubts on this point. Mr Dehousse has done so, Mr Halstein after him; on an earlier occasion Mr Lautenschlager, in his report on proposals for directives on self-employed activities of opticians, drew our attention to the same problem. With his permission I will quote what he said without changing a word. He said: 'The parliamentary committee to which the directives have been referred wondered "how far it was possible to encourage Member States, pursuant to Article 100 of the EEC Treaty, to adjust their national legislation in a manner liable to restrict more severely than is warranted by public health requirements certain fundamental rights embodied in the constitutions" '. These words were heard from the lips of Mr Lautenschlager within these very walls, and his proposals were accepted by this

Jozeau-Marigné

Assembly. But these difficulties to which Mr Lautenschlager drew attention in connexion with the freedom of establishment of opticians will easily be found to recur in all problems concerning the freedom of establishment and the freedom to provide services; one might say that it is the field of occupational freedom that attracts the attention of many writers, and indeed of all those engaged in the study of these problems; it is also the field in which we may find the greatest number of difficulties.

That is why it seemed to the Legal Affairs Committee that ways must be found of ensuring observance of the rights of Member States' citizens whenever the prerogative of the individual might be adversely affected by the process of economic integration. The problem has been put this way, but it may equally well be viewed in a two-fold perspective: at the juridical and at the political level. At the juridical level, we must prevent all possibility of challenging the supremacy of Community law: I need not insist upon this point any further. At the political level, the position of personal rights in the Community structure must be strengthened—'a highly European idea,' according to Thomas Mann. In this way, the fact that the European Community, created by law and itself a source of law, is—in the strongest sense of the term—a legal structure will be solemnly affirmed.

I will not recapitulate the substance of my report; nevertheless, permit me to say that we have attempted to find two kinds of solutions—formal and pragmatic.

On the subject of the formal solutions, some people have been obliged to take into consideration—and have been right in doing so—that none of the three treaties contains a declaration of fundamental rights.

This does not entitle us to say that the Community authorities wanted to evade the great principles which inspired the constitutions of States. Moreover, we find in the treaties more than one reference to the respect that exists for these great principles. Doubtless this has not sufficed to dissipate people's doubts, and some have asked themselves whether it was not advisable to make arrangements for adopting a text to be annexed to the Treaty, in order to incorporate these great principles of law. Others have thought that other points of view should be taken into consideration and negotiations begun for the signing of an *ad hoc* convention on the basis of Article 220 of the Treaty, according to which:

'Member States shall, as far as is necessary, enter into negotiations with each other with a view to securing for the benefit of their nationals:

— the protection of persons and the enjoyment and protection of rights under the same conditions as those accorded by each State to its own nationals.'

The formal adhesion of the Communities to the Convention on Human Rights has also been suggested. This might have something to be said for it, but we have seen certain difficulties in this course. In fact, according to the terms of the Convention, it is only States which can accede. Can we consider that the Community, juridically speaking, is a state? You see, there are many difficulties which may present themselves on the formal level.

President. — Mr Jozeau-Marigné, you have already exceeded your speaking time. Would you please conclude.

Mr Jozeau-Marigné. — (F) I ask for only three minutes.

President. — I am sorry, I can give you only one.

Mr Jozeau-Marigné. — (F) After the formal solutions, there are the pragmatic solutions, which I have indicated in my report. Without dwelling on the subject, I must say—you see that I am being as brief as possible—that the pragmatic course is to ask for the European Court of Justice to be given an opportunity of recognizing the rights of the individual citizen and so acquire an ever stronger position.

I conclude. In the motion for a resolution, we ask you first of all to draw the Community's attention to the respect of human rights and, in a second paragraph, to request the submission of a report on all the possibilities envisaged by the Community on this subject. We have also drawn attention, unanimously and emphatically, to the need for opening more widely the doors of the European Court to the ordinary man, for in so doing we shall be more humane—and I thank you, Mr President, for having been so humane as to grant me an extra minute-and-a-half.

(Laughter—applause)

President. — I call Mr Lautenschlager on behalf of the Socialist Group.

Mr Lautenschlager. — (D) Mr President, Mr Jozeau-Marigné's report deals with an area of great importance, one might almost say the greatest importance, for a democratic system of government. The gratitude and esteem of this House are due to the rapporteur for his out-

Lautenschlager

standing work, which testifies to the great depth of his knowledge and the strength of his commitment to the cause. My regard for French jurisprudence is now higher than ever before. I should like to thank the rapporteur also for the kind remarks he made about my original motion for a resolution.

Mr President, on every occasion when the European Parliament has turned its attention to the protection of the fundamental rights, the means of safeguarding them in those areas taken out of the national jurisdiction and placed under Community law has been a subject of constant concern. This concern is well justified by the absence in the Community of any effective parliamentary control in this domain and only a dubious control through the legislation. The power structures in the Community are based exclusively on the Treaties. The latter, however, contain no charter of basic rights. Moreover, when criticizing Community legislation one cannot invoke, for example, the Convention of Human Rights. The conventions concluded in the Council of Europe form a system of multilateral treaties embodying its own organs, including judicial control. The problem of safeguarding the fundamental rights under Community law has not yet been solved, and shows how well founded is the constant criticism of the status of Parliament, in particular its purely consultative role, even though the latter is as a rule obligatory. In the final analysis, the movement towards political union must founder on this problem, unless those with the power of decision within the Community find a way of gradually increasing Parliament's competence. Without this, direct election of this Parliament would be pointless, a mere charade.

The attempts currently being made to overcome the difficulties in the monetary sector, in the common economic policy, and especially in agriculture are doomed to failure in the face of the growing scepticism among the Member States as to whether the Community can be made to work. It is obvious that as a result of this scepticism national governments will be more and more reluctant to cede their sovereign powers to the Community without firm safeguards for their citizens' basic rights. A further point is that both the Commission and the Council of Ministers are totally lacking in any democratic basis. Parliament does have such a basis, but only indirectly, and in any case this institution has no real legislative powers. It is therefore, I suggest, the highest time for this vicious circle to be broken.

However, I would ask you to allow me, Mr President, to touch on an aspect which Mr

Jozeau-Marigné was unable to discuss in his report, because it concerns a court case in the Federal Republic of Germany, the outcome of which is still in the balance. The rapporteur made a number of references to this case, but was unable to comment upon it, since the decision of the Federal Constitutional Court is not expected until July of this year. It relates to the Council's Regulation of 21 August 1967 concerning European companies. The Administrative Court of Frankfurt/Main had referred a case to the Federal Constitutional Court to test its opinion that only a national judicial body could decide on the control of constitutional norms, since the Community organs were not bound by constitutional law. In this context I find it very interesting that the government of my own country considers it improper to invoke the Federal Constitutional Court once the European Court of Justice has given its decision on a case. Nevertheless, it cannot be ruled out that the Federal Constitutional Court will, after all intervene in the matter. This would mean a national court ruling on the compatibility of Community law with national fundamental rights. My supposition as to this action on the part of the German Federal Constitutional Court is based on the fact that the European Court in its decision of 17 December 1970 recognized only fundamental rights which, if I may be allowed to quote, Mr President, 'are inherent in the constitutions of every one of the Member States.' This decision leaves unresolved the problem of priorities when Community law infringes a fundamental right recognized by one or more Member States, but not by all of them.

I should therefore very much like to know whether the Commission shares my view that Community legislators should either recognize fundamental rights allowed in individual Member States, be it only one, or else work towards the harmonization of the fundamental rights guaranteed to citizens in all the Member States. I believe that unless this problem is resolved satisfactorily there is a danger of Community legislation being blocked. The Commission should therefore as soon as possible exercise the right of initiative as provided for in the Treaties, with a view to a decision in the Council.

In conclusion, I should like, Mr President, to stress on behalf of my Group that we attach the utmost importance to this Council decision, since it will have a crucial effect on future legislation. My political colleagues and I regret all the more that, apart from the present resolution, Parliament has no other means of helping to bring this matter to a satisfactory conclusion at the earliest possible date.

Lautenschlager

Mr President, it only remains for me to confirm that my political colleagues and I will support this motion.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (F) Mr President, ladies and gentlemen, the topic of discussion today is of fundamental importance, for when we speak of protecting human rights we are concerned with the very basis of Community law. That is evidence of the importance of this debate. But its importance also derives from the value of the report with which it opened and I should like to begin by paying it due tribute. Indeed Mr Jozeau-Marigné's report follows in the tradition of the Legal Affairs Committee's great reports which marked an epoch in the elucidation of the main problems of Community law.

I would like to say at once that the Commission's views coincide as a whole with those of the rapporteur, both as regards analysis of the problems and their solutions.

The rapporteur was quite right to stress the links that exist between observance of fundamental rights and freedoms of the individual and the recognition of the supremacy of Community law. Furthermore, the condition for the supremacy of Community law and its very existence is the protection of personal prerogatives, for any conflict between human rights and Community law would affect the very foundations of the latter.

The entire structure of the Communities is based on Member States' recognition that they belong to a common philosophic, political and juridical tradition, and naturally at the centre of this common democratic awareness lies the priority of human rights and the need to guarantee them. There can be no conflict between these basic requirements and Community law.

Admittedly not all the fundamental rights of the individual are formally embodied in texts. Nevertheless they must be respected by the Community legislator as positive rights, as general principles of unwritten Community law. In this respect, the Court of Justice's recent judgment cited by your rapporteur is such as to allay all anxiety.

Yet continual efforts must be made to further protect the public freedoms and fundamental rights of the individual. The Commission will naturally apply itself to this task.

In this connection, some people might wish to find more specific guarantees in a text which, one way or another, would formally embody the obligation of Community law to respect these freedoms and rights.

Here the Commission subscribes entirely to Mr Jozeau-Marigné's conclusions. I share his scepticism entirely as regards the practical effectiveness of a formal guarantee of that kind. I will not go into the political inconveniences and practical legal problems that would arise if such a guarantee were established at this stage.

The attempt to further safeguard individual rights and freedoms in Community law should not, therefore, be done on the basis of theory but by recourse to the flexible and pragmatic solutions put forward by the Legal Affairs Committee. They alone are operational solutions, at least for the time being. Moreover they have the immense advantage of conforming more closely to the extremely evolutionary character of the Community and Community law. These solutions are based on action by the Community institutions.

Respect for individual rights is above all a question of juridical protection, and in this respect everything speaks for placing full confidence in the Court of Justice, which would act, where need be, in conjunction with the national jurisdictions pursuant to the provisions of Article 177 of the Treaty. The powers thereby conferred on the Court of Justice's judgments, the evolutionary nature and creative force of the Court's methods of judging and the case laws it has laid down sufficiently ensure—and I hope this will answer Mr Lautenschlager's question—that far from merely satisfying the lowest common denominator of the various national systems, the Court will strive to draw the necessary inferences from these principles to give sufficient guarantees of individual rights and freedoms.

The question of protecting the fundamental rights of the individual also arises in everyday life. The Committee was well aware that it must pay constant attention to this question in all its activities and take practical steps. It fully intends to take great care that its own actions or its proposals to the Council never conflict with the requirements of observing human rights. Here the Commission goes a step further than the Legal Affairs Committee's report. In fact it considers these requirements valid not only in respect of normative Community acts, such as regulations and directives, but in respect of all legal acts whatever their form or destination, that is to say including decisions addressed to states or individuals.

Scarascia Mugnozza

It is convinced that this will enable individuals to find guarantees in Community law at least equal to those provided by their own constitutional law, and that this will allay any doctrinal anxieties on the question.

President. — Does the rapporteur wish to speak again?

Mr Jozeau-Marigné, rapporteur. — (F) No, Mr President, I have nothing to add.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

15. *Second report of the Commission on certain agreements concluded within the framework of other international organizations*

President. — The next item is a debate on the report by Mr Pêtre, on behalf of the Committee on Social Affairs and Health Protection, on the second report of the Commission of the European Communities on the possibilities and difficulties facing Member States regarding the ratification of a first list of agreements concluded within the framework of other international organizations (Doc. 289/72).

I call Mr Pêtre, who has asked to present his report.

Mr Pêtre, rapporteur. — (F) Mr President, ladies and gentlemen, in presenting this report for which the Committee on Social Affairs appointed me rapporteur, allow me to remind the House that the question is not a new one, since our Parliament already considered it in 1963 and 1968. In 1968 the European Parliament adopted a resolution in which it invited Member States' governments to accelerate the procedure for ratifying international agreements.

Mr President, several years have passed since then, yet examination of the Commission's second report to the Council shows that little progress has been made. This worries your Committee on Social Affairs, and all the more so because the seven conventions on the Commis-

sion's first list have an undoubted social interest, which incidentally is recognized by both sides of industry and by Parliament. To save time, I shall only remind you of the subjects of these conventions.

First there was Convention No. 103 on maternity protection, adopted at the 35th International Labour Conference in Geneva in 1952. The second was Convention No. 111 concerning discrimination in employment and professional activities. The International Labour Organization adopted this convention in 1958. Then there is Convention No. 117 on basic standards and aims of social policy which was adopted at the 1962 conference. Next came Convention No. 119 on protection of machines, adopted in 1963. Then came Convention No. 120 concerning hygiene in trade and office premises, adopted in 1964. And finally, the sixth Convention, No. 122, concerned employment policy and took effect in 1966. In addition to these six conventions, all of which were adopted at International Labour Organization conferences, there is also, ladies and gentlemen, the European Social Charter, signed in 1961, by the Committee of Ministers of the Council of Europe.

Reading the Commission's second report, it appears that only one Member State of our Community, Italy, has ratified the seven conventions on that first list.

As for the other Member States, the situation varies greatly from country to country. The Federal Republic of Germany and France ratified two conventions and the European Social Charter. Belgium, the Grand Duchy of Luxembourg and the Netherlands have only ratified one convention out of the seven we have mentioned! I stress the fact, Mr President, Ladies and Gentlemen, that the European Social Charter, signed nearly twelve years ago, has still not been ratified by three of the original Member States of the Community, so that you will understand why your Committee on Social Affairs deplores this state of affairs and repeats its demands to countries which have not yet done so to ratify the international conventions immediately, as indeed requested by the European Parliament in its earlier resolutions.

As for the three new Member States, the Committee on Social Affairs has noted that the United Kingdom has ratified three of the seven conventions on the first list. Denmark has ratified four and Ireland two.

After this rapid survey of the situation as regards ratifying the ILO conventions, your Social Affairs Committee must state that the situation as regards ratification of the European Social Charter is hardly better. Indeed,

¹ OJ No C 26, 30 April 1973, p. 7.

Pêtre

Mr President, to judge from the Commission's report, there are still obstacles to ratification and the governments in question are putting forward various reasons to justify their delay. Naturally we cannot dismiss these obstacles. Yet, as the Commission also noted, the Committee on Social Affairs found that the obstacles to ratification do not really appear insurmountable. And in fact your committee wonders whether certain Member States are simply not interested in the problems we have just raised, although they have a very real importance as regards harmonizing European social legislation. Whatever the facts of the matter, we feel it would be desirable for the European Parliament to take suitable action to help the Member States to overcome the legal difficulties of whatever kind that stand in the way of their ratifying the said conventions.

With this in mind, your committee considered it appropriate to ask the Commission to enable both sides of industry to comment on the reports concerning these matters, and on the Council's proposals, since, as we know, they took part in drawing up the international conventions in question. Similarly, Mr President, your committee hopes that the members of this Parliament will join forces with the members of the Consultative Assembly of the Council of Europe and their colleagues in national parliaments with a view to calling to account the governments responsible and urging them to table bills for ratification and to ensuring that once ratified the conventions are really translated into implementing legislation.

Moreover, your Committee on Social Affairs, while welcoming the interest the Commission has always shown in the problems of ratifying the ILO and Council of Europe agreements, would urge it insistently to present the promised supplementary report on ratification of the European Social Security Code as soon as possible, together with ILO Conventions Nos 118 and 121.

Mr President, finally I must stress that the Council of Europe and the International Labour Office are extremely interested in the results as regards ratification of any action our European Parliament might take; this, I believe, should encourage us to approach the problem in a spirit of efficiency and firmness of purpose.

In conclusion I would like to recall that in the discussions at the Summit Conference of October 1972 great emphasis was placed on the need for social progress. But, Mr President, ladies and gentlemen, social progress within the Community also means harmonizing in a spirit of progress the social provisions of Member States legislations. The European Social Charter and

the ILO conventions are genuine expressions of international social progress and as a body they can be useful instruments for achieving such harmonization. This is why your Committee on Social Affairs asks our Parliament to show that it wishes the Member States of the European Community to ratify the international agreements quickly, given that most of these States honoured them with their signature when they were adopted.

Mr President, ladies and gentlemen, it remains only for me to say that the report I have just presented together with its motion for a resolution were unanimously approved by your Committee on Social Affairs and that the Christian Democratic Group will also approve them at the close of this debate. I hope our Parliament will take the same decision.

(Applause)

President. — I call Miss Lulling.

Miss Lulling. — *(F)* Mr President, the Commission of the European Communities provides us regularly with reports on what Member States find possible and what they find difficult as regards the ratification of a first list of conventions concluded within the framework of other international organizations. These reports are certainly very interesting and very useful. I should, however, like to warn the members that certain information about the ratification or non-ratification of conventions by Member States is liable to create a false impression.

There are, you see, countries that find it easy to ratify conventions, but more difficult to apply them; and there are countries which do not ratify anything unless they are truly resolved to apply what they ratify. I should like to illustrate this with an example. My own country, the Grand Duchy of Luxembourg, ratified ILO Convention 103 on maternity protection, a convention that our rapporteur, Mr Pêtre, also mentioned. One of the provisions of this Convention stipulated, and very rightly so, that employers should not have to pay employees during maternity leave. However, before this Convention was ratified, the employees of private firms in my country received their entire salary from their employers during maternity leave. The Luxembourg Government did not enact any legislation to implement this measure in order that wages should be paid by the employer during maternity leave, and the following case arose. An employer refused to pay the wages of one of his employees while she was on maternity leave, although he was required to do so by national legislation still in force. The employee took the matter to court and the court

Lulling

found in favour of the employer, since international law takes precedence of municipal law. So the woman in question received no pay during her maternity leave. The Luxembourg Government was prompted by this case to ask the Health Insurance Fund for employees of private firms to pay women on maternity leave a sickness benefit, as if maternity were a sickness! This benefit, incidentally, amounts to only two-thirds of the normal wage, whereas, before the said Convention was ratified, the employee received her full pay.

This just goes to show, Mr President, that these ratifications are sometimes just a very pretty façade! Thus, as we can read in Mr Pêtre's excellent report, Italy has ratified everything! I must say, speaking personally, that I would have preferred my country not to ratify the convention, since it has made no arrangements for its implementation.

Identical situations can of course occur in other countries, and I should like to emphasize that this pretty façade of ratification is one thing, but that the reality behind the façade is another in those countries which ratify conventions without giving the matter serious thought. That is why I am particularly grateful to the Committee on Social Affairs and also to our rapporteur for having accepted an amendment which I proposed be made to Section 10 of the draft resolution. The Commission is now requested "to prepare draft recommendations designed to promote the harmonization of Member States' legislations which provide for standards higher than the minimum standards laid down by international conventions".

I should like to stress this point. I know that opinions differ whether it is desirable to draw up recommendations on social security, for example, for which the Member States themselves continue to be responsible. I am still convinced that recommendations would be a good way of promoting harmonization of the various legislations and I continue to regret the fact that the Commission never saw its way to putting to the Member States the recommendation on maternity protection which was the subject of the report I submitted to this Parliament in 1966. If that recommendation had been put to Member States, it could have promoted the creation of a new more harmonized legislation in those states which had not yet legislated on this matter, or which, like my own, had not yet adapted their legislation.

Mr President, I wanted to make these few remarks because I find it vexing that certain countries should be held up as shining examples when we know very well that the social reality in those countries is quite another story, while

an accusing finger is pointed at other countries where social legislation is much more advanced. The Community is well acquainted, I think, with all these ILO recommendations, but the minimum standards which they prescribe are such that any developing country could well ratify them! I should prefer proposals, in the form of recommendations or otherwise, coming from our Member States, for such proposals could go much further. That, Mr President, is the reason why I think ratifications can be useful, but that we should not attach too great an importance to appearances, to the pretty façades behind which the reality is not so pretty.

President. — I call Mr Walkhoff.

Mr Walkhoff. — (D) Miss Lulling's observation that European law may have brought about a worsening of the situation in certain cases strikes a rather false note in this debate, and should perhaps be corrected by the formal reminder that, obviously, where national law goes further and is better, it normally cannot be restricted by agreements at European level.

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, I would like to thank the Committee on Social Affairs and Employment and in particular the rapporteur, Mr Pêtre, for the very thorough report on the ratification by Member States of agreements made within the framework of other international organizations. I think for having extended the scope of his comments to the three new Member States, Mr Pêtre deserves our gratitude too. The Commission's report will now be similarly revised to take account of the position in the three new Member States up to 31 December 1972. Work has already begun on that.

The Commission shares the committee's concern at the large number of cases in which Member States have so far failed to ratify agreements made at ILO conferences held as long ago as between 1952 and 1964. Italy is the only Member State to have ratified the European Social Charter and the six ILO conventions coming within the scope of the report, so once again we can only urge the Member States to overcome the difficulties, the technical or legal problems which stand in the way of ratification, and to demonstrate their political will to conform with international labour law. Up to now the Member States seem to ratify conventions entirely at their own convenience, and this does not show sufficient regard for the obligation of Member States under Article 117 to work

Hillery

towards the harmonization of social systems in the Communities.

To deal with specific questions raised in the report, I can say that work is pressing ahead on the preparation of the Commission's supplementary report on the ratification of the European Code of Social Security and ILO Conventions 118 and 121. This will be ready shortly. I fully agree with your view that both sides of industry should be consulted on the whole question and shall ensure that this is done. With regard to the Commission's draft recommendation to the Council on employment conditions relating to maternity, the position is that the Commission has withdrawn that draft and regarded the question as one belonging to an overall question of providing proper working conditions for women, a question which we have discussed already and which will be prominent in our minds in drawing up the programme for social action and implementing social policy over the next years.

President. — I call Mr Pêtre.

Mr Pêtre, rapporteur. — (*F*) Mr President. I should like to thank Dr Hillery for his answer and to say to Miss Lulling, whose statement I much appreciated, that although there may be certain problems in the Grand Duchy of Luxembourg, as indeed there are in other countries, this does not mean that international conventions of the kind prepared every year in Geneva, conventions signed by the Council of Europe and endorsed by the Ministers of the Community should not, once they have been adopted, be ratified by each of the Member States. I feel it is a question of honesty, of political morality.

As regards the application of these conventions in the national legislations, Miss Lulling is completely right.

She proposed an amendment to the draft resolution and we have in fact accepted it unanimously. While on this question, I should nevertheless emphasize that the rapporteur who presented the Committee's report is not supposed to express his personal views. We must take as our starting point the principles expressed in the Commission's report to the Council and the discussion which took place within our Committee on Social Affairs. The rapporteur should base himself on these two important elements if he wishes to be objective and to present to his colleagues the Committee's opinion.

I believe all points have been covered in the discussion, Mr President, so it only remains for me to urge our colleagues to make their voices heard in their national parliaments as well. The

help which the Commission of the Communities is able to provide in this matter does not dispense Member States from making all necessary efforts. I hope that, if we all keep working on this problem, we shall before long succeed in getting these conventions, some of which are twenty years old, ratified at last by each of the Member States.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

16. *Oral Question No. 1/73 with debate:
Community relations with the USSR
and Comecon*

President. — The next item is Oral Question No. 1/73 with debate, put by Mr Jahn, Mr Bertrand, Mr Burgbacher, Mr Dewulf, Mr Löhr, Mr Memmel, Mr Müller, Mr Noè, Mr Richarts, Mr Riedel, Mr Schwörer and Mr Springorum to the Commission of the European Communities.

The question is as follows:

Subject: Community relations with the USSR and Comecon.

For the past year or so, there have been signs of a possible rapprochement between the EEC and the USSR or Comecon. Furthermore, negotiations on economic cooperation are to be held as part of the Conference on European Security and Cooperation.

The Commission is therefore asked:

1. What significance does the Commission attach to the conditions for the establishment of relations between the EEC and the USSR or Comecon put forward by various countries of the Eastern bloc and does the Commission consider these conditions to be fulfilled?
2. Does the Commission feel that the external commercial policy to be introduced by the Community as from 1 January 1973 should be related to the individual state-trading countries of Eastern Europe or to Comecon as a whole?
3. Does the Commission start from the assumption that the Community possesses at the present time all of the instruments required to pursue an effective external commercial policy, in consonance with the foreign policy of the Member States, with the state-trading countries of Comecon?

¹ OJ No C 26, 30 April 1973, p. 8.

President

4. What steps has the Commission taken to remove the barriers to more extensive economic relations with the state-trading countries, referred to in its answer to Written Question No 230/72 by Mr Vredeling¹?

I would remind the House that pursuant to Rule 47 (3) of the Rules of Procedure the author of the question is allowed twenty minutes to speak to the question, and that, after the institution concerned has answered, Members may speak for not more than ten minutes and only once. Finally, the author may, at his request, briefly comment on the answer given.

I call Mr Jahn to speak to the question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, the question of whether there has been any change in the attitude of the Soviet Union and other Eastern European state-trading countries to the Community is the subject of lively discussion in Member States at the moment.

The Soviet Union's condemnatory attitude to the EEC has until recently been determined by two factors: ideology and power politics.

For a long time the idea was prevalent in the Soviet Union that capitalist states could never achieve a lasting alliance; by their very nature they were bound to degenerate into competition, rivalry and disharmony, and eventually break apart.

This prognosis, ladies and gentlemen, was disproved by the actual development of the European Community.

The Soviet Union's condemnatory attitude to the enlarged Community stems partly from considerations of ideology, as I mentioned, but it is also motivated by power politics and policies of self-interest.

Europe as a cohesive bloc does not accord with the Soviet Union's concept of economic and power policy.

Certainly the Soviet Union has a greater chance of pursuing its own economic and political interests if Europe is split up into a number of small states rather than united in a political and economic bloc. That is why the Soviet Union has always reproached the EEC with trying to deepen the divisions in Europe by the creation of power blocs, and claimed that the EEC is only an extension of NATO. This view has until recently been expressed by all the Soviet press. Now there can no longer be any doubt that the European Conference on Security and Coope-

ration was set up by the Soviet Union to check any further progress towards European unity. Nor is there any doubt that the Soviet Union has always recognized the strong attraction exercised by the European Community and fears its economic influence on other states.

For this reason the Soviet Union supported the reinforcement of national independence, the abolition of power blocs and a policy of understanding and cooperation with the East, fostering the growth of national independence in its sphere of interest (although not to the extent of permitting bilateral links), and trying to prevent any such links being established between the EEC and the Eastern bloc.

The enlargement of the EEC in 1972 brought the Soviet Union into confrontation with its own ideology and power politics. Its ideological concept was refuted by the strengthening of the Community, and Brezhnev was forced to take a public stand on the subject. He first expressed his opinion in public at the 15th Congress of Soviet Trades Unions on 22 March 1972, when the Soviet Union was forced to reconsider its policy so far; it acknowledged the reality of the EEC—and here I quote from Mr Brezhnev's speech: "The Soviet Union is fully aware of the present situation in Europe, including the existence of an economic grouping of capitalist states, namely the Common Market. We are following with interest the activities of the Market, its progress, its enlargement and expansion. Our relations with its Member States will naturally depend on the extent to which they on their side recognize the reality of the Socialist states, and in particular the interests of Comecon members. We stand for equal rights in economic relations, and we oppose discrimination."

Certainly a remarkable speech! At the end of the same year, on 21 December 1972, Brezhnev returned to the subject of the EEC—and I quote—"Is there any basis for some form of working relationship between the international commercial and economic organizations existing in Europe? I would say there is. If the EEC Member States refrain from any attempt to discriminate against the other group, if they are prepared to contribute to the development of natural bilateral links and European cooperation."

Mr President, ladies and gentlemen, obviously we are interested in establishing bilateral links with Hungary, Czechoslovakia, Rumania and Bulgaria, and they reciprocated our interest, as the Commission will confirm, but the Soviet Union dissuaded them. Analysing Mr Brezhnev's remarks one is not led to conclude that the Soviet Union has come to terms with the exist-

¹ OJ No C 115, 4 November 1972, p. 8.

Jahn

ence of the EEC. On the contrary, they imply that it is trying to block or weaken the Community or even put an end to it, while at the same time declaring, in order not to lose its authority in international affairs, that it will accept the EEC on practical grounds and make the best of it for its own ends.

The Soviet Union's realistic attitude to the European Community is certainly not the result of any change of heart, but is motivated by pressure of circumstances—that is, by the EEC's progress in recent years.

Since 1 January 1973 Moscow can no longer trade bilaterally with EEC Member States. From now on, trade agreements can only be negotiated by the Community as a whole, and if we stay together, the Soviet Union has no way of getting round this. It is thus obliged to come to terms on a commercial level with a Community which it does not recognize ideologically, and does not think should be allowed to expand from the point of view of maintaining the balance of power.

Mr President, ladies and Gentlemen, I urge the Community institutions, above all the Commission, but also the Council, to keep the public informed of new developments in relations with the Soviet Union and the other state-trading countries. This is especially important because the pattern of trade policy depends more than ever on the Community, as the Soviet Union has recognized. The Commission should therefore give precise information on the nature of relations with Eastern European countries.

It is precisely in our relations with these states that commercial policy becomes an instrument of general foreign policy. It is not therefore surprising if Member States have a certain tendency to interpret their trading powers rather more liberally than the Treaty agreements allow. Also, credit terms, state credit guarantees and exchange transactions are much more important to the exchange of goods with state-trading countries than the traditional trading methods (take for example pipes, natural gas, joint building programmes for industrial complexes and integrated plants. It therefore appears essential that the Community's newly-acquired powers in foreign trade should not be restricted in definition. They should, in my opinion, cover anything which affects foreign trade, directly or indirectly. On the other hand foreign policy and foreign trade are so closely linked that they will inevitably be tied in with the foreign policies of Member States.

To make my point clear, Mr President, ladies and gentlemen, the Community must be able to speak with one voice in both foreign policy

and commercial policy. I call upon the Community to work out ideas for all aspects of economic cooperation with Eastern Europe, and to decide with other Member States how they can best be implemented. As I mentioned before, it seems likely that the Soviet Union will try to prevent the Comecon states from forming any association with the EEC. It is known officially that Rumania wishes for association with the EEC through the medium of general trade preferences. Poland too recently expressed the opinion that the EEC was a real and permanent institution and that it would continue to grow despite any internal difficulties it may have. Bulgaria also recognizes the EEC. The Soviet Union, if it does aim at cooperation with the EEC, will only allow this to be done under the direct influence of Moscow and Comecon. And this is where the EEC must make provisos.

Mr President, ladies and gentlemen, I am coming to the end of my speech. My point is, that there is too much disparity among the types of integration and the influence exerted by members of the EEC and Comecon. In particular these potential partners attach varying degrees of importance to the extension of trade. It seems that the Soviet Union is more interested in technological know-how, whilst the other Comecon countries hope for greater contacts with us, above all in the area of foreign trade.

Mr President, ladies and gentlemen, one thing must be made clear. The Community cannot unfortunately extend trade preferences to the state-trading countries, as we do to Third World countries. The guidelines which Parliament is awaiting from the Commission must allow for sharp differentiation between methods of approach to the Bloc, the dominant power, Comecon and the Member States. The European Parliament and the Parliament will have to debate the complex question of EEC relations with the Soviet Union and Comecon at greater length.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Mr President, the Commission is glad that Mr Jahn and his colleagues once more draw attention to the signs that possibilities are opening up now for greater economic cooperation between the Community and Eastern Europe. The Commission views these possibilities with the greatest interest and will do what it can to contribute to their realization.

In the first part of their question the honourable Members ask us about the conditions put

Sir Christopher Soames

forward by Eastern European leaders on such cooperation. Mr Jahn said that he refers notably in this part of his question to Mr Brezhnev's reported remarks last March and again last December to the effect that he hoped that a basis could be found for working relations between Comecon countries and those of the Common Market. I would point out that it was to the members of Comecon and the members of the Common Market that he was referring, rather than to Comecon and the Common Market. He added that this depended on Member States of the Community not discriminating against Eastern Europe and contributing to the development of the natural bilateral links and European cooperation.

Now the House will recall that the old Commission expressed last April its readiness for direct relations with all state-trading countries on an equal and non-discriminatory basis. That still stands. And since then the Heads of State and Government reaffirmed the Community's intention to pursue a common commercial policy towards the countries of Eastern Europe from 1 January 1973.

So far from discriminating against Eastern Europe we have, as I see it, done everything we can to help along economic links in the light of the special character of trade with these countries, and we must not forget this special character. We shall continue to help them along, and that is the spirit in which we are playing our part in preparing for the European Security Conference. So if any Eastern European country were to express a desire for closer relations with the Community, we should welcome its initiative, but for the moment unfortunately no such country has suggested normal relations with us, a fact which hardly helps our practical cooperation.

As to the second part of the honourable Members' question, the common commercial policy is general in its application and is not based on any politically-motivated discriminations between countries or trading blocs. Clearly where a trading partner has a centrally-planned economy whose foreign trade is conducted by a monopoly, these commercial facts of life have to be taken into consideration in the definition of our common commercial policy, and where specific measures have to be taken it is only as a function of these asymmetrical market situations and not because of any political or economic grouping to which our trading partners belong.

Now in the third part of the question, honourable Members ask if the Commission believes that we have the technical means at our disposal to pursue an effective common commercial

policy towards the state-trading countries. My answer is yes, we do. The technical means are there, but for an active policy to be effectively pursued we also need a political will on the Eastern European side.

The fourth part of the question asks what we have done to remove the barriers to more extensive economic relations since the Commission's written answer last October. We have continued to work positively within the framework of the United Nations Economic Commission for Europe and at the same time we are now working on the barriers together with the Member States within the context of the preparation for the Helsinki Conference. Now some of these barriers to which I refer have been with us now for decades. They arise out of the very nature of East-West relations and we must face the fact that their removal will require a good deal of patience. However, it is the Commission's view that given that patience and goodwill on both sides a lot of these barriers should, can and will be removed.

(Applause)

President. — I would remind the House that the following speakers have ten minutes each. Given the length of the list of speakers, I would ask them all to comply with this limit.

I call Mr Vredeling on behalf of the Socialist Group.

Mr Vredeling. — *(NL)* Mr President, my contribution to this debate, on behalf of my group, on matters raised by Mr Jahn's oral question, will be a sober one. I believe it to be a good thing in itself that Mr Jahn and his political friends have brought this matter up for discussion. It is really rather strange that we have not discussed it earlier in the plenary session, for it has been hovering for some time now like a kind of shadow above the Common Market. Mr Jahn pointed out that the East European countries have hitherto adopted an absolutely hostile attitude towards the Common Market but that recently that attitude has changed somewhat. This is indeed true. People are accustomed in those countries to take account of realities and they are gradually beginning to accept the reality of our Community, even though official recognition is not yet forthcoming. We have here a problem, one that is touched on by Mr Jahn particularly in the second part of his question.

He asks the Commission whether it believes that the EEC's common trade policy should be directed at each of the state-trading East European countries separately or at the Comecon as a whole. This, Mr President, is a fascinating question. In my view, it would be very difficult

Vredeling

to arrive at a final judgment in this Assembly by means of an oral question with debate or, as we would say in the Netherlands, by an interpellation. It is practically impossible at this time to decide once and for all how we should tackle the problem, in this way or that. I believe it to be an extremely important political question.

And the answer is of equally great importance: which approach should we choose? Should we deal with the Comecon as a single unit or should we negotiate with the Comecon countries individually.

It should in the first place be pointed out that the Council for Mutual Economic Aid does not pursue a common trade policy. Technically speaking then, it would not be possible at the moment to enter into negotiations with the Comecon as such, even if all the East European countries were to appoint Ambassadors to Brussels. A great deal more would have to be done before there could be any question of those countries having common views about their own common trade policy.

Yet the question is of very great political importance and I must admit that my Group at any rate has not finalized its views on the problem. But we do acknowledge that the problem exists. There are two schools of thought, not so much in our Community, for in the Community we are not yet accustomed to thinking in terms of foreign policy, but there are two schools in Washington. This fact is known to me. And there is something to be said for each of those two schools. It is worth considering whether it would be such a bad thing if that which we are striving to accomplish in Western Europe should also be striven after in Eastern Europe, with the prospect of a rapprochement being achieved between these two separate cooperative units through mutual cooperation. This question cannot be answered with a simple 'yes' or 'no', since everything depends on how far the Soviet Union is prepared to go in giving the countries concerned a real say in any such mutual cooperation. That is a question for the countries concerned themselves; it is hardly possible for us to answer this question at the present time.

We can, however, note that at the Helsinki Conference on security and cooperation it is not a foregone conclusion that Moscow alone will act as spokesman; and this in itself is an interesting sign. If, however, we should say that the Community intends to deal with the countries of Eastern Europe individually, refusing to recognize their mutual cooperation because that could lead to Moscow gaining too dominant a position—such an argument is well imaginable—we must realize that the policy we would then be pursuing would be what is commonly termed a policy

of divide and rule, and that has its negative aspects, too. As I have already said, I want to look at both sides of the question, I have not come to a final conclusion. But such a policy has its dangers too; I only need to mention Czechoslovakia. For that was a case when a bilateral approach was made to one country. So you see what the consequences might be if we were actively to pursue a policy which consisted in approaching each of the East European countries separately.

This, then, is a terribly complicated question, full of important implications in the sphere of foreign policy, and since it is so important I do not wish to go into it more deeply here. For instance, no one in this Hall has so far mentioned that, when we talk about the Comecon countries, we must not forget that the GDR is also a member of Comecon. I am just mentioning that point without going into detail, but I would like to indicate the nature of the question.

If the Community should enter into contacts with the East European countries, including for example the GDR—and we cannot say that the GDR is not a member of Comecon, for it is—this will mean that we have got an additional problem on our hands. I happen to know that the question of the relationship of the Community as such to the GDR is already a matter of discussion in the Council.

Mr President, I shall not go any further, for we have now come to a point on which—I again agree with Mr Jahn—an 'umfassende Diskussion' must be held when we 'uns äusseren müssen', to quote him in his own language. The main substance of this problem can certainly not be discussed exhaustively now, in an answer to an oral question. We have therefore submitted a draft resolution in which, in view of the political importance of this matter, we emphasize the need for it to be made the subject of further study and in which we instruct the responsible committee of this Parliament to make a study.

(Applause)

President. — I call Mr Thomsen on behalf of the Conservative Group.

Mr Thomsen. — (DK) Mr President, it was with great interest that I heard Sir Christopher Soames say that there should be political will and goodwill on both sides; those are very true words indeed. At the coming Security Conference, where economic questions will of course be discussed as well, we hope some indication may be given of whether that goodwill and that political will is now indeed present. Details will not of course be discussed on that occasion,

Thomsen

and decisions will only be taken on matters of principle. While we are only at this stage, then, we must realize that we are still a very long way from a final solution to the problem of trade between Eastern and Western Europe. It will of course only be possible finally to engage in such trade when it can be founded on foreign exchange arrangements which cover these countries as well. But this prospect is such a distant one that I can quite safely disregard it at the present time. We must confine ourselves instead to what we might today term the exchange of goods on a broad front; and even here there are considerable difficulties. These difficulties are brought home to us as soon as we try to find out who is to negotiate with whom, for negotiations require at least two parties. Speaking on behalf of the European Conservative Group, I can say that we are quite convinced that Comecon is not a suitable body for the Community or Communities to negotiate with.

There is no doubt that Comecon consists of sovereign states which are all equal, but there is no doubt either that one of those states is considerably more equal than the others, and brings pressure to bear on them. If we negotiate with Comecon we reinforce that pressure. If we negotiate with the individual countries we release the political forces in those countries which are interested in cooperating with Western Europe. However, before negotiations can be entered into by the Community, by the Commission, it is essential to have a clearly defined policy. Our group is of the opinion that under certain conditions a progressive liberalization on the part of Western Europe is a prerequisite, liberalization in respect of what has been described as 'a hard core' of products which will have to be harmonized. At present liberalization is based on the goods that have been liberalized in each individual country and that is hardly an adequate basis. Something else which the Commission, the Community, should formulate is, we believe, a common credit policy. While there is no possibility of negotiating directly, it is necessary to remain at the present stage of bilateral agreements. These agreements are brought up to date each year in protocols which have to be checked by the Community at quarterly consultations. It is perhaps worthwhile considering whether these consultations are, in the Commission's opinion, adequate to avoid, among other things, competition that is unnecessary and damaging to the future in the very matter of credit grants to the countries of Eastern Europe.

As I said before, our group is ready to recommend far-going liberalization and the creation of trade opportunities with Eastern Europe. But this does presuppose certain concessions on their

part. It presupposes, for one thing, that the state-trading countries are willing to increase their trade with the West European countries, in this instance with the Community countries. There is no doubt in my mind that the state-trading countries ought to do more in this respect and that what is done ought to be done on a more commercial basis. If trade relations are to be expanded, it is necessary at least to plan imports and allow for considerations of trade and production to which such expansion may give rise within the Community. Better facilities will have to be created for contacts between the manufacturers and the ultimate users of the products in question, and the East European countries will have to provide better information about economic conditions and import needs and trends in this respect. Even if such a balance, even if such goodwill can be achieved, it is a simple fact that difficulties remain. I would emphasize this point: even if the goodwill is present, cooperation, commercial cooperation between liberal and state-trading countries, is beset by technical difficulties. There is, for one thing, the striking difference, and one that often arouses suspicion in state-trading countries, that a liberal government cannot lay obligations on its business community. Import and export channels can be opened for this or that product but no guarantee can be given that quotas will be fulfilled. There is no such problem for the state-trading countries. For them a commitment given is a commitment fulfilled, or at any rate the possibility of fulfilment is there. Such difficulties will occur continually and they will beset trade between the Community and state-trading countries as long as we are not entirely free in our dealings with one another; and we are unlikely to achieve such freeness for a very long time. There will be a danger that the market will be disturbed and competition distorted. That is why, in our opinion, a necessary correlation to our free and liberal attitude towards an increase in trade must be the presence of escape clauses for the very purpose of avoiding disturbance of the market and distortion of competition. My last point, which I should like to put forward for consideration here and in the Commission, is the fact that there are a number of Community countries, both of the old Six and the present Nine, which have agreements with one or more of the state-trading countries in the field of economic and industrial cooperation. We believe them to be sensible and well-placed at the present time, but we ought to consider, in the context of a future Community trade policy towards the state-trading countries, whether these agreements on economic and industrial cooperation should not also be brought as far as possible within the

Thomsen

Community framework and an attempt be made to harmonize them within that framework. For the rest, our group can only say to the responsible member of the Commission, Sir Christopher Soames, that there is really nothing else to be done in this situation but to try, try and try again.

President. — I call Mr Beylot on behalf of the European Democratic Union Group.

Mr Beylot. — (*F*) Mr President, ladies and gentlemen, both Mr Jahn and Sir Christopher Soames have mentioned the contacts that have been made with a view to establishing economic relations between the European Economic Community and the USSR or the Council for Mutual Economic Aid, otherwise known as Comecon.

In our view, this move is desirable and necessary. But a policy of this nature should be pursued with precaution, and so the principle behind it meets with both our approval and some reservation on our part.

Let me first explain why we approve. A policy of rapprochement with the Soviet Union and the countries of the socialist bloc is a realistic policy, since it takes account of recent developments. We have in fact come a long way since 1957 when the Soviet leaders poured curses on a Common Market which they considered to be an association of imperialist countries, the failure of which, they said, was inescapable and written in history. In 1962, Mr Nikita Khrushchev was already talking of the problem of cooperation between the EEC and Comecon. On 20 March 1972, as Mr Jahn previously recalled, Mr Brezhnev declared before the congress of Soviet trade unions his willingness to accept the reality of the Common Market on condition that Europe agreed to accept the reality of the Soviet world.

This change of opinion, which is fundamental, is essentially due to three reasons. The first is the success of the Common Market, the second the necessity of integration by the Soviet Union and the eastern countries if they do not want to see the standard of living of their peoples drop in comparison with that of the European countries. Finally, there is the increase in commercial trade between the countries of the East and Europe. It should be pointed out that in 12 years trade between the European Economic Community and the eastern countries has increased fivefold. Imports and exports between the European Economic Community and the eastern bloc have risen almost twice as quickly as trade with the rest of the world, although trade with the eastern countries represents barely 8% of the European Economic Community's total

foreign trade. It would therefore be unrealistic not to recognize that this situation implies the acceptance, normalization and deepening of relations between the European Economic Community and the eastern countries.

It would be a serious mistake, however, to negotiate with Comecon as a whole as part of the EEC's foreign trade policy in the form it has had since 1 January 1973 without reserving the possibility of negotiating with each member country of that organization separately. That would be equally unrealistic, because certain Member States of the European Economic Community are already bound by agreements or treaties with one or other of the eastern European countries, and Belgium and Luxembourg also intend signing such agreements tomorrow.

It would be a mistake, as the spokesman of the European Conservative Group quite rightly pointed out, to think that it would be possible to negotiate with Comecon as things now stand, since Comecon is not a community like ours in several ways.

Firstly, Comecon is primarily a planning organization for the various socialist states. Secondly, it should also be pointed out that decisions are implemented within Comecon only by the countries which have approved them. In brief, Comecon cannot negotiate on behalf of all its members. Finally, currencies within Comecon cannot to all intents and purposes be converted and trade, which is essentially bilateral, principally takes the form of barter transactions. An attempt by the Comecon international economic cooperation bank at a system of multilateral compensation did not succeed because only 2 to 3% of the trade within Comecon was affected. In addition, Comecon does not include a body of parliamentary representation and is made up of countries with extremely varied characteristics and developing at extremely varied rates. For example, per capita income in East Germany is 40% and industrial production per capita 90% above that in Hungary.

Mr President, ladies and gentlemen, these are the remarks that I wanted to make to this House on behalf of my group. The intention is not to object to any action being taken in this field, quite the contrary. The object is simply to place the accent on the reality of the matter, the failure to recognize which would not be without its dangers.

(*Applause*)

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — I think this question by Mr Jahn is a very well timed question and I thought, if I may say so, that he made a very

Sir Tufton Beamish

realistic speech. This subject has only had very cursory and superficial debate in the Committee on External Economic Relations, and I can therefore say to Mr Vredeling that the European Conservative Group is strongly in favour of the motion for a resolution which he has just presented. We look forward very much to the dialogue between the Commission and the relevant committees, a dialogue which Parliament values so highly.

Mr President, the EEC and Comecon, as has been pointed out, are birds of a very different feather. We in the Community amount to what I might quite simply call a voluntary association of nine democratic countries whose mixed economies are rooted in private enterprise. Comecon on the other hand provides a stark contrast with the Community in a number of ways, and some of these ways are rather secret and we do not know nearly enough about them.

I want, if I may, to draw attention to some of the difficulties touched on by Mr Thomsen, also speaking on behalf of the European Conservative Group, which are bound to face the Commission in working out the guidelines that we should follow. First of all, Comecon is dominated by the Soviet Union; this of course prevents the emergence of strong institutions. However, it is not only dominated by the Soviet Union; the other countries of Comecon, particularly in Eastern and Central Europe, are also exploited by the Soviet Union, and one of the longstanding problems within Comecon has been the Soviet attempts to extract high prices for their raw material exports to other member countries whilst at the same time insisting on high quality industrial plant and machine tools in exchange.

Secondly, as we have been reminded, Comecon currencies are not freely convertible with each other and of course they are not freely convertible with the West either. Thirdly, Comecon countries have a strictly enforced and very rigid trading pattern, and this is bound to create difficulties for us in negotiating trade agreements. Then fourthly, their domestic prices—I think this is an important point—are totally divorced in many cases from world prices and often very widely different. Fifthly, the Comecon countries have no common external tariff; and lastly, as we have been reminded, Comecon has for doctrinal and political reasons no direct contacts with the Community although, as Mr Jahn told us, Mr Brezhnev has now officially recognized the Community as what he called a 'reality', which indeed it is, and has gone so far as to say that he sees no reason why Comecon should not conduct business-like relations with the Community. However, as Sir Christopher has reminded us, the political will is still lacking,

and in any case Comecon does not in fact have the power, quite apart from the will, to negotiate bilateral relations with the Community at present.

So, Mr President, as we see it the problems involved for the Commission in laying down guidelines for increased trade with Comecon countries is for these and for other reasons a very complicated one. In my view, we should not expect any dramatic developments in trade with the Comecon countries, whose foreign trade—and this figure I think is interesting—on a per capita basis was only \$177 in 1971, compared with \$910 for the six countries of the Community in that year. In statistical trade terms Comecon and EEC exports accounted only in that year for 10% of their overall external trade. I think perhaps that that percentage figure puts the problem in its right perspective and in its right scale.

Mr President, Comecon's exports consist in the main, as honourable Members know, of agricultural produce, much of which is in substantial surplus already in the Community, and also of industrial goods which by world standards are often below average quality. This reminds me that EEC exports on a larger scale to Comecon countries would be likely to require strong credit backing. I think we should remember that as well. So, Mr President, I would like simply to say that the European Conservative Group favours liberalization of trade between the EEC and the individual countries of Comecon, as Mr Thomsen has said, but not with Comecon itself, even were that possible. We do not expect any dramatic developments and we look forward very much indeed to detailed discussions with the Commission while it is formulating the common commercial policy which is to operate from 1 January 1975.

(Applause)

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, I am going to speak perhaps a little differently from my colleagues who have preceded me because I feel we should not forget that relations between the countries of the East and those of the West have today become a question of seizing the opportunity and that we should not make too great a reference to the past but see what we can do in the future.

I should like to thank Mr Jahn and his colleagues for raising the question because it has given rise to an exchange of views which has been extremely interesting. I should also like to thank those who have seen fit to approve the motion for a resolution tabled by Mr Vredeling,

Radoux

because it contains the sentence which, in my opinion, sums up this debate. It states that a very deep study of this question by the Member States is necessary to enable us to be absolutely convinced that we are in possession of all the facts every time we have to adopt a definite position.

Before going on to the answer given by Sir Christopher Soames on behalf of the Commission, I should like to say why this appears to me to be a delicate problem.

Mr Jahn has quoted two extracts from Mr Brezhnev's speech. I have them here before me. It would be well to read them through again carefully because they are by no means the same in content. On the other hand, the Polish minister for foreign affairs, speaking last November, expressed the view—I have the text before me—that multilateral agreements—and he mentioned the Common Market and Comecon—are not always—I am quoting from memory—a bad thing for bilateral relations. Consequently, as you can see, we have actually reached the stage of shades of meaning and have passed the stage of criticism.

I should like to make the following observation: we are in the middle of discussions in Helsinki at the conference on security and cooperation in Europe. Mr President, anyone advocating negotiation is obviously saying that there should be not only reservations on both sides but also concessions on both sides. It may be that to achieve—and I am being very precise here—anything at Vienna, we shall have to give more at Helsinki if, for example, they give more at Helsinki and less at Vienna. In this connection, I should like to say that it seems to me that up to now and from the point of view of the nine Member States and of the Community things have not gone so badly for us and that, as a result, every time we find ourselves in the presence of a country or a number of countries, at the Helsinki conference for example, we realize that it is sometimes far more difficult for us to reply to these countries than when we are having a discussion amongst ourselves to establish what we should do. I would draw your attention to what we are doing at Helsinki, it is extremely important.

The next point I should like to mention concerns cooperation agreements. Mr President, I said just now that we shall have to be very careful because we know that, in an attempt to eliminate the difficulties that some Member States have been encountering since 1 January of this year with regard to bilateral agreements in the commercial sector, the cooperation agreement has been invented. I only want to mention the subject. It is an element of the debate which

we should not lose sight of. Trade agreements are very important, but cooperation agreements are even more important as things now stand, both for the Member States and for the Community in their relations with the countries of the eastern bloc.

I should also like to say that I do not see why the Community should not sign bilateral agreements with countries of the eastern bloc because Comecon exists. On the subject of Comecon, I should merely like to say that, while it is not the same as our Community, it is the affair of the countries of the Eastern bloc, not ours. It may be regretted, Mr President, but things being as they are, one fact must be pointed out and that is that it is none of our business whether Comecon is white, red or black. It is as it is and perhaps one day we will have to find a way if, as the Commission's spokesman has said, there is goodwill on both sides.

My next point is that I believe that the eastern bloc does not understand, or rather perhaps pretends not to understand—I should like to phrase this very carefully—the machinery of the Commission and the machinery of our Community. I would remind you of the answer to the question asked certain countries in the eastern bloc or even the largest among them: Don't you want to recognize the Community? We know that so far the answer has not been satisfactory in that we have still not been recognized. This has not prevented the Soviet Union from signing with the Agency in Vienna the control agreement on the treaty concerning the non-proliferation of nuclear weapons. Now, signing a treaty on the non-proliferation of nuclear weapons with the Commission means a treaty between the Soviet Union on the one hand and the Commission on the other. Consequently, the Soviet Union has signed an agreement, has concluded an agreement with the Community while not recognizing it. It perhaps did not think that it was acting contrary to its general attitude. But I should like to stress this point because it is a matter of fact and not of opinion.

I should like to close, Mr President, by reverting to the answer given by the Commission spokesman. I think it will have been realized from what I have just said that, while I am not blowing hot and cold and while I state emphatically that we have entered a new era, I do agree with Sir Christopher Soames in saying that a great deal of patience will be required because things will not happen quickly. I also agree with him when he says that goodwill will naturally have to be shown by both sides.

I should like to add, Mr President, the request to the Commission's spokesman, since he is

Radoux

British, that in the circumstances he display that supreme quality of his countrymen, pragmatism, of which a vast amount will be required in the relations between the countries of the East and the West. For in the long run, Mr President, if the West pursues a policy of closer relations with the East, is that so bad a policy and will the results be so bad? Personally, I am tempted to believe that the reverse is the case and that we should not be afraid of taking the initiative in certain cases, in one form or another. I know very well that recognition is what we want, but recognition—I will say it straightaway—is something which is beneficial to both parties, the one that is recognized and the one wanting and accepting that recognition.

But while we are waiting, we should be pragmatic. We should not be afraid of moving forward. I would even say that we should not be afraid of officially making proposals because we must get on, we must move forward, we should not wait.

In closing, I should like to repeat that I believe the policy pursued by certain large countries in the West up to now has proved, if that was necessary, that we are the ones who will have to move forward, because if the other side does not want to—to put it bluntly—by legal means, we know very well that it will try a thousand and one other means of doing so. Mr President, a power like the Community should not be afraid of moving forward. The power of a country or community does not always find expression in its ability to take the most, it is often a question of having an opportunity to give. *(Applause)*

President. — I call Mr Jahn for a brief statement.

Mr Jahn. — *(D)* Mr President, honorable Members, I should like to thank all the Members for the many valuable ideas which they have expressed during this debate. We have thus, as Mr Vredeling has said, initiated the discussion which we shall have to have in the Political Affairs Committee and in particular the Committee on External Relations. That was the intention of this introductory discussion, and I closed with the remark—if I may recall—that the European Parliament must debate this question of EEC relations with the Soviet Union and Comecon comprehensively. That, I believe, we shall now be able to do.

I should also like to thank the Vice-President of the Commission, Sir Christopher Soames, for the clear and very unambiguous statements that he has made here.

I should like to say to the Socialist Group that we of the Christian-Democratic Group approve the motion tabled by Mr Vredeling on its behalf. I would, however, make the motion more precise and say submit it to the committees. It should be discussed by the Political Affairs Committee and the Committee on External Economic Relations. Whether we should proceed further can then be decided during these discussions.

President. — If I understand you correctly, Mr Jahn, you are proposing that the Committee on External Economic Relations be appointed committee responsible and the Political Affairs Committee asked for its opinion?

Mr Jahn. — *(D)* That is correct, Mr President.

17. *Tabling of a motion on Community relations with the USSR and Comecon—Vote*

President. — I have received a motion tabled by Mr Vredeling on behalf of the Socialist Group. Pursuant to Rule 47(4) of the Rules of Procedure, the author has asked for a vote to be taken immediately following the debate on Oral Question No. 1/73, with debate, on Community relations with the USSR and Comecon (Doc. 21/73).

Are there any objections to the request for an immediate vote?

An immediate vote will accordingly be taken.

I put the motion to the vote.

The resolution is adopted.¹

In accordance with Mr Jahn's proposal, the matter is referred back to the Committee on External Economic Relations, as committee responsible, and the Political Affairs Committee for its opinion.

18. *Oral Question No. 24/73 with debate: multilateral negotiations in GATT*

President. — The next item is Oral Question No. 24/73, put by Mr Habib-Deloncle to the Commission of the European Communities on behalf of the European Democratic Union Group.

The question is as follows:

“Subject: Multilateral negotiations in GATT.
Can the Commission outline its general approach to future multilateral negotiations in GATT?”

¹ *OJ* No C 26, 30 April 1973, p. 10

President

I would remind the House of the provisions of Rule 47(3) of the Rules of Procedure, which I quoted a short while ago.

I call Mr Habib-Deloncle to speak to the question.

Mr Habib-Deloncle. — (F) Mr President, I do not propose at this late hour to take up too much of Parliament's time. Nevertheless, as we are all aware, the problem is of extreme importance, and together with the problem that was being discussed just now—that of negotiations with the East—it is going to be topical for months to come.

This problem is, first of all, important for our peoples, for the trade negotiations due to open at GATT will not be dealing with abstractions. The results, if our goals are not carefully chosen, may be recession and unemployment in some cases and, in others, expansion and prosperity. Such is the extent to which international trade has today become for many countries an essential element in their economic equilibrium. These negotiations will also, however, be of extreme importance for our Community itself, for they may well serve to demonstrate either its ability and will to survive as such, or on the contrary—and I hope this will not be the case—its susceptibility to external disintegrating influences.

Although, Mr President, all of us in this House are agreed that the Community represents a great hope and the goals which the Summit Conference in Paris set itself are calculated to translate this hope into reality, we are forced to admit that so far our Community has achieved real success in no more than two fields: the creation of a Customs Union and the (as we shall see tomorrow) laborious establishment of the Common Agricultural Policy. Not to mention, of course, the network of association agreements which unite us with different countries, particularly those of the Third World, and which are an essential part of the Community structure.

What are, in the light of what we are told, the aims of our principal partners in these negotiations?

Can it be the Customs Union? But we already hear talk about the introduction of the zero tariff on industrial products between industrialized countries. Is such a thing possible, is it desirable? What is the Commission's opinion on this point?

The agricultural policy? People are saying that this bears a protectionist character and that its mechanisms and even its principles must be

reconsidered. But for us, this is one of the essential elements of the Community structure. Finally, this network of associations that we have woven is being criticized as creating preferential zones and leading to a division of the world into several economic blocs. But this network as such is also one of the subjects of the negotiations which are to be opened.

What, apart from mere potentialities, would be left of the Community if we had to go onto the battle field in these conditions? I am not criticizing the Commission's intentions, I am merely raising problems which, I am sure, the Commission is infinitely more familiar with than I am and which it feels with the same European consciousness as I do myself. It seems to me, however, that the time has perhaps come to give the Commission an opportunity of expressing its views on this subject—an opportunity which, I am sure, it is only too anxious to take—in order that the Assembly, and beyond these walls the public opinion of our countries, may be informed of the progress made by the Commission towards formulating and proposing to the Council a genuinely European approach towards the negotiations, whose issue, as I said at the beginning, may prove as vital to our Community itself as to each one of our peoples.

It is with confidence that I await the Commission's definition of this attitude along the lines which it has consistently pursued so far—that is to say, the protection of our Community against all influences tending to divide it or, worse still, to question its *raison d'être*.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Mr President, this question put by Mr Habib-Deloncle could not be more timely, and I am glad to tell the House that the Commission only this morning formally agreed on a paper to be transmitted to the Council of Ministers, to whom I gave a preview of its contents yesterday. So I am delighted that the honourable gentleman has given me this chance at the first possible moment of reporting to Parliament on how we in the Commission view the forthcoming multi-lateral negotiations. I see this as a valuable opportunity for us to obtain reactions of Members and, I hope, their support for our ideas, and I hope that there will be many occasions in future when we can have such discussions and come to Parliament in this way at an early stage in the considerations of our proposals by Member States. For what we are talking about today is essentially just a *vue d'ensemble*, a general outline. This is all that this first paper contains

Sir Christopher Soames

and this is indeed its sole objective; but there will be other occasions as the negotiations go on where I look forward to coming back to Parliament with concrete ideas to be discussed and to getting the views, impressions, and I hope, as I say, the support of Parliament.

The House will recall that at the Paris Summit Conference last October, the Community's institutions were asked to formulate by 1 July their overall view on the forthcoming multilateral negotiations in GATT and the paper that we are sending to the Governments is the Commission's contribution to that overall review.

Now in all our reflections on this matter there is one thing that I think we should never forget. We shall of course be negotiating about very concrete economic issues. There will of course be vested interests involved on all sides. There will of course be domestic political difficulties within each of our countries and the economic results of the negotiations will be of great significance in themselves. Previous GATT negotiations on trade liberalization have had considerable beneficial effects on world trade expansion. Indeed it is this liberalization of world trade, coupled with a considerable expansion of trade within the Community that has made this Community possible and been at the base of its increase in prosperity and its maintenance of full employment over the years.

But this is not the only importance that we should attach to these negotiations. They have a political significance that goes far beyond the material issues actually to be discussed around the negotiating table. We must bear in mind that trade is one of the few matters on which at present the Community can and indeed must speak with a common voice, and it is therefore through negotiations of this character that the Community can develop its personality and make its impact on and contribution to world affairs. We must appreciate therefore the political importance which all our partners will attach to these negotiations in as much as they provide them with one of their rare opportunities to engage the Community as a whole. And I am sure that this is particularly true of the United States, which sees these negotiations as part of an important relationship in which trade has its place, but in which many other wider political considerations are equally involved.

The subjects on which we will be negotiating will be technical, intricate and often intractable in character. There is no doubt in my mind that they will be very tough negotiations. They will require all the skill our trading experts can muster, but the strategy of these negotiations must not be confounded with their tactics. They

must on no account be allowed to run into the sands of technicality and we must not let the technical trees obscure the political wood, and that is why I hope that Members of this Parliament and the representatives of the Member States on the Council of Ministers, will give these inevitably technical matters their full attention, for they are bung full of political content and will need positive overall political control. And that control must not merely make certain that our policies in the economic domain are compatible with the political purposes which we and our major partners have in common, but also that the developing countries of the world stand to gain from what we do.

Now how in fact do we see the world context of these negotiations? We in the Commission believe that the moment is ripe for a major step forward in the freeing of world trade and that we should make the most of this opportunity. We believe that the Community has a great deal to contribute and also that it has a great deal to gain.

We have recently been living through the most profound disturbance in the world's monetary system since the war, but that does not in any way diminish the need to liberalize world trade. If trade liberalization is to be properly reciprocal it should benefit each country's exports no less than increase its imports, so that its balance of payments should theoretically be fundamentally unaffected. But it must be clearly stated that the large scale international benefits which we hope will flow from these negotiations would be seriously jeopardized if ways were not found to shield the world economy from monetary shocks and imbalances such as have occurred in the last few months, and the Community must make its contribution to the necessary monetary measures involved.

To turn to the trade negotiations themselves, we believe that the Community should have two paramount aims. Between the industrialized countries, we must consolidate and continue the process of liberalization and do so on a reciprocal basis to our mutual advantage. For the less developed world we must ensure not simply that their interests are not damaged, but on the contrary that they secure greater opportunities for their economic expansion as a result of what we do. Without detriment to the advantages enjoyed by those countries with whom our Community has its important and special links, new opportunities must be given to developing countries to increase their trade.

If I might now come to just a word or two about the more detailed suggestions for the overall view of these negotiations, they will

Sir Christopher Soames

involve amongst other things discussions on tariffs, non-tariff barriers, on agriculture, on developing countries and on safeguard clauses, and I should like to say just a word or two on each of these.

I do not suppose that we will reach a world without tariffs for a long time to come, and we do not think that the time is ripe to try this now, but I do hope that we shall achieve a significant further lowering of tariffs, and what we need is a formula for lowering tariffs on industrial products, a simple formula and one that can be generally applied. We now have big differences between the tariff systems of industrialized countries; some have a fairly even tariff that does not vary too much from product to product, other countries have a tariff barrier that looks more like a craggy mountain range, with high duties on some goods and very low duties on others. I think that our approach should be this: we should settle on a broad principle that the higher the tariff the greater the reduction in it for which we should aim. For the very low tariffs we can set a threshold so that they do not have to come down any further. In that way we will help to reduce the problem of reciprocity with some of our trading partners in the future.

Non-tariff barriers are obviously going to play an important part in these negotiations, but they are so disparate in character, so complex and so inchoate that simple overall formulae will not be possible to find. So we should be selective in our strategy here. GATT and OECD have already made various studies on non-tariff barriers. We can pinpoint some individual non-tariff barriers in different countries where changes can yield substantial benefits to trade. We should agree to pick out some of the main fields where we can get rid of a complex of non-tariff barriers or at least regulate them by a code of good conduct.

Certainly we can draw up a list of the main non-tariff barriers applied against us by our trading partners which we want to see disappear, but to make the negotiations credible it will also be incumbent upon us as a Community to draw up a list of non-tariff barriers that we are prepared to put forward and to negotiate against those that we are seeking to be reduced by our partners. This of course is for the Member States to do because the non-tariff barriers are not Community non-tariff barriers. The vast majority of them are non-tariff barriers of Member States, and we look to them to work together with the Commission in drawing up this list by means of which we will then hope to arrive at an overall package deal on non-tariff barriers.

Let me now say a word or two about agriculture, which will undoubtedly be a crucial element in these negotiations. Of course, the negotiations on agriculture will inevitably be different in character from those on tariffs and non-tariff barriers on trade and industrial goods. We have to take account of the special characteristics of agriculture. Both the Community and our main trading partners each apply support policies of one kind or another for the benefit of their own farmers. We have to take account too of the instability of world markets. The Commission believes that our overall objective must be to negotiate measures on a reciprocal basis to permit the regular expansion of agricultural trade. We shall resist any attack on the principles of the common agricultural policy, but we must equally be prepared to apply the instruments of that policy in such a way that our broad objective of expanding trade in the world can be achieved. We will be suggesting that in the negotiations we should for instance consider drawing up with our partners a code of good conduct on agricultural export practices, and we shall also propose that international arrangements should be considered for certain commodities.

Next I come to our contribution to improving the trade opportunities for developing countries. We have given a lot of thought to this. It will not have escaped the attention of the House that the lowering of tariffs between industrialized countries, even though extended to the developing countries on a most favoured nation basis, does very little in fact to help the developing countries. On the contrary, the lower the most favoured nation tariffs are, the less use is the generalized preference scheme to the developing world. In many instances, in fact, as you lower tariffs it has a counter-productive effect for the developing countries. To some extent, of course, developing countries will benefit just from the fact of the expansion of world trade, but it would not be right for us to let matters rest there. First of all, it is essential that all developed countries should now apply the generalized preference scheme as we see it. The Community has done so and we are greatly encouraged to hear that in the forthcoming Trade Bill our American friends now intend to incorporate provisions to introduce a generalized preference scheme of their own. We, for our part, believe that the best way to help developing countries would be for us and others to extend our generalized preference schemes. We would like to see them cover a greater number of transformed agricultural products. We would also like to see an increase in the quantitative ceilings on certain sensitive products. We should also make special efforts to take account of the

Sir Christopher Soames

interests of developing countries when we consider non-tariff barriers and when we consider agricultural trade. We might, for instance, think in terms of food aid commitments when we are considering how to regulate agricultural markets.

Now the last detailed point to mention is the vexed question of safeguards, when domestic producers are gravely threatened by the results of trade liberalization. We believe that the provisions of Article 19 of the GATT should be maintained as they are, but this Article has not proved easy to apply effectively in the past. Perhaps we should seek to extend its provisions so that we can apply safeguard measures selectively rather than right across the board against all our suppliers, but in that case we should wish to agree with our partners on very stringent criteria. We may need more flexible safeguard procedures, but we must remember the danger that too many overlapped safeguard procedures could come, in time, to jeopardize confidence in the world-wide liberalization of trade. So we must, I think, be strict with our criteria.

That, Mr President, is the main content of the paper which we are now sending to the Ministers, and it was broadly in these terms that I outlined it to the Council of Ministers yesterday. It does not set out to be a draft mandate for the negotiations or to be exhaustive; nor for that matter does it represent some form of response or riposte to the preparations which our partners in these negotiations are at the moment making themselves. None of that would seem at this stage to be either necessary or wise. What we are trying to do in this paper is to draw attention to the main problem and so make a contribution to helping the Community as a whole to prepare a constructive overall approach to what we hope will prove an economically fruitful and a politically constructive negotiation.

President. — I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, just as, a short while ago, I thanked Mr Jahn, I should now like to thank Mr Habib-Deloncle. In my view, this question too, has produced an excellent reply from the Commission's representative. I only wish to make two brief observations here.

The first is that, in my opinion, the Commission's representative was absolutely right in seeing the question against a political background. Mr President, I attended the Messina negotiations, where both politicians and technicians were present. The technicians were certainly necessary, but if we had listened to no one but them, there would have been no European

Community, because it was the politicians who took the political decision that a Europe was necessary whatever the difficulties. On this occasion also, I wish to state that one must be determined in advance that the negotiations shall succeed. This determination is necessary for Europe's sake, and for the sake of the Western world, for it has been my belief for the last quarter of a century that the Western world as such has an extremely important part to play in the world. If this Western world remains united, it can address itself as such to other powers, including the Soviet Union, with the request to associate themselves in a large-scale programme of action *vis-à-vis* the developing countries, for example.

My second observation, Mr President, is that if we do not pay due attention to this important aspect, this essentially political aspect of the negotiations, we shall vitiate the atmosphere before the autumn, for we now know that the coming autumn is the time when everything must begin to be settled. I say 'must begin' because these matters will not be settled in a few weeks, nor even perhaps in a few months. But we know that from the economic, monetary and commercial points of view, the negotiations will proceed hand in hand, and therefore we must create beforehand what I can only call a spirit.

I shall conclude with a remark on a new word which has recently obtained currency and which was first pronounced, I think, by an American: unilateralism. Mr President, unilateralism has for me a slight taste of independence in the bad sense, and I should not like to see it taken up by Europeans. Unilateralism is bad for the Americans and it is bad for Europeans. What we must appreciate when launching these large-scale negotiations is that they are the biggest negotiations we have had with the Americans for a quarter of a century, and that there is a difference between partners who are merely interlocutors and partners who always remain our allies.

(*Applause*)

President. — I call Mr Habib-Deloncle.

Mr Habib-Deloncle. — (*F*) Mr President, it is difficult to table a motion for a resolution on a question like this for, as we are well aware, it is a question of negotiations and, following the precedent observed at the time of the Kennedy Round, it is not the function of Parliament to ask the Council and the Commission to display in public what their cards are to be.

When one negotiates, one must be able to keep one's cards to oneself. In my view, the merit of the excellent exposé which Sir Christopher

Habib-Deloncle

Soames has just given us lies in listing the five chapter heads of the Commission's memorandum, indicating what their subjects are to be and even, in certain cases, giving us an idea of their general outline. I think Parliament might well consider this statement as a first report and submit it for examination to the appropriate committees.

I am thinking essentially of the Committee on External Economic Relations and the Political Affairs Committee, but there are also some points which might well interest the Committee on Agriculture and the Committee on Development and Cooperation. Consequently, without submitting a formal motion for a resolution, I should like to see the statement which has just been made to us submitted for examination to these various committees, which would study them in conjunction with the European Commission and which could then, taking either the entire subject or individual points, express an opinion which it is difficult to formulate here on the spur of the moment.

Although I share Mr Radoux's opinion that these negotiations must be concluded, I think he will find no difficulty in supporting my own view that the Europeans should not begin these negotiations with the desire that they should be concluded at any price. In particular, the Europeans should accept the possibility that these negotiations will become involved in other considerations concerning, for example, the security of Europe. What I liked about the position taken up by the European Commission is that the negotiations have assumed their proper commercial character. It is a question of trade and economics and of nothing else, of finding a way to liberalize world trade that shall be of advantage to all the parties concerned: that is the subject, and the only subject, on which we shall have to negotiate. I trust that the Commission will hold its own *vis-à-vis* external influences and *vis-à-vis* all other pressures, if an attempt should be made to divert the negotiations to a territory with which they are not concerned and to which, moreover, the responsible authorities of our principal partner have, according to their own statement, no intention of transferring them. But the view I have just expressed does not enjoy unanimous support, and here we must be very careful.

There is no doubt that we want the negotiations to succeed, and there is no doubt that we want them to be undertaken in a spirit of friendship; but I think there is a word which we could make into a motto and with this, incidentally, I reply to what Mr Radoux was saying just now. This word is the opposite of unilateralism, it is: reciprocity. When beginning these nego-

tiations, both sides must bear in mind the need for reciprocal concessions, for mutual understanding. Herein lies the best guarantee of their successful conclusion.

President. — Does anyone else wish to speak?

No motion has been tabled as a conclusion to this debate.

The debate on this item is closed.

19. *Statement on the future of the Association between the EEC, the AASM and the Commonwealth countries*

President. — The next item is a statement by Mr Deniau, on behalf of the Commission of the European Communities, on the Association between the Community, the AASM, and the Commonwealth countries.

I would point out that this statement will not be followed by a debate.

I call Mr Deniau.

Mr Deniau, Member of the Commission of the European Communities. — (*F*) Mr President, ladies and gentlemen, today the European Commission has approved the text of a memorandum on the policy of association which we may well adopt in relation to the countries already associated with the Community and to those figuring in Protocol 22, to the Treaty of Accession, i.e., certain countries in Africa, the Caribbean, the Indian and Pacific Oceans. Mr President, since this text has been approved only today, it will shortly be forwarded, i.e. during the next few days, to the European Parliament and the Council of Ministers. But since this approval was given here in Luxembourg, during a session of Parliament, it seemed to me to be in the spirit of the good relations between our various Institutions, in particular of the dialogue between this parliament and the Commission, to inform you at once of its content, if only in a few words.

In my opinion, Mr President, ladies and gentlemen, this is a matter of some urgency and at the same time of some importance. Of some urgency because—quite apart from Britain's accession—we had definitely committed ourselves to renegotiating the fundamental elements of our policy of association—and this, at the moment, means, in specific terms, the Yaoundé and Arusha Conventions—with effect from August 1 next at the latest, in order to avoid a legal vacuum on expiry of the Conventions, which could only be detrimental to the associated countries themselves.

Deniau

Moreover, following the enlargement of the Community, the proposal has been made, in Protocol 22, to those African and Caribbean countries that may be interested in one way or another, that they study, in conjunction with us, the solution most compatible with their interests for organizing their relations with Europe.

Thus it is these negotiations that are to begin in their entirety on August 1 and for which it is very important that the Community decide upon its stand. In my view, Mr President, this is not only of some urgency but also of some importance because in fact, during the Summit Conference, not only all our countries declared that the Community must maintain its policy of association but we also said that this policy was an essential—though not the only—element in our policy *vis-à-vis* the developing countries in general. While pursuing the search for a policy of wider scope in this respect and better balanced than that of association, we still regard this policy as a vital element and it is our task today to hold on to what has been achieved, as we have formally undertaken to do on various occasions, but also at the same time to have sufficient imagination and the capacity for extra effort needed to respond to the specific demands and needs of an enlarged association—a very considerably enlarged one—and in particular to respond to the very special demands or needs of the English-speaking countries on this point.

Mr President, ladies and gentlemen, precisely this is, I think, the meaning of the text that is going to be communicated to you shortly. Our task is to widen the association, in accordance with what we have said, and at the same time to find the conditions that will enable it to prove adequate to the problems of a larger number of countries, and, further, to preserve, as we have promised, the existing advantages in such a way that the enlargement of the Community, its part, as yet undeveloped, in world affairs, shall not take the form of a withdrawal from our present commitments but, on the contrary, of a renewal, an enhancement, of these commitments in an extended form. Essentially the document which I have submitted to the Commission and which has been approved today covers the various traditional aspects of the relations which exist between the African and Malagasy States and the Community and which could perhaps be applied to other associated countries.

The first traditional element is that of trade. In this field, Mr President, ladies and gentlemen, we must, I think, preserve the basis and framework of the free-trade area without worrying too much about the details, for this is the sole contractual element proper to the association;

on the other hand, it is the only element which at present guarantees to these countries the principle of unlimited free access to the Community; finally, there is at present no other exceptional arrangement under GATT that enables the Community to offer such broad terms to developing countries.

Although it is true that the principle of the free-trade area should be maintained in our relations with, and terms offered to, these countries, I think one should pay particular attention to what has come to be called 'reverse preferences' representing, in a manner of speaking, the favourable treatment which the Community should receive in return. Much as I believe that the idea of a zone of reciprocal free trade should be upheld, I maintain that we should not, on the European side, leave the slightest doubt about our intentions—which are, according to some, to try to obtain special advantages in return—but, on the contrary, state quite clearly in political terms that we do not want Europe to be treated better than other partners in international trade and that precisely in a free-trade zone we reaffirm that the countries concerned are perfectly free to extend to other third countries the concessions that they would be obliged to make to us within the framework of this association. This, Mr President, ladies and gentlemen, is something which doubtless already exists in the interpretation of the idea of a free-trade area, but it is also something which we have never, I think, said quite clearly and firmly, on the political plane in the name of the Community. There is therefore, in my view, some reason for saying it quite clearly now. Does this mean that we are placing these countries under an obligation? Certainly not. We leave them free to do what they want, and it may be that a certain number of these countries, in real possession of this instrument, which is practically the only one at their disposal for the forthcoming tariff negotiations, will decide to negotiate these concessions. We have taken the view that we should not allow them complete freedom of action, but that at the same time we should not in advance deprive those interested of the opportunity of negotiating with other countries, in particular during the negotiations to come, certain aspects of the extension of these concessions. In any case it is perfectly clear that if countries were to choose this formula, i.e., extend the same advantages, the Community must—as, incidentally, also in the past—undertake explicitly not to allow this in any way to affect their access to its own market or the extent of the financial aid concerned.

Once this has been said, Mr President, I must add that I regard such an arrangement as inade-

Deniau

quate. The tariff agreements have been gradually adopted in the course of various negotiations extending over a number of years in order to achieve a better balance between our specific commitments towards associated countries and the preoccupations of other developing countries, but these agreements are insufficient and must be supplemented. You are aware that on this point it has been my firm opinion for a number of years that development aid applied to economies suffering from a fundamental instability as regards certain essential items of budgetary income does not deserve to be called development aid. It fails to assume the function of development aid, which is to mould the future and create something positive, to release economic mechanisms that in themselves, by virtue of their own resources, already have a minimum of stability.

For certain products which play an essential part in these countries' economies and have in the past been characterized by unusual instability, the Commission will propose in its memorandum that the Community adopt a new, additional mechanism amounting to a kind of assurance of a stable minimum income for these countries. The products we have in mind are those which are especially unstable and at the same time, in countries marked by monoculture or an undiversified economy, play a decisive part in the economic life of all the countries concerned. I think this is possible, Mr President, ladies and gentlemen, without any debating of theory or doctrine, without touching the market mechanisms, with no more than a guarantee, a kind of assurance, and by means of supplementary transfers of funds on the part of the Community, in such a way as to enable these countries to count upon a certain stability in their economic life. The products for which the memorandum will propose such a solution are: coffee, cacao, cotton, sugar, ground-nuts and ground-nut oil, bananas and copper. This list of eight products fills the conditions stated above for all the—if I employ a term that is not perhaps the best, it is only to be clear—associated and 'associable' countries; all the problems have thus been taken into account.

As regards financial aid properly speaking, that is to say, what traditionally passed through the channels of the EDF, I don't think one can say anything for the moment on the subject of the total amount, since this obviously depends upon the number of countries interested in receiving it. But I think it is important to lay down a number of principles which to some extent indicate the minimum: there is no cause to go back on what has already been achieved, and so we must guarantee the advantages granted to associated countries as regards the present

total and, depending on the number of additional associated countries, provide for a total sufficiently high to avoid differences of criterion between the old and the new associated countries. This must be made perfectly clear, for I do not think that anything else would be politically acceptable, and the same criteria must, whatever the agreement may be and whatever framework may have been retained, be applicable to all countries participating in the same association agreement. Apart from this question of the total amount, the Commission's memorandum will propose a series of arrangements concerning the functioning and orientation of the EDF, taking account of the experience we have acquired in this field on the regional level, designed to encourage regional cooperation and projects relating to several countries, particularly in Africa. One can well conceive of a special project of the EDF on this level relating to management and distribution procedures so as to favour much more definitely than in the past the least advanced among the associated countries; I think it would also be necessary to admit the principle of budgeting for the EDF, even if there are still some technical procedures to be studied: since budgeting for the EDF has an unambiguously political character, this will ensure the continuity of the Community's policy in this field and also its unity.

Finally, as regards the Institutions, as they exist at present, I think they must be largely kept unchanged. It must be recognized that they have the merit of being based on strictly equal representation and of protecting the autonomy and liberty of each partner. Perhaps they also have the faults of these merits; that is to say, they are somewhat cumbersome and sometimes marked by a certain formalism. I think that, assuming a considerable increase in the number of associated countries, we should revise some of our procedures in order to pursue discussions with just a little more flexibility and directness than we do at present.

As someone said just now, Mr President, ladies and gentlemen, this is an economic and financial matter which implies the need, on the Community's part, for much greater effort. In my view, it has for the whole of Africa an importance that is far from negligible. It is also important as an example and model of what the Community could do with regard to certain developing countries and as a contribution, in some sense, by the Community as such to the search for a better world equilibrium. By virtue of this, Mr President, I think that even if it is a question that may seem to be purely commercial or purely economic and financial, it assumes a very considerable political importance. It is, I think, on the political level that

Deniau

it will largely have to be handled, in view of the expectations of the developing countries and of the commitments we have undertaken and in view of the image that the Community wishes to create of itself.

As regards procedures, I think we must be prepared to exercise our imagination and flexibility to the utmost, in view of the variety of situations existing in Africa, the reticence of some and the fears of others. We must overcome this hesitation and these fears and prove by deeds that we are prepared, together with all the developing countries, however varied their background, to achieve a model of cooperation which must be reliable and answer the problems as they really are.

(Applause)

President. — Thank you, Mr Deniau.

20. *Procedure for amending and suspending customs duties on certain agricultural products*

President. — The next item is a debate on the report 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 the procedure for amending and suspending customs duties on agricultural products governed by common organization of markets (Doc. 230/72).

I call Mr Vredeling, who has asked to present his report.

Mr Vredeling, rapporteur. — (NL) Mr President, the report which I was asked to draw up on behalf of the Committee on External Economic Relations has had an exceptionally long history. This proposal from the Commission for a regulation has been with us for over a year, and only now is it being discussed in the plenary assembly. There were reasons for this, as I should like to explain briefly. Basically, the Commission had proposed that a special procedure be devised for amending and suspending customs duties on agricultural products governed by common organization of markets. According to the Commission's proposal, the change in procedure would mean that in future Parliament's opinion would no longer be needed for any amendment to or suspension of these customs duties. That is in brief the substance of the Commission's proposal. Now this proposal, fortunately one might almost say, is in fact based on an Article, namely Article 43, which obliged the Commission to consult us, with the result that in future we shall have to refrain from delivering opinions.

And so, Mr President, Parliament shall in future not be involved in decision-making, but the Council will, for nothing has been changed in that respect. The Commission makes proposals and the Council continues to make the decisions.

I seem to remember that this point has been raised before in Parliament. In technical or seemingly technical matters the question was usually: 'Must Parliament be consulted?' I well remember the words of Mr Mansholt when he said: 'Parliament is an elephant and one cannot work with elephants—sometimes it meets and sometimes it doesn't—a different solution must be found'. Our attitude has always been that technical matters could always be discussed with us, and in this connection I remember Mr Lücker saying: 'We have a criterion for this: the Commission wishes to keep the matter to itself and make its own decision, in which case there is no need to consult Parliament. But if the Council says that it wants to make the decision, for political reasons of course, who is Parliament to say that if the Council considers the matter a political one, we consider it a technical one'. And that is where the short-circuit occurred: if we say that something is technical and the Council considers it political and is not prepared to relinquish the matter, we don't want to be cleverer than the Council and we say: Good, so it's political, in which case we want a say and shall therefore have to deliver an opinion.

The situation is rather peculiar as far as tariff suspensions are concerned, for until now Parliament has sometimes been consulted and sometimes not. We were consulted for instance on an increase of the tariff quota for eels; we were consulted on the temporary suspension of the common external tariff for halibut, we were consulted on beef, but we were not consulted on a whole series of other tariff suspensions in 1972, which had been proposed by the Commission in 1971; neither were we consulted on the recent suspension of the common customs tariff for beef, which appeared in the Official Journal without our opinion.

The Commission has in fact a number of reasons for not wishing to consult Parliament. It argues as follows: some cases are extremely urgent and cannot be postponed; if we have just come to the end of a part-session and the next one is only being held a month later, such cases will just have to be decided without Parliament's opinion. The Council meets more often, and besides it has at its disposal the written procedure, which means that everything could be done much faster if we were not consulted.

Another reason for excluding Parliament is that according to the Commission these tariff sus-

Vredeling

pensions often have very little bearing on the common agricultural policy. This, however, has nothing to do with it. If the matter involves a product listed in Annex II, Article 43 must be applied.

Its final argument is that the tariff suspensions are often the result of bilateral or multilateral agreements, and once these agreements have been concluded there is no alternative but to respect them.

On behalf of the Committee on External Economic Relations I should like to make a few brief remarks on the question of urgency. Urgent matters only crop up sporadically, for the Council, once it has received the proposal for suspending the tariffs, then discovers all sorts of practical obstacles, discussion is postponed, the proposal is referred to a working party and in practice it all takes an awfully long time. So this urgency is in fact a very subjective concept.

The argument that some issues are more or less unconnected with the agricultural policy is not clear to me. The Commission cites as an example the fact that tariff suspensions sometimes occur outside the season in which we ourselves cultivate the products in question, and that consequently no agricultural interests are involved and the tariffs can be safely suspended. I maintain that suspensions do come under the heading of agricultural policy, since it is stipulated in the latter that the consumer's interests must be served where possible. If tariffs are suspended the consumer is affected, since prices can perhaps drop; and as far as agricultural products are concerned, they remain Annex II products, which means that Article 43 does still apply.

Finally we come to the bilateral or multilateral negotiations. It is true, Mr President, that once trade agreement has been concluded suspending or reducing customs duties or a tariff quota, there is nothing one can do about it. But a Parliament can say yes or no, its verdict can be accepted or rejected, that is always possible and this is why the Commission's statement that Parliament need not be consulted is not altogether valid, even in this connection.

There is a further point which I should like to mention, and which was raised by the Committee on Budgets which had been asked for its opinion. This committee pointed out that any change, reduction or suspension of customs duties would have budgetary consequences since these duties constituted own resources. This may not always mean much but the fact remains that they are own resources and therefore we are not prepared to simply accept the fact that the Council wishes to make the decisions in these

matters without consulting Parliament. This is also the opinion of the Committee on Budgets.

At a somewhat later stage the Legal Affairs Committee, too, was consulted, since the matter has also its legal side; it too considers that the Commission's proposal is not acceptable as it stands.

In brief, the conclusion was that all three committees, including the committee responsible which I have the honour to represent, took the somewhat unusual step of rejecting the Commission's proposal. But over the years we have learned that even if we recommend that the Commission's proposal be rejected the Council, which does not even read our opinions, will only say: Parliament has delivered an opinion, now we can decide. We know by now who we are dealing with, if I might be permitted a slightly irreverent glance to my right. So the Council decides. But if it does so, it should be very careful, for what is actually happening here is not right. If the Council decides to approve the Commission's proposal in spite of the fact that we rejected it, there is nothing we can actually do about it since the decision is legally valid, Parliament having been consulted. But beware the moment when the Council proceeds to implement this proposal by not consulting Parliament, for then, and this is our proposal, we shall appeal to the Court of Justice. We have the right to appeal to the Court of Justice, Mr President, because the Council will be neglecting to do something which it should do, namely consult us. Article 175 then becomes applicable, Parliament as an institution is entitled to complain to the Court, and this we solemnly pledge to do, because we resent such treatment most strongly. We know that if we once relinquish the right to be consulted we shall lose it forever. On some future occasion, in circumstances which I cannot predict, we shall be told: 'There is a precedent, you relinquished your right to be consulted once before.' We have no intention of given anyone such an opportunity, and on behalf of the three committees which I just mentioned, I proclaim our unanimous conviction that we must reject the Commission's proposal.

I have to admit that there is one circumstance involving tariff suspensions or reductions which can call for an emergency procedure. In this connection we have said that the Legal Affairs Committee is elaborating a simplified procedure for technical questions so that these can be dealt with faster by Parliament. We also asked that the committee look into the possibility of working out a special procedure in Parliament through the Rules of Procedure for dealing with emergency questions. Unfortunately, the Legal

Vredeling

Affairs Committee is severely overworked and has not yet been able to find a solution. We have received no proposals so far from the Legal Affairs Committee for an emergency procedure, and the European Commission can rightly say that we reject something without offering a suitable alternative. I have said before that occasions genuinely requiring an abbreviated procedure are few and far between, but it must be acknowledged that fast action is sometimes called for. As I well know from personal experience, national administrations are occasionally faced with the same need for urgency, but I repeat that we must find an answer. In my opinion, and this is a personal suggestion which has not been discussed in either the Committee on External Economic Relations, the Committee on Agriculture or the Legal Affairs Committee, it is worth considering whether in such matters use could be made of the well-tried management committee procedure. The management committees submit proposals to the Commission, in which all civil servants, acting on behalf of their national capitals, can express their wishes; if no agreement is reached, the Council finally decides. The problem remains that in such a situation Parliament would again be by-passed. I have no ready solution myself, but I do feel that the answer should perhaps be sought in that direction.

Mr President, this case has indeed a strange history. Not wishing to relate to Parliament the entire background in detail I shall confine myself to a single incident. The Commission once proposed that a regulation, even in the case of tariffs, should be based on Article 43 and on Article 28—the latter concerns customs duties—and to our utter amazement we then saw that in the final version Article 43 had been deleted. Article 43 prescribes that the Council shall take decisions after consulting Parliament. So what had happened? I did make an effort to find out, and I gained the impression that at the level of officials—I shall mention no names—the Commission was asked how it had come by the notion to base its proposal on Article 43. They were opposed to it, deleted Article 43 and I suddenly realized that it was no longer necessary ask Parliament's opinion.

Mr President, there are a number of examples of this kind. It once happened—and it was really rather funny—that Article 43 was deleted, but an official forgot to strike out the relevant passage 'having regard to the opinion of Parliament', the typist concerned of course copied it faithfully, it was left in and appeared in that form in the Official Journal. So the Official Journal features a regulation in which it is stated that Parliament was asked for its opinion, when in fact it was never asked at all.

You can see for yourself what ridiculous situations can arise and that, Mr President, is reason enough for us to maintain our present standpoint. We consider that the Commission's proposal cannot remain as it stands.

(Applause)

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

Mr Jahn. — *(D)* Mr President, ladies and gentlemen, on behalf of my colleagues of the Christian-Democratic Group and myself, I should like to thank Mr Vredeling for his clear report, to which, heaven knows, a great deal of work has been devoted and the central theme of which is the protection of Parliament's rights. The report has been discussed very thoroughly by the Committee on External Economic Affairs, the Committee on Agriculture and the Legal Affairs Committee.

What was the aim of the proposal for a regulation on the procedure for the amendment and suspension of customs duty rates on agricultural products which are subject to a common market organization? The aim is to empower the Council to amend or suspend the Common Customs Tariff on products subject to agricultural market regulations with a qualified majority but without prior consultation of the European Parliament, which it is claimed will speed up the procedure.

The proposal makes a distinction between amendments and suspensions of duties effected autonomously and those prompted by trade policy considerations. The Commission gives as its reason for making the proposal the urgency required in various cases, to which Mr Vredeling has referred, in which there is no connection with the common agricultural policy and in which bilateral and multilateral agreements involving amendments of the Common Customs Tariff are concerned.

Of fundamental importance, honourable Members, is that, before the European Parliament is consulted and without consulting anyone else, the Council can replace the legal basis of the Commission's proposal by another which does not necessitate consultation of the European Parliament. The parliamentary committees concerned have therefore come to the conclusion that the proposal for a regulation should be rejected.

In our opinion, the European Parliament should in practice be consulted beforehand in the majority of cases, since even measures prompted by trade policy motives have an effect on the agricultural policy. In addition, the effect that a reduction in duty rates has on the Community's

Jahn

own resources proves that the powers of the European Parliament are involved.

As far as speeding up the procedure is concerned, it would be for Parliament itself to put an urgent procedure on its agenda. You, Mr Vredeling, have of course just gone into this.

Mr President, ladies and gentlemen, it is to be hoped that the Bureau will take up the suggestion made by the Committee on External Economic Relations and look into the question of an urgent procedure without delay, particularly because the rejection of the proposal for a regulation means that the European Parliament will itself have to do something about speeding up the procedure.

Mr President, honourable Members, I think we are all agreed that, considering how few rights this Parliament has, we cannot allow any of them to be restricted. My group approves the motion.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, ladies and gentlemen, I should like first of all to congratulate Mr Vredeling on his precise and accurate report and to thank Mr Jahn for his contribution. I should like to say a very few words and to draw a conclusion which I shall submit for your consideration. First of all, we must realize that the measures envisaged in the regulation we are discussing concern very technical matters and are generally of a very urgent nature.

What was the position in the past? It has already been recalled, if I may repeat briefly here, that in adopting these measures the Commission referred frequently to Article 43, which calls for consultation of Parliament, but somewhere along the way this Article 43 was replaced by Article 113, which as Mr Vredeling reminded us, does not envisage consultation of Parliament. It is obvious that this state of affairs led to great difficulties, and this is why the Commission felt it should put forward the proposal for a regulation we are now considering, which in practice is a kind of halfway stage between Article 43 and Article 113. However, in some cases it could have happened in practice that Parliament was not consulted. Thus I fully appreciate the European Parliament's position, but I should like to assure the members that the Commission had no intention of undermining the powers of the Parliament when drafting this regulation but that it was only trying to find a solution to a very difficult practical problem. Even the Legal Affairs Committee, which has studied the whole

matter very thoroughly, as Mr Vredeling has told us, has failed to find a convincing solution. Mr Vredeling has spoken of 'rejection', but this would mean in practice that the problem would not be solved at all and that we would be maintaining the status quo ante, which would be quite obviously the worst possible solution for the European Parliament, inasmuch as it would mean a return to the old practice of the Commission acting on Article 43, which prescribes consultation, and the Council seeking instead to invoke Article 113, which is for non-consultation. It is such a difficult situation that, as I have already said, even the Legal Affairs Committee could not arrive at any other proposal. Mr Vredeling says, 'if the system of management committees could be adopted'. We are thoroughly familiar with this system, but even he himself must realize that it would also exclude any possibility of the European Parliament's being consulted.

Where is the real difficulty then? It lies in the fact that we are dealing with measures of a very technical nature and with a procedure which is extremely seldom used. I should like to make a constructive contribution to this debate by saying that, while the Commission attaches great importance to the discussions held in the European Parliament's various committees, we must find a way out somehow; as I have already said, simply to reject what has been done will not solve the problem. The Commission could suggest the following solution: when we are faced with cases of this kind, the Council, acting on a proposal from the Commission, could adopt regulations without consulting Parliament in cases where a regulation was to take effect for one month. On the other hand, where the regulation went beyond a month, Parliament would certainly be consulted. In other words, the position is that when we are faced with urgent matters, two procedures could be initiated at the same time—one procedure which would not last more than a month and in the course of which the Council could decide without consultation of Parliament, since there would be no time for that, and at the same time another procedure which might not rule out consultation of Parliament if the time went beyond a month.

I feel that the Commission has in this way taken a constructive part in the debate and therefore I should like to point out to the rapporteur that the Commission takes the utmost pains to see to it that Parliament is always consulted, while at the same time realizing that there will be urgent cases in which there will be no time to request this consultation.

Seeing that even the Legal Affairs Committee has so far failed to find any solution to this

Scarascia Mugnozza

difficult problem and believing that Mr Vredeling's suggestion of management committees is not the best one, I should like, while thanking Mr Vredeling and all those in the various committees who have studied the problem, to repeat very briefly my own view of the matter. When measures have to be decided on within a month, there should be a proposal from the Commission and a decision by the Council without consultation of Parliament; at the same time, the same proposal should be sent to Parliament for consultation on it in the event that the measures contemplated might go beyond one month. I believe that this is the best way to reconcile the two demands—immediate intervention in cases of urgency (one month) and at the same time to give the Parliament the chance of being consulted in the event of the matter becoming less urgent.

President. — I call Mr Vredeling.

Mr Vredeling, rapporteur. — (NL) Mr President, I should like to say something on the point which Mr Scarascia Mugnozza has just raised. He said—and I agree with him on this—: 'you are not proposing an alternative at all'; that is to say, our alternative consists in carrying on asking the Parliament for an opinion. I myself pointed out in the first place that this is no solution in urgent cases like the present one, and that we must think of something to expedite matters, making use of our rules of procedure. I should at all events like to record what he said. He said that there was a possibility that the bad procedure—I have noted it down in those words—would be continued, that is to say the Council will go on striking out Article 43 in every proposal that the Commission makes. That is of course quite out of the question since, as you know, it is already before the Council for further examination; the President of the European Parliament—the gentlemen among us now who held that function then—exchanged correspondence with the Council on that matter. The Council states that it is still examining the question, while the Commission claims that the way in which the Council is proceeding is completely wrong. The Council has not yet given its final judgment, but can only continue not doing so, Mr President, until such time as an importer or an exporter goes to the Court of Justice. And when that happens the Council will definitely be put in the wrong, you can take it from me. I wish it could be *me* who brought that case before the Court; you have got the Commission on your side saying that it is completely wrong, 43 must not be deleted, it is based on 43, and nevertheless the Council would do so, just like that. My words are public and I hope that the importers will, just for once, read the proceedings and make

use of them by going to the Court of Justice; for if they do so, Mr President, they will surely win their case. So it is not possible, it is completely out of the question that the old procedure should be continued; I wish to say no more about it. Now I happen to find the Managing Committee's procedure a difficult matter which I have not yet had the chance to discuss in the committee. Mr Scarascia Mugnozza has now come up with another solution. To be quite honest, Mr President, I am not able to tell you what the Committee on External Economic Relations and the Legal Affairs Committee think about his solution. The suggestion is that, when it is shorter than a month, the Parliament need not be consulted but, if it is a measure lasting longer than a month, the Parliament should be consulted. That is what I understood Mr Scarascia Mugnozza to say.

Mr President, I feel rather hesitant and I honestly don't know what I ought to do: it is at all events different from the proposal that the Commission has made and now the only thing left for me to do—it is the only thing that I can do as rapporteur, unless the committee objects—is to propose that this point be referred back to the committee and that Mr Scarascia Mugnozza's suggestion—which is a new one—and possibly also my own suggestion, be studied once again, perhaps in combination with the emergency procedure that we are still elaborating. So we ought to study the matter again in detail.

Therefore, Mr President, I should like to ask Mr Scarascia Mugnozza whether this matter could be postponed and whether we might study it once again at our leisure.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Perhaps my explanation was not very clear. I have said that it is the Commission's wish that the Parliament should always be consulted. There may be cases, which, though urgent, allow for consultation of Parliament; however, if these urgent cases have to be decided within a month, the Council can give its approval without consulting Parliament, since it is quite evident that there would not be sufficient time.

When it goes beyond a month however, the European Parliament would be consulted in any case. I only wish to make one little point perfectly clear, which I thought was understood, and that is that we are always anxious that Parliament should be consulted; without such consultation there can be a Council decision only when an act has to be approved within a period of less than a month. At any rate, Mr Vredeling, I thank

Scarascia Mugnozza

you for having devoted so much of your attention to this proposal of mine. We shall have a chance to study it more closely in the various committees responsible, and if you think it advisable, this discussion could be postponed to another time so that in the meantime the responsible committees can have the required exchanges of views with the executive Commission.

President. — I call Mr Jahn.

Mr Jahn. — (*D*) Mr President, honourable Members, I should just like to say one word about the agenda. I feel that the various groups have decided, in the light of the speeches so far made, to take a vote on the resolution today. It is now for the rapporteur and the groups to decide whether this should not in fact be the case. The suggestion by Vice-President Scarascia Mugnozza of one month in cases of extreme urgency, otherwise submission to Parliament, is of course contrary to the present concept of participation by Parliament in the form of consultation. In my opinion, if I understand the agenda correctly, we should vote that the proposal should be passed back to the committees so that agreement can be quickly reached. Otherwise we shall go on discussing it for months without having a reasonable basis to work on. I therefore intend tabling the motion.

President. — I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, I should simply like to say that the suggestion made by Mr Vredeling is a wise one, both for the Commission and for the Members of this Parliament, at least 10% of whom are present here today. I think it would be preferable to pass the question back to the committees so that we can reexamine it in peace on both sides.

President. — I call Mr Vredeling.

Mr Vredeling, rapporteur. — (*NL*) Mr President, the fact that there is a poor attendance here today is not, I feel, so very important, since the three committees were unanimous in their views and the groups have not spoken a dissentient word. The Parliament is, then, unanimously of the opinion that this proposal cannot be accepted. I must, however, point out that, if we reject the proposal, there is nothing further we can say in the matter, and the Council can do what it wishes—with the one proviso that, if the regulation is applied, we can take action. But that is nothing less than a declaration of war, whereas we have received a suggestion from the Commission and I myself have made one. I find it rather difficult since I haven't been authorized

to do this—unfortunately the Chairman of my committee, Mr de la Malène, is not present—but I wish, on my own responsibility, to suggest that we refer the case once again to the responsible committees. For I should be very sorry if the proposal were now to be rejected, when a constructive solution is perhaps still possible, and if the Council were, because of their rejection, to take a harder and more inflexible line—for that is what it boils down to. It then becomes a fight for prestige. I have witnessed such fights more than once in the political arena, Mr President, but nothing good ever came of them. I therefore feel authorized—and if I am not, then I shall no doubt be punished—to propose that the draft be referred back to the responsible committee.

President. — I would point out that only a committee may request that a motion be referred back to committee. If you are making such a request on behalf of the committee, I must order reference back.

That, however, is not what I understood, Mr Vredeling. In the absence of such a request, a vote will be taken. These are the only two possible courses of action.

The motion concerns both the Bureau and the Legal Affairs Committee, on which it confers definite mandates. All the comments made by Mr Scarascia Mugnozza, by yourself and by others will there be taken into account.

There is, however, another side to the matter: rejection would mean the absence of an opinion, and this would place the Council and Parliament in a most unusual situation.

I call Mr Bos.

Mr Bos. — (*NL*) Mr President, I should like to ask whether the vote could not be postponed until tomorrow.

President. — Do you mean that you wish to reconsider the problem within the groups? If so, it would be better if this matter were dealt with again at the plenary sitting of the day after tomorrow, since tomorrow morning is set aside for Question Time. Question Time will probably last two hours, and we shall then hold the important debate on farm prices. We ought therefore to postpone this vote until Friday. I put this as a suggestion.

I call Mr Vredeling.

Mr Vredeling, rapporteur. — (*NL*) Mr President, I think it would be difficult, very difficult indeed, to convene the committees during the

Vredeling

present period of session. We would then have to have a new debate here, but I must tell you frankly—yes, of course, if Mr Bos on behalf of his Group asks to discuss this within the Group, we must give our consent—but I do have the impression that, as we sit here today, we do rather represent a majority in the Parliament and that, as regards our Groups at least, we are of the opinion that we can refer the proposal back in its entirety. If, however, Mr Bos persists in his request to have it put before the Groups, I will of course defer to his request. But I would suggest to him, if he does not agree, that for all our incompleteness—'les absents ont toujours tort'—we ought to be able to take a decision.

President. — I assume that Mr Bos is making his proposal to postpone the vote until Friday on behalf of the Christian-Democratic Group.

Is that correct, Mr Bos?

Mr Bos. — (NL) Mr President, my question is whether it would not be possible to put this matter first of all before the groups—for it is important enough—and subsequently, in the light of their proposals, to consider whether this matter could not be referred back.

President. — The vote is accordingly postponed until Friday. It is understood that there will be no debate, but only statements of position by the groups.

Are there any objections?

That is agreed.

This item is closed.

21. *Appointment of a Member of the European Parliament*

President. — I would inform the House that the House of Commons appointed Mr Dick Taverne Member of the European Parliament on 3 April 1973.

This Member's credentials will be verified at the Bureau's next meeting, on the understanding that, under Rule 3(3) of the Rules of Procedure, he will provisionally take his seat with the same rights as other Members of Parliament.

I bid the honourable Member a hearty welcome.

22. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Thursday, 5 April 1973, with the following agenda:

10 a.m., 3 p.m. and, possibly, the evening

- Question Time (Oral Questions Nos. 16/73 to 23/73 inclusive).
- Possibly, debate on request (pursuant to Rule 47A (2) of the Rules of Procedure).
- Report by Mr De Koning on farm prices for the 1973-1974 marketing year.
- Report by Mr Cifarelli on farming in mountain areas and other poorer farming areas.

The sitting is closed.

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

SITTING OF THURSDAY, 5 APRIL 1973

Contents

1. Approval of minutes	52		
2. Statement by the President on consultation of Parliament by urgent procedure		Mr Ortoli, President of the Commission of the European Communities; Mr Lange; Mr Ortoli; Miss Flesch; Mr Ortoli; Mr Habib-Deloncle	56
Mr Thorn, on behalf of the President-in-Office of the Council of the European Communities; Sir Tufton Bea-mish; Mr Behrendt	52	Decision to hold a topical debate	58
3. Question Time		Question No 18/73 by Mr Dewulf to the Commission of the European Communities on the attitude of the "asso-ciable" countries of the West Indies and the Pacific	
Question No 20/73 by Mr Brewis to the Commission of the European Communities on coal requirements		Mr Deniau, member of the Commis-sion of the European Communities; Mr Dewulf; Mr Deniau; Sir Tufton Bea-mish; Mr Deniau; Mr John Hill; Mr Deniau; Mr Dewulf; Mr Deniau	58
Mr Simonet, Vice-President of the Commission of the European Com-munities; Mr Brewis; Mr Simonet; Mr Springorum; Mr Simonet; Mr Scott-Hopkins; Mr Simonet; Mr Jahn; Mr Simonet	53	Question No 21/73 by Sir Arthur Douglas Dodds-Parker to the Commis-sion of the European Communities on economic development in Asian coun-tries	
Question No 16/73 by Lord Gladwyn to the Council of the European Com-munities on inconclusive Council meetings		Mr Deniau, member of the Commis-sion of the European Communities; Sir Arthur Douglas Dodds-Parker; Mr Deniau; Mr Jahn; Mr Deniau	60
Mr Thorn, on behalf of the President-in-Office of the Council of the Euro-pean Communities; Lord Gladwyn; Mr Thorn; Mr Vredeling; Mr Thorn; Mr Radoux; Mr Thorn	54	Question No 22/73 by Mr Scott-Hop-kins to the Commission of the Euro-pean Communities on the harmoniza-tion of feed additive regulations	
Question No 19/73 by Sir Tufton Bea-mish to the Council of the European Communities on Parliament's powers of control and improvement of its working conditions		Mr Lardinois, member of the Commis-sion of the European Communities; Mr Scott-Hopkins; Mr Lardinois	61
Mr Thorn, on behalf of the President-in-Office of the Council of the Eu-ropean Communities; Sir Tufton Bea-mish; Mr Thorn	55	Question No 23/73 by Mr Springorum to the Commission of the European Communities on the invitation to tender for the construction of a fifth nuclear reactor in Italy	
Question No 17/73 by Mr Lange to the Commission of the European Com-munities on proposals for institutional reform		Mr Gundelach, member of the Com-mission of the European Communities; Mr Springorum; Mr Gundelach; Lord Bessborough; Mr Gundelach	61
4. Debate following Question Time: proposals for institutional reform			

	<i>Mr Lange; Mr Habib-Deloncle; Miss Flesch; Mr Kirk; Mr John Hill; Mr Christensen; Mr Jahn; Mr Ortoli, President of the Commission of the European Communities; Mr Vals; Mr Ortoli</i>	62		<i>Mr Vredeling; Mr Lardinois; Mr Guldberg; Mr Brewis; Lady Elles; Mr Vetrone; Mr Héger; Mr Frehsee</i>	79
5.	<i>Committee meetings during plenary sittings</i>				
	<i>Mr Scott-Hopkins</i>	71	10.	<i>Consultation of Parliament by urgent procedure: imports of citrus fruit and Cyprus sherry</i>	
6.	<i>Procedural motion: previous question on the report by Mr De Koning</i>			<i>Mr Behrendt; Mr Vredeling; Mr Lardinois, member of the Commission of the European Communities; Mr Vredeling; Mr Behrendt; Mr Lücker; Mr Houdet, chairman of the Committee on Agriculture; Mr Kirk, on behalf of the European Conservative Group; Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities; Mr Vredeling</i>	104
	<i>Mr Triboulet, on behalf of the E.D.U. Group; Mr Radoux; Mr De Koning, rapporteur; Mr Triboulet; Mr Lardinois, member of the Commission of the European Communities; Mr Triboulet</i>	71		<i>Agreement of urgent procedure</i>	108
	<i>Withdrawal of the motion</i>	74		<i>Mr Houdet, chairman of the Committee on Agriculture; Mr Scott-Hopkins; Mr Houdet; Mr Radoux; Mr Vredeling; Mr Cifarelli</i>	108
7.	<i>Regulations on farm prices for the 1973/1974 marketing year—regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation: Debate on a report by Mr De Koning, on behalf of the Committee on Agriculture</i>		11.	<i>Regulations on farm prices for the 1973/1974 marketing year: regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation (cont.)</i>	
	<i>Mr De Koning, rapporteur</i>	74		<i>Mr John Hill; Mr De Sanctis; Mr Bangemann; Mr Brewis; Mr McDonald; Mr Früh; Sir Anthony Esmonde; Mr Lardinois, member of the Commission of the European Communities; Mr Radoux; Mr Lardinois; Mr De Koning</i>	110
	<i>Lord Mansfield, rapporteur for the opinion; Mr Vredeling; Lord Mansfield; Mr Vredeling</i>	77		<i>Debate on the motion for a resolution</i>	
8.	<i>Documents received</i>	79		<i>Amendment No 5 on paragraphs 1 to 17</i>	
9.	<i>Regulations on farm prices for the 1973/1974 marketing year: regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation (cont.)</i>			<i>Mr Scott-Hopkins; Mr Vredeling; Mr Kirk; Mr Vredeling; Mr Kirk; Mr Baas, on behalf of the Liberal and Allies Group; Mr De Koning</i>	123
	<i>Mr Martens, on behalf of the Christian-Democratic Group; Mr Vredeling; Mr Scott-Hopkins; Mr Vredeling; Mr Martens; Mr Baas; Mr Scott-Hopkins; Mr Jakobsen; Mr Martens, on behalf of the Christian-Democratic Group; Mr Vredeling, on behalf of the Socialist Group; Mr Baas, on behalf of the Liberal and Allies Group; Mr Scott-Hopkins; Mr Liogier, on behalf of the E.D.U. Group; Mr Lardinois, member of the Commission of the European Communities; Mr Vredeling; Mr Lardinois; Mr Vredeling; Mr Lardinois;</i>			<i>Rejection of amendment No 5</i>	126
				<i>Adoption of paragraph 1</i>	126
				<i>Amendment No 6 to paragraph 2</i>	
				<i>Mr Frehsee; Mr De Koning; Mr Triboulet; Mr Vredeling, on behalf of the Socialist Group; Mr Starke; Mr Vetrone; Mr Lardinois</i>	126
				<i>Rejection of amendment No 6 and adoption of paragraph 2</i>	128
				<i>Mr Radoux</i>	128

Request for vote by roll call		Amendment No 11 to paragraph 11	
Mr Kirk; Mr Baas; Mr Vredeling; Mr Lücker; Mr Triboulet; Mr Kirk	129	Mr Vetrone	136
Withdrawal of request for vote by roll call	130	Withdrawal of amendment No 11	
Adoption of paragraphs 3 to 5		Lord Mansfield; Mr Vetrone; Mr Vredeling; Mr Radoux; Mr Broeks	136
Mr Brouwer; Mr Baas; Mr Vredeling; Mr Scott-Hopkins; Mr Bangemann; Mr Vredeling; Mr Bangemann; Mr De Koning	131	Individual adoption of paragraphs 12 to 15	137
Rejection of amendments Nos 2 and 12	132	Amendment No 1 following paragraph 15	
Discussion of amendment No 13 (cont.)		Miss Lulling; Mr Vredeling; Mr Baas; Mr Scott-Hopkins; Mr Vetrone; Mr Radoux; Mr Houdet; Mr Lücker; Miss Lulling; Mr Scott-Hopkins; Mr Poher	137
Mr Triboulet; Mr Vredeling; Mr De Koning	133	Adoption of amendment No 1	141
Rejection of amendment No 13	133	Amendment No 8 to paragraph 16	
Amendment No 7 to paragraph 6		Mr Frehsee; Mr Baas; Mr Vetrone; Mr Frehsee; Mr Scott-Hopkins; Mr Baas; Mr Lardinois; Mr Vredeling; Mr Scott-Hopkins; Mr Vetrone; Mr Radoux; Mr Lardinois	141
Mr Frehsee; Mr De Koning	133	Rejection of amendment No 8	144
Rejection of amendment No 7	134	Rejection of paragraph 16	
Amendment No 3 to paragraph 6		Mr Vredeling	144
Mr De Koning	134	Vote on paragraph 17	144
Adoption of amendment No 3	134	Voting procedure	
Adoption of paragraph 6 so modified	134	Mr Houdet; Mr Vredeling; Mr Starke; Mr Vredeling; Mr Radoux; Mr Héger; Mr Lücker; Mr Cifarelli; Mr Kirk; Mr Houdet; Mr Radoux	144
Amendment No 9 (corr.) to paragraph 7		Reference back to committee	147
Mr Vetrone; Mr Vredeling; Mr Scott-Hopkins; Mr De Koning	134	12. Directive on agriculture in mountain areas and certain other poorer farming areas	
Rejection of amendment No 9 (corr.)	135	Mr Lücker, chairman of the Christian-Democratic Group; Mr Radoux; Mr Cifarelli, rapporteur; Mr Kirk	147
Amendment No 4 to paragraph 7		Adoption of the proposal to refer back to committee	
Mr Brouwer; De Koning	135	Sir Tufton Beamish; Mr Scott-Hopkins; Mr Houdet; Mr Lardinois; Mr Starke; Mr Schwabe; Mr Houdet; Mr Radoux; Mr Starke	148
Adoption of amendment No 4	135	13. Agenda for next sitting	150
Adoption of paragraph 7 so modified	135		
Adoption of paragraphs 8 to 11	135		
Amendment No 10 following paragraph 11			
Mr Vetrone; Mr Vredeling; Mr Scott-Hopkins; Mr Lardinois; Mr Houdet, chairman of the Committee on Agriculture; Mr De Koning	135		
Rejection of amendment No 10	136		

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 proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Statement by the President on consultation of Parliament by urgent procedure*

President. — On 26 March the Council requested Parliament to deliver an opinion on two proposals for regulations on citrus fruit and sherry originating in Cyprus, drawn up in accordance with the association agreement, which this House approved last February. The Council has asked Parliament to deal with these two proposals by urgent procedure. In view of the arguments put forward by the Council, and its President's renewed commitment to improve the time given Parliament to deliver its opinions, I would be grateful if the chairmen of the committees concerned could take the necessary measures for Parliament to be in a position to pronounce on these matters at its plenary sitting tomorrow morning.

I call Mr Thorn, whom I heartily welcome on behalf of the whole House, to speak on behalf of the President-in-Office of the Council.

Mr Thorn. — *(F)* On behalf of the Council, I should like to add a few words and remind you that the Council has consulted you on the conclusion of agreements, in the form of an exchange of letters with the Republic of Cyprus, on two subjects: imports of citrus fruits and imports of wine known as Cyprus sherry.

I know that your Assembly is faced with a difficult problem because of the very short time within which it is asked to give its opinion. I can assure you, on behalf of my colleagues, that the Council as a whole greatly regrets having to consult Parliament with such urgency.

I undertake personally to draw the Council's attention once again to Parliament's wish, expressed many times and reiterated on this occasion, always to have sufficient time avail-

able to give its opinions under optimum conditions.

However, I must draw Parliament's attention to the fact in this particular case any delay in adopting the regulation would be harmful to the Cypriot people as a whole. Indeed, as far as citrus fruit is concerned, the season has already started and if this regulation is not adopted this month Cyprus will be unable to benefit from the resultant advantages this year. As for sherry, any delay would involve the Cypriot economy in extensive losses.

For these reasons, while apologizing once again, I beg Parliament, on behalf of the Council, to show understanding and to give its opinions during the present part-session, if at all possible.

President. — Thank you Mr Thorn. I call Sir Tufton Beamish.

Sir Tufton Beamish. — Thank you very much, Mr President, I only wanted to say that I very much appreciate what has just been said about this agreement with Cyprus, and the attitude adopted by the Council to the fact that it was not possible for the Committee on External Economic Relations in Brussels on Tuesday to express an opinion on this question. The reason was that the papers as regards both citrus exports and Cyprus 'sherry' exports were only given to us when we arrived in Brussels. They are both quite complicated, and we recognise that for Cyprus they are very important matters; but because they were presented so late it has, I believe, been reported by Mr de la Malène to the Bureau that we felt unable in the committee to appoint a rapporteur or even to express an opinion. This is a most unsatisfactory situation about which I really must protest in the strongest possible terms. I wish, therefore, simply to repeat that I greatly appreciate what has been said on behalf of the Council, and that we very much hope in future that we will be given more time to study such papers. Cyprus exports are, of course, of quite exceptional interest to us in the United Kingdom, and we do particularly hope that this situation will not occur again.

President. — I call Mr Behrendt.

Mr Behrendt. — *(D)* Mr President, ladies and gentlemen, to my knowledge the Commission adopted both these proposals at the end of February. President Ortoli sent them to the Council with letters of 1 and 6 March. Only on 3 April were we in fact able to take this matter in hand for the first time.

Behrendt

Mr President, I wish to point out that the European Parliament has always desired and required that the Commission send us these proposals in advance for information and that the Council then of course formally consults us. If it takes a month to send us the proposal then I must ask what kind of relationship we are to have between Commission, Council and Parliament. I am extremely and severely critical of the conduct of the Commission and Council towards the Parliament. If these proposals had been sent to us at the right time, there would have been no problem on our side about dealing with them. I greatly regret that we are in such a position.

President. — I think that, after the comments made by Sir Tufton Beamish and Mr Behrendt, we can close the discussion of this item. I trust that the Presidents of the Council and Commission will take good note of the wishes expressed by the speakers, so that we can achieve optimum cooperation between the Community's three political organs and avoid, as far as possible, a repetition of today's situation.

3. Question Time

President. — The next item is Question Time.

I call Oral Question No. 20/73 by Mr Brewis to the Commission of the European Communities on coal requirements.

'Does the Commission know what proportion of the Community's needs of coal will be met from internal resources and whether it will propose an increase in coal production in member countries?'

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, the question concerns certain information that should be given to Parliament on the working hypotheses adopted by the Commission for Community coal production.

In 1973, for the Community of Nine, we estimate that the internal consumption of coal will be about 280 million t.c.e. The Community's coal production would be 260 million tons, while imports would remain at an approximate level of 32 million tons. The difference between these tonnages is accounted for by fluctuations in production stocks and by exports.

In the long-term future, coal, as is shown by the "Prospects for the demand for primary energy in the Community" drafted and published last October by the Commission, will increasingly be earmarked for specific outlets: coke supplies

to the steel industry and coverage of part of the requirements of nuclear power stations. Total hard coal requirements in 1985 can be estimated at about 210 million t.c.e.

However, the Commission thinks it necessary to establish, for the coal sector, medium-term guidelines outlining the future role of coal in the Community's energy supplies, studying the problems of each coalfield separately.

These guidelines will make it possible to examine the conditions under which Community coal can help to meet demand, as regards both the quantities available and their competitive position compared to other sources of energy, including coal imported from third countries.

President. — I call Mr Brewis, who wishes to put a supplementary question.

Mr Brewis. — May I thank the Commissioner for that reply and ask him whether he is aware that imports of Polish coal have increased ten times in the last few years. As this coal is being dumped at very low prices in the Community, what action will the Commissioner take to see that the provisions of the Coal and Steel Treaty are respected? What action will the Commissioner take on imports at dumped prices?

President. — I call Mr Simonet.

Mr Simonet. — (F) Mr President, we are following the trends in coal imports, as the Honourable Member desires, and it is our intention to bring up the problem he raised at the Council meeting to be devoted to energy policy on 21 and 22 May. In the meantime, we are preparing a document that will be submitted to the Permanent Representatives Committee, in which the problem just raised will be tackled, amongst others.

President. — I call Mr Springorum, who wishes to put a supplementary question.

Mr Springorum. — (D) Mr President, can the Commission tell us the amount, in the event of a political crisis when nuclear energy and oil would not be available, of the Community's basic energy requirements for its own use, which could then only be met out of natural gas, lignite and coal?

President. — I call Mr Simonet.

Mr Simonet. — (F) In the apocalyptic situation, if I may call it that, imagined by the honourable

Simonet

Member, I can tell him that, assuming there were no nuclear electricity resources (an incorrect assumption since there are already some resources of that kind), or rather assuming more plausibly that oil imports were cut off, our economic situation would obviously be almost completely dislocated.

We have taken a number of working hypotheses for the projections we have prepared for energy requirements. First, we are reckoning on a normal development of nuclear power potential. However, we believe that in the years to come we shall be increasingly dependent on energy imports, especially oil.

But I can say nothing more on Mr Springorum's hypothesis. If at any time, with economic development continuing at today's pace, there were to be a sudden interruption in our imports of energy products, our economy, I repeat, would be almost completely dislocated, and we should have to introduce extremely strict rationing and accept a sudden drop in the economic growth rate.

President. — I would ask honourable Members to formulate their questions briefly and precisely, if possible in one sentence.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Returning to my honourable friend's supplementary question, could the Commissioner let us into his confidence and tell us what answer or what proposals he is going to put to the Council regarding the import of cheap Polish coal into the Community, as we have not as yet heard what proposals he is going to put forward?

President. — I call Mr Simonet.

Mr Simonet. — (*F*) The honourable Member could not have heard these proposals since I have not spoken of them! If I have not spoken of them, it is because I have not yet made any proposals to the Commission. This will only be done in May. As soon as we have information on the policy we are going to adopt in this connection, I shall be sure to let Parliament have it.

President. — I call Mr Jahn, who wishes to put a supplementary question.

Mr Jahn. — (*D*) Mr President, if the Commission's opinion is that the mounting demand for energy makes necessary a long-term policy, is

it not then necessary to secure the basis for coal production and set target figures for production over the next decade, and when can Parliament expect to obtain these target figures, so that tranquillity can be established in the coal-producing Member States?

President. — I call Mr Simonet.

Mr Simonet. — (*F*) But, Mr President, these projections have been made. The documents to which I referred regarding the medium-term prospects of the energy policy and the necessary action in that connection were published last year. They contain, I believe, all the information the honourable Member would require to calm the fears of the coal-producing countries.

President. — I call Oral Question No. 16/73 by Lord Gladwyn to the Council of the European Communities on inconclusive Council meetings.

'Instead of terminating inconclusive meetings with colourless and anodyne communiqués, will the Council of Ministers in future be prepared to help Parliament to form a view on major issues of policy by stating clearly what the differences of opinion were which prevented it from reaching unanimity?'

I call Mr Thorn on behalf of the President-in-Office of the Council.

Mr Thorn. — (*F*) Mr President, ladies and gentlemen, press releases published after Council meetings generally supply information on and, whenever possible, the texts of decisions adopted by the Council. In addition, the President in Office of the Council usually holds, after each meeting, a press conference at which he gives explanations on the work of the meeting and the main problems discussed.

On the other hand, the Council still believes that its proceedings should be kept confidential and in particular that it is not advisable to give the positions taken up by individual members.

The Council is also always willing to give Parliament, as it has several times in the past, information on the main problems it has discussed, using the existing procedures with the object of ever closer relations between our two institutions.

I should like to add that our Community is going through a phase of adaptation to the new conditions resulting from enlargement and consequently at the early meetings this year our Council was, so to speak, running itself in before reaching a cruising speed which, we hope, will be more acceptable both to Parliament and to the Governments of Member States.

Thorn

The purpose of our early meetings this year was rather to pave the way for more decisive work. This was already evident at the meetings of 2 and 3 April when—and I wish to draw Parliament's attention to this fact—solutions were found in particular for the establishment of the Monetary Cooperation Fund, the terms of reference for negotiations with Norway, India and Yugoslavia and the Euratom programme.

President. — I call Lord Gladwyn.

Lord Gladwyn. — I thank the Minister for that quite encouraging and constructive reply, and of course accept the fact that in present conditions at any rate it would be impossible to suggest that the Ministers should meet in public session. But would the Ministers not agree that the franker they are in regard to the outcome of their deliberations the easier it will be for them to cooperate with Parliament, which may occasionally come to wrong conclusions if it has to rely, in effect, on hearsay about what actually happened at the meetings?

President. — I call Mr Thorn.

Mr Thorn. — (*F*) I agree with Lord Gladwyn that frankness, especially between the Council and Parliament, is an essential factor in our cooperation. However, as I said just now, the confidential nature of the Council's deliberations need not necessarily suffer from this frankness.

President. — I call Mr Vredeling.

Mr Vredeling. — (*NL*) Does the Council share my opinion that there is no real argument whatever per se against conducting sittings of the Council in public? And does the Council not consider that making its sittings open to the public would present a more worthy picture of Council meetings than the picture obtained at present, in that after each Council meeting each individual Minister makes the most of his gallant stand during the secret sitting?

President. — I call Mr Thorn.

Mr Thorn. — (*F*) I think that the question asked by the honourable Member should be divided into several parts before it is answered.

Firstly, the behaviour of the Council of the Community is largely based on the traditions followed in national Cabinets. Since Cabinet meetings are not public in our countries, I cannot see why the Council meetings should be.

I would add that we do not normally take a decision at the first meeting and that often, as in the four cases I have just mentioned, it is a matter of formulating the Commission's terms of reference for very difficult negotiations. If we were to make public in full detail the position of our States, it would put them in a position of inferiority for all the negotiations.

As for asking—the third part of the question—whether it is not perhaps counter to loyalty and unanimity for each member to hold his own press conference, I would prefer that question to be addressed to each member of the Council individually.

(*Laughter*)

President. — I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, before asking the Council representative a question, I should like to say that I personally am in favour of deliberations behind closed doors and I should hate to see the decision-making procedure taking place in public, in whatever form.

My question is as follows. The President spoke of cruising speed. Does he not think that the cruising speed of the Europe of the Six was not satisfactory and that with the entry of the three new members it would be advisable to adopt other methods in the Council so that it can work better?

President. — I call Mr Thorn.

Mr Thorn. — (*F*) I fully share the honourable Member's concern. This is one of my main worries, if not the major one. I hope that it will be taken into consideration and that this cruising speed, which was already too slow among the Six, will not be slowed down even more in the Nine, but will become more efficient.

President. — I call Oral Question No. 19/73 by Sir Tufton Beamish to the Council of the European Communities on Parliament's powers of control and improvement of its working conditions.

'Has the Council practical proposals to strengthen the powers of control of the European Parliament and to improve its working conditions and relations between the Council and Parliament as agreed in paragraph 15 of the Summit Communiqué?'

I call Mr Thorn on behalf of the President-in-Office of the Council.

Mr Thorn. — (*F*) Mr President, as this is the last question to which I shall have the honour

Thorn

of replying in this Parliament, I should like to put right an oversight on my part by expressing to Parliament the apologies for absence of the President-in-Office of the Council, Minister Van Elslande. As I believe Parliament knows, he has had difficulties with his commitments. He tried to keep himself free yesterday, or perhaps Friday, but this did not suit your Parliament. As he was detained by his duties as a member of the Belgian Government, he asked me to replace him.

It is only a substitute, I know, but I hope you will be content with this for the remaining few minutes of our discussion.

President. — We are grateful to you for being here, Mr Minister.

Mr Thorn. — (*F*) In application of paragraph 15 of the Paris statement by the Heads of State or of Government, the Council is awaiting proposals to be submitted shortly by the Commission on the strengthening of Parliament's powers of control, in accordance with the decision of 22 April 1970.

It is currently studying the practical measures that could be taken to improve relations between our two institutions. The Council is examining this problem with a view to increasingly fruitful cooperation with your Parliament and proof of this is the fact that it agreed with pleasure to participate—and this is the first time for us—in this Question Time. The Council hopes to formulate guidelines on the subject very shortly.

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — Is the President-in-Office aware that, coming freshly as a Member of this Parliament and being very frank indeed, one is struck by how little account the Council of Ministers often seems to take of Parliament's views—and one had high hopes raised by paragraph 15 of the Summit Communiqué? May I therefore ask the President-in-Office whether the Council will now make positive proposals without delay—and those words are taken from Paragraph 15—to the working group considering the modest suggestions of the European Conservative Group put forward on our behalf by Mr Peter Kirk, so that this group can make its report in time for it to be debated at the July part-session.

President. — I call Mr Thorn.

Mr Thorn. — (*F*) Mr President, in this question I think a distinction should be made between the

improvement of contacts between Parliament and the Council and the strengthening of the powers of control of Parliament.

With regard to contacts, I believe, for example, that this Question Time is already an improvement and that we can try, without fundamental modifications, to find other new fields in which contacts could be strengthened.

With regard to the increase in Parliament's powers—and I thought I had covered this point in the reply I made on behalf of the Council—proposals from the Commission are obviously needed on this more fundamental problem. It is at that stage that it will be possible to adopt positions in accordance, as the Honourable Member reminded me, with paragraph 15 of the Paris Summit Communiqué.

May I, as a member of the Council and also a past member of this Parliament, explain to Parliament that when, as Parliament often complains, the Council appears not to give sufficient consideration to its opinions, this is certainly not because it scorns Parliament's opinions, but very often—and I am fairly well placed to appreciate this—because at the time when the Council was formulating its own views the same opinions had already been put forward by one of its members and had been ruled out at that stage. This must not be seen as contempt for a certain opinion of Parliament. On the contrary, discussion is always renewed in the Council, but it is generally not the first time that these arguments have been put forward there.

President. — I call Oral Question No 17/73 by Mr Lange to the Commission of the European Communities on proposals for institutional reform.

'In which month of 1973 will the Commission present its proposals for institutional reform and increased powers for Parliament, and what steps will be taken to present the proposals in a coordinated framework so that Parliament will be able to judge the full pattern of what the Commission is proposing as the total constitutional improvements for the next few years?'

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (*F*) Mr President, the question asked by Mr Lange is similar to that put to the President of the Council. It is an important question and I had occasion to refer to it when I spoke before you on 10 January and 13 February.

There are three problems before us today.

The first is the report that we have to submit by 1 May on the distribution of powers between

Ortoli

the Community and Member States in the context of the economic and monetary union. I think we shall submit this report in time. We shall make proposals before 1 May and later we shall derive from them all the practical consequences in implementing decisions.

The second problem, raised by Sir Tufton Beamish, is that of the practical measures to strengthen Parliament's action and relations between the various institutions. On this subject, as I said in my two statements, in particular that of 13 February last, we shall be making proposals during the first half of the year so that normally, as Sir Tufton wished, I believe, we shall be able to discuss them, for example, during the month of July.

Finally, there is the problem of strengthening Parliament's budgetary powers. On this point I have also said that we should be submitting our proposals in the first half of the year and the Commission certainly intends to adhere to that time limit.

There is a second aspect to the question. We are asked how this collection of measures or decisions can be organized and fitted in with the longer term prospects in institutional matters. I should like to remind you in this connection that proposals have to be made before 31 December 1975 for the wider attainment of the European Union and obviously in this context it will be necessary to consider together the institutional developments linked with the attainment of this union.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, ladies and gentlemen, Mr Ortoli's answer impels me, before my supplementary question, to request an hour's topical debate, in accordance with the Rules of Procedure.

And now my supplementary question: Is the Commission ready to support what its predecessor prepared in May last year for the Summit Conference with regard to the powers of the Parliament, according to which the presentation or consideration of legislation was to take place in the Council and Parliament and the Parliament could control the legislative activity of the Council?

Mr Ortoli. — (F) Mr President, I had occasion to give a timetable. We are currently examining these problems in various working parties. It would be irresponsible of me to submit proposals or give information today before the Commission has taken a decision.

President. — I call Miss Flesch.

Miss Flesch. — (F) Mr President, I should like to second the request for a debate; here is my question, which is very simple.

In view of all the undertakings made by the Commission and even by the Summit Conference, can the Commission promise that its proposals for the strengthening of Parliament's budgetary powers will be submitted in time to enable Parliament to play its part in the preparation of the 1975 draft budget, without being caught up in a mockery of Parliamentary democracy which I am sure this House is not prepared to accept?

President. — I call Mr Ortoli.

Mr Ortoli. — (F) Mr President, once again, as I stated on 13 February, two months ago, without giving rise to any special questions, we shall submit our proposals before the middle of the year.

Now, if you will permit me, I should like to add a few words.

In life, we have to be sensible and I would ask you to remember that today is 5 April, which means that it is precisely one day short of three months since the Commission took office, and that was on a Saturday! Under these conditions, I should like to remind Parliament that we have before us decisions on the transition to the second stage of economic and monetary union, all the problems regarding GATT which have to be studied with special attention in preparation for the negotiations, all the problems concerning the opening of negotiations with associated states under the Yaoundé and Arusha agreements which were discussed yesterday, all the problems regarding social policy, all the problems regarding regional policy and in addition all the institutional problems, and I have not even mentioned regional policy and a number of other subjects!

If they wish to work on all these responsibly, it is impossible for members of the Commission, however able they may be, to take decisions on some of these points in such a short period.

What we have done, and I have explained this at length to this Parliament, is to try to set up machinery to enable us to formulate our proposals in time. For institutional problems, this machinery has aspects which I outlined here from the first day: observance of the time-limits set by the Summit Conference, detailed examinations of the various problems.

Ortoli

I should add that what we are going to do with regard to economic and monetary union affects the whole collection of problems we have to tackle. Our proposals on institutional matters will be bound to vary depending on the solutions we adopt.

Consequently I am sorry, but I cannot see that it is possible for the Commission to move more rapidly than it has done so far in all the work that it has accomplished.

President. — I call Mr Habib-Deloncle.

Mr Habib-Deloncle. — (F) Mr President, I do not have a supplementary question to ask, but on behalf of my group I requested that an immediate debate be held on this question after Question Time. Although the procedure is still somewhat uncertain, I believe that this is the time to make this request in public sitting. It is in line with the request made just now by Mr Lange, with which Miss Flesch expressed her agreement. Now three groups have requested this debate.

President. — Pursuant to Rule 47A(2) of the Rules of Procedure, Mr Lange, Miss Flesch and Mr Habib-Deloncle have requested that, following Question Time, a debate be held on the Commission's reply to Question No. 17/73 by Mr Lange on proposals for institutional reform.

Are there any objections?

That is agreed.

I would ask all Members wishing to put supplementary questions to Question No. 17/73 to reserve them for the topical debate.

I now call Oral Question No. 18/73 by Mr Dewulf to the Commission of the European Communities on the attitude of the "associable" countries of the West Indies and the Pacific.

'What is the present attitude of the "associable" countries of the West Indies and the Pacific to their future relations with the enlarged Community?'

I call Mr Deniau.

Mr Deniau, *Member of the Commission of the European Communities.* — (F) Mr President, the attitude of the "associable" countries of the West Indies and the Pacific has not yet been officially announced.

As you know, these countries are included in the list in Protocol 22 and they are greatly interested in some form of special relations with the Community in view of the importance of some of their products and the market offered them by

the Community. It also appears that some of these countries are very interested in the existing machinery for financial aid.

Although no official attitude has been adopted by these countries, they have nevertheless had numerous contacts both with me and with the responsible departments of the Commission, and we gained the impression that these countries would very probably reply in the affirmative and that at some time they would notify us of their interest in relations with the Community.

A number of questions arise in connection with these countries, especially the fact that the Caribbean countries have a regional association, CARIFTA, which has dependent as well as independent countries as members. The wish has been expressed, in technical or diplomatic contacts we have already had, that the Community should negotiate with the regional organisation rather than with each country individually.

If a number of legal clarifications and adaptations are made, I think this is both possible and desirable and I have said so to the authorities of these countries.

On various questions concerning trade, sugar, bananas, etc., these countries would be very interested in practical proposals that could be made by the Community.

The same applies to the countries of the Pacific. They have asked us about aid and obviously also about outlets for certain products such as sugar, and finally about regional cooperation, which is one of their interests.

On all these points, the Commission is still in contact with these countries and is giving them the necessary information. It is doing this with the general idea that, without departing from our general policy, it would be only natural to adapt our methods to a region which is not, after all, African, and has its own characteristics; consequently, when the time comes it will be necessary to find the best form for the agreement.

President. — I call Mr Dewulf, who wishes to put a supplementary question.

Mr Dewulf. — (NL) Mr President, is the Commission not of the opinion that, if at this moment Africa is the focus of attention, it is also urgently necessary for a proper understanding to settle on a line of action with regard to the countries of the Caribbean and the Pacific Ocean?

President. — I call Mr Deniau.

Mr Deniau. — (F) Mr President, there is no doubt that the most numerous beneficiaries will be the

Deniau

African countries and therefore we must think about a sort of model that is applicable and advantageous to these countries. I do not consider that a model of this kind would be of no advantage to the other countries, quite to the contrary, since a number of problems and interests are common to all the countries concerned.

What we must do is to examine now what special regional terms and conditions applicable to the West Indies and Pacific would be necessary to amend or supplement the central model to meet the special needs of these countries. In effect, we are conducting dual and to some extent parallel talks with the various countries on the list in Protocol 22.

President. — I call Sir Tufton Beamish.

Sur Tufton Beamish. — Mr Deniau made a statement last night in this House which was of exceptional importance. Unfortunately, the House was a very thin one and it was rather late in the evening and some of us did not know that the statement was going to be made. It was, however, of special interest to British Commonwealth countries, and I simply want to ask him when it is his intention to circulate that very important statement in writing.

President. — I call Mr Deniau.

Mr Deniau. — (*F*) Mr President, I thank Sir Tufton Beamish. I think that statement, like all those made in this House, will be circulated.

In any case, it is desirable that the basic elements of the proposals that the Commission may make and that I have outlined should be referred directly to the Commonwealth countries in particular. One of the advantage of these proposals is that they give the African and Caribbean countries something practical to think about so that discussions can be started as quickly as possible, not on general theories, but on proposals that are as precise as possible.

President. — I call Mr John Hill.

Mr John Hill. — Mr Commissioner Deniau mentioned sugar, when speaking of the Caribbean countries and those with which he has been in touch. I wondered whether in those conversations concern was expressed to him at the growing sugar surpluses generated within the European Economic Community and at the fact that the acreage had gone up these last two years and that exports into the world market from the Community would therefore make it harder for under-developed sugar-producing

countries to sell their surplus in turn. I would be glad to know whether representations were made to him and what answer he gave.

President. — I call Mr Deniau.

Mr Deniau. — (*F*) Mr President, in talks with the Caribbean countries and also with some in the Indian Ocean, especially Mauritius, which is even more interested in the sugar problem since this product accounts for 91 per cent of its imports, we obviously spoke of sugar. I do not think that the situation is very disturbing in the immediate future since at world level it is not particularly difficult for sugar and so far the agreements governing international trade, both the Commonwealth Sugar Agreement and the world agreement, provide a framework and a safety net, if I may call it so, for these operations.

It is more a problem of the future. These countries obviously told me of their worries concerning access to Community markets, for the problem is not merely one of the prices at which transactions may take place; we shall bring up that point in our memorandum.

As for the increase in the acreage under cultivation, which is another important point from the economic aspect, we shall have to have longer term discussions with these countries. It is true that sugar is a vital factor for employment; I do not know whether we should systematically embark on a policy tending to reinforce the reliance of certain countries on a single crop.

President. — I call Mr Dewulf.

Mr Dewulf. — (*NL*) Mr President, Sir Tufton Beamish's comment was actually directed towards you in connection with the shorthand report. Can you promise that we shall have this shorthand report made available to us very rapidly at our plenary sittings in Luxembourg?

President. — Mr Dewulf, I must inform you that this question was dealt with yesterday when you were unfortunately absent.

On that occasion I made a statement concerning the report of proceedings, and I am quite prepared to send you a written copy.

I now call Mr Deniau.

Mr Deniau. — (*F*) In reply to Mr Dewulf, I can say that in any case the text of the memorandum, that is the proposals which I outlined yesterday, will be circulated shortly to this Parliament. It is for the moment a question of translation difficulties.

President. — I call Oral Question No. 21/73 by Sir Arthur Douglas Dodds-Parker to the Commission of the European Communities on economic development in Asian countries.

‘What role does the Commission believe the Community should adopt in assisting economic development in Asian countries?’

I now call Mr Deniau.

Mr Deniau. — (*F*) With regard to the role that the European Community could play in aiding the economic development of Asian countries, it must be realised that we have both various undertakings and various instruments; some of the latter should be improved.

We have given undertakings at regional level in respect of a number of Commonwealth countries. However, in a text stipulating that when establishing or improving relations with these Commonwealth countries we must give consideration to regional problems and not merely to the countries mentioned by name, provision was made for opening negotiations after accession with these countries in order to improve our trade relations. The text of the declaration appended to the Treaty of Accession is quite clear on this point: it concerns only trade relations and not aid in the precise and limiting sense of financial or technical aid. On this point, we have to see how we can improve trade with these countries, which will nevertheless be a sort of aid in a general sense. I should like to remind you, as stated a few minutes ago by Mr Thorn, that the decision to open negotiations with India has just been taken in accordance with that declaration.

We already have a number of instruments enabling the Community to help these countries with their problems. The main instrument consists of the generalised preferences. These, as you know, apply to industrial products, both finished and semi-finished, and are of very great advantage to developing countries already having a fairly advanced economic and industrial capacity (and not to the countries at the bottom of the list); this system is therefore of particular interest to the countries in that region, for example those mentioned in the Treaty of Accession.

The Community has undertaken to improve this system; this improvement should be one of the points covered by the negotiations with the countries concerned. I should also point out that, in the declaration appended to the Treaty of Accession, where the question of improving trade relations with these countries is mentioned, there is a specific reference to the generalised preferences, as this instrument is the best we have in that field.

Finally, it is not impossible that, at the level of the common external tariff itself, as part of the effort to attain overall balance in our policy towards the developing countries, certain tariff changes will be made. I would point out that for the benefit of these countries the Community has already abolished or suspended customs duties on certain products vital to them.

Turning from trade to aid in general (and trade is already a special form of aid to the development of a country), I do not think that the machinery applicable to the existing associated States or to the “associable” States is likely to be of great usefulness to these countries. Their problems are not so much infrastructure problems calling for massive support in the way of subsidies or gifts. Their problems are rather ones of indebtedness, of technical assistance and therefore of very long term loans at low interest rates. The Community must think about how it can supplement existing machinery with something different to meet requirements that are different.

We are considering these questions, which were raised a year ago in the Commission’s general memorandum on the problems of aid to developing countries. A working party is studying these problems. As soon as it has made some progress, it would be useful to notify Parliament of the main results of its work and the general lines of the action contemplated.

President. — I call Sir Arthur Douglas Dodds-Parker.

Sir Arthur Douglas Dodds-Parker. — Mr President, may I thank the Commissioner for his reply concerning a part of the world where trade is so often more important than aid. May I ask him whether, for example, the European Development Fund will be available to these countries in Asia if they should make application.

President. — I call Mr Deniau.

Mr Deniau. — (*F*) Mr President, I do not think that the European Fund can be available to Asian countries.

As originally designed, the European Fund is legally the property of the associates. This is an interesting legal point: the European Fund is not, as a bank would be, the owner of the sums it has available, it is the joint property of the European and associated States that signed the Yaoundé Convention. The Commission has the difficult task of administering it, but it is not the property of the Community, still less of the Commission; it is the result of a contract.

Deniau

As I said, I do not think that the machinery and main provisions of the Fund, i.e. the subsidies or gifts intended for infrastructure projects, are the most suitable methods for Asian countries. This is not what they really need. They need trade, as Sir Arthur Douglas Dodds-Parker said, and also, like all fast developing countries that have already attained a certain economic capacity, they have a fairly serious problem of indebtedness.

Any participation by the Community should rather be sought in supplementary machinery to the European Development Fund.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, is the Commission ready to transmit to the Parliament first, a survey showing the EEC's relations to date with the Asian countries, and secondly an analysis of the multilateral and bilateral development aid granted to the Asian countries, divided according to Western and Eastern industrial countries and multilateral organizations—such as the Colombo Plan—and so on?

President. — I call Mr Deniau.

Mr Deniau. — (F) It will be quite possible for us to give this information to Parliament, even in a fairly short period. I would point out that Asia is a continent that receives a great deal of aid.

President. — I call Oral Question No. 22/73 by Mr Scott-Hopkins to the Commission of the European Communities on the harmonization of feed additive regulations.

'What steps is the Commission taking to harmonize feed additive regulations concerning antibiotics throughout the Community in order to obviate unfair competition?'

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I can give a very brief reply to Mr Scott-Hopkins' question.

The Community has already adopted a directive on this point. This was in fact confirmed in Council on 23 November 1970.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Will the Commissioner not agree, in point of fact, that the regulation adopted does not bring parity in the use of antibiotics throughout the Community, since it

allows national governments to maintain separate levels of use? And will he not further agree that it has now been proved conclusively by world health experts that the use of antibiotics in poultry, meat, and so on, can be injurious to health, and that the lowest possible level of use should be encouraged on an equal basis throughout the Community?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, this is a question that refers to another matter. This does not concern additives in feedstuffs and regulations pertaining thereto. That matter has been settled, but I agree with Mr Scott-Hopkins that not the whole problem of adding antibiotics is settled thereby. The medicinal use of antibiotics in particular is not settled thereby, nor indeed the administering of antibiotics to the animal in other ways than via the feedstuffs. We are at the moment looking to see what other possibilities exist in the matter of agriculture, possibilities of which use is in fact made in some countries. We are therefore looking into the matter and I can inform my honourable friend that it is likely in the course of next year that proposals will be put to Parliament on this point, and therefore also to the Council.

President. — I call Oral Question No. 23/73 by Mr Springorum to the Commission of the European Communities on the invitation to tender for the construction of a fifth nuclear reactor in Italy.

'Does the Commission intend to do anything about the fact that in its advertisement of February 1973 calling for tenders for the construction of a fifth nuclear reactor the Italian State Electricity Company invited only bids from US or Canadian concerns in conjunction with Italian undertakings, leaving out all other eligible undertakings in the Community?'

I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, the Commission is aware of the matter raised by the Honourable Member and is trying to obtain further information about it in order to decide to what extent there is any basis and legal opportunity to intervene. I must however point out that the legal opportunities for intervention are unfortunately very restricted. The Council's directive of 26 July 1971 on the submission of tenders in the public sector cannot be applied to the matter in question because the Italian company concerned enjoys completely independent legal status clearly divided from that of the state. There is therefore, if one can put it that way, a gap in our legal provisions.

Gundelach

However, since the Commission attaches the greatest importance to promoting the liberalization of economic transactions in both the public and the semi-public sector, the Commission intends, as part of its joint action programme to remove impediments to the free movement of goods and services in the Common Market, to put forward a new proposal for a directive which would bridge the gaps in question. In this respect it is therefore the Commission's intention to submit a proposal for a directive which would apply to submissions for tender made by concessionary companies and other semi-public enterprises. We therefore attach the highest importance to a radical liberalization of the expanding public and semi-public sector.

President. — I call Mr Springorum.

Mr Springorum. — (D) May I ask whether, in accordance with the Council Regulation at the beginning of this year, it is not the case that limited tenders are only possible when no other firms capable of competing are available? In this case, however, there are certainly firms in the European market fully able to compete with the firms covered by the limited tender.

President. — I call Mr Gundelach.

Mr Gundelach. — (DK) Insofar as the existing directive from the Council had been applied to the firm which has submitted a tender, restricted to certain enterprises in Italy and outside the Community, this directive could have been applied to the Italian company in question and then the Commission would have been in a position to intervene, but a principal element in my reply was that unfortunately the directive cannot be applied to the company in question because the company in question enjoys independent legal status. The Commission is making every effort to put through a further directive in the near future which would bring semi-public companies or concessionary companies such as the Italian firm in question under the same legal regulations which apply to tenders submitted by purely public companies. When this has been accomplished it will be possible to intervene in the event of courses of action such as this one.

President. — I call Lord Bessborough.

Lord Bessborough. — Mr President, while not wishing to go into the very delicate issue of public purchasing policy within the Community—a major issue on which I have no doubt many people have not yet made up their minds, I wonder whether the Commissioner could tell me when he is expecting to produce these new

proposals on public tendering which, I presume, will go to the Council and, as I understand it from him, may lead to greater liberalization.

President. — I call Mr Gundelach.

Mr Gundelach. — (DK) Mr President, in the first place the Commission will put forward general proposals concerning the subject in question, purchasing policy in the public sector, in association with a joint programme which will probably be submitted in May in pursuance of the instructions we received from the same conference in Paris on industrial policy and the implementation of a more complete market. After this general programme has been debated here in Parliament—and the subject we are discussing today will form part of this programme—concrete proposals on the individual matters concerning further liberalization of public purchasing will be submitted to the Parliament and the Council later this year or at the beginning of 1974.

President. — Does anyone else wish to put a supplementary question?

I note that all questions have been answered.

Question Time is closed.

4. Debate following Question Time:
proposals for institutional reform

President. — The next item is the topical debate on Oral Question No. 17/73 by Mr Lange on proposals for institutional reform, in accordance with the request made by Mr Lange, Miss Flesch and Mr Habib-Deloncle pursuant to Rule 47A(2) of the Rules of Procedure.

I would remind the House that speaking time in this debate is limited to 5 minutes per speaker, and that speakers must speak without written notes.

I call Mr Lange.

Mr Lange. — (D) Mr President, honourable Members, this topical debate, which I have of course called for in the name of the Socialist Group, without specially saying so, has as its objective to enable us to go a little more deeply into the answer given by President Ortoli.

The question that has been put here with regard to the competences or powers of the Institutions, in particular of the Parliament, relates to undertakings or commissions that the Summit Conference gave to the Community Institutions. In the first part of a corresponding reply all three

Lange

organs are meant, i.e. the Council, the Commission and Parliament, and I should like to add in parentheses here that this Parliament has of course the duty—just like the other organs—to clarify its own position. This cannot in any real sense be done by the other organs. However—and I think this must be appropriately emphasized—the Parliament must know what are the ideas of the other organs, since according to the Treaty provisions at present in force, the Commission is in the first place the initiator of legislation of all kinds, including every Treaty addition, extension or alteration, or whatever we choose to call it; and secondly the Council is naturally called upon—as the real legislative organ, under present Treaty stipulations in force—to express itself, and this Parliament has to know the ideas of the Commission and Council and include them in its considerations. How far they are taken into account is another matter.

President Ortoli has certainly given relevant information on the first part of my question, only with the condition—and we know very well how to assess it—that the Commission has a great deal to do but will strive to keep to the original deadline. However, the question reaches further. The question seeks that a total package be laid upon the table, making clear the position of this Parliament, the Assembly, which now has advisory functions, the position of the Council and the Commission, and in particular the position of Parliament and Council as a law-giving body. And on this President Ortoli, you have so far not let fall a single word.

We want therefore to go beyond this stage, and what interests us at the moment is not so much the content of the ideas that you are in a position to develop—I too could develop such ideas, but that would be to repeat what has already been said in various ways in Parliament concerning the role of this Parliament on the one hand, and of the Council as the other part of the law-giving body on the other—I mean in so far as a start has already been made in the paper which the old Commission, your predecessors, tabled last year for the Summit Conference. It is here a question not only of Parliament's powers of control in relation to the budget, but of wider development toward legislative powers in the original sense of the word. This we should like to know about, and therefore it is not particularly interesting to us whether this is to become effective in the second or only the third stage, but we are interested that we have at present a stage of development in which first, the national Parliaments are no longer able to keep fully under control things that are done in the European Communities, and secondly the Council is therefore in a position which leaves it largely independent of the

national Parliaments but which is not adapted to hold the Council under control in relation to this Parliament, or even to impel it to common legislation. I therefore believe, President Ortoli, that it would be valuable and interesting to lay this comprehensive package on the table, and my question is concerned with whether, after all the preparatory work that the Commission and the previous Commission have carried out so far, these proposals will be tabled for Parliament by 1 June this year. If we could once agree on the deadline we should have made a little progress, and we should then have the chance—and here the Parliament must take part on its own initiative—to discuss these questions in detail, after the summer holidays or even before the summer holidays but continuing afterwards, in order to make of this Parliament a real Parliament and in order to shape the whole machinery and institutional structure of the Communities so that controls for the Executive and Legislative powers are available also at the European parliamentary level, and these things are no longer given over to largely bureaucratic and technocratic activity—and this is not now meant in a negative way—but that there is available a real parliamentary political controlling stage in the comprehensive sense of the word.

President. — I call Mr Habib-Deloncle.

Mr Habib-Deloncle. — (*F*) Mr President, everyone in this House is aware of the interest I have always shown in institutional matters. As this is perhaps one of the last times I shall have the opportunity of addressing the House, I should like to take advantage of this debate to try to clarify a few points, in agreement with the President of the Commission.

We have always considered that the institutions should not be built up arbitrarily, but that the development of the institutions should reflect the real development of the Community. It appears to us that the Paris Summit Conference confirmed this viewpoint by distinguishing several stages, in respect of which I should like to say that the members of my group will be particularly vigilant in the future as in the past.

The first stage is immediate and is divided into two questions: on the one hand improvement of the working conditions and strengthening of the powers of Parliament and on the other hand implementation of the process started by the decision of 22 April of the Council of the Communities, when the Luxembourg Treaty on the Community's own resources was signed.

Everyone is aware of the criticisms Parliament has addressed to the Commission in this con-

Habib-Deloncle

nection. It appears that instead of submitting a practical report on the measures to be taken, after two years, to strengthen Parliament's powers of control and budgetary powers, the Commission has embarked on studies, in themselves very interesting—they gave us the reference document known as the Vedel report—but that nothing has emerged on the precise point on which proposals were expected. It is urgent to put an end to this state of affairs, since what Mr Lange has said is absolutely true: powers are gradually being transferred to the Community and are going to the Council of Ministers, since it is the legislative body, but this transfer has not been accompanied by any development of Parliament's powers.

Consequently the Council is ready to examine proposals from the Commission, this is what confirmation of the decision of 22 April 1970 means. We are already in the past, have already fallen behind, and I wish to say to the President of the Commission that in my view his institution should give special attention to the formulation of these proposals, which correspond to an undertaking given when the Luxembourg Treaty was signed on 22 April 1970, three years ago all but a few days, whereas a two-year period had been stipulated.

Also, the Council and the Commission were invited to put into effect without delay the practical measures designed to strengthen the powers of Parliament. I see the new procedure of Question Time and this debate as a preliminary to this strengthening, but we should like the Council and the Commission to tell us very rapidly what practical measures they intend to put into effect.

The second objective and the second time limit: before 1 May, the Commission is to submit its report not on Parliament but on an even more serious matter: 'the distribution of competences and responsibilities among the Community institutions and Member States which are necessary to the proper functioning of an economic and monetary union'. I draw the Commission's attention to the wording of this paragraph. It is not only a matter of measures concerning the distribution of competences between the Community and Member States, in other words it is not only a question of distinguishing the Community legal order from the national legal order, but it is also a matter of establishing the distribution of competences among the Community institutions. Parliament feels that it is particularly concerned by this subject and I wish to give this simple warning: any new treaty requiring the agreement of national Parliaments or any new organisation on which national Parliaments would be asked for their opinion would not have

the agreement of those Parliaments unless it included a transfer of power to the European Parliament, so that it could effectively supervise the Council and the Commission in the functioning of the economic and monetary union.

That is why I believe that, as soon as the Commission has submitted the measures on this distribution of competences, before 1 May 1973 and pursuant to the resolution of 22 March 1971, it must come and inform Parliament and that a debate, first in our committees and then in plenary session, should be held on the subject, since we are directly concerned.

Finally, a more distant prospect is the attainment of European union before the end of the present decade. The institutions of the Community have to draw up a report on this subject before the end of 1975 for submission to a later summit conference. I repeat: *the* institutions of the Community have to draw up a report. We should like to know how the Commission interprets this paragraph. It could mean—and in my view this would be something extremely important from the Community viewpoint—that after concertation between the three Community institutions, these three bodies will jointly and collectively submit a single report, each of us having played his part but the Community having affirmed its unity and the institutions of the Community their solidarity by submitting, as the letter of paragraph 16 of the Paris Communiqué appears to indicate, a report for submission to a later summit conference.

It seems to me that, although the 1975 deadline still appears remote, it would be advisable for the Commission to inform us now of the procedure it intends to follow to draw up this report. It will not be possible to draft it hastily in a few moments. Considerations on the transformation of the whole complex of the relations of Member States into a European union could well take two to three years and we must start thinking about it now. This European union is vague, no one yet knows its content, everyone has his own ideas on the subject. In my opinion, it is up to the Commission to take the initiative in proposing a procedure that will enable the report to be submitted in time.

I should like to hear what the President of the Commission has to say on these questions, which appear to me to be of paramount importance.

(Applause)

President. — Will speakers please refrain from repetition and confine themselves to raising new points in the debate.

I call Miss Flesch.

Miss Flesch. — (F) Mr President, in the discussion of a subject as important as that with which we are dealing now, I do not want to speak only in a personal capacity, but also as a member of the Committee on Budgets. This committee yesterday reminded the Commission of the Communities to adhere to the undertakings it has made regarding the submission of proposals on strengthening the budgetary powers of Parliament.

Under the present circumstances I am unable to speak at length, and you, Mr President, have just asked us one again to be brief. However, I must recall a few points: the obligations undertaken by the Commission when the Treaty was signed on 22 April 1970; the obligations in the resolution of 22 March 1971 on the attainment of economic and monetary union; the continuous opinions given by our Parliament, especially the attitude it adopted last December on withdrawal of the motion of censure moved because the Commission had not drawn up new proposals for the strengthening of Parliament's budgetary powers within the time limits it had set; finally the Summit Conference communiqué with the three dates it laid down: 1 May 1973, by which the Commission should submit its report, 30 June 1973, by which the Council should take practical steps to improve its decision-making procedures and the cohesion of Community action, and finally the last paragraph, which requests the institutions of the Community to draw up a report before the end of 1975 for submission to a later summit conference. I wish to support Mr Lange on this point: as a Community institution, we too have duties and obligations.

All these decisions, all these commitments, all these positions make it urgent for the Commission to honour its undertakings to submit new proposals on strengthening Parliament's budgetary powers.

There is another reason that I mentioned earlier, during Question Time: suitable solutions must be found as soon as possible in order to avert the possibility that, during the preparation of the draft budget for 1975, in other words during the summer of 1974, Parliament will find itself obliged to play the role of a spectator, to which it could never agree, at a time when the general budget will be drawn up under a system of financial independence for the Communities.

Our experience of deadlines indicates that when we are told that proposals will be made during the first half or before the middle of the year, this means, taking the most optimistic view, that they will be submitted on the last day of the first six months. In this case, it will mean that we shall be unable to examine the proposals before Parliament reconvenes in October. We are of course well aware that when it took office on

1 January 1973, the Commission found itself faced with an enormous task, and that it needs time. But the subject we are discussing was referred to it as early as 1965. Moreover, even in 1965 these questions led to a very serious crisis in the Community. All this brings me to ask the Commission a very specific question: is it prepared to submit its proposals by 1 June 1973?

(Applause)

President. — I call Mr Kirk.

Mr Kirk. — I confess to a slight feeling of sympathy with Mr Ortoli when he told us three times this morning that he had nothing to say, and then we went on asking him to say something. But I lost it fairly quickly when he implied, I thought rather too strongly, that the Commission was too busy really to turn its attention to this matter. He listed, quite rightly, all the things that the Commission had to do. But, of course, we appoint Commissioners to be supermen! They are supermen and they must be prepared to act like supermen. This is not a matter that can be put to the end of the queue. This is a matter of extreme urgency, as Miss Flesch has said. It's a matter that has been around now for eight years. Certainly it has been in the forefront, as Mr Habib-Deloncle pointed out, for two years, and we cannot be expected to wait very much longer for something concrete from the Commission.

Paragraph 15 of the Summit Communiqué was quite clear on this point. We ourselves in our own Parliament of course, as Mr Lange has said, have certain obligations, and I hope we are going to carry them out. But obviously this can only be achieved by all three institutions acting together and, more particularly, by the Commission acting together. Day by day our national parliaments are losing powers to the Community, and day by day the power of control of this Parliament ought to be reinforced.

I would like to ask President Ortoli, if I may, one or two questions. What has happened to the Vedel Report, which came out with a great flourish of trumpets a year ago and seems to have sunk without trace? There are not even any bubbles on the surface of the water where it has gone down. Can we hear something about that? Surely the Commission—even the new Commission—must have had time to look at it, and there are one or two Members of the Commission who were there before and may have been able to instruct the new Commission as to what the thinking was in those days. What thought has the Commission given, in the light of the known scandal of the waste of EAGGF

Kirk

funds, to some kind of public accounts control by this Parliament over the way that money is spent?

(Applause)

What thought has the Commission given to granting Parliament a right of initiative at least as great as that possessed by any national parliament, the right at least sometimes to begin the process of legislation?

All these are things, I would have thought, that can be answered without waiting for the report that Mr Ortoli quite rightly says he has to make to the Council in the course of this term. Of course we know the problem. Of course we know that a collegiate body like the Commission must be allowed to formulate its long-term proposals after deep thought, and to bring them all out together. But there are matters here that have been lying around for years and ought to have been dealt with years ago, and it is on those, I think, that we are entitled to an explanation this morning.

(Loud applause.)

President. — I call Mr John Hill.

Mr John Hill. — Mr President, whatever extra powers this Parliament may be given or win for itself will not alter the fundamental requirement for any parliament to be effective, which is adequate notice. Adequate notice of meetings and agenda is the life-blood of a parliamentary institution, and I think it quite impossible for democratic government by discussion to take place without proper procedural safeguards. In my country, as is well known, we have no written constitution; but we have some very elaborate rules of procedure by which we are bound—*notices of motion, rules about amendments, and even rules by the clock.* We have rules of procedure here. I merely want to make the point that it is essential that we should observe those rules very strictly, and if necessary add to them whatever we may regard as the essential requirements for dealing with matters coming to us from the Commission or the Council.

Of course the whole burden of this morning's complaints about existing matters has been the lack of notice. I will not say any more about the agenda papers, although my own experience in the Committee on Agriculture, where we had to try and form an opinion almost off the cuff on about the most complicated parliamentary business which has ever come my way, has not been very happy. I would, however, like to draw certain conclusions from that experience about the consequences. The difficulty of course is that this year we have to try and reconcile the policy

on farm prices with the after-effects of a monetary crisis. As a result, the Commission was not able to submit to the March meeting of this Assembly the proposals which, I understand, would normally be made; and now this session has been advanced one week. Well now, that is altering the notice of the meeting. What I wanted to stress was that this is unfortunate, although, as it happens, it meets the crisis.

However, one of the things that are going to be important in this Parliament is to fix meetings of both Parliament and its committees as far ahead as possible and to stick to them. The reason I say that, Mr President, is because most of the Members here, as we know, serve in two Parliaments. This has been mentioned, but what does not seem to have been mentioned is that, although we try to give priority—as we should—to our duty here, we may find ourselves, if meetings are changed, in the invidious position of having to decide between our duty here and—if I may just conclude—the fact that we may have to cancel a political engagement in our own country. Now, the difficulty about that is that it makes this parliament unpopular in the national parliaments. I therefore hope, Mr President, that in reviewing this whole matter we can agree that the procedure resulting this year from enlargement and the crisis is wholly exceptional and ought never to occur again.

President. — I did not wish to interrupt so eminent a parliamentarian as Mr Hill. He was, however, speaking of parliamentary rules. Now, the rule applying at the moment is that Members may speak only on the answer given by the Commission to Mr Lange's question on institutional reform and, more specifically, on the Commission's proposals on the matter. I therefore request the remaining speakers to confine themselves to this subject, and not to discuss the rules governing the proceedings of the House.

I call Mr Christensen. Five minutes maximum, Mr Christensen, without notes.

Mr Christensen. — *(DK)* Mr President, in the light of the last remarks by the President to the previous speaker I would like to point out that I had already put my name down at Question Time because I wanted to ask the question or bring in a supplementary question and the President himself decided that the rest of the speakers were in a position where, if they had any question to put, they must be included in the general debate; and I therefore hope that what I am now saying will not be regarded by the President as falling outside the debate now in progress. I am fully aware that the debate has now taken turn towards concentrating very powerfully on getting the Commission and

Christensen

thereby the President of the Commission, if I may put it this way, to set a really concrete date when a move can be made concerning all these constitutional questions. But my supplementary question, which I would have liked to put, concerns something quite particular and quite concrete. It has already been decided that from 1975 Parliament will have a supervisory and authoritative power over the non-obligatory part of the administrative budget of both Council and Commission and I would therefore like to ask, and I hope that I can get a concrete answer from the President of the Commission, if I can be permitted to interpret the authority implied by this power which Parliament will enjoy from 1975 in such a way that if Parliament is dissatisfied with the policy conducted by the Council and by the Commission as regards its powers concerning the budget, instead of increasing the budget, can simply reject the budget, reduce it to nil and thereby, if I may so put it, demonstrate its dissatisfaction and in this way in reality put a stop to activities in both Council and Commission? I must interpret it in this way, this is a logical conclusion. If this is confirmed by the President, I can only say that then at last we have in reality some power in excess of what we already have today, where we can pass a vote of censure on the whole Commission.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, this Parliament is uneasy. It will and must know what the other two Institutions want to do about the reforms proposed by the Summit Conference. I do not want to repeat anything our colleague, Mr Lange, and our other colleagues have said here, and I thus submit to the request of the President. I agree totally with what our colleagues Mr Lange has said, and to a large extent with what our other colleagues said. I am in the same position as our friend Mr Christensen: I should like, with the President's permission, to put precisely the question I wanted to ask earlier at question time.

I ask, is the Commission ready to submit a medium-term outline plan, in the framework of its presentation announced for June, so that the enlargement of the rights of the Parliament is secured together with the construction in stages of economic and monetary union?

President. — I call Mr Ortoli.

Mr Ortoli, *President of the Commission of the European Communities.* — (F) Mr President, I am pleased that we have an opportunity to talk of these problems because this allows me, not to

give immediate details, and I shall revert to that point, but to affirm, on behalf of the Commission, how much importance it attaches to institutional problems and to the development of Parliament's powers.

May I say, with a slight smile, that in areas such as these the main thing is first of all to know exactly what one wants to do and then to do it in due course. I note, for example, that certain speakers have pointed out forcefully that nothing has been done since 1965. Need I remind the same observers that this eight-year period was after all interrupted by budget modifications culminating in a new procedure that will take full effect from 1975. We are therefore in a rather paradoxical situation where we are being criticised for lack of action when in fact, as Mr Christensen recalled, there are new provisions in existence that have not yet even come into effect. By this preliminary remark, I merely intend to point out that something has been done, even if it does not fully satisfy Parliament and has not fully satisfied the Commission.

My second point: it is not so easy to speak of the powers of Parliament. Here is an example. One says to us: "You, gentlemen, who have to be supermen, go ahead, give us all your ideas, submit all these papers as soon as possible, and it must be properly done, you must give consideration to all the problems". But at the same time this Parliament, if it permits me to say so with deference, dealing with practical problems on which it is undoubtedly well informed since it has been meeting for some years, sets up a committee, examines proposals and prepares to give its views by a date which I do not know, maybe 1 June or even 30 June, because it wants to examine very carefully the ideas that it may put forward. I do not say this in an effort to compare the Commission with Parliament, but merely to indicate that you yourselves at the present time are also being tested and are obliged to find practical arrangements amongst yourselves. We are dealing only with practical matters, we are not concerned with any theological problem, we are not raising any problem of principle, and we are dealing with parliamentarians having experience of this Parliament and their national Parliaments, and yet you need time! I find it very easy to say in a topical debate, bringing up the whole complex of institutional problems: 'And now it is 5 April, what are you going to do? What do you think of the extension of legislative powers? In budgetary matters, are you in agreement with the former Commission—or with the former Commissions, since several sentiments have been expressed? Please tell us what you think. Speak in a personal capacity if you cannot speak on behalf of your institutions!' Obviously, in such

Ortoli

important matters, I normally have to speak on behalf of my institution and I admit that I do not find it very interesting to say that, as far as I personally am concerned, I have a certain opinion or certain ideas.

That is my first point. I make it once again with a slight smile, to show that the problem, in my view, is of extreme importance but that, just because it is of extreme importance, I should like the Commission to tackle it with particular care.

Second point: is it so unnatural that the Commission planned to make its proposals in the first half of the year?

It is said to me: 'We understand you. You tell us that you only have to sort things out to do it!' That is true too, I readily accept it, it is our job to do it. "Put forward the date on which you can make these proposals by one month". Here I shall spell things out very clearly. If there is one thing I abhor, both personally and as President of the Commission, it is taking the easy way out and, in order to obtain a limited success just when a problem is being discussed, making promises that one will not keep. I do not know whether I can submit the various documents we have been asked for before 1 June; all I can say is that I will try to do so.

Together with my colleague Mr Scarascia, I have examined all the problems involved in practical measures and I have a number of ideas on the subject. Ideas have been expressed in this House, because in the past few years progress has been made, for example Question Time. I have asked that we should look systematically at the proposals which have been made, that we should assess them, that where appropriate the Commission should give its opinion on these proposals and support the ideas coming from Parliament that it considers useful for the development of the institution. I am asking that the Commission accept its own responsibilities regarding practical measures, and in particular that it seek a way of giving the opinions of Parliament greater operational and political value. This is one of my ideas, it is what I personally am trying to achieve at the present time in the work we have to do.

Finally, I do not conceal the fact that, when we speak of practical measures, I would like to turn to the Council and tell it that several of us are involved in this affair and that if practical measures are to be effective, there are a number of things to be done on its part too. But I cannot guarantee that on the evening of 31 May I shall sign the letter transmitting this group of proposals.

The situation regarding budgetary problems is more difficult. We shall observe the deadline, I can say this straight away, and once again I shall try to bring it forward. If we can submit our proposal by 1 June, I shall be pleased to do so. I would say to Mr Vals that here the problems are clearly posed. We find ourselves in the paradoxical situation of having taken in April 1970 and then in 1971 decisions intended to come into effect, in part at least, in 1975. Therefore we already have a body of doctrine for 1975 and we are obliged to make supplementary proposals enabling the data to be modified in relation to experience that we do not yet have, since it is scheduled for 1975. You will admit that this is somewhat paradoxical.

But I would add this. The period allowed for this was two years. It has not been adhered to for perfectly valid reasons, which have been explained by the previous Commission. I do not ask for two years, I do not ask for a very long period, I merely ask to be able to study the problem seriously. And let me say that I believe the Commission to be sufficiently aware of its responsibilities not to imagine that it can adopt the most convenient position, which would be to send you a letter saying that, as the previous Commission had taken certain positions on a number of points, we are merely following in its footsteps and consequently wash our hands of the problem: the continuity of the Commission is assured, the institution continues to live and as far as we are concerned, we have done our duty! No, the problem is an extremely important and serious one, it is up to us to assess its exact extent, it is up to us, where appropriate, to make additional proposals, ambitious if we consider they should be ambitious, more modest if we consider they should be more modest. I ask for sufficient time to examine this problem seriously, and to discuss it seriously with my colleagues. But we shall observe the deadlines and I will not do what has been done before, for particularly valid reasons: let the deadlines pass. I prefer to say: my undertaking for 30 June is good, but I shall try to finish by 31 May or 1 June—rather than take the very convenient course of promising to submit my papers by 1 June and only doing so on 18 June. After that, you would express your surprise, in a motion, that the Commission had failed by 18 days to meet its deadline. I do not want to play this game with Parliament, I prefer to make commitments and to adhere to them strictly. The situation calls for genuine mutual confidence on our part.

But I can add that for my part—and since we are working on it, I have some prospects of this—I am prepared to try and make it 1 June, but I cannot guarantee it. As regards the prin-

Ortoli

ciple, then, I adhere to what I said in February; in practice, I shall try to ensure that we can submit these proposals on 1 June.

On the question of the budget, I would remind Mr Christensen that there is indeed a text, an agreement, a treaty, and that there is no question that it will not be accepted. We shall do everything necessary on our side to see that the treaty is effectively observed.

There is a third problem, and I do not hide the fact that it is much more difficult. It combines the affair of 1 May, the transfers of competences, the distribution of competences in connection with an economic and monetary union among the institutions of the Community, and the more general problem of the development of our European union. I frankly admit that here things are rather ambiguous. There is a date, which is clear. By 31 December 1975 at the latest, we should have submitted proposals for the attainment of a European union. To my mind, there can be no question of submitting such proposals without at the same time making proposals on institutional matters.

We are already being asked for information on these institutional proposals. I will tell you that I cannot give it, because that would not be responsible on my part. I can reply that it is indeed our intention to start work much sooner than 1975—in other words as soon as this first wave of major problems facing us today is past—because I believe, like the members who have spoken here, that if we want to do something effective we have to work at it for a long time and on a problem like that we have to organize contacts and discussions.

If we speak seriously of these institutional matters, you will realize that to speak of European union is not merely to speak of a timetable for development towards European union, it is to know—and this is extremely difficult—what form the final institutions of this European union, attained in 1980, will take; how legislative power and parliamentary control will be exercised; and even what the Council's role will be, what the Commission's role will be and what institutions will serve as the Executive! It is no small affair to be discussed offhandedly, if I may use the term, during a topical debate, when it is a question of radically changing the system in which we are established! To give an idea of what this change will be, let me say that we must know exactly or fairly precisely what content we wish to give to the system and what type of evolution we wish to imprint on it.

This is all intended to show you that it is not frivolity, inconsistency or contempt for the

problem that makes me unwilling to speak of an affair like this; on the contrary, I should like to tell you of the difficult questions that we shall have to face. But you will understand that I am not going to speak today, for information, to say: 'I think that in 1980 we shall need a government and the Commission should have disappeared' or on the other hand 'national parliaments should transfer some of their powers in bulk to the European Parliament!' This would be quite irresponsible of me and I shall not do it!

We have to organize our thinking on the subject and, as some of you have said, we must start on this well in advance. I might be useful if from time to time, either informally or in committees, and certainly later from Parliament itself, we could have information, through debates, on what Parliament itself thinks of these problems.

Should the report come from all the institutions or be a proposal from the Commission, accompanied by all the opinions and views that the institutions may give? I am not in a position to express myself on this point today. This necessitates fundamental debate, as the first point is a legal one: is the Commission's power to make proposals modified in this particular case by the decision taken at the Summit Conference? Does the Commission lose its power of making proposals, or does it retain it, in which case the report submitted to the summit conference must be accompanied by the opinions of the Council itself and of Parliament? The problem must be examined very carefully. If, as has been suggested, a common report is to be presented, it is not a very easy matter to bring the Council, Parliament and the Commission together. The difficulty is extreme. The only certainty is the idea that the institutions are all associated with the submission of the problem to the Heads of State and Government and consequently there is a need to organize close concertation between the institutions, so that each of them can make a genuine contribution through its opinions, views and ideas. I cannot reply by starting to indicate what, in my opinion, the content of the European union will be.

Then there is the more precise problem of 1 May. In this connection, and even more generally, the difficulty that we shall see emerging regularly during this period is to determine, when new decisions are taken, how the competences should be exercised. The problem is extremely delicate. We shall devote most of the time remaining before 1 May to it. A preliminary draft is to be discussed by us next Tuesday.

If I have understood the questions asked me, they revolve around two points.

Ortoli

The first question amounts to telling us: 'At that meeting, you must consider carefully whether there are any problems concerning the transfer of legislative powers which might affect the competences of national parliaments and therefore raise a problem in respect of the European Parliament.'

The second question, which I believe was put by Mr Jahn, says: 'In making a proposal on the economic and monetary union, are you going to envisage a development process in institutional matters depending on the content of the various stages?' I note this idea with great interest as one of the difficulties that will face us when we draft this report will be to define the outcome with sufficient clarity without being able, this year, to set out the development in detail, and to be sufficiently precise on the early years. I realise, and I admit that this colours the problem rather differently for me, that we must integrate the time factor at least in our thinking on institutional matters.

This is a reply that I am sure will not fully satisfy Parliament. I know that the rules of the game call for me to be rather more scintillating and to say: 'These are my personal convictions, I think this, I think that...' I am personally absolutely convinced of the need to develop progressively the powers of the European Parliament. I am completely convinced that this undertaking is all the more difficult in that it is linked with the institutional balance of a Community in the process of formation, in which we have both Member States, with their different statutes, their procedures, their institutions, and the extremely special, complex and fragile balance achieved in this Community between normative power and executive power. We should not deceive ourselves about the difficulty of this undertaking.

The Vedel report refers to all these problems. Mr Kirk has asked me what the Commission intends to do with this report. Well, the Commission wants to read it and quite simply to extract from it the ideas it considers good and leave aside those that it considers poor. It will give information on its choice when it submits its proposals.

In sum, I am quite convinced that we must organize relations between Parliament and the Executive very seriously and I openly admit to you that I attach vital importance to this group of practical measures. The first reality of Parliament is its current reality. We can establish very fruitful exchanges between us now, by ensuring, for example, that the procedures for obtaining opinions are strong; this means, in my view, that the Commission must

consider that Parliament's opinion—and in this case the opinion must be as thorough as possible—is a political act by Parliament and must then study this political act, which has a special value for it, and agree to adapt its attitudes to it when, after discussion, it finds the opinion good. We have very great progress to make in this field.

Secondly budgetary power, and here there is a problem which in my opinion is complicated by the fact that we do not yet have experience of the real budgetary procedure as defined for 1975. We shall adhere to the dates.

Finally, there is the enormous problem of development. We shall tackle it with the report of 1 May and the documents we shall submit subsequently. But above all we have some very difficult thinking to do for 1980. It is not easy, as different institutions have to be defined while there is uncertainty about what will be done in the end, what institutions will exist, perhaps not eternal, but lasting, and what processes can be put into effect to ensure that gradually these more or less final institutions of the Community at the stage of European union will really correspond to our sentiment: the need to maintain in this development the democratic character of our Community.

(Applause)

President. — I call Mr Vals.

Mr Vals. — *(F)* Mr President, I greatly appreciated what the President of the Commission had to say.

On a number of points, I am in full agreement with the opinions he expressed. It would indeed be irresponsible of the President of the Commission to say what he thought on all the problems brought up in the questions, going as far as European union in 1980.

I am also aware of his difficulty in coping with the many tasks of the Commission.

But I am not fully satisfied by the reply he has given. I am well aware that there has been this transition from the Mansholt Commission to the Ortoli Commission, but I cannot forget that on behalf of my group I spoke last December on the subject of dates and that the President himself gave undertakings, first in January and then in February, although it is true that no specific date was fixed since he merely said that proposals would be made during the first half of the year.

But why should the first half of the year be taken to mean 30 June, its last day? Why should not the submission of these proposals be fixed,

Vals

within these six months, at a reasonable date for the work of our Parliament?

He said: "I shall do my best to make it 1 June, as Mr Lange and Miss Flesch have requested". I should like the President to make a more specific commitment. Work has been in progress for a number of years. For my sins, I was in 1965 rapporteur for the proposals made at the time by the Hallstein Commission, which culminated in the political situation that we experienced then. In addition the Mansholt Commission, not to mention the Rey Commission, also worked on these problems. A fair amount of work has been done. I do not think that a great amount of innovation or invention is possible in this area.

That is why I am urging that Parliament should have the proposals by 1 June so that it can discuss them before the recess, to avoid the great delay that would occur if the Commission's proposals did not reach us until 30 June.

As far as the budgetary proposals are concerned, it is of course—and I apologise—the date of 1 May: within a reasonable period and in any case before 1 May 1973, the proposals corresponding to the undertakings made in 1970. If my friend, Georges Spénale, who unfortunately had to resign from Parliament for personal reasons, were here, he would tell you why it is essential for the proposals to be made on that date, so that we can observe the deadlines for examination of the 1975 budget.

That is why I am urging the President of the Commission that the undertakings made should be kept and that the date on which a number of speakers in this House have requested the submission of proposals should be observed by the Commission.

(Applause)

President. — *(F)* I call Mr Ortoli.

Mr Ortoli. — *(F)* Mr President, I shall not reply to Mr Vals at great length.

He must understand that we shall do all that is in our power to ensure that these problems are submitted to Parliament as soon as possible. I say this very frankly and very clearly.

What goes against the grain with me, perhaps because I have a rather individual temperament, is to promise something for a certain date and to do it fifteen days late. I prefer to promise something for a certain date and do it thirty days early!

President. — The topical debate is closed.

5. *Committee meetings during plenary sittings*

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Very briefly, Mr President—nothing to do with the coming debate, to which I look forward with great anticipation—I am a little bewildered, and I would ask your guidance as to the procedure now being adopted concerning meetings of our committees. As I understood it, according to the Rules of Procedure the committees were not meeting during the plenary sittings. I understand, however, that at least three committees are now sitting, and are going to be sitting this afternoon. These are, I believe, the Political Affairs Committee, the Committee on Economic and Monetary Affairs, and the Committee on Energy, Research and Technology. Would you please say what the form is concerning this?

President. — I can assure the honourable Member that I fully share his concern over this matter and that, in my opinion, the general rule should be that no committee meetings take place during plenary sittings except when the Bureau or the President has received a request for such a meeting. Mr Scott-Hopkins, we are faced with the unpleasant fact that, through no fault of our own, but owing to the actions of other institutions of the Community, we have to take certain direct decisions. I am referring to Cyprus sherry and other matters. It is precisely because of the Cyprus sherry question that the Committee on Agriculture has to meet rapidly. This is not my fault. I regret the way things have worked out can I can assure you that I shall do everything in my power to uphold the rule to which you refer.

6. *Procedural motion: previous question of the report by Mr De Koning*

President. — On behalf of the European Democratic Union Group Mr Triboulet has proposed, pursuant to Rule 32 (1) of the Rules of Procedure, that Parliament should not pronounce on Mr De Koning's report on farm prices.

I would remind the House that pursuant to Rule 32 (3) of the Rules of Procedure only the mover of the motion, one person in favour, one against, and the chairman or rapporteur of the committee concerned may speak.

I call Mr Triboulet, whom I would ask to be as brief as possible.

Mr Triboulet. — *(F)* Mr President, honourable Members, the text we are to discuss, like the

Triboulet

Commission's proposals on agricultural prices, has a monetary aspect and I moved the previous question because I wanted first to obtain certain assurances from the Commission, or failing that the Council, on the monetary aspects.

In a recent debate at Strasbourg, I recalled that, when the Paris Summit Conference published its Communiqué, the European Democratic Union group was the only one in this House to express satisfaction at the results obtained and not to stress the reservations. Our British Conservative colleagues have just declared at Strasbourg that if they had been there they would have adopted the same attitude; we should not have been the only ones. In these Summit decisions, we appreciate the things that lead, by a carefully planned timetable, to progress toward the economic and monetary union, as we believe that in order to implement common policies, in order to guarantee the common agricultural policy, one of whose main factors, price fixing, we are to discuss in a moment, it was necessary to progress towards economic and monetary union.

We note that monetary decisions remain strictly national, that some of the nine States have taken decisions unilaterally without even, if I am correctly informed, observing the periods of notice and Community procedures applicable to cases where a country suffers sudden monetary troubles. Obviously the monetary situation is extremely disturbing and it will be very difficult to adhere to the timetable of the Paris Summit Conference.

Through this monetary problem, it becomes clear that the whole edifice of the European Economic Community is shaken, in particular the principle of Community preference. If we are to believe certain statements, especially those made in Amsterdam recently, at a Conference intended to bring together, it appears, representatives of the European Economic Community and the United States, it appears that the principle of Community preference is also being disputed at present.

What then will remain? We believe that it is this principle that caused our British colleagues to change their approach and abandon the Free Trade Association to enter a Community which, thanks to the Community preference, had obtained far more dynamic results. This principle of Community preference applies essentially in the common agricultural policy. I am going to refer to an interview given recently by the Chairman of the Committee on Agriculture, Mr Houdet, to a large regional paper: "Why is there a monetary aspect today, in this problem of fixing prices? Because if we do not save market unity we shall have nothing more in common, as the agricultural policy, under the

authority of Sicco Mansholt, is the only one that is completely formulated so far; the social policy is in its infancy; in transport, the axle load problem still has to be settled; the only policy that really exists is the agricultural one, which the monetary crisis is endangering."

If we do not solve this monetary problem both the principle of Community preference and the principle of the common agricultural market will be threatened.

Mr President, you are making a sign at me. I should like to know what you mean.

President. — You have only five minutes, Mr Triboulet.

Mr Triboulet. — (*F*) Forgive me, I shall be brief. I did not know that the time limit also applied to the proposer of the motion.

I shall just say that we have not built a common Europe to allow people to do as they please, without constraint, to float their currencies. We have built a common Europe because we wanted to attain it voluntarily and try gradually to adopt common policies.

On the proposals made to us by the Commission, we consider that amendments can be tabled. We shall table them and others too most probably, for example on the treatment to be granted to milk as compared to meat; we shall table them to bring the Commission's proposals closer to the proposals on which the farmers' unions have agreed.

President. — Mr Triboulet, now you have come to the substance. Please end your seventh minute!

Mr Triboulet. — (*F*) What I wanted to say was that although amendments can certainly be tabled, something which I think cannot be disputed, to the Commission's proposals, is their monetary nature, and consequently if we here are true Europeans we must ask the Commission and through it the Council of Ministers whether the common monetary front can be restored in the near future. The counter proposal by our Conservative colleagues appears to postpone these problems to a later date. But it is now that we are going to fix agricultural prices. Are there any possibilities of a common monetary front? Can the Italian lira and the pound sterling return to the common fold so that the proposals the Commission makes to us can have their full effect? That is what I wanted to ask in moving the previous question.

(*Applause from the EDU benches*)

President. — I would remind the House of Rule 32 (3) of the Rules of Procedure: 'Without prejudice to Rule 31 (5), only the following shall be heard in debates on the above matters: the proposer of the motion, one speaker for and one against the motion, the chairman or the rapporteur of the committees concerned.'

I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, after Mr Triboulet's intervention, I should like to point out that, having spoken much this morning of the responsibilities of the Council and the Commission, it would be no bad thing for all the members of this House to realise that Parliament too has its responsibilities.

The first responsibility it has today is to fix the amount of agricultural prices and, in view of the monetary situation, to debate the Commission's proposals. But we must do it at this April part-session, in order to adhere to our own commitments.

Consequently, opposing all the explanations given us by Mr Triboulet and taking care not to confuse the Amsterdam conference with the European Parliament, I ask you to reject the motion.

(*Applause*)

President. — Does the chairman or rapporteur of the committee concerned wish to speak to Mr Triboulet's procedural motion?

I call Mr de Koning, rapporteur, with the reminder that his speaking time is limited to five minutes.

Mr De Koning, rapporteur. — (*NL*) Mr President, I can be very brief. We all doubtlessly share Mr Triboulet's desire that a larger monetary unit will be introduced into the Community. As regards today's debate, however, the important question is whether there is now sufficient stability, sufficient cohesion in European monetary affairs, to make a real debate on agricultural prices feasible. In my opinion this question can be answered with a sincere affirmative, although there still remains much to be desired.

The Commission is right in its proposal for regulations concerning certain measures to be taken in agriculture in view of developments in the international monetary situation, on page 2, under item 2 (a), in recommending that in future pegged rates be used when converting data on Community agricultural policy. These are the first beginnings of stability, through which it will be possible to fix agricultural prices in cor-

relation to each other. As regards the Member States whose currencies at present float independently, i.e. the lira and the pound, it proposes using fixed representative rates, fixed on the basis of rates noted in the market during a set period.

I felt that these measures offer sufficient firm monetary territory to enable us to speak concretely today on agricultural prices.

I therefore propose that you reject Mr Triboulet's request and allow this debate to proceed.
(*Applause*)

President. — I cannot call you again, Mr Triboulet.

I note that the rapporteur is against Mr Triboulet's motion.

If you wish to withdraw the motion, Mr Triboulet, you may so inform me.

Mr Triboulet. — (*F*) Mr President. that is why I raised my hand.

I would ask you to note that in this debate first of all no-one told me, when I started to speak, that I had only five minutes: I was therefore taken by surprise; secondly, I ask to speak and the President claims to refuse me the right!

I want to say that, if the Commission could confirm what the rapporteur of the Committee on Agriculture has just said, that monetary conditions are now sufficiently stable to allow agricultural prices to be validly fixed, I would willingly withdraw my motion.

President. — I call Mr Lardinois.

Mr Lardinois, member of the Commission of the European Communities. — (*NL*) Mr President, I should like to give the following reply to the question that has been put to me by Mr Triboulet. The Commission is of the opinion that at the present time there is sufficient certainty in the monetary relationships within the Community to enable the proposal regarding prices and the proposal regarding border levies together from the monetary sums point of view. This does not yet mean that we consider that the final stage has thereby been reached, under which all countries and all currencies can apply the pegged rates system. But for the present we can move forward, if Parliament and Council were to accept the broad lines of the Commission's proposal.

President. — I call Mr Triboulet.

Mr Triboulet. — (F) Mr President, without sharing the Commission's optimism, but relying on its assurances and hoping that they will prove correct, I withdraw my motion.

President. — I thank Mr Triboulet for withdrawing his motion.

7. Regulations on farm prices for the 1973/1974 marketing year—regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation

President. — The next item is a debate on the report drawn up by Mr De Koning on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for regulations fixing prices for certain agricultural products and certain related measures and regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation (Doc. 15/73).

I would remind the House that the time limit for tabling amendments to Mr De Koning's report is 1 p.m. today.

I call Mr De Koning, who has asked to present his report.

Mr de Koning, rapporteur. — (NL) Mr President, the fixing of agricultural prices in the EEC is always an important, but unfortunately also nearly always a complicated matter. Complicated, because account must be taken of a large number of factors; highly differing elements, such as the interests of the consumer, the income of the producer, and the relation of demand to supply, must all be balanced against each other within the framework of the economic situation in different Member States and taking into account the attitude of the EEC to third countries.

On this occasion, however, the situation on fixing the 1973/74 prices is indeed particularly difficult. This can partly be seen in the late date at which the proposals for these prices were submitted. The proposed prices should have taken effect on 1 April this year, the proposals should have been submitted before 1 August in the previous year. By its very nature it is understandable that the timetable should have been so delayed. This is due in the first place to the enlargement of the EEC and the formation of a new Commission of the European Communities as a result of this. I feel that at the beginning of this debate there is room for a word of praise for Mr Lardinois, the new Member of the Com-

mission responsible for agriculture. He has managed to become *au fait* remarkably quickly with this very difficult subject and has come forward to us with an ingenious proposal on agricultural prices.

The delay is due in the second place to the confused monetary situation in which the beginnings of stabilisation had first to be achieved, before a decision could be made as to these proposals. This delay is therefore understandable, but has led to the Committee on Agriculture of this Parliament and Parliament itself having to work towards this by forced day marches and even by night marches. I should therefore like to say to the Commission that a repeat of situation of this kind cannot be recommended. The difficult situation within which proposals are made can also be seen, and this is more important, in the structure of the price proposals. The Commission has laid out its proposals in such a way that a move can thereby be made towards the reintroduction of free traffic in agricultural products and of a true common price level in the EEC market. Because of the revaluations and devaluations in the past month it had in fact become necessary to proceed with compensating sums in order to maintain the prevailing level of prices for agricultural products in each of the Member States. Compensating sums means levies on exports to countries with a revalued currency, and export rebates on exports to countries with lower or non-revalued or with devalued currencies. This is a most unwelcome matter. Most unwelcome because this makes a technically highly complex business out of traffic within the Community. Mr Lardinois demonstrated this in the Committee on Agriculture by letting us see a Telex that he had to send off on a change in levies. The Telex was 29 metres long and this length alone, without mentioning the incomprehensibility of the contents of the message for ordinary people, makes it sufficiently clear what kind of complicated problems one is faced with in the present system.

This situation is unwelcome in the second place because it sometimes gives rise to speculation, or at least to attempts to cover oneself against risks that can occur with variable levies. But the most important point is that in this way the EEC agricultural market is fragmented and that this system of levies and export rebates offers footholds for national measures that can upset competitive relationships and can work against healthy distribution of labour within the Community. If developments of this kind should occur, Mr President, it would be fatal not only for European agriculture, but for the whole European policy, for the further development of the Community and, in the long run, possibly

De Koning

even for the continued existence of the Community in its present form. In any event, agricultural policy stands at a very exposed position within the Community's integration policy. European agriculture has discovered the advantages of this, but is also becoming aware that this position is vulnerable. Today, in the present situation, the tardiness of economic and monetary integration is revenging itself on integration in agricultural policy.

The chaotic state of affairs from a European point of view resulting in the monetary field in the last few months is putting great pressure on the common agricultural policy and is endangering the continued existence of the common agricultural market.

The European Commission is now attempting to repair the damage incurred by its price proposals. It is doing this by putting forward a price increase for most products of 2.76% or more, but with a simultaneous dismantling of the compensating sums between France, the Benelux and Denmark, and an important reduction of compensating sums for Germany and Italy.

I think I can state that a great step forward has in this way been taken on the road that can lead us back to a truly common market for agricultural products. Again, this is not only a matter of agricultural interest. It is that indeed. But it is also and equally so of interest to the whole structure of the European Community. It is the beginning of a repair of the serious cracks that have appeared in the cornerstone of European policy.

Mr President, in this light the Committee on Agriculture can fully support the aims of the European Commission. It supports the structure and the composition of the price proposals submitted by the Commission. But the Committee on Agriculture is also aware of the consequences in this respect of these price proposals and for this reason I should like to make a number of comments on the matter.

In the first place the following: the effort that one is now put to in order to achieve restoration of free traffic in agricultural products, to restoration of the common price level, will be a fruitless step along a road leading nowhere in the unlikely event of new monetary fluctuation occurring in Member States' currencies in relation to each other. For this reason the Committee on Agriculture advises Parliament to press once more in its resolution for a rapid achievement of economic and monetary union.

In the second place: the Committee on Agriculture is also aware that, precisely in view of

the composition of these price proposals, the actual price increases expressed in national currencies in the various Member States differ very widely. The basic element of the proposals, i.e. 2.76%, combined with changes in the compensating sums, gives rise in a large number of products in France and Denmark to an actual increase of agricultural prices by 2.76%, in Italy to an increase, expressed in Lire, of 6.76%, in the Benelux countries to an increase of nil per cent and in Germany similarly to an increase of nil per cent, in which case a compensating sum in the order of 5% still continues to exist, a sum that will in due course have to be dismantled. For products on which larger increases are proposed than 2.76%, the differences between the various Member States are proportionate. Well, Mr President, if it could now be said that the cost increases would come to a standstill in the revaluing countries also one could possibly even be happy about the situation. We know, however, that in the inflatory climate, which unfortunately prevails in the whole Community, we unfortunately cannot on an end to cost increases for the time being. The consequences of these price proposals, which go hand in hand with dismantling of compensating sums, is therefore that large groups of farmers will obtain no compensation on a number of important products in respect of the cost increases arising on their farms, and that they will receive only very limited compensation for other products.

Now I do know the Executive when reporting orally on its proposals in our Committee on Agriculture said: "The average price increase that we propose is not all that small". This average price increase amounts to 5.2%, but the average means nothing in this case. A good friend of mine tends to say in situations of this kind that you cannot comfort a person who has his head in the bonfire and his feet in the fridge by stating that the average temperature is still quite acceptable. This is in fact the situation at present occurring in the Community. In certain countries the price increase is equivalent to nil, in other countries the price increase is substantially higher than the average of 5.2%. For this reason we urge in our resolution that the Member States make use of the opportunities that they have for taking measures at a tax or social level that come down to giving compensation not tied to products within the total amount of cost increases, in keeping back price increases. We know that this opportunity exists, we know that these opportunities were also made use of in some Member States in the past. In the present situation, in view of the political objects that we are aiming at with these price proposals, there remains nothing else for us other than to reach out for these means once again.

De Koning

I would remark that the report concerning the income of farmers in the Community indicates that there are groups of farmers in the Community with low to very low incomes. We believe that it is necessary to aim at an improvement in their income position. This is possible through rapid application of the structural directives laid down by Parliament in 1972. This is also possible through taking special measures for areas with particularly unfavourable production circumstances. In conjunction with the discussion of the present report an appropriate proposal having particular reference to hill farmers is already to be introduced in this Parliament by Mr Cifarelli.

Mr President, I now come to the bearing that these price proposals have on the market position for agricultural products. The Committee on Agriculture considers that the price proposals generally take account in an equitable way on the relationship of demand and supply for the various products. One could go on arguing as to whether or not a half per cent should be added in a particular case and a half per cent be deducted in another case, but we feel in broad principle that these price proposals take account of the market position. This applies particularly to the substantial price reduction that is being proposed for butter and to the substantial price increase that is being proposed for beef, with additionally the promise that next year a similar substantial price increase can be expected. We in fact feel that this may well not be enough, and that the re-orientation of production must additionally still be promoted by supplementary measures, namely by awarding premiums and by structural measures. In doing this a better balance can also be brought about between meat and grain production, both to avoid grain surpluses within the Community, and to remove meat shortages, and also to reduce the differences in income within agriculture itself somewhat.

The Committee on Agriculture took into account the consequence of these price proposals for the consumer. We would comment in the first place that the effect of these proposals on the price level of foodstuffs will be very modest. The market prices for meat, a not unimportant factor in the family budget, are already moving well ahead of the proposed orientation price level, so that the effect of an increase in this orientation price will be of no consequence to the consumer. This is of importance nonetheless to the producer, because it gives him greater certainty that his production will be capable of being viable in the long term also. I would also point out that price increases on agricultural products exercise *überhaupt* very little influence on the cost of living. The cost of living is particularly affected by the increase of the costs of services

and the services are rendered particularly in the processing field and in the field of commerce and of bringing these products to the customer. We are nevertheless of the opinion that both the European Commission and Member States must try wherever possible to reduce their profit margins a bit and to lower the VAT tariffs, both being means of neutralising the effect of these price increases insofar as this is still necessary.

A last comment with reference to the price proposals that the Commission has submitted. We feel that we, Parliament and the Committee on Agriculture, must, in theory, in the years to come be able to have precise facts available concerning the development of incomes beyond agriculture, the development of incomes within agriculture and the increase of agricultural costs, when assessing future proposals regarding price increases or decreases. When making previous price proposals we were given sight of these by the previous Commission, which made it clear in a cohesive and ordered way what relationships exist in this respect. An overall sight of this kind makes it possible to pass more objective judgement on the Commission's proposals. I do understand that under present conditions these figures are not all that relevant, but I would like to request of the Commission that on a subsequent occasion figures of this kind could again be made available to us.

Mr President, I now come to the summary and conclusion of my argument.

The Committee on Agriculture considers it of great importance that the compensating sums can be reduced or can disappear entirely through the composition of these price proposals. This will benefit the development of European agriculture and will, in addition, strengthen the economic and political power of the Community. We consider it of equal importance that, apart from this, the Community farmers who receive no or insufficient compensation for cost increases on their farms because of these price proposals may receive such compensation that the competitive position is not thereby distorted. Finally, we consider it a fact that these proposals encourage the re-orientation of agricultural production, but we think that yet further, supplementary measures are necessary in addition. Mr President, for all these reasons the Committee on Agriculture advises Parliament to accept the proposals of the European Commission.

(Applause)

IN THE CHAIR: MR COLIN

Vice-President

President. — I now call Lord Mansfield, rapporteur for the opinion on behalf of the Committee on External Economic Relations.

Lord Mansfield. — Mr President and honourable Members, as rapporteur for the Committee on External Economic Relations I regret that I am unable to produce a written opinion to be annexed to Mr de Koning's report. The reason, which is not hard to guess, is one of time. Since Mr Lardinois produced his agricultural prices there has unfortunately not been time to consider them in detail, produce a report, amend that report, and have it printed and translated in time for this meeting of Parliament. However, I intend to make a brief verbal summary of the thoughts which went through the minds of the members of the committee, as affected by the Commission's proposals. Honourable Members will realize that the thinking in the committee varied through a very wide spectrum, and I can but hope that, in spite of these considerable differences, what I say presents a reasonable consensus of the committee.

During the discussion, each individual member of the committee was very well aware that immense monetary problems had been created by the revaluation or devaluation, as the case may be, of some of the currencies of the Member States within the Community. Equally, it is true to say that the committee was aware of and sympathetic to the problems of farmers and their incomes, and not only of farmers, but of all those who make their living or derive it from the land. And certainly, the committee, as I understand it, did not lose sight of the interests of the consumers within the Community, who are faced with the daily battle against inflation.

Nevertheless, we tried to approach the problem in the proper way, bearing in mind that we are the committee dealing with trade relations with third countries. Our responsibility, as I see it, is the promotion, encouragement and harmonization of trade with third countries, and of course honourable Members will be aware that third countries are of very many types. They vary from highly developed industrialized countries like the United States of America, which of course also produces vast quantities of food for export, to other countries which are smaller, poorer, weaker, economically backward, underdeveloped, and in need of aid from whatever source. We also remembered the former colonial territories previously held in trust by Member States, particularly the United Kingdom. Many of these, particularly in the Caribbean, in spite of having obtained their independence and freedom, are almost wholly dependent on their old colonial masters for their very economic existence. I am sure I am speaking for our committee when I say

that we think it right to assert that, in our preoccupation with what to us are domestic matters, we should not forget or lose sight of these poorer, underdeveloped countries of the world. In English we have a phrase—and I hope it translates—'trade not aid', and this, I think, should be the motto as far as our committee is concerned.

Having made this first point may I go on to say that the relative decrease in imports of agricultural commodities from third countries to the Community over the years has of course been quite considerable. In the period 1958-1971 the relative decrease in agricultural imports to the community amounted to no less than 43 per cent—the figure is taken from the European Economic Community Yearbook of Statistics for 1972. It is axiomatic in my submission that any increase in agricultural prices within the Community must to a greater or lesser extent affect the position of third countries in a number of ways. More particularly, higher prices will of course maintain, if not accentuate, the trend towards less imports from third countries. Conversely, if these less developed countries are unable to export their goods, particularly to the Community, they will not be able to import or to pay for their imports, and they will not be able to import from the countries in the Community. My committee would not wish me to overstate the position on this matter, but it would be helpful to have the Commission's views on how, bearing in mind the danger of talking in averages, an average increase of 5.23 per cent will affect the trading position of the Community and third countries, particularly those less able to fend for themselves.

Mr President, another aspect of the price increase is the possible increase or stimulus for an increase in the production of goods which are, or may be in the future, in surplus. It can be said that the growth of stocks in such a situation is likely to have a depressing effect both on the Community and indeed on world markets generally. This equally affects poorer countries. In all our discussions here, I suggest, we must not be unmindful of the GATT talks which are to commence later this year. My committee was not perhaps in the best position to judge—let alone even to venture an opinion—as to whether the agricultural price proposals now before us will have any or much adverse effect either on the GATT negotiations or on other multilateral talks connected with world commodity agreements which are due to start in the future. That may be a matter upon which the Commission could enlighten us in due course.

Lord Mansfield

As a final point, the committee was very conscious of the need and desirous to conserve the common agricultural policy, and I wish to emphasize this. Equally, it was conscious of the difficulties with which the Commission is faced by reason of national currency fluctuations in both directions. However, there arises the question of whether monetary problems are either properly or effectively dealt with in the way in which the Commission has seen fit to propose. I should emphasize that the members of my committee were united in their desire to protect and strengthen the fabric of the common agricultural policy. It was in the light of this desire that the committee did not come to any conclusion as to the propriety, or otherwise, of the actual prices or amounts proposed.

Mr President, having said that, I now wish—as I believe that I am entitled to do—for a very few moments to throw off my hat as rapporteur for the Committee on External Economic Relations and speak as an ordinary member of the European Conservative Group. If I do so now, I can do it quickly before we all go to luncheon, and it will probably shorten the debate later on. There are three matters—and I emphasize that I speak for myself in this context—which I wish to urge upon this Parliament. Firstly, the possible adverse effects to third countries of increases of this magnitude. As honourable Members will know, these increases strengthen the levy protection of the Community market against third country suppliers. As I have already said, they stimulate production, and they also reduce demand. Now I realize that it is quite impossible to calculate what effect this will have, but it is my submission that, quite apart from any actual effects in this particular year, when the GATT round is due to start there is bound to be an adverse psychological and political effect on the attitudes of third countries, and I cannot help but feel that this is likely to be damaging to world trade. A second point is this: many producers in the Third World, as you know, Mr President, have been remarkably anxious or nervous at the prospect of the Six being increased to the Nine. I suggest that the level of these agricultural price increases is not going to help allay any misgivings which they have. Thirdly, I wish to comment on the question of whether it is proper for the Commission to seek to reduce its monetary difficulties, if not to make them disappear, by—if I may use the word—tinkering with agricultural prices. Is the answer to a monetary problem to be found in a monetary rather than an agricultural context? I put that question to the Commission, and I suggest that the answer must be yes. Mr de Koning talked about plastering over

the cracks and fissures in the wall. I, for one, would prefer to live in a house with an uncracked wall, rather than one with cracks which are plastered over—but that is a matter on which Mr Lardinois may comment later.

Finally, may I make my own position clear. One appreciates that farmers are faced with increasing costs, particularly labour costs, throughout the Community, and a modest increase is not only just and equitable but imperative in some cases. I myself, however, regard the 2.76 per cent as inflationary to an unjustified degree, though if I point the finger at Mr de Koning I do it only because of his position as rapporteur. In his own country, which had the lowest level of inflation in food prices up to November 1972, the figure was still 7.2 per cent, and I believe that the rate of consumer inflation in the whole of Europe, so far as food prices are concerned, is only just now gathering momentum. I would have preferred not to have seen a blanket figure of 2.76 per cent and a modest increase in prices in other sectors. I agree with the increase for beef and the decrease for butter, and I think the key to the whole situation must lie in paragraph 24 of the Commission's proposals. I suggest that it must get down to looking at the whole of the general economic policy of the Nine, and I very much hope that well before we all meet next year we shall have had proposals which we can debate, discuss, and chew over, and which go some way towards relieving our monetary and agricultural difficulties, but without mixing the two together.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, I did not interrupt Lord Mansfield when he took off his hat and went on to speak in a personal capacity. I just wish to remark that I only did not interrupt him because he apparently does not yet know the rules of this House so well. Nonetheless, I would like to say to him that I shall not hesitate to protest on the next occasion of a case of this kind, albeit in a personal capacity. We may not, after all, use the fact that we are a rapporteur to speak our own piece here, while all other Members will only be able to speak late this afternoon. I should therefore only like to say to Lord Mansfield that on this occasion I am a tolerant person, but shall not be so the next time.

President. — I call Lord Mansfield.

Lord Mansfield. — I am always very grateful for Mr Vredeling's patience, which is so frequently displayed in our committee. If he can point in the Rules of Procedure to where it says

Lord Mansfield

that a rapporteur cannot, when the moment comes, speak for himself rather than as a rapporteur, I would be very much obliged if he would do so.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) If Lord Mansfield wishes to demonstrate hereby that he has in fact been guilty of misuse of powers, I shall not contradict him.

President. — We shall now break off until 3 p.m.

The sitting is suspended.

(The sitting was suspended at 1 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR DALSAGER

Vice-President

President. — The sitting is resumed.

8. Documents received

President. — I have received the following documents:

— a report by Miss Colette FLESCH on behalf of the Committee on Budgets on the proposals from the Commission of the European Communities to the Council (Doc. 277/72) for

- I. a regulation introducing special measures temporarily applicable to Officials and establishment staff of the Commission of the European Communities paid from research and investment funds
- II. a regulation amending Council Regulation (EEC, Euratom, ECSC) No. 260/68 of 29 February 1968 laying down the conditions and procedure for applying the tax for the benefit of the European Communities.
- III. a regulation amending Council Regulation (Euratom, ECSC, EEC) No. 549/69 determining the categories of Officials and other Servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13, and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply.

(Doc. 22/73);

— a report by Mr Wolfgang SCHWABE on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission of the European Communities to the Council (Doc. 276/72) for a regulation supplementing Council Regulation (EEC) No. 1192/69 of 26 June 1969 on common rules for the normalization of the accounts of railway undertakings (Doc. 23/73).

9. Regulations on farm prices for the 1973/1974 marketing year—regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation
(cont.)

President. — We shall now resume the debate on the report drawn up by Mr de Koning on behalf of the Committee on Agriculture on farm prices for the 1973/1974 marketing year (Doc. 15/73).

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

Mr Martens. — (NL) Mr President, honourable Members, I am sorry that I have to speak in the absence of the member of the Executive Committee. The rapporteur, Mr de Koning, fulfilled an exceedingly difficult task with a good deal of gusto, probably one of the most difficult that any rapporteur on agricultural price proposals has ever had to fulfil.

Mr Vredeling. — (NL) Mr Martens, may I interrupt you for a moment? I want to put a question to the President.

Mr Martens. — (NL) Yes, please feel free.

Mr Vredeling. — (NL) Mr President, the interest of the debate that we are now holding surely demands that we do not start before the responsible Member of the Commission is in our midst. I should therefore like to ask you to wait briefly with the debate until the responsible Commissioner is present. He is perhaps rather late for understandable reasons, but I feel that on account of the interest of the debate we cannot begin discussion in the absence of the Executive.

President. — Thank you, Mr Vredeling. I had not noticed the absence of the Member of the Commission, which I greatly regret. As the sitting was due to be resumed at 3 p.m., he will be here in a quarter of an hour.

I will therefore resume the debate on Mr de Koning's report in a quarter of an hour.

Mr Scott-Hopkins. — There was no English translation, Mr President, in my earphones, but I gather from your actions and the beating of your hammer that you are suspending the sitting because one of our Members is not present. May I call your attention to the irregularity of your actions and suggest that we continue the debate even though some Members may be absent.

President. — I trust that all Members are now receiving interpretation. The meaning of my signal was that resumption of the debate is postponed for a quarter of an hour because the responsible Member of the Commission has not yet arrived. I hope that all speakers in this debate will be present in a quarter of an hour and that the interpretation system will be functioning smoothly.

Resumption of the debate on Mr De Koning's report is postponed.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — It is a most extraordinary thing that Parliament should be subservient to the fact that the Commission is not willing to attend, although I can understand the difficulties Mr Lardinois may be in and I have no reason to suppose it is other than unavoidable. Parliament is surely supreme in its actions. It is regrettable that he is not here, but I really do suggest that we do not set the principle of waiting for the Commissioner to arrive before we continue our sitting. I suggest that we continue without him. He has an excellent representative there, who can report to him what he has said.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, you have noted that I have asked Mr Martens if I could briefly interrupt him to put a question. It is up to Mr Martens, who is speaking on behalf of his group, to establish whether it is of any purpose for him, now that the European Commission is not present, to hold his speech nevertheless. I think it is up to Mr Martens to decide.

President. — I call Mr Martens.

Mr Martens. — (NL) Mr President, I have no objection to waiting a few minutes...

President. — I see that the responsible member of the Commission is now in the House. I therefore call Mr Martens on behalf of the Christian-Democratic Group. The debate is resumed.

I call Mr Martens.

Mr Martens. — (NL) Mr President, honourable Members...

Mr Baas. — (NL) Mr President, I am asking to speak on a point of order. I think this takes precedence.

(Laughter)

President. — One moment, please, Mr Martens. Mr Baas has the floor.

Mr Baas. — (NL) Mr President, I consider it important to associate myself with Mr Scott-Hopkins' interpretation. We run the risk of setting a precedent. It is not the rapporteur of a group who decides whether or not he will speak. Mr Scott-Hopkins is perfectly right in that it is up to you to open the meeting, to call Members to speak, and that is that.

Hence this point of order. I would attach importance to the President in future not interrupting the meeting, not even if the responsible Commissioner is not present.

I consider that this should be very clearly put in Parliament. It is not therefore the rapporteur for the group who decides on this, but the President. And I would expect the President once he has opened the meeting not to interrupt this meeting, irrespective whether the appropriate Commissioner is present or not—that is beside the point. It was announced that the sitting would commence at 3 p.m. and I consider it important that the President in the Chair abides strictly by the Rules and allows the meeting to proceed.

(Applause)

President. — I of course agree with the observations that the times of sittings should be respected. This is a good principle, with which I shall endeavour to comply whenever possible. On the other hand, I cannot ignore the reasonable argument that, if the Member of the Commission responsible for the matters with which we are about to deal has been prevented from being in the House for one reason or the other, it is preferable to suspend the sitting. The problem is solved for the moment. Mr Lardinois is here, and I have declared the sitting resumed. May we therefore postpone this discussion and return to the order of business.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Unacceptable, Mr President! With the greatest respect possible to you in the chair, the principle must be established that Parliament is sovereign. We do not postpone unless you take the advice of Parliament, and there is a decision of Parliament that we should postpone, because somebody, no matter who, be it the Council of Ministers or the Commission, is absent. We are the decisive factor, through you, as to whether or not we should postpone any sitting once you have declared it open; and I really do beg of you to stick to that ruling.

President. — I fully agree, but it is the President who takes the decisions in this respect.

I call Mr Jakobsen on a point of order.

Mr Jakobsen. — (DK) I know the man who is occupying the President's chair today well enough to know that he has never for one moment dreamed of establishing new practices or injuring the rights and privileges of this high Parliament, but he comes from a country where people are accustomed to laying more weight on practical things than on formalities. I think it was this which led him into the decision—a sensible one at that—to wait until the Commission Member was present.

President. — Does anyone else wish to speak on this point of order? As this is not the case, we shall now return to the order of business. I call Mr Martens on behalf of the Christian-Democratic Group.

Mr Martens. — (NL) Mr President, honourable Members, the rapporteur has discharged an extremely difficult duty with gusto, the most difficult perhaps that any rapporteur on agricultural price proposals has ever had to handle. I congratulate him and thank him for the informative explanation that he has given on this very controversial and complicated proposal. The farmers had expected proposals from the Commission that would take into account the actual increase in costs within agriculture, because agriculture is not the cause of inflation, but is subject to it. The expected account to be taken of the increase of incomes beyond agriculture, which amounts to some 12% to 15% per year, and of the still existing lag of agricultural incomes behind that of other sectors. And what has all this led to? A price proposal has been made, that the agricultural organisations have declared unacceptable, a proposal on which there is great disunity in Parliament's Committee on Agriculture, a proposal on which there is disunity, too, in most of the political Groups and in the national parliaments.

The proposal forms a diptych. The one half refers to price applications and the restoration of equilibrium in the dairy sector, the other provides measures for controlling developments and fragmentation in the agricultural market. As far as the application of prices is concerned, we have some understanding for the shabby nature of this 2.76%, because action has been undertaken to combat inflation, in view of the disturbed balance in the dairy market, in view of the price difference that still exists in the three new Member States as compared with the

Six, and because caution must be the order of the day in anticipation of the negotiations in connection with GATT.

I have said that we fully understand these underlying reasons. The proposal would probably give rise to much less criticism if this moderate price increase were not integrally offset by the monetary measures. Monetary measures, the purpose of which we indeed fully support. But it is a question of timing, of psychological insight. It must after all be accepted that it is not possible at the present time, now that all employees in other sectors achieve appreciable increases in income year after year, to refuse all to the farmers. I should like to recall the intention that the Council made known in March 1972 in the course of discussion on the monetary problems. The Council then clearly stated that the monetary problems should not be shifted on to the shoulders of the agricultural producers.

The monetary measures imply amongst other things that the price increase of 2.76% will be entirely neutralised in the Benelux. We have made a calculation in respect of Belgium and come to the conclusion that incomes in agriculture will in fact be reduced by 300 millions, which is quite unacceptable. This position is even a good deal worse for Germany, unless special support measures of a national kind were to make good the difference of 4.85%. On the other hand, it must be established that the Italians are obliged to accept an additional price increase of 4%.

We know that the restoration of free trade is extremely important. It is one of the pillars of the common agricultural policy. The present fragmentation of the agricultural market into seven zones is extremely dangerous. So if a sacrifice must now be made for the re-establishment of these markets, it can best be done now. If by eliminating the compensatory measures between the Benelux, France and even Denmark, and through the establishment of fixed compensation arrangements with Germany such re-establishment of the common agricultural market can be achieved, this is of great importance.

There does, however, remain a gap between Germany and Italy of about 10%. It therefore seems to me inescapable that compensatory measures be taken also on the products that do not fall under the intervention arrangements.

The common agricultural prices form another pillar of the common agricultural policy. But since the monetary developments, i.e. since 1969, the common prices have gradually become pure fiction. There are therefore grounds for fearing

Martens

that this kind of thing will quickly lead to distortion in competition and even to a shifting of production areas.

I feel I have to note that a certain parity of the unit of account is being observed for the price policy, which comes down to reduction or revaluation of the 2.76%, and that another parity is being used for the financial regulations. This means, that on the one side the unit of account would have a value for Belgium of 48.63 francs on conversion of agricultural prices into the national currency, but that 50 francs would be calculated for the contributions to the Agricultural Fund. If this is in fact the case this means that the countries that have proceeded to revaluation will have to pay a relatively higher contribution than countries who have not proceeded to this.

The Committee's views also give me cause for a few remarks on equilibrium in the dairy market. The proposed reduction in the price of butter we can approve, although we are sceptical about the hoped for result, namely an increase in consumption by 60,000 metric tons. In addition to promotion of milk consumption yet further measures will probably have to be taken and I would even take the liberty of suggesting one of them.

Would it not be worth recommending carrying through the price reduction for butter and the supplement on skimmed milk processed as cattle feed to fatty dairy derivatives such as cheese, full milk powder and condensed milk. We are in fact faced here with the abnormal situation of the price of butter being reduced, while the actual cost price of cheese is going up.

I believe, Mr Commissioner, that the technique of making provision for intervening only on butter and skimmed milk, will give rise to difficulties because the surpluses are all too easily drained off to these two sectors where enormously great marketing difficulties exist. I should therefore like to ask you to consider stimulating the consumption of fatty derivatives. Cheese could, after all, quite easily take up some of the demand for beef.

Of the extra reduction in the price of butter by 10 units of account, 50% will be debited to the Agricultural Fund and 50% to the Member States. In this case, in Member States where butter consumption per capita of population is high, the state will have to make a greater contribution than in the countries where butter consumption is low, although the reverse would be better.

A comment on the small farmers. The freezing of the price of milk affects the small farmers

above all, who have obtained little or no advantage from the meat prices and are unavoidably facing a reduction in their income, which is unacceptable to them. This brings me to the measures to improve the structure. In these price proposals a reference is once again made to the factual carrying out of the three directives concerned. I gathered from this that so far little or nothing has been achieved. Will something now at last be done in 1973? Because I do know that these structure measures will only show results in the long term, but a start has to be made at some point.

As regards these structure measures, the prime importance seems to me for agriculture to be rehabilitated, by the retrenchment of labour, but above all of farm management. In my opinion, the present Community and national regulations will not produce much result, however, because the present compensation for the abandonment of business is in fact probably too high to allow people to die of starvation, but too low to offer them a chance of survival. As long as this rehabilitation is not carried out, the increase in scale, the modernization of the farms, information and vocational training will not really be able to get off the ground. Agriculture in Europe has a decidedly social character and I feel that a great deal of account must be taken of this fact.

Just a word, still, on the poultry sector, because no mention has been made of this. A few months ago I referred to the pitiable situation in this sector. I then protested against the fact that some countries are cocking a snook at the principle of Community priority and against the fact that the prices and trade regulations in this respect are being circumvented with controlled prices, levies (a) and levies (b) as regards the countries with State commerce by the so called "guarantee declarations". The Italian market is as good as closed off for the Benelux, and we are more or less heading the same way with Germany. I expressly beseech the Executive actively to observe the regulations in this respect and to cause the signatures placed to the guarantee declarations to be honoured.

I now come to an end. Our Group attaches great importance to the re-establishment of freedom in trade. It feels that this must be achieved gradually, but nonetheless as quickly as possible. It is prepared to accept the monetary measures at issue, though on condition that these measures do not entirely neutralise the very shabby price increase by 2.76%. Therefore, our agreement is dependent upon acceptance of Mr Brouwer's amendment, which premises an

Martens

average price increase of 4%. With this price increase sufficient account has certainly not yet been taken of the increase of agricultural costs, nor of the fact that despite a relatively favourable agricultural year the income of the agricultural population is yet far from reaching the hoped-for parity. The maintenance and expansion of free trade are dear to us and are also worth making a sacrifice for, but even in sacrifices moderation is prescribed.

(Applause)

President. — I call Mr Vredeling on behalf of the Socialist Group.

Mr Vredeling. — (NL) Mr President, on behalf of my group I should like to make a number of comments with reference to Mr De Koning's report. Mr De Koning is a Dutchman, and in Holland we are not used to blowing each other's trumpets for something that goes without saying. He has done his job well and that is all I want. One of the important things on which we have to deliberate we find reproduced in paragraph 20 of the notes to the prices proposal.

In paragraph 20 the Commission says that it has been brought to believe that in taking decisions in the prices field account should be taken not only of the assessment factors stated by it, such as market considerations, income considerations and suchlike, but also of the need as far as may be possible to re-establish the unity of the common agricultural market that has been broken up by monetary events. I believe that it is very important to know whether or not we are agreed upon this statement. The reason for which we duly began with a common agricultural policy was that in addition to a common free traffic in industrial products we had to create a common agricultural market in which free trade could similarly take place. At the beginning of 1958 to 1959 we in the European Parliament accepted this point of departure, the common agricultural policy, the creation of this one market. Mr Lücker was then Rapporteur on the market and price policy, and I was the Rapporteur on the structural policy. From the outset we agreed in principle on these aims. And now the Commission wishes to restore the unity of the agricultural market which has been broken up by events of a monetary nature.

When in time past we began with a common agricultural policy, towards the beginning of the 1960's, there were such differentials in the Community of Six that the highest and lowest prices for wheat lay some 25% apart. In the phase of the one market that we have known, cereal

prices were equal, but due to the monetary events the extremes in prices, in this case those in Italy and in the Federal Republic, now again lie 18% apart. So in fact in this period of ten years we have ended up from a differential of 25% via an interim phase, at a differential, again, of 18%. This is a pretty important negative phenomenon. The Commission proposes, as far as possible, to restore at least a part of the common agricultural market, namely the market of France, Benelux and Denmark. The Commission wishes this to function as the core around which the other Member States will move. The other countries must eventually also return to the common price level. It is a political concern of the first order that a return is made to the common agricultural policy anchored in the EEC Treaty with the one free market. It is a matter of a political choice as to whether or not we approve of the Commission's present proposal.

My group is positively inclined to it. We think it an important political fact that a beginning should be made with the restoration of the common market. We realise this is a painful process, just as painful a process as it was ten years ago when we lay yet further apart and also had to work towards that common price level. This is now the second time within ten years, that is the tragedy of the case, that a sector of our economy, this being the agricultural sector, must again be subject to that process, but with the one great difference that the need is now more urgent than before, because the process is being enacted against the unity of the industrial market. The industrial market is one. And the agricultural market is fragmented. This creates a fearful problem for agriculture. I therefore believe that the urgent need to re-establish one market for agriculture, purely in the interests of agriculture itself, is very great.

Now I know that agriculture taken on average is a weaker branch of industry than most other branches. But against this is the fact that the agricultural sector is the one sector in our economy that is entirely shielded from the consequences of the devaluation of the dollar. No other branch of industry is shielded from that. The consequences of the devaluation of the dollar had an immediate effect in all other sectors. But agriculture by the levy system under the agricultural policy has protected itself against the consequences of the devaluation of the dollar. And to this I would immediately add that this is not a position apart for which agriculture should be grateful. No, this is no favour, this is a right that agriculture obtained via the common agricultural policy. And this right is now being honoured. It is right that we estab-

Vredeling

lish this. I would add to this that one of the difficulties with which, I am convinced, we continue to be faced in the common agricultural policy, is that when we began with the single market in time past, for the sake of what was politically attainable the prices were fixed at too high a level. This was understandable from a political point of view, but from an economic point of view we now have to bear the consequences. The consequences were the surpluses and the increase in the rate of personal provision. For this reason we should come to the realisation that at that time, we, for the sake of the unity of the market, for politically understandable reasons, fixed a price level that was too high. We must draw the moral from this and must not make the same mistake again.

There is still another point, to which Lord Mansfield also referred this morning already as rapporteur for the opinion from the Committee on External Economic Relations. We must realize that we here in the EEC are not alone in the world. It is necessary politically as well that we take the outside world into account. Lord Mansfield also correctly placed great emphasis in this connection on behalf the Committee on External Economic Relations on the interests of the developing countries. We cannot after all profess with our words that we have to think of this, and then give an indication of the opposite in our daily dealings.

I have, then, already said that the political necessity to make a start on the re-establishment of the common market, we feel, is there. We realize, however, that a price must be paid for this politically necessary re-establishment. I believe that the price that must be paid for this will in this case be charged to Benelux and to the Federal Republic. It is of course not pleasant that when some countries nominally have their price level go up, other countries nominally stay at the same level. The significance of preserving the price level in the Benelux and in the Federal Republic on the one hand and of the price increases of various kinds in the other Member States on the other hand, is, however, entirely dependant upon the extent to which our various countries are able to keep inflation in check. This is much, much more important to me than the individual price differentials, because inflation can do much to undo the price increases that we are now concerned with. The revaluation in the Benelux countries and to a greater extent in the Federal Republic, was intended precisely to keep inflatory tendencies in those countries more than proportionately within the pale. That was the point of revaluing.

In the countries, particularly, where no price increases will therefore take place according to

the Commission's proposal—at least in broad terms, there are exceptions of course—thought must therefore be given to the lower income groups, who could consequently find themselves in hot water, which is not unlikely here and there. The Commission has made a proposal for hill farmers, and farmers in comparable areas. We shall talk about this later in connection with Mr Cifarelli's report. No separate proposals have in fact been submitted on the income categories in the Benelux countries and the Federal Republic, for whom the intention not to increase the price level will have consequences. I should like to refer to the fact that the Commission itself says in paragraph 15 of its notes that it is still convinced that the income problem in agriculture must be solved in the first place by effective measures in the field of structural policy and by giving income support in the problem areas. I am entirely in accord with this, but believe that particular care must be taken with regard to the development of the position of the lowest income groups in agriculture in the Federal Republic and the Benelux countries. The Commission must not hesitate to allow measures to be instituted for these groups, which, in my view, should in this case at least partly be financed out of the Agricultural Fund, because in the final analysis the burden of these price proposals presses pretty onesidedly on the Benelux countries and on the Federal Republic. I think that these countries are in a position, have a sufficiently high national income, to do what is necessary in their own behalf. The Federal Republic has given an indication of this more than once in the past, and speaking for my own country I can say that we are also in a position to do this. Whether the political desire is present is a matter for ourselves, in our own countries. But it is possible to compensate the lower income groups in agriculture for the consequences, particularly via VAT. I shall not discuss the technique further here.

A separate paragraph in the resolution that Mr De Koning has submitted on behalf of the Committee on Agriculture is devoted to structural policy, about which we have said much in this Parliament. The only point that we deplore rather greatly you will find stated in paragraph 10. We do in fact deplore the tardiness in applying the directives for structural reform. I should really like to make an appeal over the heads of this Parliament to the farming organizations. They should really get together a bit more on the non-appearance of the structural measures. Not so much in my own country, but in other countries there is often great delay in applying structural measures. The farmers should therefore get together a bit more on the lack of prospects for agriculture, instead of just going

Vredeling

out on to the streets once only each time that a price is a bit higher or a bit lower, which after all shows a certain short-sightedness.

One of the things that has become very plain through the progress of affairs, we actually find stated at the end of the notes to the Commission's proposal. The Commission indicates that it intends to subject present day agricultural problems to a thorough examination. I should like to call it an "agonizing reappraisal". They in fact want to hold a fact-finding debate in Council in October, after its thorough examination. It says that it is increasingly being confronted with restrictions of a general economic nature and that the price policy does not offer a satisfactory solution on incomes in agriculture.

The fact that a revision of the common agricultural policy is necessary is no disgrace. Some people may say: they have produced a common agricultural policy and after only ten years they have to revise it. It is more of a wonder that this did not appear necessary sooner. The common agricultural policy was not otherwise possible at the time, because it evolved from so many different sources. It was indeed a *tour de force* by Mr Mansholt—everyone is in fact agreed on this—that at the time he made agricultural policy common. I do not believe that the common agricultural policy could at the time have come about in any other way, but with the passage of time we must be prepared to adapt it and to revise it when snags appear. I believe that this is an entirely normal process, a process that all of us know from the agricultural policy of our own countries. In my own country, for example, we began after the war with a price policy that was based on cost price plus 20%. We then went over to cost price plus a reasonable remuneration of labour. After that a shared market risk factor was introduced. And finally we obtained the common agricultural policy. Mr President, I believe that politics is dynamic, or at least ought to be, and that we should not be scared of adapting the agricultural policy. We have a saying in Holland: "we must turn the boats when the tide turns". It is best to do this in good time because otherwise you run aground.

I believe, Mr President, that I can say on behalf of the majority of my Group that we support the Commission's proposal. We find it politically wise, we find it balanced. It stands up to attack from the rest of the world, provided that it is supplemented with measures in the incomes sphere when it should appear that certain groups are likely to go under.

I should like to mention one further particular, which I thought should not escape our attention.

We have all read about it in the paper. Talks are in progress about supplying large shipments of butter to the Soviet Union. It is a normal phenomenon that we should sell surpluses to third countries. Hitherto we have sold butter in the form of butter oil or in another way. But the fact that we are now supplying butter to the Russians is something like news. It also implicitly means that our agricultural policy will become dependent upon the failure of agricultural policy in the Soviet Union. Our agricultural policy becomes dependent upon the wrong decisions taken in the Kremlin, and this is after all a remarkable fact. With cereals, the progress of prices is also dependent upon errors of policy in Russia.

I can conclude by remarking that we think that agriculture should be an integral part of the total economy. We are now talking only about price policy, but must additionally consider that structural policy, regional policy and social policy are as indispensable as price policy in order to see agriculture in perspective, the subject that we are particularly concerned with today. We must never lose sight of this. The opportunities offered by structural policy are unfortunately not yet sufficiently made use of. As regards regional policy we are on the eve of important decisions. And in the matter of social policy we are also promised one thing and another. Only against that background is the Commission's proposal acceptable.

(Applause)

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

Mr Baas. — (NL) Mr President, I am pleased that we can continue the game. There are new players and we shall discover in the course of this debate that a new contribution will be made from their side. But one thing has remained the same, namely that the speakers, the Rapporteur and the responsible Member of the Commission speak the same language. They will probably be able to get closer to each other than the others, despite the fact that we can all understand each other through the excellent interpreting system.

I wish to start by stating on behalf of the Liberal and Allies Group that I value the opportunity of being able to exchange thoughts with Mr Lardinois. He is a Dutchman with a strong feeling for reality, which in the changed circumstances, about which my friend Vredeling has spoken, will apparently be an advantage because of the necessary adaptations and revisions in our agricultural policy, in which a business-like approach to the market situation

Baas

deserves precedence over theoretical observations of basic policy, etc. The European Commission's proposals are realistic insofar as a choice is made in this case, governed by the aim of again unifying a sharply divided market—and we are speaking of a common agricultural market, but in the meantime there are some five, six or seven markets—if this is possible.

The Commission therefore wants to try to make these price proposals contribute towards restoring the common market, which we welcome. We know that this is a statement that hurts in Germany and Benelux, particularly when this is mentioned in connection with the 2.76%. In fact, for the farmers in the Federal Republic and in Benelux the proposal means that they are being sent home with 0%. Yet my Group is ready in principle to accept this point of departure, this political choice. It is of course a difficult matter to make this political choice in fact, in a period of monetary entanglement, of run-away inflation. But this is a price that must be paid, the price for the imbalance of the market, the price for inflation. I hope that the other national populations will bear this in mind and that other populations will also be called upon to pay a price for the prosperity that we are all enjoying. We are today talking one-sidedly about these agricultural price proposals, but the other populations must realize that something is also required of them.

Our group is therefore prepared to follow the Commission in its political choice. But then to the proposals as such. These are intended to streamline the regulations, to remove all distortions that have gradually crept into the agricultural policy. I am reminded of the particular situation that has resulted through the regularizing of cereal prices, of the position of the Italian oats. I think it is one of the first duties of Mr Lardinois to spirit away these irregularities in agricultural policy, the inheritance of ten years. The political strategy, if one may call it that to be polite, must indeed be corrected. This particularly inaccurate composition of the common agricultural market must be changed. We should be glad to learn from Mr Lardinois whether he is indeed prepared to undertake this operation, fairly hard for certain areas, in our Community, so that we may indeed lay down a basis for a common approach.

Mr President, I am sorry that a former Member of the Commission is not present. It is known that I attach greater value to Mr Lardinois' presence than that of this person whom I shall not mention by name, but I must recall the debates of two years ago. I said then: Mr Commissioner, you are now giving us new norms for the calculation of agricultural prices. You

are giving us the basis for price proposals. You want to make us objectify the price proposals; you want to show us that in essence the computer could calculate what price increases should be decided on in the years to come. This whole mechanism, however, has either gone mad or is out of order, but in any event that which was once laid down as objective points of departure has been hidden in the fridge. And the result of this is that the farmers will have to wait for better times, so that we can again proceed to a certain objectivation of the price proposals.

Mr President, we knew it. We knew it two years ago, that it was simply a debate for the sake of debating. We knew that an objectivation of the norms, on the basis of which price proposals could be submitted in the future, was practically in the realms of the impossible. Either it is the monetary situation, or it is the market situation, or it is run-away inflation. In short, for every proposal you can find a file full of arguments that can be brought out at any particular moment in sequence A to Z inclusive.

But we must now give an opinion on the present price proposals. We must establish that for at least a section of the farmers no price increase is possible. This morning I made an urgent appeal in my Group to my British, Irish and Danish friends to spare a thought for the situation in agriculture, in which under run-away inflation, the continuing monetary entanglement, Germany is still a guiding light in the monetary field, while it is being punished twice over for its tenacity. In the first place it pays a large proportion of the total agricultural policy and in the second place it has to make social adjustments for incomes in the farming sector, which lag behind. But the objective method of calculation is therefore in the fridge. It is the market situation which is topical. In view of the market situation I think the Commission's proposals are realistic. We were never able to get Mr Mansholt to acknowledge that butter is no more an essential component of milk, but, as it were, a by-product of milk production, while Mr Lardinois is prepared to insert an amendment in the sense that we are going in the direction of a re-evaluation of the milk-albumin-ratio. The market situation, Mr Lardinois, should however have been able to decide you to do more with regard to cereals than you propose. The market situation is certainly such that I would ask you to consider to make way in the debate for a rather wider price correction, particularly as regards cereals. This 2.76% constitutes an average and you never get the best results with an average. An average of 2.76 is hardly a qualification as such when you are assessing the broad spectrum of the products

Baas

with which we are concerned. I should therefore like to introduce a shading. I am prepared to accept the market situation for milk, I am not prepared to attribute such weight to the market situation that no greater price increase for cereals can be made than the 2.76% that the Commission has proposed.

When you stick fast you go and look for new roads. And it is then fascinating to observe who then submits certain proposals. And I have to tell you truly that it was with unbelievable enthusiasm that I learned this morning of the exciting amendment by Miss Lulling and of the excellent contribution by Mr Scott-Hopkins, an interesting contribution, if too academic. It does not help us towards a solution to the reality with which we are faced.

Mr President, we all know that we have to talk about the points of departure that we have chosen for the agricultural policy, and that we are concerned with a serious matter. I hope that the Commission will wish to make a contribution on this point for a document that one can consult on future policy quite divorced from the price proposals. Of course, we got bogged down, one cannot put into effect what has been put forward with regard to the farming community. No income policy can be carried on in this branch of industry that proceeds in equal steps with the developments in other branches. The matter presses all the more as we are concerned with future policy and will have to conduct the GATT negotiations in the course of this year. We know that the agricultural market must be opened up, in underdeveloped countries too. We cannot continue to protect the small 10% of the working population in our Community which is still working in the agricultural sector as against countries where 50 to 100% of the population is exclusively, and I mean exclusively, dependent upon agricultural production.

In conclusion I wish to state that the Liberal and Allies Group follows the Commission's political approach. The majority of my Group is not, however, prepared to accept a 2.76% increase with regard to cereals, partly in view of the market situation. Of course there is a difference in shading between the position of my British, Danish and other friends. I must say that I attach great importance to the fact that my Danish friend has just said that I may also speak on behalf of the Danish members. It is I feel therefore very important that we attempt today to come to an expression, amongst other things with regard to our farming population. The Liberal and Allies Group is also prepared to react in a positive sense with regard to the amendments, so that the expectations that our farming community cherishes with regard to the

Community agricultural policy can be put into effect in relation to income policy as well, to which we wish to make an essential contribution.

(Applause)

President. — I call Mr Scott-Hopkins on behalf of the European Conservative Group.

Mr Scott-Hopkins. — Mr President, may I first of all congratulate the rapporteur, Mr de Koning, on the way in which he presented his report and the speech—the very moderate speech—he made this morning, because I know that he feels strongly about these proposals from the Commission. May I congratulate him on the speed of his work and the clarity with which he put views of the Committee on Agriculture on this very contentious and awkward proposal from the Commission.

May I at the same time, Mr President, congratulate those who worked so very hard during last night and this morning to produce for us all the amendments in the various languages that we use here in the Community. I would like to congratulate them because it must have been a major work to get all the translations done in such short time. And while I am on the subject, I would entirely go along with what Mr de Koning was saying earlier about the speed with which we have had to work, the lateness with which the proposals from the Commission were given to us, and the rather hurried deliberations which we have therefore had to undertake. I understand the reason, and I am not going into any further criticism of what has happened. One knows full well the background reasons and would merely express the wish that, if possible, it should never happen again, as it makes life extremely difficult for all of us. Having said that, Mr President, it is rather interesting, as the last speaker on behalf of a group, to have heard the views of the other groups on this particular proposal. It seems quite clear that they are supporting the measures put forward by Mr Lardinis. Some want more; nobody seems to want less; and everybody seems to be in the position of accepting what has been proposed, with reservation for asking for "a bit more here or there". It would therefore seem to me, Mr President, that my task now is to try and persuade individual Members of this House that there are reasons for perhaps diverging from that view and for looking at the other side of the coin to see exactly what the Commission's proposals will really mean—not only in political terms, but in reality—not only on the farm, but also in the home and to the housewife's pocket and purse.

Scott-Hopkins

I have the honour, as I said just now, to be speaking on behalf of the European Conservative Group, and, as Mr Baas pointed out when he was speaking for the Liberals, all group decisions contain minority as well as majority views. We agree in principle on the lines along which I am talking, and which are of course embodied in my amendment, although some of us have reservations in detail on particular points which occur in Mr Lardinois' proposal.

What in point of fact is being proposed to us that has been so eagerly accepted by the other speakers up to now? It is in two parts. It is a rise in the general level of farm prices in two tranches, one being the tranche concerning the monetary compensation problems which, as Mr Vredeling said a little earlier on and others have repeated, are no fault of the agricultural industry, and the other being that which the Commission, in its wisdom and on the basis of its research and documentation, considers necessary for the agricultural industry because of increased farm costs during the past year. This is what is being put before us.

It is a rise—if I may remind the House—of 5.23 per cent taken over the whole field, and it is all very well for Mr De Koning to mock any average. I can understand his point, but nevertheless one has to start somewhere, otherwise really we are going to be completely lost. And the average—out of the mouth of the Commission itself—is a rise at the farm gate of 5.23 per cent. This is what it means, and in point of fact I think the Commission is erring here, particularly when I bear in mind what it itself said in putting forward this particular proposal. It said quite clearly that there was an economic justification for an average rise of 3 per cent throughout the Community for farm prices—an economic justification for 3 per cent. Yet it is going way beyond that, and so one must ask oneself why it is doing this. But of course we all know, and we don't need to spend more than a moment or two in going over the reasons.

Rightly or wrongly—in my view wrongly—our Commissioner for Agriculture has decided to take on himself the burden of solving the monetary compensation problems or taking the first step in this direction. This is why we are being asked to approve a rise of 2.76 per cent over the whole board. He is a good European. I believe that I am too. I have no desire—and I must impress this on honourable Members of this House—to break or to damage the common agricultural policy—far from it—and, indeed, he hasn't either. But why should agriculture, which under no circumstances was the sole reason for these monetary compensation problems, have to bear the burden? Why should the housewife have to

bear the burden of putting this right, even though it be in stages and steps? True, we know that our German and Dutch colleagues have had to revalue because of the strength of their economy, and our Italian friends and my own country have devalued over the past months because of the weaknesses of various sectors of our economy, and so there has been a gap. Mr Lardinois, our Commissioner, has decided that we in agriculture should be the ones to start narrowing that gap. But when you narrow a gap you don't need to have everybody go up, you can come down as well.

Mr President, it is not for me, here, to start suggesting and putting forward exact lines and methods whereby this particular problem can be overcome. We all of us know that we pay lip service—my goodness, we do!—to economic and monetary union in the future. The Summit Conference laid great stress on this, and every time we make a speech in this Parliament we say how much we want to work towards monetary union. But surely this is the solution at the end of the day, and we must get in phase movement and progress towards monetary and economic union. It is through this that we shall be able to deal with the situation of monetary compensatory amounts, with the five areas being reduced to the three which indeed exist.

For what is going to be the result of the Commissioner's proposals for a flat rate of 2.6 per cent across the board, as well as the other increases in the various products. The result, in my view, will be firstly inflation and secondly the creation of surpluses. I was very glad to hear Mr Vredeling, when he was speaking on behalf of the Socialist Group, saying "Ah, yes, Ah me". When we started we fixed the prices too high, but, dear oh dear, we have got to live with it. We fixed them too high years ago, and so we are going to crucify ourselves and our constituents ever more and a day, amen. Because we made a mistake fifteen years ago, ten years ago, we are not going to do anything about it. What a mistake! This is what he said. This was what was done. But surely we have got to take the bull by the horns now. Here is an opportunity, when the Community is being enlarged. We have prices which are too high, we all know this. The level in the Community is too high. Now is surely the time, not to make it worse, not to increase these levels in order to deal with a monetary compensation problem—because that is what we are doing, let us make no mistake about it—but to start trying to bring them down.

Let me make it quite clear here, Mr President, that we in the United Kingdom are only marginally affected this year by the decisions of

Scott-Hopkins

the Commissioner and the Commission as far as prices are concerned. We are within the fourchette of Article 54 whether the bottom level is raised as it will be by these proposals, or whether it is only slightly raised. The actual level of our prices this year will be affected no more than very marginally, perhaps for intervention on dried milk and butter. But of course the three countries which have just come in, particularly our Irish colleagues and ourselves, are affected by the fact that every year ahead during the transitional period we are going to have to take bigger steps in order to catch up with the higher level of Community prices. This year, however, we are not affected, let that be quite clear.

So there we have two effects: inflation—and I know the argument put forward by honourable Members of this House, and particularly by Members of the Commission, who trot out by rote that a 1 per cent increase in farm prices at the farm gate means only 0.1 per cent out of the housewife's pocket at the retail end. I do not dispute the 1 per cent argument, but what I do say is that for an old-age pensioner, for people living on a fixed income, it is the food prices which are the important element, and in raising food prices by even a small amount—by a penny or a halfpenny, or by twopence a pound on whatever product it may be—you are causing hardship to those people. And I find it astonishing, in looking around at the honourable gentlemen here in the House, that those of us who are dealing with constituents in big cities, in urban areas, are so complacent about how the rises which this is going to cause can simply be absorbed—I see my Danish colleague laughing his head off. I wonder whether he will laugh his head off when his constituents in Denmark find themselves having to pay higher prices in the shops.

But let us move over to the other effects, as I see my time is rapidly running out. Let us move over to the question of surpluses, which to my mind is of even more importance. The two most important commodities with which we are dealing here, as honourable Members know, are cereals and milk products. And I believe that what is being done here, particularly with regard to cereals—a rise of 2.76 per cent in France, the same in other countries, and much more in Italy—is in point of fact going to have a very detrimental effect. It is true that the crops are already in the ground, but let us be under no illusion that the farming fraternity of Europe has not been aware of what has been in the Commission's mind over the past months, or that COPA has not had adequate liaison in Brussels with the Commission to know or to have very good reason to suppose what was

going to happen, and that there has been no increased acreage of both soft wheat and barley planted throughout the Community. You have only got to look—and I would advise honourable gentlemen to look at the data on farm incomes—in order to see what has happened in areas of high fertility in Europe, what an explosion of production there has been in the cereals sector in the last two years, what is liable to happen this year and next year, and how we are aggravating and encouraging a problem which is going to cost all of us money. Not only are we going to have to intervene on the market to buy off the surplus, but we are also going to have to pay restitution when the surplus is sold elsewhere—a double tranche, a double putting your hand in your pocket at national level to make the contribution to the EAGGF.

So I believe that we are creating surpluses, particularly in cereals, which are going to cost us dear in the future, and our taxpayers dear this year. I believe that we are creating surpluses in the milk area as well by putting the target price for milk up by 4.29 per cent. I believe—and here I would support the Commission—that what they are doing over butter in bringing down the price and at the same time encouraging its subsidization so as to make it cheaper and stimulate consumption, while raising the price of dried milk powder, or skim milk, is satisfactory. This I would support. But I agree with Mr Vredeling when he questions the wisdom of selling butter to the Russians at the knockdown price, which is going to cost all of us and our constituents money in the form of restitution by the EAGGF. I think this may well be a deal which would best not have taken place. But it is all in the pattern, and I ask honourable gentlemen to remember what we are doing here.

When you have too high a price, when you stimulate production, you have got to buy the produce at cost and then sell it. You and your constituents are the ones who are paying—or should I say perhaps they, your constituents, are paying—and I wonder how much longer they will go on wanting to pay, particularly when they may well see a drop in the level of world prices during the coming year. We in the Community shall be left stranded high above, while world prices drop as production begins to move up to meet the demand which has been created. I do not need to mention the United States, with forty million acres lying idle to be brought back into production, but it is something to remember in the dark nights, when I hope some of the honourable Members here will be tossing and having nightmares about what they may be doing if they accept without thought what is being put forward by the Commission.

Scott-Hopkins

So in conclusion, Mr President, I do hope that we shall be able to move away from across-the-board support in the common agricultural policy, from this business of giving increases across the board to every type and kind of farmer, particularly those on small unviable farms. We must very soon get to a system where our economic judgments are made on the basis of viable, economically efficient farms. Those are the farms on which judgments must be based as to the level at which we should be supporting the various products. And we must move further along the way the Commission is moving—for farms which fall below the line or on the other side of the line—towards social and fiscal measures, and this is why I approved the move to use fiscal and social means to support certain types of farm which are suffering heavily because of increased costs. In principle, Mr President, I must say to you, on behalf of the Conservative Group, that we do not find the proposals acceptable, and this is why we are moving a substantive amendment at a later stage.

(Applause from certain benches and from the benches of the European Conservative Group)

President. — I call Mr Liogier on behalf of the European Democratic Union Group.

Mr Liogier. — *(F)* Mr President, colleagues, we have two texts before us, the first of which is entitled "Proposals from the Commission of the European Communities to the Council for regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation" and the second "Proposal from the Commission to the Council for regulations fixing prices for certain agricultural products and certain related measures".

Our Committee on Agriculture has considered these two texts and combined them in a single motion for a resolution, paragraph 16 of which reads: "Approves the European Commission's proposals as a whole, subject to the foregoing observations".

We are well aware of the difficulties encountered by the excellent rapporteur, Mr de Koning, in drafting the motion for a resolution, especially as the Commission of the Communities, although submitting two separate texts, took care to point out their interdependence very strongly.

But we are not obliged to follow it in this interdependence, which it considers more or less absolute, a view that in our opinion is wrong. We cannot accept a proposal for an overall concept of agricultural policy and monetary policy, which are two different things and must

remain so. Agricultural prices cannot be seriously debated while the existing monetary problem, or rather crisis, has not been really satisfactorily solved. It is so true that the proposed prices, which should above all take into consideration costs and ensure a comparable income, in correlation with the need to make up a certain leeway, in accordance with the very provisions of Article 39 of the Rome Treaty, have been fixed only on the basis of the monetary risks to be absorbed, of the establishment or restoration, at all costs, of a certain market unity—very far from a real unity, what is more—in order to facilitate as far as possible the free movement of products.

We are left with compensatory amounts that float as freely as currencies, constantly adjustable and adjusted in accordance with autonomous floats, with all imaginable possibilities of fraud and the severe distortions of competition they bring about, depending on the present or future situation of each of the national currencies concerned, not to mention the very difficult relations between the currencies of Member States and the dollar, which they no longer support.

But everyone knows what is boiling in his own pot. As far as we are concerned, can we take the risk of shattering it or seeing the lid jump off by accepting a general price rise of 2.76 only, even if this rate, kept as low as possible, we are assured, is designed to make it possible, for each product, from the beginning of the marketing year, to bring the Benelux price level to the common level, to reduce the authorisation granted Germany accordingly, to encourage Italy to move its prices 4% towards alignment and the United Kingdom and Ireland to take into consideration the move towards the alignment of prices that must be made under the Accession Treaty? In this way we are refusing to make a more detailed analysis of the development of the monetary situation since it is a matter primarily and essentially of agricultural prices.

Herè, each Member State has the right and the duty to reflect on price trends and to draw conclusions for itself and for its partners, since the common agricultural policy which involves prices and market conditions, as I well know, is of interest to us all in various ways. We cannot fail to note that the Commission has not taken account of Article 39 of the Rome Treaty, which states that one of the objectives of the common agricultural policy is to ensure a fair standard of living for the agricultural community, in other words an income comparable to that in other sectors of activity.

If we followed the Commission, not only would there be no question of making up the leeway,

Liogier

something we are very far from doing anyway, but we should be widening the gap considerably. In point of fact, the cost of living increased by an average of 7 per cent in 1972. Prospects for 1973 are similar, and improved productivity could not be put forward as a means of offsetting an increase of that kind. Apart from the fact that improved productivity is being obtained everywhere, notably in industry, without any respite in price increases, there are limits to it in agriculture and these are very nearly attained, especially as an improvement in yields cannot be obtained without additional capital costs, with the correlative amortisation, and increasingly costly contributions from outside, whether it is a question of soil ameliorators or other expenses.

As for the inflation threatening us, it can be affirmed that the farmers are not responsible for it, indeed, they are even the first victims, since the intention is to freeze, more or less, their incomes until the spring of 1974, despite the constantly rising cost of living. It should not be forgotten that if they are producers, they are also consumers, in various ways, and often employers of labour.

If the Council followed the Commission, the guide price for beef and veal would remain 15 per cent below current market prices. The fixing of basic prices for fruit and vegetables would leave withdrawal or intervention prices at more or less their current level, while market prices, in a normal season and for more or less normal profitability, are between 40 and 60 per cent higher, according to the European Commission's own estimates. The same could be said of wine. As for the target price of milk, it would be increased in two stages by less than 5 per cent, although it can be considered at the present time as one of the worst treated Community farm products. That is why we have tabled an amendment increasing the price of milk by 8.50 per cent, to enable it to make up some of the leeway between it and other farm products, and we are reserving our vote on the whole text, particularly if this amendment is rejected.

What more can be said about the enormous and sudden change proposed in the level of support for butter and skim milk powder? Have all the ways and means of absorbing the surpluses really been tried, in a Community that imports huge quantities of fats, is making more and more margarine and in stockfarming is replacing cows' milk by animal feeding stuffs, to the detriment of meat quality?

I know that there is sometimes a tendency to exchange a reasonable price level for random direct aids to income. But these direct aids should primarily be social measures or measures

to protect the environment and the Commission should know that hill farming, which is to be discussed today, is based mainly on dairy cows.

Mr President, honourable Members, you have undoubtedly read with the attention it merits the excellent document distributed by C.O.P.A. The proposals of this body, whose members are the major agricultural associations in each of our Member States, appear very reasonable. We consider that we should endorse the conclusion expressed with the utmost moderation by C.O.P.A.: 'On the basis of the data submitted, and anxious to make its contribution to the stabilisation of the Community economy, C.O.P.A. calls for a 7.50 per cent increase in the general level of farm prices for the 73-74 marketing year'. We endorse this proposal.

President. — I call Mr Lardinois to make the position of the Commission known to Parliament.

Mr Lardinois, member of the Commission of the European Communities. — (NL) Mr President, ladies and gentlemen, may I begin by apologizing to the President of this Parliament for not being here at 3 o'clock but only at six minutes past three, which nearly brought me into a situation of conflict with Parliament. I wish to apologize particularly about this, but also forthwith to give the reason for this that I had certainly underestimated the midday traffic in the city of Luxembourg. It hadn't quite got through to me, before I made my way here with the car, that Luxembourg town has the allures of the big city, also in the negative sense of the word.

(Laughter)

In the second place, Mr President. I should like to express my thanks to Parliament, and do so for various reasons. In the first place, my thanks to you and the Bureau of Parliament on account of the fact that it was willing to give good natured consideration to shifting the April plenary sittings of this Parliament, so that the Commission and Council when fixing the prices could duly take account of the present discussion and of Parliament's views. For this I should like to express particular thanks on behalf of the whole Commission. I should also like to indicate my particular thanks to the Committee on Agriculture and the other committees concerned, and particularly to the rapporteur, Mr De Koning who has had to do an enormous amount of work within this short time. In doing so he has indeed had excellent help from the secretariat of Parliament, but he will nevertheless, I would think, have had to bury himself in the subject as it were, day and night, at least judging by the first-rate resolution about which I shall speak later. The rapporteur has said on

Lardinois

this: 'We hope, however, that we shall not have to live through a repeat of this situation'. I am glad to promise him this, insofar as the Commission can do anything about it. You do of course know that the Commission had this short space of time thrust upon it, not of its own volition but rather, if I might put it that way, on account of the gnomes of Zurich and on account of the sheiks of Araby, in short on account of the particularly bad monetary situation that we were in. Under these conditions it was quite impossible to make proper proposals to Parliament and the Council. Of course what is the point of making uniform price proposals for a common market in which the differences due to monetary operations in fact increase by the month, unless something else is done by way of counterbalance. In short, we were forced to put you into a forced situation. We would however like to promise you that, insofar as it is within our power, a situation of this kind will no longer be created by us in this form.

Now I would like to talk about the resolution. Mr De Koning has rightly received a number of compliments, even from the Groups to which he does not himself belong. I should like to associate myself with this praise for the manner in which he made his contribution in this debate. He has complimented me personally with the work that I am permitted to do on behalf of the Commission. I accept this compliment with thanks. He has made an analysis of the monetary situation in connection with agriculture, to which I need add no further word and with which I associated myself entirely. And by no means least would I thank him for the major support that he saw fit to lend on behalf of the Committee on Agriculture to the proposal made by the Commission. I would, however, like to go further into several points in order to make the position clear. The rapporteur has in fact said that the Commission has put forward an average price increase. May I put it differently; we are concerned with an average increase in guarantee. We are not proposing any prices. The price is established by the market, but it is the Commission and the Council who, on the advice of the European Parliament, indicate guarantee levels, not indeed the actual prices that the farmers receive. May I quote an example? The Council last year increased the price of milk, that is to say increased the guarantee for the price of milk by 8%. In the market last year, however, there appeared an increase of only 4%. On the other hand, the Council last year increased the price of cereals by 4%. In the market price, on the contrary, there appeared an increase of 8%. This is exactly the opposite. It may therefore be very important to draw attention to the fact that we are not asking you to

help us in fixing the prices, we don't do that. We are concerned in essence only with the fixing, via a mechanism, of guarantees for various products. And not indeed for all products, because some 40% of total EEC agricultural production is not subject to any guarantee prices in any form whatever. We are therefore concerned in fact with guarantee prices for some 60% of total agricultural production in our Community.

Well, now, we are proposing an average increase of 5.2% in these guaranteed prices, in view of the EEC situation. For which countries? In France and in Denmark, on account of the monetary compensation. In Great Britain in essence too, but in Great Britain this comes in addition to what has still to be done there independently on account of adaptation. The Commission is not, however, Mr De Koning said, proposing anything for the Benelux and for Germany. That is not exact. We are proposing an average 3.25% for the Benelux and an average 3% for Germany for the relevant production in those countries. There is therefore an overall difference of a good 2% between the common situation, 5.2% increase, and the Benelux and Germany, but that 2% difference in fact arises entirely in the arable sector, and the arable sector in Germany and in the Benelux constitutes about one-quarter of the total agricultural guarantee system. In stock farming in Germany and in the Benelux there is talk too of a real price adaptation, hence this good 3%, but in the arable sector, particularly as regards cereals, sugar, colza, etc., a 0% increase is in fact prescribed in their national currencies. And there the hardship lies, not in agriculture as a whole. I should like to interpret the situation as follows. In Germany and in Holland the measure is chiefly a painful one, because nothing is proposed for arable farming. In Belgium and in Luxembourg where arable farming is not subject to any difficulties, you will in fact find that stock farming particularly and especially milk do not actually get enough with this increase of only 2% in September. This, therefore, is where the problems lie in the countries who have undergone a revaluation. These countries are asked to do a certain amount of catching up.

Mr De Koning has also referred to possible social and fiscal compensation. I wish to say emphatically that the Commission will not set its face against this, provided that this does not lead to any additional border measures with regard to the 2.76%. In our proposal relating to hill areas and other problem areas, about which we will talk later, the Commission has in this respect made a far-reaching proposal.

Agreement on the re-orientation of butter and meat production. The method developed last

Lardinois

year by COPA and Mr Mansholt, and which the Commission had accepted last year, would have led us to a proposal for price adaptations of 4.7%. I did not wish to put emphasis on this however, in the introduction, because in present conditions I find this method of calculation too theoretical, when this differs so greatly in virtually all countries. But it would have led to an increase of 4.7%. I wish to point out, besides, that this method of calculation was not in fact accepted by the Council last year as a computation formula for the Community. I do not, however, want to say thereby that this method of computation does not have certain objective advantages and I certainly do not wish to say, either, that we must just drop the matter now. This 4.7%, indeed, is solely of relevance to the six original Member States of the Community. In fact the relevant economic development in the three new Member States is not included in this. It would indeed be very difficult to do this, because in those countries, in addition to the price proposals now being discussed and which, too, will there have to be applied in one go, on 1 May, or otherwise 1 June, prices must catch up to a certain level on an independent national basis between now and 1978. Hence the reason why the method of computation referred to, in view of the real situation, has naturally not increased much in strength in the present circumstances. Mr President, may I leave it like this on broad lines? This was the answer that I wished to make straight away to the rapporteur of the Committee on Agriculture.

I should now like to go straight on to the rapporteur's comments by way of advice from the Committee on External Economic Relations, Lord Mansfield. This speaker said that we must also take the interests of third countries into account in our proposals. He did not add, however, whether or not we had done so, or whether or not we had done so sufficiently. As an example of the great concern of our measures to third countries he mentioned the sugar interests of the Caribbean countries. May I give him my express opinion with regard to the example that he picked on in this matter? I share the British government's opinion that the guarantees that we gave to these countries in the Treaty of Accession form what is known in English as a 'bankable assurance', not only with regard to a certain established price for such sugar in the future, but also as regards access to our market. I therefore hope that we shall no longer have to talk too much in this debate about the policy regarding sugar that we shall soon have to develop with regard to these countries, and that this statement in principle on our part will prove entirely satisfactory. Lord Mansfield further said that higher prices in

the Community lead to less imports, to less consumption, etc., and to increased protection. All this is of course rather relative. It depends on what the prices are outside the Community. And then not for a period of one year, because then it would be very easy. Then I could say that after such price adaptations protection of the common market will be much less than a year ago. But that is a cheap argument, because casual circumstances naturally play a leading role as well. On the other hand the import of foodstuffs and of agricultural products in the Community has risen substantially compared with seven or so years ago, when we first introduced our market arrangements, increased rather more than for example in the EFTA countries where they were not subject to this common agricultural policy. Perhaps this is indeed an argument that must be taken into account when asking whether this price increase, which relatively speaking is certainly not greater than that of the past couple of years, is too much or not. The argument that Lord Mansfield used, not as rapporteur, but in a personal capacity, namely that the import of foodstuffs in the Community has dropped relatively by 43% since 1958, is an argument that I cannot accept. This in my opinion has no kind of foundation, this takes no account whatever of the fact that a person can only relatively consume more, in view of the capacity of his stomach. Even if we were to prohibit all agricultural production in the Community, and if we were to lock up every farmer who might still get it into his head to milk a cow or to produce cereals, if therefore we were no longer to allow any production of agricultural products, then in the event of a similar economic development in the Community over the remainder of this century as in the 1960's, you would still see the phenomenon of our importing relatively less by way of foodstuffs in comparison with 1958 than by way of other products. A person's energy is in fact tied much more to an optimum than the energy burn-up of machinery, cars, etc., or of other parts of our economy. This argument is therefore in my opinion too weak even to be raised here in this Parliament. May I otherwise still reply emphatically to the question also put by Mr Scott-Hopkins. The question why we in fact proposed 2.7%. Whether this in my opinion will not have any detrimental effect on the GATT discussions that are to begin in a few month's time? My answer to this is: on the contrary! I wish to state emphatically here in this Parliament that this is precisely the necessary condition with which to approach these GATT discussions, at least in the area of agricultural products.

If third countries and the United States in particular wish to make a substantial factor of

Lardinois

agriculture in the coming GATT discussions, then there is only one chance for us as a Community that we can turn to in this battle, in these extremely hard negotiations, namely by actually having a common agricultural policy. We shall have nothing to contribute if we only conduct an agricultural policy in name, but in fact represent no Community agricultural market but five different markets which from month to month have grown further apart. This is precisely the essential element. I therefore very much hope that the Committee on External Economic Relations and particularly the British Conservatives will take account of this argument. It would not be possible for the Commission to go into the GATT discussions with the mandate from the Council unless this problem is helped out of the world, at least not with a GATT mandate of which agriculture forms a part. We would then have to arrive at a mandate not covering agriculture, which in my opinion would certainly not be accepted by the United States and perhaps would even less be understood. Agriculture therefore is the essential element. This operation is necessary, precisely in order to arrive at fruitful GATT discussions.

It is further asserted that we are giving agriculture too much in these price proposals. I will not dwell on the question of whether any one product should have received rather more or rather less. So many men, so many minds. But I thought that everyone acknowledges in principle at least that agriculture in general needs a certain compensation for increased costs. Those too, who like Mr Scott-Hopkins are of the opinion that we are now proposing too much, will agree with us on that. Because I can only come to the conclusion that the margin that we have given Great Britain for the price application, still the national application at the present time, has not only been accomplished in full, but has been adapted as a maximum to that country. Not minimal, nor optimal, but maximal. All guarantees have been maximally maintained, except as regards rye, because that is not produced there, and as regards beef because the price of that is such that there is no guarantee necessary for it. But for all other products a complete guarantee is maintained this year in Great Britain, precisely in order to make it possible to absorb costs. In the Community in fact we acknowledge no guarantee prices, for any single product. We only know intervention prices, but these do not have the full effect of guaranteed prices such as they have in Great Britain. I am therefore making an urgent appeal to the whole of Parliament to put Community interests first in this case, so that we may be put in a position where we can in fact appear at

GATT as a united body and to give us an opportunity of putting the damaged common agricultural policy together again. Matters must not only be interpreted from a national point of view, but in the first place from a Community point of view, from the point of view of the whole Community. If you are prepared to do this, the Commission will be very willing to promise that in the coming months it will discuss with you and with the Council if it would in fact be better on specific points to add to the common agricultural policy and possibly even to adjust it. I am in entire agreement with Mr Vredeling, that it would be in no way a disgrace if at a particular moment we were to come to the conclusion after due thought that certain parts, perhaps even certain large sections of our common agricultural policy, should be adjusted or added to. I promise you that we shall devote very serious thought to this. But you must not think, on the other hand, that this is an easy job which the Council can easily sit down to.

Because it is quite another thing to think up a common agricultural policy from which the one or other country emerges better, than to think up a common agricultural policy with which the Nine are all agreed, the new Member States who have acceded with justified requirements as much as the original Member States who have gone along with this in the past. I wanted to say this in connection with the fact that Lord Mansfield in this matter placed emphasis on paragraph 24 of our notes to the proposals.

Mr Martens and Mr Baas want to go further, from the 2 $\frac{3}{4}$ % to 4%. I have already pointed out that the differences in this case are not 0 or anything, but a good 3% or a good 5% on average as between the Benelux countries, Germany and the other countries, leaving Italy out of account.

What Mr Martens said about dairy farming I think is generally true. That he also wishes to give a direct subsidy to the marketing of cheese I do not, on the other hand, find right. I believe that the Community's dairy policy is already expensive enough without us also having to give consumer subsidies in strong sectors such as the cheese sector. In addition, I should like to emphasise that the price of cheese is given a boost, at least as far as the results are concerned, in that skimmed milk, a by-product of cheese-making, will in fact also increase in price together with powdered milk.

I am pleased to promise Mr Martens that we shall give further thought to the poultry sector and shall inform Parliament whether or not

Lardinois

there is any reason for adjusting the existing border measures in this sector, particularly as regards Eastern Europe.

Mr Martens also asked why the direct butter subsidy has to be 50% national and 50% by the Community. In the national connection more would then have to be paid where butter consumption is higher than where butter consumption is lower. This is true, but then more subsidy is obtained. And on the other hand you also have a higher tax income from butter where much butter is consumed. We are actually proposing in fact, in total, a subsidy on butter, for the whole Community which must be paid nationally plus concertedly and which in fact entirely neutralizes the effect of VAT...

Mr Vredeling. — (NL) Why does that have to be paid for out of the national till?

Mr Lardinois. — (NL) This is in fact connected with the origin of the whole proposal, because tax on butter differs quite appreciably from one country to the next, from 0 to 15%. We had at first wanted to take steps via VAT, but did not proceed to this, partly because of the appreciable complications that this would give rise to. We therefore thought it necessary to make the present proposal, partly because we cannot in the long run allow that the dairy sector should eventually demand more than one half of the total EAGGF results. We were of the opinion that there is in fact a limit to what we can do in the market.

Mr Vredeling gave a fascinating account, with which I can go along entirely. He has also, as regards maintenance of the common market, indicated his fundamental agreement with the vision of the Commission and its proposals. I agree with him entirely that it is an enormous reassurance for agriculture, that, whatever happens to the dollar, it is so far completely and automatically shielded by our system from the consequences of such events. This is certainly not the case with other agricultural policy systems, certainly not always. He said that we must keep a careful watch above all on the development of incomes in those countries where little opportunity is put aside for the lower income groups via the prices. Additional restrictions will now indeed have to be imposed, particularly in those countries where the development of agricultural incomes over the last two years has been by far the best, namely in Benelux and in Germany. This does not therefore apply to those countries where the incomes in agriculture have developed along far less rosy lines, particularly therefore the countries of the

South, who can now obtain a greater price adaptation precisely through this operation.

Mr Scott-Hopkins has spoken, as did Mr Vredeling, of the possible sale of butter to the Soviet Union. He coupled the philosophy thereto that we consequently are becoming more dependent on what is happening behind the so-called Iron Curtain in the field of agricultural policy. This is true. As much so as the Russians have become dependent on what we do or do not do. You rightly said that this has already been clearly demonstrated with cereals. We can say quite categorically that the disastrous year of 1972 in the Soviet Union, particularly as a consequence of the development of the local climate, has had an effect on the whole of the Western foodstuffs market. It has been the most important event last year and this event is principally responsible for the rise in foodstuffs prices in the whole of the Western world last year, as they did in no other post-war year. I can only say that this has hardly been the case in the Community of the Six, much less than in the new Member States, much less than in the rest of the Western world including America, precisely as a result of our levies which automatically reduce correspondingly as the world market price increases.

IN THE CHAIR : SIR ANTHONY ESMONDE

Vice-President

Mr Vredeling. — (NL) May I put a question to Mr Lardinois, Mr President?

The President. — With Mr Lardinois' permission, I call Mr Vredeling.

Mr Vredeling. — (NL) with your permission, Mr President, I should like to ask Mr Lardinois how he can assert so laconically that we are indeed largely dependent upon what is happening in the Soviet Union? Does he find it an acceptable situation that our common agricultural policy is to a substantial extent governed by the policies of the Kremlin?

Mr Lardinois. — (NL) I do not believe that the Kremlin was the cause of the bad weather. That would be going a bit far...

(Laughter)

Mr Vredeling. — (NL) It is not after all the bad weather that caused the Soviet agricultural policy to fail!

Mr Lardinois. — (NL) We are dependent upon others. If too few fish are caught in the North Sea or in the Atlantic Ocean, the fact is noticed by our fishermen and our housewives. If there has been too great a drought in New Zealand and Australia, and Australia consequently grows only half a barley crop, then that influences the price of barley on the world market, etc...

Mr Vredeling. — (NL) You are far too good-natured towards Russian agricultural policy. It is not only the weather that is causing failure there!

Mr Lardinois. — (NL) I do not know if I am called upon at this moment to start attacking the Russian agricultural policy. It seems to me better that I should now direct myself to the defence of our own agricultural policy. Perhaps the time will come in due course when we can sit back and devote ourselves to other considerations.

Mr Scott-Hopkins has already said that there is little wisdom in sending butter to Russia. No, it is not wise, but I would be glad if he could have given me an instance of a higher form of wisdom in order to solve the problem of unsaleable stocks that we now have on our hands. Should he happen to know of a better solution, not within two or five years, but a solution that can help us get rid of the surpluses this summer and that does not get us even more tied up than the possible transaction with the Russians, then I shall feel obliged. A year ago the dairy market of the Community of Six including the butter market, was in equilibrium. We even had a winter when we thought that we would in the course of time have a butter shortage. A year ago, however, we were exactly in equilibrium, not too much butter, not too little butter, ideal! There was, however, also a year of good weather, with a production of 100,000 metric tons of butter extra and a consumption by 100,000 metric tons less. As a result we now, at the beginning of April 1973, one year afterwards, have 200,000 metric tons too much. Every month that we have to keep these 200,000 metric tons laid up in our cold stores, because there is no alternative, costs us money. I should really like to know, from anyone who will, to whom we can sell butter within the Community at a yield of nil and beyond the Community at a higher yield than we may, if the deal proceeds, be able to obtain from the Russians.

I have already given Mr Scott-Hopkins an answer in broad terms by also referring him to the development of prices and incomes in agriculture as well, in Great Britain. A few days ago I read with great interest in the Fin-

ancial Times a report of the session in the House of Commons, where the Minister of Agriculture in particular was attacked on his attitude with regard to the common agricultural policy. Unfortunately I do not have the verbatim report of the Commons debate, I only have this report in the Financial Times. But in view of the fact that the Financial Times is after all the best newspaper in the world for economics and finance...

Mr Vredeling. — (NL) No advertizing please!

Mr Lardinois. — (NL) ...I can assume that this newspaper report is more or less exact. If it is in fact exact, I must say that I can entirely agree with what the British Minister said a few days ago in the House of Commons on the common agricultural policy. I can also wholly agree with the effect that our proposals will according to him have on the British consumer next year: namely an increase by 0.2% in foodstuffs prices, i.e. a 0.05% increase in the cost of living. Well now, I dare even assert that the effect will be nil or even positive, because our border levy system will in any event become appreciably simpler.

The present system of compensating sums is therefore quite complicated for trade, and is consequently frustrating for everyone concerned with the conduct of trade, that this by itself is already a factor pushing prices up in inter-Community trade. The simplification of the system will have an anti-inflationary effect, which will compensate more than adequately for the effect of the increase in the cost of living in Great Britain by 0.05%.

Mr Baas adopted a far more subtle attitude, even more subtle than that of Mr Martens. If I have understood him correctly, he is not asking purely for an amendment of the 2.7% to 4%; he has in fact asked for an additional opening for a single product. I do in fact believe this is desirable, to relieve the greatest of the difficulties. I have not been able to find much else, particularly in order to come some way towards arable farming in Germany in a manner that can still be called common, other than rye, which as such is an unimportant crop in the Community. Only in Germany and in some neighbouring provinces is rye of any importance. If I could have any other solution offered to me, therefore, something of this nature, in order to mitigate the pain a little here or there, but then a solution in a Community sense, then such a suggestion would be welcome to me. I hope that the Council too will have some concrete ideas in mind in the matter.

Lardinois

Mr Liogier has yet again underlined the importance of our whole operation. I can tell him that the Commission considers that we in the whole common agricultural market must get away from all border subsidies that are still required there in inter-Community trade. We are of the opinion that any possible further step can only be considered at a time when all our currencies are back within the Community system. We do not yet know, however, precisely what we shall have to do at that time. We certainly do not yet want to lay that down. We only wish now to establish that it is our express intention to restore as good a common agricultural market as possible as quickly as possible, and this applies equally to the uniform price system. We hope to be able to do this as soon as the Finance Ministers have some overall view of the Community position, which the Ministers of Agriculture have already been concerned with for many a day.

(Applause)

President. — Thank you, Mr Lardinois.

I call Mr Guldberg.

Mr Guldberg. — (DK) Mr President, I take the floor in this debate, not because I disagree with the spokesman for my group, Mr Baas, in principle or in general—though there may be certain nuances—but because it seems to me to be important that during a debate on this question one of the new Member countries should also present a different standpoint than the one of simply trying to establish price regulations which are reasonable at the moment and in political and economic respects. I believe that it would be right for one of the new Member countries in particular to say that we are among those who were not in at the beginning of this Community who regarded this Community as absolutely decisive—a novelty by virtue of the fact that it has worked for equality and that it differs from an ordinary trade collaboration and from more or less elegantly worked out treaties between independent countries. In the fact that it also dared to assume tasks in the name of equality which reach into a political organization and that what has been the characteristic feature and touchstone for this Community of the Six which have now become the Nine, is in fact the agricultural policy, because it did not exist where it was not possible to establish this sort of equality simply through ordinary trade agreements—to a far greater extent than in any other sphere. The debate here is therefore not primarily a question of what we naturally have to concentrate on, namely to reach some decisions and find out if prices ought to be a little higher or a little lower, but quite centrally a question of coming back and out of a situation which has

been causing disorder in something fundamental and which in my personal opinion has contributed to the fact that the question as to whether the expansion of the Community has been a step in the direction of a bigger and better cooperation in Europe or a step in the direction of a dilution of the existing cooperation, has not yet been fully answered. During the debate on agricultural prices it has been objected that the proposal put forward by the Commission would be economically unsound because it means contributing to inflation in the EEC as such. As long as the prices of agricultural commodities are regulated to a considerably lesser extent than other prices and wages, they cannot of course be an independent cause of inflation, quite the contrary. But there may be good reason, especially in the light of the considerations of principle in particular, to call attention to the untenable situation which everyone has in fact also mentioned, in that no order has yet been created in the exchange conditions between the Member countries themselves and not least with reference to the considerable effect which exchange conditions in relation to the British currency must have on the common problems of the Community. In my opinion this is a fault which has already given rise to constant alterations in the EEC regulations and which in itself damages the possibility of creating an economic balance. The constant changes or threats of change mean that there can be speculation in continued inflation and it is therefore the uncertainty about these exchange conditions—and that includes uncertainty about agricultural prices and other conditions—which in itself is a contributory cause of inflation problems of more significance than this, if one fixes a single price sector lower than the others have already risen. There are many tasks in our common cooperation and many of them are urgent and I am therefore afraid that it will be difficult to get on with important new problems and those we look forward to before both calm and confidence have been created—about the policies of the new countries as well—in the Community which we have entered. These views also apply to tasks as important as that of regional policy. If one is to express an opinion on the regional policy, including the distribution of tasks among the national governments and the Community, then one is also dealing with some problems which are intimately related to monetary and exchange conditions—in intimate association with them and with the Community's agricultural policy and with the desire to avoid inflation in the Community. I therefore think that it is necessary, not only with regard to establishing a regional policy on paper, but also in order to implement it, that there should be as soon as

Guldberg

possible, and before this can happen, the establishment of order and the end to uncertainty about currency conditions among the Member countries themselves. I wanted to say these things because I believe that for many of the representatives of the six countries who have been working on these problems for many years here, it may be something too obvious for them to say themselves, but it may on the other hand be sensible for one of us who have entered as new Members to point out that we too have thought along these lines, that a small country is not the last to look forward to the fact that this European cooperation has come to stay and has not been expanded in order to contract. That a small country—and there are several of us here—has a huge interest in equality and in this unique form of international cooperation, where the large and the small have exactly the same rights. An accurate and skilful exploitation of formal rules without regard for the reality is not enough for us, these are the rules of the game. We must also take the consequences in the spheres where they can give rise to problems; and I wanted to say what I have as a challenge, although I know quite well that this is not all that necessary, so let us call it a support for the fact that regardless of the structure and the dimensions of the price adjustment selected, that we include among our most fundamental tasks and there is support in this Parliament for this view, because I think this is the supreme question, that it is now necessary to recreate the basis and the agreement that the central point is that of the currency conditions and that it would be sensible to link other future questions with this in order to solve it.

(Applause)

President. — I call Mr Brewis.

Mr Brewis. — Mr President, if Mr Lardinois had read his Hansard, he would have found that the attacks on his price rises were coming from the British Socialists, and I think if they had been in this Assembly here today he would have got a very much rougher ride than he has. But both parties in Britain are extremely interested in the position of the housewife and the consumer. Now, we can sympathize with Mr Lardinois and the trouble he has been having with the gnomes in Zurich and the sheikhs in Arabia, and the difficulties he explained to us in his speech this afternoon; but I listened very carefully to his speech and I do not think I am wrong if I say he never mentioned the consumer once. I think myself that instead of being Commissioner for Agriculture, the name of his job should be Commissioner for Agriculture and Food, because his responsibilities should take in

the price of food just as much as the income for the farmer.

Now, an attempt has been made today to say that in Britain these price increases will amount to very little—I think 0.2 per cent was mentioned. Well, I hope the Commissioner is right. I have very considerable doubts. But, you know, one of the main points made at the Summit Conference was that priority should be given to the fight against inflation; and even a small increase in food prices generates pressure for higher wages, and higher wages feed the inflationary spiral. For that reason the Commission's proposals come at a most inopportune moment when the Government is at a critical stage in its fight against inflation. And, you know, indirectly these price rises make it even more difficult for my country and for Italy to join the economic and monetary union, as they tend to add to inflation in our countries.

Now, I know that the compensatory amounts have caused Mr Lardinois very great difficulties indeed, but it is a general principle that you should not change things just for administrative convenience. One should only change things if a policy is demanded. And I for my part cannot see how these price rises are going to help with the GATT negotiations in any way whatever. We in Britain do not take very strong exception to a rise in beef prices; but it surely must be quite unusual to grant an increase which is greater than that asked for by the farmers' union, in this case COPA. You know, world commodity prices can turn suddenly; and it may well be that in future years a large increase will be regretted, as I am sure it will be regretted in the case of cereals. There are other ways of encouraging production than increasing prices. In Scotland we are pleased with the hill-farming scheme, and I think we may well get more beef from the hills and mountains in that way than by this increase in the beef price. Surely, too, we could be seeing that farmers nurture their calves into beef animals so that they do not get slaughtered for veal. That, I feel, is one way we could get some more beef.

The increase in cereal prices, however, is to my mind quite unacceptable. The price of wheat directly affects bread. Furthermore, as I have said previously, it is very important to keep down the price of animal feedings-stuffs such as barley. In Britain cereal prices are below the EEC level. Mr Lardinois mentioned the last price review. Cereal prices are much lower in Britain, and the farmers' unions have just accepted the price review in Britain last month as being quite fair. Mr Lardinois said he wanted to close the gap between incomes in agriculture and industry. That is a very laudable objective,

Brewis

but I do not think it will be achieved by increasing cereal prices, because to the small farmer the amount is insignificant while the large cereal farmer does not need an increase since his yields have been going up so much in recent years. Even in the Scottish highlands cereal yields have risen about 20 per cent over the last few years.

Let us therefore consider the sort of subsidies for the small man which are contained in Directive No. 72/159.

We could put more emphasis on fertilizers and the encouragement of grassland. The present review will lead to a surplus in cereals. The past year has been exceptional, as the Commissioner said, but by August I think we will see world prices spiralling downwards. We shall then be confronted in the Community with the same problem of selling cereals in world markets as we have been having with butter. And I may say that I do not think my colleague, Mr Scott-Hopkins, said that he was opposed to selling butter to Russia, but only the policy which had created such big stocks. I think the Commission should urgently review its farm policy and give consumer prices a much higher priority. In Britain we do not charge value-added tax on food. We suggest that this should be the case in the Community also. I think that for the present most of these price increases should be cancelled, or at least spread out over a very much longer period.

President. — I call Lady Elles.

Lady Elles. — Mr President, for the benefit of the honourable Commissioner, Mr Lardinois, I have in fact got a copy of Hansard. Since he was good enough to quote part of Mr Godber's speech, which he had seen in the Financial Times, as we call it in our House, I will quote what was said in another place, which I believe I am now entitled in this Assembly to call the House of Commons, and add other remarks which Mr Godber made in connection with the rise in food prices. What he said was: 'The most urgent part is the battle against inflation and the need to keep food prices in check', and he continued: 'I therefore have no hesitation in emphasizing to my colleagues and the Council of Ministers in Brussels the need to combat inflation to avoid where possible rises in retail food prices and to consider the development of production subsidies'. He then went on to say: 'I cannot welcome any solution which demands price rises across the board when they bear no relation to the needs and situation of the commodities concerned, when they press most heavily on those Member States most beset by

inflation and also help least those countries where farm incomes are most under pressure'. I thought, Mr President, in all fairness to our Minister for Food and Agriculture, that the words should also be added and put down in the record of this debate.

The Commissioner spoke somewhat euphemistically—if I may say so—about guarantees and price adjustments, and he somehow managed to avoid mentioning that either of the two factors involved would lead to price increases. Nevertheless, I think I must be allowed to use the good old-fashioned term: when I go to the shops, the result of these actions will be price increases. I am therefore speaking, Mr President, because of my concern about the effects of a rise in food prices on the purse of the consumer, in particular at a time when every Member State in the Community of Nine is concerned with the problem of inflation and how to combat it.

Now, Mr President, I do wish to make certain things clear. The first is that we, the United Kingdom delegation, are present here because we believe in the European Economic Community and all its implications, including a common agricultural market. These are principles for which we have fought in our country over the last few years. We still believe in them and give them our full support, and it must be made clear that we are not questioning the principle of a common agricultural market. What I think is confusing so often in political terminology is the difference between a political principle and the policy by which you implement the principle. With regard to what is called the community agricultural policy, what we are questioning is not the principle, but the way in which the policy is now being implemented, in view of the other closely related political, economic and social problems. Methods which were necessary and indeed truly effective in 1958, and even possibly in 1968, are not necessarily either truly needed or effective in 1973.

I know that the honourable Commissioner, Mr Lardinois—and he is quite right to be suspicious—did imply at the end of our last intervention on food prices at the last part-session of this Parliament that perhaps some of us do see through the mists which surround our island in the United Kingdom to problems of which we cannot have been fully aware. However, I must say that lack of presence does not necessarily imply ignorance or indeed lack of interest, just as presence does not necessarily imply knowledge. I would repeat for the record, though again in parentheses, that presence does not necessarily imply knowledge, as I have said. I have been a farmer myself in one of the Community of Six for the last eight years, and

Lady Elles

I have had the opportunity of seeing the changes effected by the common agricultural policy. Dramatic changes indeed. In Italy, as we all know, the number of agricultural workers has dropped from 50 to 16 per cent of the population, and this confirms the force of my question: is the same policy needed now to maintain farmers' incomes right across the board just as they were in 1958?

Speaking as a European, and not only as a Member from the United Kingdom, there do seem to be two logical consequences of the policy so far pursued. Quite a lot has already been said about selling butter to the Soviet Union but we find ourselves in a situation where people in the Soviet Union are paying less for their butter than we are in the Community. And to boot the Community taxpayers are paying, I understand, about £120 million this year for the privilege. Now, I think the logical term 'reductio ad absurdum' would be a suitable one to apply to the logical consequences of this policy. The Commissioner may have said that it is difficult to adjust VAT rates. I do not think it is difficult at all. We have just brought in VAT in our country at a 10 per cent rate, and food has been exempted. I do not think that it is very difficult to do. People may not want to do it, but I do not think difficult is the right term.

The other consequence of the premises—the logical consequence of the policy that is now being pursued—appears to be that in a period of inflation prices are raised arbitrarily for a commodity or a number of commodities without which no man can exist. This rise will, of course, affect different countries in different ways. I saw just the other day that the National Statistics Institute in France has stated that food is a Frenchman's budget priority, and I am therefore all the more surprised that the French support this extraordinary policy, when they spend 37.3 per cent of their weekly income on food.

We in the United Kingdom spend in fact about 25 per cent, but any rise in food nevertheless always affects the most vulnerable part of our society. We must therefore question whether this is the right way to deal with the problem with which we are all perfectly well aware the Commissioner and the Community in general are faced.

The provision of fair incomes for farmers can surely be achieved in other ways than by raising prices. In this connection we should perhaps bear in mind—and I have heard no mention of this, possibly because I do not always understand the language being used—the enormous increase in the value of the land owned by farmers who

are in fact wanting higher incomes. I think this question of capital and income must be seen in fair relation. I would also add—though I admit this is possibly an emotional, though not an entirely emotional argument—that the health of the farmer and his job satisfaction, and, of course, the low rents charged on houses for farm workers, do to a very large extent compensate what in statistical terms might appear to be a lower income.

No one denies that all sectors of the Community should benefit from increased wealth, farmers included, but there are ways of solving this problem either on a regional basis, narrowed down to certain types of commodity produced, such as the olive oil subsidy granted to certain areas of the Community, or, for instance, on a tax-credit basis according to income threshold, which would then apply not only to farmers but to low wage earners in any category. I would strongly recommend a study of the new tax-credit scheme now being very widely discussed in the United Kingdom, which seems, at any rate to me, a brilliant and ingenious way of solving the problem of the lower income group throughout any society.

Low wage earners, as I have said, are the people who are going to suffer most: students, old-age pensioners, and those living on grants and fixed incomes. I would perhaps draw the attention of the Commissioner, Mr President—and I think it appropriate since so many Members from the Netherlands have taken part in this debate with great distinction—to what Dr Boerma, Director-General of the FAO, said in his seventh biennial report to the Council of Europe, and is also stated in the conclusions reached at the FAO's European Regional Conference in Munich, that is that the problem of the incomes of farmers with non-viable holdings should during the transitional period be treated as a social problem, and that agricultural price policies should be designed primarily to orient production and not to support low-income farms. I think this is a very worthy conclusion of the conference, and I would ask the Commissioner very kindly to have a look at it and to study it when formulating his policies in the future. Attention has rightly been paid by the Community to a sector of the population which constituted a high percentage of the work-force of Western Europe. But the balance in the population has changed, and this calls for a change in approach in order to reach solutions which are not only acceptable, but acceptable to all sections of the population especially the most economically and financially vulnerable.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, honourable Members, it was only to be expected that the Commission's proposals as to the prices of agricultural products for the 1973-1974 marketing year should arouse a range of fairly negative reactions. Nonetheless, the rapporteur should be congratulated on having accomplished in so eminent a fashion the arduous task which he was called upon to perform.

The situation differs from what has occurred in the past in that the proposals do not so much represent the outcome of objective analysis of the manifold economic factors that go to make up prices but are broadly influenced by monetary considerations which, it is true, could not be ignored but which, especially in view of the brief period of time allowed us for reflection, have made it extremely difficult to arrive at a clear-cut and unreserved opinion.

This is not a general view of a personal nature; the result of the final vote in the Committee on Agriculture confirms this state of affairs. The Commission may have valid grounds for deciding to place greater weight on monetary rather than more strictly economic factors in determining the new prices. But this recognition obviously arises from a concern for a prompt return to a single market, as delay in its re-establishment would undoubtedly constitute a dangerous and fragile spiral by with the common agricultural policy might easily be fragmented, a consummation that is wished—if not indeed promoted—by forces both outside and inside the Community.

We must not forget that certain pressures, through perhaps only shadowy, for a return to national prices have existed in the Community for some time and that in view of the forthcoming GATT negotiations ever more threatening voices are being raised against our common agricultural policy on the other side of the Atlantic.

But having stated this and having acknowledged the good intentions underlying the Commission's proposals, it remains to be established whether it is right that the farming sector should have to shoulder the negative effects of such a design, even if to varying degrees. In truth, it does not seem so, at least to judge from the economic factors, the sole factors with their dynamic movements that should be taken into consideration when adjusting prices.

There is no wish to reprove the Commission for having entirely neglected these factors in its proposals for new prices, but it is clear that the leading role has been played by the current economic and inflationary situation.

The general level of increase has in fact been set at 2.76%, a figure not arrived at haphazardly for it corresponds exactly to the rate of revaluation of the Benelux currencies compared with the unit of account. For Italy, whose currency does not float jointly with the other Community currencies, the Commission has proposed a preliminary alignment to a single market, with a further 4% increase in farming prices. This circumstance certainly provides fresh material to those who accuse agriculture of being the main cause of inflationary processes, when in fact it is the appointed victim of inflation: the farmers are consumers of goods whose price has always risen faster than the price of farming products; they use facilities and services whose price increases have been far higher than in the case of agricultural products.

On the other hand, we should recognize that in a sense agriculture plays a leading part in bringing about stability rather than inflation. It has recently been ascertained by OECD that a 1% increase in farming prices—leaving aside distribution costs—will take the form of an increase in the price of food products ranging from 0.075% to a maximum of 0.12%. It is, therefore, the intermediate processes that boost the prices of agricultural products between the producer and the consumer. We regret to see, however, that official government bodies are doing nothing to clarify this state of affairs although they are well aware of its existence; indeed, by their continuing silence they bear out this erroneous interpretation, and on that basis they then accept the continual rises in wages as right and fair, placing no brake upon the rising cost of facilities and services and recalling the political factors that counsel moderation only when it comes to determining the prices of farming products.

Now this procedure, which has alas become a system, is certainly not ideal when attempting to solve the serious income problems being encountered in agriculture; indeed, it aggravates them, increasing doubts and confirming the bitter realization that, for one reason or another, agriculture is being systematically condemned to lag behind in terms of income even though we are all solemnly committed to the aim of bridging such gaps.

The new price proposals, which as the Commission itself admits are moderate, are nonetheless likely to give rise to lively reaction and even protest from the occupational categories represented by COPA, as a result of the fact that this body has proposed an average general increase of 7.5%, with a sense of responsibility incumbent upon all in this difficult economic and monetary situation.

Vetrone

If this claim is to be countered by monetary arguments and the need for earlier re-establishment of a single market, well and good! Why, then, should not specific measures be introduced, perhaps fiscal and social concessions, recommended by the Council of Ministers itself when it had to decide on anti-inflationary measures? Why, moreover, is there no review of the whole subject of the relationships between prices to achieve a better hierarchy between them, which will also take the market situation of individual products into account?

Considering what would occur in my own country if the Council of Ministers were to accept the Commission's proposals in full, I would say that this hierarchy would be out of balance. Certain products from the South such as hard wheat and olive oil (which should not, in my opinion, bear the brunt of the agreements between the Community and Mediterranean countries) cannot be excluded from the increase without creating an unjustified imbalance in the hierarchy of prices.

Finally, in conclusion, I must make what is probably a superfluous recommendation to the Commission: that it should avoid any second thoughts that would lead to an autonomous decision on farming prices, in other words a decision reached without a simultaneous decision on incentive bonuses to increase meat production and the measures contained in the directive regarding the disadvantaged mountain areas and other farming areas which the European Parliament is to consider later today.

I believe that the Commission intends the three questions to constitute a single package by virtue of the manifestly close link between them and I myself would like to be persuaded that my advice is superfluous.

But once again, Mr Lardinois, I must ask you to give serious consideration to the proposal—one that I have already submitted in this Parliament at the time of discussion on incentive bonuses for the production of beef—to prune off the change to Article 10 of the first directive and make it the subject of a Community regulation.

Mr President, honourable Members, if I were to say that I had succeeded in dispelling my doubts and reservations I would be lying; as a result, here again I declare that I shall abstain as I did on the committee.

President. — I call Mr Héger.

Mr Héger. — (*F*) Mr President, colleagues, I wish to speak very briefly in a strictly personal capacity.

The monetary upheavals, the absence of fixed parities, the lack of synchronization in the floating of all currencies are certainly not the fault of agriculture. I cannot see, therefore, why one should want to make farmers suffer certain consequences of events for which they cannot be blamed. When wages, pay, salaries have increased for workers and salaried staff, for executives and high-ranking officials in the civil service, semi-public institutions, the magistrature and in private businesses, and this is justice and these increases are not considered to have any incidence on inflation, I find it difficult to understand why a reasonable adaptation of agricultural prices should be considered more pernicious.

Nor do I understand why the price of farm butter should be penalized when many consumers prefer it and it competes better with margarine than certain industrial butters, which are good, it is true, but rather insipid.

Why should it be desirable to reduce the price of butter rather than limiting its production and adapting it to consumer requirements? This would avoid the considerable expenditure involving in absorbing surpluses and the cheap sales at any price mentioned just now to Russia. By devoting a part of the sums saved to the manufacture of denatured whole milk powder which producers would have to take back above a certain level of milk supplies, the production of veal, pork and even poultrymeat would be encouraged. Indeed, denatured whole milk powder is virtually only suitable for such use. This measure could be combined with a ban on slaughtering calves not having a live weight of 120 kg. It in addition a bonus was granted for cows suckling their calves, whatever the number of cows on the holding, provided that all were used for the same purpose, it could be anticipated that the butter surpluses would disappear, more meat would be produced and costs would be lower.

Finally, I do not understand the need, in the proposal, to express the fear that negotiations in GATT will be made more difficult, since it is known that one of the main partners in the negotiations has decided off its own bat to put back into cultivation immediately millions of acres that are at present lying fallow.

These are the reasons why I am unable to subscribe to the Commission's proposals. I do not say this without regret, for I am well aware of the difficulties the Commissioner, Mr Lardinois, and the rapporteur, Mr De Koning, have had to overcome. Nor do I say it without a certain nostalgia, remembering the efforts in which I was fortunate enough to participate, in other

Héger

bodies, for the formulation of a common agricultural policy serving the interests of farmers. (Applause)

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, ladies and gentlemen, I too should like to deal, as briefly as possible, with one aspect of the proposals, which has also been brought forward today for debate by the Commission, an aspect that I regard as extraordinarily important, as it surely is since most of the previous speakers have dealt with it. I mean the linking of the fixing of agricultural prices for 1973/1974 with monetary policy measures, the linking of Commission documents Nos 445 and 453, this overall conception of the Commission's, which has as its aim to take, on the occasion of fixing agricultural prices for 1973 and 1974, a perhaps possible step toward the restoration of the common agricultural market—a partial restoration it must be said. The result of such efforts, ladies and gentlemen, were they successful here and elsewhere, would be, as has been repeatedly said here, unequal price increases for the agriculture of the Member countries of the European Economic Community. While according to the Commission's proposal Italy receives price increases—basic price increases I am glad to say, Mr Lardinois, since you have pointed out that this is only a part of the price fixing programme—basic price increases of 6.7 per cent, no increase in basic prices is envisaged in the Benelux countries and in my country, the Federal Republic of Germany. If the matter were decided as the Commission has proposed, then this would be the consequence, and there would remain only the price increases for particular agricultural products, especially for meat, but also for rye and for wine, which were earlier calculated by Mr Lardinois at 3 per cent for the Federal Republic of Germany, and 3 1/4 per cent for the Benelux countries.

Ladies and gentlemen, Mr President, if there were to be price rises of 3 per cent, then it would not be possible to maintain the income level that has meanwhile been achieved in agriculture. It would fall, since in almost all Member countries of the European Community rises in costs lie relatively evenly around 6 per cent. So cost increases of 6 per cent would be matched against price rises of 3 per cent. And this, Mr President, with incomes that vary a great deal in the Community—as we have recently learned from the Commission, to whom thanks are due. The Commission instituted an enquiry into agricultural income in the enlarged Community, and there you can read that my country attains an average of 2,600 units of account a year for each person employed in agriculture, while the

Netherlands registers 5,500 units of account of income per capita for those engaged in agriculture.

I will spare you a detailed exposition of this account, and restrict myself to these two figures. I should like to take the opportunity to express my gratitude to the Commission for having produced this work.

In face of such a diverse development of income it is proposed, with cost rises of 6 per cent, to raise prices by only 3 per cent, and this is surely a very precarious imbalance. As the same costs arise for the agricultural industry in the new Member countries of the EEC it must be said—I do not see that this can be disputed—that with such a procedure new distortions of competition will appear, that new distortions of competition are as a matter of course caused by such decisions of the organs of the European Community, and this I frankly regret, since all our measures should be directed to expanding the Common Market in every respect, to perfect and further develop it and not, where we can avoid it, to bring about new cost increases.

Mr President, I am myself also uncertain whether these Commission proposals can be fully reconciled with the basic decision of 16 March 1972, which was achieved after long, serious and very difficult, all-night negotiations, an achievement in which the French President Pompidou and German Federal Chancellor Brandt took part—they had to take part, because it was very hard to reach a solution, but this decision was then achieved—the decision on monetary compensation for agriculture, and I think that this decision is still fully valid, and therefore have my doubts whether these Commission proposals are covered by the decision.

Ladies and gentlemen, the Commission proposes to treat the current central rates of the Member States as *de jure* parities, so as to restore the common basis of the agricultural prices and by these ways and means to dismantle the border compensation system. But this proposal comes at a time when in the currency field conditions prevail that are anything but stable. Three Member States have no central rates. They have set free the exchange rates of their currencies and are not observing the common rules of harmonized intra-Community margins. The general monetary situation is still unclear.

International negotiations on reform of the monetary system have only just begun, the central rates have not been registered with the International Monetary Fund as fixed parities. In view of these uncertainties in monetary development, Mr President, the system of variable border compensation that we have under Regulation

Frehsee

174 of 1971 is absolutely necessary. And it must remain in force, as provided in the Regulation, until there is a return to fixed exchange rates. A departure from these rules means that the agricultural policy is being newly shaped without regard to monetary and general political circumstances, simply in order to chase after a phantom—I am sorry to have to use this word but it is not unjustified—i.e. the phantom of these common agricultural prices. This is not a real policy, Mr President, and this policy would lead us into new frictions if it were decided on and put into force.

It has been further said that the linking of monetary measures with Council decisions on agricultural prices is necessary because the agricultural system is being influenced in a negative way by border compensation. Mr President, may I point out that in my country, since the introduction of this system of border compensation—which I am convinced has made the common market viable again for the first time since we had these up- and de-valuations, these changes in monetary policy, which therefore has not endangered the agricultural market and has made the linking of the two not necessary in my country—agricultural incomes in the two years that have meanwhile elapsed have risen by 16 per cent annually. It can therefore be said that the common agricultural market is not endangered by this border compensation system, indeed I would even go so far as to say that it was saved by it, for there are animosities, to put it quite cautiously, there is dislike of phenomena accompanying the agricultural system that has so far been developed in the European Economic Community and I cannot escape the impression that such dislike is justified when one is discussing such things as are now being discussed with regard to butter and its disposal in the USSR. I am saying nothing against the thing as such, I do not want to take a position on it, but in connection with the agricultural market it is simply a declaration of bankruptcy. We must insert the lever at the root and not try with palliatives to doctor the symptoms, as is happening now with these proposals. To that extent I regret these proposals. It will therefore not be possible for me to vote for them, unless my proposals for amendment which aim at severing the connection are met. A price rise of 2.7 per cent for all alike I should regard as acceptable. The same for all, no more for Italy, no less for Germany and the Benelux countries. This is possible if we accept the first part of the Commission's proposals and make no provisions of any kind for taking account of border compensation or for monetary measures. I have therefore asked in my amendment to paragraph 16 of the motion for a resolution that we reject the second part of the Commission's proposals. I will not go

into the details of my amendment now, except only to say one thing, Mr President: This agricultural system, and I think we are all agreed on this, is unsatisfactory to a high degree. This agricultural price system is bankrupt, as is again so clearly evident on this occasion, Mr President, and it will become still more dubious if the Commission's decisions are accepted unaltered. *(Applause)*

IN THE CHAIR: MR BERKHOUWER

President

10. Consultation of Parliament by urgent procedure: imports of citrus fruits and Cyprus sherry

President. — Ladies and gentlemen, may I have your attention on certain matters affecting the order of business. I informed the House this morning of the Council's request that the report of the Committee on Agriculture on imports of citrus fruit and sherry from Cyprus be dealt with tomorrow by urgent procedure.

I have since received the following letter from the chairman of the Committee on Agriculture:

'Following your statement in this morning's plenary sitting I have looked into the feasibility of the Committee on Agriculture, as committee responsible, bringing out a report in the course of today's sitting on the proposed regulations on imports of citrus fruits and sherry originating in Cyprus, in respect of which the Council has requested the adoption of urgent procedure.

Unfortunately, I note on the one hand the decision of the Committee on External Trade Relations, of which you have been informed, and on the other the impossibility of my contacting the Committee on Finance and Monetary Affairs. Both of these committees have been asked for their opinions on these proposals.

I must further point out that the documents in question were received by Parliament only yesterday, 4 April, and that an extraordinary meeting of the Committee on Agriculture would be especially difficult at a time when an important debate on matters connected with the fixing of agricultural prices was taking place in the plenary sitting.

If Parliament should consider it desirable to comply with the Council's request for urgent procedure, the Committee on Agriculture could meet no earlier than 10 a.m. on Friday, 6 April, which would mean that the plenary sitting would have to begin an hour late!

President

I personally doubt whether this late start would actually be necessary, but I have read you the letter from the chairman of the Committee on Agriculture.

I have also received the following letter from the chairman of the Committee on External Economic Relations:

'Mr President,

At its meeting of 3 April 1973 my committee considered the feasibility, following the urgent request from the Council, of dealing with the two proposed regulations on imports of citrus fruits and sherry originating in Cyprus.

The committee came to the conclusion that it was not able to deliver a valid opinion since the text of the proposals was available in one language only. The committee further noted that the Commission had submitted these proposals to the Council on 1 March 1973, and it considered unacceptable the fact that the Council should take so long to forward them to Parliament, thus giving the latter practically no possibility of delivering its opinion within the required time limits.

The Committee on External Economic Relations has accordingly instructed me to request you to make further representations to the Council to ensure that:

- the procedure for consulting Parliament is carried out under acceptable conditions and within acceptable time limits;
- the Commission's proposed regulations are forwarded to Parliament at the same time as they are sent to the Council;
- the proposals concerning products originating in Cyprus are dealt with at the May part-session.'

This is, therefore, a rigorous proposal from the Committee on External Economic Relations.

For my part, I would like to state quite objectively that we have today, and on precious occasions, expressed our views to the Council on the procedure followed. On the other hand, we must face the question of whether Cyprus producers will not be the victims of our decision.

I therefore consult Parliament on the request to deal with the report on imports originating in Cyprus by urgent procedure.

Are there any objections?

I call Mr Behrendt.

Mr Behrendt. — (D) This morning I made some severe criticisms on account of the late delivery

not only by the Council, Mr President, but also by the Commission, and I am of the opinion that we should now conform to this desire and have the discussion.

President. — Thank you, Mr Behrendt. I note that you are in favour of complying with the request.

I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, this is not the first time that we are confronted with an overdue request for advice on a matter, which for that reason can no longer be seriously discussed. It is of course out of the question that this subject can now still be seriously discussed. The Committee on Agriculture can certainly meet tomorrow at 9 a.m., but it is a moot point how many people will then be present at it. It can be done technically and it can be done formally. I must honestly say that I am not much impressed by the argument that if we do not give any advice, the Cypriots might become the victims of this. Because the next time, Mr President, we shall again be in exactly the same position. I don't know who we shall be concerned with then, but it will be a matter of the poor grocers in the Community or the poor farmers in the Community or the poor who-knows-what in the Community or beyond the Community. An excuse will always be found, so that we shall still always have to pass under the yoke of the Council. I have no objection per se to the request being granted. But then you must promise that you will go formally to the Commission in the name of this Parliament and, using this example, will say that enough is enough and that the Commission should now have the guts when sending a proposal to the Council to send us a copy of it at the same time. It does not even require the approval of the Council for that, they do not even have to ask for that. The Council received the proposals on 1 March and 6 March respectively. I know that by heart. And the Council sat on them for four weeks long, on the lines of: 'Parliament? oh, we know what to do about that. We'll send the text to Parliament a day before the plenary sitting. That's how we deal with Parliament!' Against that I protest. Not because Cypriots are concerned; if that indeed is accepted as an excuse, I can forecast—I repeat it—that an excuse will always be found, so that we shall always have to pass under the yoke of the Council.

President. — I would ask the representatives of the Commission present in the House whether they are prepared to really do what Mr Vredeling is asking, so that Parliament receives the

President

Commission's proposals earlier than in the present case, i.e. at the same time as the Council.

Is the Commission prepared to give a favourable reply? I willingly endorse Mr Vredeling's request, and I think that the whole House would do so.

I call Mr Lardinois.

Mr Lardinois. — (NL) Yes, Mr President, there are quite a number of differences as far as this is concerned. There are proposals on which Parliament must be heard, and there are other proposals where this is not so clearly established, to put it badly. In the long run it is not the Commission, but the Council who decides in such cases. I could imagine that their request could be complied with in cases clear beyond any doubt that Parliament must be consulted, such as in the case of these price proposals. The Council can have nothing against a copy being sent to Parliament in such cases. In fact we did that for the prices too. But for other products or for other regulations it is in fact the Council who is asking for advice, and not the Commission. And then there is of course more room for doubt on the question whether Parliament should be heard. I would gladly promise, and also upon the express request by Mr Scarascia Mugnozza, that we shall once again bring the whole matter up in the Commission.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, may I make a suggestion to the Commission? There is nothing against the Commission at the same moment that it sends a proposal to the Council sending it to Parliament, with the standard formula "*sous réserve de la consultation du Conseil*". Then we can get on with discussing it. Then the Council is welcome to send its standard note just an hour before the plenary sitting. It is then no longer my concern. It is as simple as falling off a log!

President. — I call Mr Behrendt.

Mr Behrendt. — (D) Unlike Mr Vredeling I consider that it is not just a request from Parliament to the Commission, but a demand, that it should submit the proposals which it submits to the Council to us at the same time for information, so that Parliament, if time is pressing, can immediately begin discussions.

Mr President, I ask you, at your next talks with the President of the Commission, to urge emphatically in the name of Parliament that

this demand—I expressly say demand—of Parliament should be met by the Commission. (Applause)

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I fully support what my colleague Mr Behrendt has said here and I should like to say at the outset that what I have to say here is not the expression of this Parliament's good will, less good will or bad will. We certainly wanted to comply with the Council's wishes but I ask myself how this is supposed to be possible with the limited time which this Parliament has at its disposal. It is the Committee on Agriculture which is the coordinating body in this matter. Today we have the debate on agriculture and I do not know when we shall finish it tonight. Nor do I know whether we shall be able to finish dealing with the Cifarelli report tonight, even with the best will on the part of us all and assuming that we make great efforts to finish the debate today; there are even some people here who think that we will not be able to finish today the debate which has already been started on the agricultural price proposals. So possibly we shall find ourselves here again tomorrow morning, at least for the Cifarelli report on which a decision must also be taken.

In my view therefore Parliament, much as I regret it, can do nothing more today than to propose that this matter should still be dealt with—for any other course would be a farce, Mr President—if the agricultural debate which was started today is finished tomorrow and if the Committee on Agriculture could undertake to examine the matter during the discussion on other points on the agenda in order to be able to give its opinion to the House at the end of tomorrow's plenary sitting. I do not see any other possibility.

President. — I would be grateful if Parliament declared its agreement with what Mr Lücker has just said, so that I do not have to repeat it. I would also be particularly obliged if Mr Houdet could agree to it.

I call Mr Houdet, chairman of the Committee on Agriculture.

Mr Houdet. — (F) Mr President, colleagues, it goes without saying that the Committee on Agriculture is at Parliament's disposal to follow the debate that it wants to put back until tomorrow.

Nor is there any need to tell you that the Committee on Agriculture has an extremely heavy programme. Our rapporteur, Mr De Koning,

Houdet

made a very great effort in order to be able to submit to you today a motion for a resolution; tribute has been paid to him. I suggested that the Committee should meet tomorrow morning at 10 a.m. because I could see no other possible time. As Chairman Lücker has just pointed out, we shall be kept here until a late hour tonight by the present debate, at which the Committee on Agriculture has to be present. The political groups are meetings at 9 a.m. tomorrow morning; some of my colleagues on the Committee on Agriculture have told me that they cannot attend a committee meeting at 9 a.m.

As you stated this morning after Mr Scott-Hopkins had spoken, it is not desirable for committees to meet during plenary sittings. That is why I asked you to postpone the plenary sitting to 11 a.m. This does not detract from all the objections just raised by Mr Lücker to the course of the agricultural debate.

I should like to add to the difficulties mentioned by Mr Vredeling those experienced by our committee—and I am sure that the chairmen of the other committees will agree with me—in putting on the agenda in sufficient time the proposals from the Commission forwarded to us by the Council. I do not in any way dispute the urgency of the Cyprus problem.

I should like to point out that this matter was only referred to us yesterday. We have not been able to study it with the close attention which it merits. And yet we planned for this debate and had appointed our rapporteur. I do not know whether he will be here tomorrow morning, but even so he has had no text, and could not make a useful statement.

I do not think it possible, as Mr Vredeling suggests, to ask the Commission to send us its proposals before submitting them to the Council, since it is up to the Council to decide whether or not it will consult Parliament; but I appeal to the Council in urgent matters not to keep the Commission's proposals for too long before sending them on to us.

In the Committee on Agriculture, I have heard justifiable protests about our working methods; I should like to reorganize them, but it is out of my hands as long as the Council does not send us the documents in sufficient time, as long as the interpretation difficulties are not solved and as long as the Council does not tell us precisely how urgent the subject submitted to us is.

President. — I call Mr Kirk on behalf of the European Conservative Group.

Mr Kirk, leader of the European Conservative Group. — Mr President, I would not wish to do anything which would cause inconvenience to the people of Cyprus, being the rapporteur on the general Cyprus agreement and remembering the problems we had. But I must say the situation that we find ourselves in now is quite intolerable. We really cannot accept a procedure of this kind. We have already experienced the inconvenience caused when committees meet during a plenary sitting. We have had the Committee on Economic and Monetary Affairs meeting for most of today. The Political Affairs Committee has also been meeting today. If the Committee on Agriculture is to meet tomorrow and we are sitting till God-knows-what hour tonight, the situation becomes farcical. And there is no representative of the Council here to explain why this situation has arisen. I therefore suggest, sir, that while we must accept some form of procedure—and I doubt whether we shall have time to follow Mr Houdet's suggestion of adjourning until 11.00 tomorrow morning and get through what is quite a heavy agenda—and we may have to accept that the Committee on Agriculture will have to meet at the same time, we must insist not only to the Commission but—perhaps rather more important—to the Council that if this sort of thing is going to continue, it must at least ensure that a responsible representative of the Council attends our proceedings to explain and bring forward its proposals.

(Applause)

President. — I wish to support what Mr Kirk has just said. I have already contacted the group chairmen on this point. At its next meeting, the Bureau should again formally decide that committee meetings will not be held during plenary sittings. I will personally do everything in my power to establish this rule and ensure that what has happened at this sitting does not occur again.

I now call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I reply as the member of the Commission responsible for relations with European Parliament. I should like to point out that the problem of the provision of information to Parliament has already been raised during the question hour in the last part-session, when I replied that the Commission would not only maintain continuous contact with the various parliamentary committees to keep them informed of its work but that it had also decided to forward news about its decisions before it reached the press even if, where impossible by other means, this has to be done by telex.

Scarascia Mugnozza

Yesterday evening provided the first instance of this form of cooperation between Parliament and the Commission: immediately following the Commission's decisions and before any statement was made to the press, my colleague Mr Deniau duly came to Parliament to report on those decisions.

I think that things are moving in the direction in which Parliament would like them to go and I trust that we shall be able to proceed jointly towards the formulation of an agenda for parliamentary part-sessions to avoid changes being made once the subject for discussion has been decided.

I now reply to the question put by Mr Vredeling and declare that I am in complete agreement with him. I think there is no doubt that the system he requests can be established. I know that the Council is looking into all the problems relating to consultation and I believe I shall be able to announce its views next week. With specific reference to the Commission, I can assure you, Mr President, that from now on we shall be transmitting a letter both to Parliament and the Council informing them of our decisions. It will then be up to the Council to decide whether or not to ask Parliament for its views; but the fact remains that, as far as we are concerned, Parliament will have been briefed.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) I should like to repeat in this debate *par acquis de conscience* what I said back in 1958. That is my position and I now wish to repeat it: It is a prime error that we at that time accepted that it should be the Council that asks us for advice. There is in fact no mention of this in the Treaty. But because this debate is taking this course, I feel that I must yet again utter this *cri de cœur*.

President. — On behalf of the House I note Mr Scarascia Mugnozza's good intentions and also what Mr Vredeling said in his last statement.

I now put the request to deal with the report on imports originating in Cyprus by urgent procedure to the vote, taking due account of the proposal from Mr Behrendt seconded by Mr Lücker.

Are there any objections?

Urgent procedure is agreed.

At Mr Vredeling's request I note that he has abstained from voting.

I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) Mr President, since Parliament has just decided that the question be treated as a matter of urgency, the Committee on Agriculture will meet at 10 a.m. tomorrow, as I proposed to you. Parliament will meet at the same time, as you have just decided. But I should like to assure my colleagues on the Committee on Agriculture to whom I shall not have time to give notice before tomorrow, that our Committee will meet at 10 a.m. at a place to be posted on the board.

President. — I leave it to the chairman and members of the Committee on Agriculture to decide when they would meet. The proposal to begin the plenary sitting tomorrow morning at 11 a.m. instead of 10 a.m. would, however, put us in an almost impossible situation. I am however fully aware that we must avoid holding committee meetings during plenary sittings, unless exceptionally on a matter on the agenda of the plenary sitting. It may then be unavoidable for a committee to meet while the House is in plenary sitting.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, you could have an absolutely Gilbertian situation on your hands tomorrow morning. I do not know what your intention is about going on with the debate tonight, but you could well have the hill farming debate—if you do not decide to take it at midnight or ten o'clock, or whatever time tonight—starting tomorrow morning. The agricultural members of this honourable House should be present at that debate, but we cannot be in two places at once. It could be that we shall be there, and you shall have a debate here without us, without the rapporteur or anybody else. This would be really too Gilbertian even for the European Parliament.

President. — Before calling Mr Houdet, may I appeal to your goodwill. I did not create this situation. It is my intention that we should deal with both the De Koning and the Cifarelli reports this evening. We must do so. We had already agreed—and it has long since been announced—that we would be sitting this evening. We are all used to occasional evening sittings in our national parliaments. But a way must be found for the Committee on Agriculture to meet also; the matter before it is not complicated.

I therefore propose that we begin tomorrow with the Mommersteeg report on the political situation. Unless everyone cooperates, we shall be unable to find a solution. I therefore propose that we deal with the agricultural reports

President

tonight and begin with the important Mommersteeg report at 10 a.m. tomorrow. The Committee on Agriculture can then meet at the same time.

I call Mr Houdet.

Mr Houdet. — (F) Mr President, Mr Scott-Hopkins has said what I wanted to point out; in addition your intervention would make it unnecessary for me to speak.

It is quite clear that, if we discuss the De Koning report or the Cifarelli report tomorrow morning, as Mr Lücker and now Mr Scott Hopkins fear, it would be impossible for my colleagues on the Committee on Agriculture to meet at 10 a.m., the time of the plenary sitting. If on the other hand you discuss another subject tomorrow morning, I shall ask my colleagues on the Committee on Agriculture to make the sacrifice of not attending this non-agricultural debate so that they can attend the committee meeting.

President. — Mr Radoux, let me recapitulate : Tonight we shall deal with agriculture, and tomorrow morning we shall begin with the Flesch report, followed by the Mommersteeg. In that way there should surely be time for the Committee on Agriculture to meet on the Cyprus matter.

Mr Radoux. — (F) Mr President, a brief detail, to salve my conscience.

You have spoken of debates in national parliaments. I am not making a proposal, but I am expressing a thought. We are going to hold the debate on Mr De Koning's report today, tonight. I wonder—and I say again that this is only a thought—whether it is really very wise, with such an important report, to want to vote tonight at all costs.

I am expressing this thought because, although it is true that national parliaments sit at night, it is also true that in national parliaments, when they have night sittings, the vote is put off until the next day; which I say does not affect the question. (*Protests from the European Conservative benches*)

It is quite possible that in the parliaments of those honourable gentlemen this is not so, but in other parliaments matters are different. Let me give my view and express my thoughts; the honourable gentlemen can do the same afterwards.

That is what I wanted to say, Mr President; as I am sure that the debate will be very long this evening, I wonder how many members will still be sitting tonight to vote on such an important report.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) I am prepared to cooperate entirely, but I should like to ask a question. Cannot we now agree that we should deal with the De Koning report and then vote on it immediately afterwards, before we begin on the Cifarelli report. Then there is a chance of still finishing at a godly hour, because, let us admit it, the Cifarelli report is less contentious than the report by Mr De Koning.

President. — That is perhaps possible if we do not spend too much more time on this debate on procedure. In view of what Mr Radoux has said, I would draw the House's attention to the fact that there are 13 amendments tabled. The voting and debate on amendments will thus take 2 or 3 hours. If we start tomorrow morning we shall not finish before 6 p.m. I shall be here tomorrow afternoon, but I assume that most Members want to get away at the end of the morning. We must therefore debate and vote on the agricultural reports—certainly the De Koning report—this evening without fail.

I call Mr Cifarelli, who is the last speaker listed.

Mr Cifarelli, rapporteur. — (I) It is far from my intention to waste more of your time. I should merely like to point out that, due to a possible vote of confidence in the Italian Senate tomorrow, I may have to return urgently. This is why I should like to urge that the report which I have the honour of presenting to Parliament be discussed this evening.

President. — I am grateful for the support of Mr Cifarelli, who is prepared to present his report this evening and, if necessary, proceed to deal with it in the early hours of tomorrow morning.

Are there any objections?

That is agreed.

We shall now suspend the sitting until 8.30 p.m.

The sitting is suspended.

(*The sitting was suspended at 6.35 p.m. and resumed at 8.30 p.m.*)

IN THE CHAIR: MR BERKHOUWER

President

President. — The sitting is resumed.

11. *Regulations on farm prices for the 1973/1974 marketing year - regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation*
(cont.)

President. — We shall now resume the debate on Mr De Koning's report on farm prices (Doc. 15/73).

I call Mr John Hill.

Mr John Hill. — Mr President, it is just over two and a half hours since we left the original debate, and I cannot help feeling that the interruption, in laying yet another burden on the Committee on Agriculture, shows that in agricultural policy—perhaps as in farming itself—troubles never come singly, but all at once.

Being the last speaker from these benches, I have been reflecting upon the debate, and it did seem to me that the main points under discussion were the question of monetary compensation, inflation, and the effect of the Commission's proposals on the supply and demand position, and, of course, on farmers' incomes. If I might at first refer to what I call the monetary adjustment, it seems to me that there has been a certain amount of division of opinion in the debate as to whether it really is desirable or right to transfer difficulties arising from the disparities between international currencies to the respective national agricultures. It is one way of restoring a common market in trade in agricultural products, but I do think it produces an uneven pattern of incentive to the different national agricultures, and, therefore, for the farmers within those agricultures. And, of course, if you make an adjustment purely for monetary reasons—a differential adjustment, this automatically means that no consideration can be given to the effect on various commodities.

We in the Conservative Group—and I suspect one or two others taking part in this debate—are worried about the inflationary effects of these proposals. I profoundly agree with those speakers who have said that agriculture is not the cause but the victim of inflation. I think no one knows that better than British farmers, since extra costs to British agriculture over the last year, amounted to no less than three quarters of the total amount of government support. I am sure these rising costs have been significant in other European countries, and we are all involved in this battle against inflation—not just the British. Indeed, from such statistics as I have been able to glean regarding the increase in the price of food and the cost of

living, inflation is rampant in all the countries of the Community. As my colleague, Lady Elles, has already stressed, this can have a very adverse effect on the consumer. I speak as a farmer, but all farmers are also consumers, and, though my constituency is mainly a rural one, our most serious problem, as everywhere else, is the danger of inflation. That is why I think the Conservative Group would like to remove the element of blanket increase which runs through these proposals. By blanket increase I mean the across-the-board increase of 2.76 per cent.

What concerns me most, however, and has been hardly touched on so far, is the effect of these proposals on the pattern of production. I tried unsuccessfully in committee to obtain an answer to the question of what the effect of these proposals would be—and this was a very significant omission. Confining myself for the sake of brevity to one or two items, I would draw attention to page 11 of the proposals. Looking at common wheat, under cereals, we find a stable cropped area, but a rise in production, in the three years from 1970, from 26, to 30, to 32 million metric tons; a rise in barley, too, and in maize with an area increasing at an even faster rate. I therefore believe that the question of what changes in production these proposals may induce is a key question to which we have had no answer. Yet we are faced with enormous expense on the EAGGF in the form of export restitutions. If I might just remind the House of what that support has been in respect of cereals—and only in terms of export restitution — since 1969, when it was 318 million units of account, the figure for 1970 was 317 million, for 1971 404 million, for 1972 616 million and for 1973 an estimated 472 million units of account.

In 1969 the cost of restitution plus the expense of mobilizing stocks of soft wheat, according to the Commission's own estimate of 70 units of account per metric ton, actually exceeded the British guaranteed price per metric ton at the time for soft wheat, and the same might be said of other commodities. I have therefore been trying to work out the total background of the supply and demand position, and this is not easy because of the present state of statistics. But I was helped by an article which appeared in 'Le Figaro' the day before yesterday, reputedly on the authority of a high official, pointing out that between 1965 and 1970 the yield of cereals in the Community had gone up by 50 per cent, sugarbeet and milk by 33 1/3 per cent, and that probably most significant during the 1960's was the increase in the Community's agricultural production of 3.4 per cent a year set against a static demand and the prospect of little or no net increase in population. I therefore believe

John Hill

that we are heading for a period of growing surpluses.

I do not want to take up more time by going into detail, except perhaps to remind Parliament that it is again suggested in this article that up to 5 1/2 million hectares of land should come out of production from 1980. That surely stresses the importance of turning away from price increases to structural reform. We would then achieve a better common agricultural policy, because, in my submission, that policy was never intended to generate surpluses which would then be dumped on the rest of the world, but rather to bring about a self-sufficient, well balanced Community, with a satisfactory viable rural society.

It is the problem of taking more structural action, and of providing less in the way of guarantees and more by way of reform leading to the protection of the European countryside, which is all important and the only way out of the present situation. I therefore urge Parliament at this stage to make some gesture to show that it is keen on fighting inflation and on improving the structure of European agriculture. It could do that, broadly speaking, by supporting the amendment tabled by the Conservative Group.

(Applause from the Conservative benches)

President. — I call Mr De Sanctis.

Mr De Sanctis. — *(I)* Mr President, honourable Members, in making my maiden speech in this House I have the singular lot of being one of the few Italian voices that can be raised in this important debate this evening. Mr President, the reasons for my colleagues' absence are known and should induce us to give further thought to the procedural problems which have enlivened the last part of this afternoon's sitting and also the problem of coordination between Community bodies, European Parliament and the individual national parliaments, a problem that we have discussed on other occasions and upon which I shall not dwell now. Even if this does not confer upon me now any responsibility other than that incumbent upon me as a member of Parliament like all the others, my colleagues' absence does commit me to the greatest possible objectivity in presenting to the Commissioner and my fellow members certain problems of very great relevance to my country in the question we are discussing this evening.

I must express my high regard for the report by Mr De Koning who opened the debate on the whole range of problems inherent in the subject frankly and openly, hiding nothing from us or

himself, as was right and proper. It was known that these concrete problems existed, that they still exist; all this has been confirmed by the position adopted by Commissioner Lardinois, to whom I express my personal cordial appreciation of his statements and the efforts made up to this time to emerge from this sort of *impasse* in which—let us say it frankly—we are faced with a typical problem of political decisions. We cannot believe, especially at the point reached in the debate, that we are faced this evening with a problem to which no more than stopgap solutions need be found, solutions of a purely technical nature. For this to be true, we would have to have different premises from those on which this discussion is based; in other words, we should have to be in a completely different objective situation from that in which we are all forced to intervene. There does not seem to be any doubt as to this. I would say, therefore, that the Commission has to an extent evaded replying in concrete terms to the problems raised, or rather has stated one of its decisions and has said in substance that some sort of provision should be made for intervention in the light of certain premises, which I shall discuss very briefly in the time allotted to me under the rules of procedure.

First of all, I would point out that the Commission's basic premise seems to me to rely a little too much, as in the past, on the concept of the common agricultural policy as the construction of a certain system taking into account a certain group of nations within the Community which are seen as the mainstays of the agricultural policy to be applied. This concept has been countered by another concept, especially by the Conservative group, emphasizing another profoundly different aspect of the situation, the fundamental premise that the main concern of the Community should be the interests of the consumer.

This is the alternative which has been brought to our attention. If I had to make what I might call an instinctive choice, I must say that I am more in sympathy with this concept than with the Commission's. I do not wish to indulge in controversy for its own sake but I have listened carefully to the debate in this chamber and I believe I can discern certain fundamental motifs which I shall now try to summarize very briefly.

The problem is purely political and the rapporteur, Mr De Koning, has told us this morning that, whatever the conclusion reached by us this evening and by the ministers of agriculture over the next few days, if we persevere with the monetary policy that today divides certain Member States from other Member States, it would be perfectly useless to adopt measures

De Sanctis

such as these, since they would certainly take a negative and counter-productive form. This is what the rapporteur said this morning, with a degree of prudence and moderation that I believe does him honour and which I greatly value. Mr Ortoli spoke of the subject this morning when he stated that the Commission was in essence fairly optimistic as to the solution of the monetary problems.

Addressing myself to my colleagues in Parliament, I would ask them if we can seriously share the Commission's optimism. The member States are still openly divided, there are great uncertainties and we know that the stand taken by the United Kingdom on the one hand and by Italy on the other, which are apparently similar, have underlying problems that the Commission does not seem to have wanted to probe. I would add that these points have been raised by other colleagues and this should be taken into account. In principle, my opinion and the opinion of my colleagues on the Italian national right wing is that unless a definite, rapid, immediate, concrete and reliable solution is found to the monetary problem it would be absurd for us to adopt measures of this kind as they serve only to create further imbalance or at the least to leave such great areas of doubt as to compromise any future solution to the delicate problems with which we are concerned, problems for which, as I have said, a stopgap solution is not enough.

From this evening's debate has emerged a sort of geometric figure with three vertices, one vertex being the agricultural policy, another the monetary policy and the third the anti-inflation policy. I have already discussed monetary policy; of anti-inflation policy I shall repeat what my colleagues have emphasised with authority: the increase in agricultural prices really implies an avalanche, a chain of price rises in all foods and mass consumer goods. The inflationary spiral from which Europe is suffering at this moment, especially in countries such as Italy, may not be arrested. This subject is not my speciality but I can say that the Italian experts predict a further increase of about 7% in Italy over and above the EEC price increases laid down in the information provided us by the Commission. This would be completely ruinous to an extremely large sector of our economy.

This is why it seems to me to be fundamental, at this juncture of the debate, to find a middle way between the choice urged upon us by the Commission and the alternative political choice suggested by other colleagues in Parliament. The geometric figure of which I have spoken thus ceases to be triangular and becomes polygonal. I believe that two other vertices should be taken into account: first of all, the responsible bodies

in the Community should concern themselves with finding a concrete solution to the very broad and important problem of what is known as regional policy, which means, Mr Lardinois, a special in-depth investigation of the position of individual Member States, for it does not in actual fact seem to have been investigated to the extent required for such grave and important decisions as those we are about to take this evening.

President. — Would you please conclude, Mr De Sanctis.

Mr De Sanctis. — (I) I have almost finished, Mr President. The second vertex is that of competition. The invasion of the Community market by products, especially fruit and vegetables, from non-Member States has an adverse effect on trade, on the commerce and distribution of similar products in the Member States. This is what is happening in fact to the detriment of fruit and vegetable products in our own country. Now, if we consider these particulars of the situation...

President. — Would you please end your speech.

Mr De Sanctis. — (I) Mr President, excuse me, I am not reading my speech and this is my first. Nevertheless, I have come to the end. If, therefore, all these things are taken into consideration, what are the medium—and very short—term prospects? In the first place, a firm stand should be taken on the subject of monetary policy. In the second, the European Community should be viewed as a community of consumers, discarding any other alternative. The European Community, Mr President, would then be truly able to carry out its commitments as a Community and its general social function by creating new and different relationships among the Member States and also with non-Member States.

(Applause from the extreme right)

President. — I call Mr Bangemann.

Mr Bangemann. — (D) Ladies and gentlemen, I think one can only do justice to the Commission's proposal if one bears in mind that it exists within the context of the prevailing agricultural price system and the present agricultural system generally. We have heard a whole series of arguments here, particularly from the Conservative Group, which are basically correct but which amount to the setting up of a new system. In this respect I share their view, but if we are to judge the Commission's proposal we must

Bangemann

not adopt this viewpoint. For the proposal, as it now stands, is a proposal based on the existing system. But in this respect it can also naturally be criticized. I will just demonstrate this with a few arguments which were raised in the course of the discussion today.

If the Commission is attempting with this proposal to make a start, at least, in dismantling compensatory payments and at the same time to remove the difficulties which have arisen due to the monetary crisis, then it is taking on an impossible task. It is completely illogical for the Commission to say, for example, that, because it has become necessary due to the movement of prices—which has indeed also made itself felt in the case of the costs of agricultural production—to raise prices a certain amount in order that agriculture should not have to bear the burden unilaterally, we therefore propose a solution under which the effect for Dutch, Belgian, Luxembourg and German agriculture will be precisely nil. This is nonsense of course and in any case does not do justice to the argument that we must raise agricultural prices in order to cover increased costs. Therefore in my opinion we must, so long as this proposal is to remain within the system, do what Mr Frehsee has proposed, namely keep the two matters separate: first we must decide to what extent increased prices for agricultural products are necessary in order to cover increased costs, and secondly we must decide to what extent a dismantling of the system of compensatory payments is necessary in order to achieve a common agricultural market. Once you look at these problems separately from each other, ladies and gentlemen, you will surely agree that the argument that any increase in agricultural prices has an inflationary effect becomes very much a matter of relativity because you will realize—and you have pointed this out yourselves—that we are initially only talking of guaranteed prices here, which only partly represent true market prices. This means therefore that a rise in guarantee points, in marks, which therefore at the moment are not at all relevant, cannot effectively work its way through as an increase in prices. Again, you must bear in mind on the other hand the extent to which such food prices are in fact a proportion of the cost of living index at all. We worked it out for the proposal which our political group made and which was tabled by Mr Baas. With an overall increase of 4% in agricultural prices an overall average increase of 1% in food prices would result because many orientation prices are below market prices, and this would mean a rise of 0.2% in the cost of living. If you judge the price proposals against the background of these figures, then I consider that the argument of its inflationary effect is no longer tenable.

The dismantling of compensatory payments presents a different aspect however. For in my opinion this problem is a burden which has been one-sidedly and unjustly laid upon the back of agriculture. I do not think that anyone else would tolerate seeing his working supplies rise in price without being able to compensate for this in any way and being told: because the general movement in prices—by no means only caused by food prices—is upwards, you may not pass on the increased costs of your means of production in the prices you charge. This is surely an unfair procedure and one which may also result in a further drawback, which I should like to mention as it has not yet been mentioned today in connection with the problem of surpluses. You all know that a farmer, faced by a reduction in his income due to a fall in prices when costs are steady or rising, will do something very simple: he will increase the quantity of his production. This is a result which we have often noticed, a result which in the situation we are in today will lead to further surpluses. For the rest, I should like to say on this point that I have been less disturbed by the fact that we have sold butter to the Soviet Union than by the fact that evidently even in the case of this sale subsidies had to be paid in order to bring about the sale. I have addressed a question on this point to the Commission and am interested to hear what they will answer.

I therefore think that the compensatory payments which we wish to dismantle here cannot in principle be dismantled as long as our monetary difficulties persist. It would in my opinion be unjust to make the attempt to abolish them at the sole expense of the Community's agriculture.

We surely all have a feeling of solidarity here and are prepared to accept a European solution. But if this European solution is to be effected one-sidedly at the expense of a single occupational group in certain countries of the Community only, then some part of the spirit of solidarity—which is essential if all members of the Community are to agree to a European solution—is missing.

Finally may I perhaps deal with a point which is very important to me and which several speakers of the Conservative Group have mentioned at different times, namely the question of altering the system. Here I can support you without reservation. I would also like to say—Mr Vredeling is not here at the moment, but Lord Mansfield is here as a member of the Committee on External Economic Relations—that I admired the great self-control with which Lord Mansfield kept his own views in the background and spoke here on behalf of the majority

Bangemann

of our committee which holds a different opinion to his own. If he had given his personal view at the end of the report I would have regarded this as a kind of safety-valve. Probably so much psychological pressure built up inside him as a result of his very correct behaviour that he had to go and get some fresh air.

I think however that we must take this question of the system itself very seriously for in the long run, even if we now accept this proposal in one form or another, we will not always be concerned with the same difficulties. In the long run it is quite intolerable that industrialized countries should produce agricultural surpluses which then naturally lead to the difficulties stressed by Lord Mansfield and equally to difficulties in trade relations with third countries which have no opportunity to do other than to produce food and which do not possess the opportunities which we possess, namely to carry on industrial production and thus to earn their national product. This means therefore that against this background we must in any case set a course in the direction of altering the system. I think also that we will then perhaps be better able to get to grips with the problem of consumer prices which we still have before us now, and for this reason I would very strongly support the proposed amendment or supplementary proposal of Miss Lulling which specifically refers to this point. I should now like to ask the Conservative Group to consider whether the whole of their proposed amendment does not basically concern this problem and not the Commission's proposal. One can only deal with the Commission's proposal by either, as Mr Frehsee has proposed, separating compensatory payments from the question of prices or, if one regards this as too far-reaching, at least accepting the proposal of the Liberal and Allies Group that the overall increase should be fixed at 4 %.

In conclusion I should like to say that, as a new member of this House, I would be very glad if we were not only to talk about agriculture in European dimensions, for the problem of agriculture also lies in the fact that it must bear on its shoulders the whole progress towards European unity. Perhaps this comes from mythology—Europa had something to do with cattle, though I think it was a bull not a milk cow. So I should like to hope that in the future we will sometimes be able to deal with European problems outside agriculture in a debate which examines the fundamental issues in the way this one has.

President. — Bearing in mind Mr Bangemann's remark about Europe... (*laughter*)...

I now call Mr McDonald.

Mr McDonald. — Mr President, nowhere is this debate followed with greater interest than in the Republic of Ireland, because agricultural products account for such a very high percentage of our GNP. The overall level of price increases proposed is to my mind rather inadequate, and will make no real contribution towards reducing the gap between the level of incomes in agriculture and the non-agricultural sector. This is a serious defect in the Commission's proposals. If we are to comply with the provisions of the Treaty of Rome, we must take more effective measures to raise farmers' incomes and improve their standard of living. Farmers' costs have increased in the past year, and I do not think that an overall increase of less than 3 per cent in agricultural prices can be regarded as enabling farmers to maintain their position let alone to improve it relative to other sectors.

If I may deal with a few specific products—the ones that are perhaps more keenly looked at in Ireland, it seems to me that the prices of cereals should be raised higher. There is a particular need for a much greater increase for barley. An expansion in barley production would not cause embarrassment to the Community, while a greater price increase for this product would be most valuable in raising farmers' incomes. The 2.76 % increase proposed in the sugar sector is also far too low. I appreciate that there are supply problems in this case, but I think we must make better provision for the income of sugar beet growers and endeavour to stabilize production and employment in our sugar factories. The present price increase will not even compensate for the considerable increase in the cost of fertilizers during this season, and it therefore comes as quite a disappointment to those of us who have been engaged in this industry in the Republic of Ireland since, I think 1926.

Turning to the livestock sector, the increase proposed for beef may appear satisfactory, but we must remember that it is not a real market price increase. In view of the present level of market prices for beef, the guide price could without difficulty be raised beyond the level proposed by the Commission. In the case of pigs, also, I consider that a greater increase is both justified and desirable. Pig production is of special importance to smaller farmers, and we could make a major contribution to their incomes by raising the basic prices for pigs somewhat higher. This would improve the situation for many poorer farmers and the meat market situation in general, since the demand for pigmeat has grown quite considerably. Pig production has unfortunately in the past been to a large extent adversely effected by supply and demand and subjected to continuous cycles in production, and to my mind we need to do more to encourage

McDonald

this branch of our farm production and the development of new and quite costly techniques. I feel that the proposed increases will not give this branch of farm husbandry the confidence and the impetus that it needs.

My main disappointment, Mr President, has been at the Commission's proposals as they apply to milk. I fully realize that there are supply difficulties in the milk sector, and that stocks of butter are building up. However, there are other considerations that must be borne in mind, and in our situation in Ireland, milk is the one product which enables our farmers to obtain a reasonable cash income. It is the means by which many of the smaller producers can develop and expand their enterprises. This is true of many parts of Ireland and I am sure that it also applies to parts of most other Member States. This regional aspect should be recognized, and we should not worsen the position of the smaller producers by unduly restricting the price increases for milk. In Ireland, milk production is an essential activity in many areas where there are at present few other employment opportunities, hence my particular concern about the regional aspect.

Mr Brewis. — Mr President, with your permission may I ask the speaker a question?

President. — Yes, Mr Brewis, you have the floor.

Mr Brewis. — He has spoken about the producers, would he also mention the consumers? Is it not the case that consumer prices in Ireland have gone up at about double the normal rate and by something like 13 per cent in the last year? Should he not take that into account?

President. — I call Mr McDonald.

Mr McDonald. — Mr President, we have been compelled to take the British cheap food policy into account for far too long, and I want to say to my British neighbour that we have put up with it for far too long. I welcome the day when, in this greater Europe, we shall be able to speak to you on an equal footing, and I do not particularly...

(Protests from the Conservative benches)

Mr President, I was not prepared for an interruption by Members from the Mother of Parliaments, and it has taken me a little by surprise...
(Murmurs of dissent from the same benches)

It is rather difficult to be diverted in the very short time that one has at one's disposal here, so,

Mr President, you will pardon me if I do not deal with my friends' interruption.

Mr President, it seems to me that this annual adjustment of prices should be used to improve the position of the weaker sections of the farming population. I do not think that the present proposals do this. Concern about the inflationary effects of food price rises appears to have influenced them. It is right and proper that we should be concerned about inflation, but we should not allow this concern to distort our judgement. We must of course consider these price proposals further and I would hope to see them suitably amended.

In conclusion, I would just like to pay tribute to the Commission for the very valuable work they have done. They were faced with serious difficulties, and they have made great efforts to overcome them. While I have perhaps criticized some aspects of the proposals and certainly do not agree with some which perhaps more closely concern my own country, I fully appreciate the huge amount of work that has been involved in preparing them.

(Applause)

President. — Thank you, Mr McDonald. I note that the Republic of Ireland and the United Kingdom are united in the same Community.

(Laughter)

I call Mr Früh.

Mr Früh. — *(D)* Allow a newcomer to make a few brief observations at this late stage on the document before us. We are discussing the fixing of prices and all of us know that prices and costs are one connected problem and that our farmers, when it comes to their prices, have to produce their goods in an economy in which costs are rising, i.e. an inflationary economy. In this I am dealing with a subject that has already been mentioned at different times; I simply want to clarify it a little, because I have the impression that attempts have been made several times to confuse cause with effect by laying the blame for the inflationary tendency at the farmers' door. It is clear to everyone that agriculture, with its relatively small share in the national product, is just not in a position either to damp down or to spur on inflation. Incidentally, in earlier times we once had high agricultural prices in our country and practically no inflation. However, we do not wish to leave the effects on the consumer out of account. It has been very clearly stated by Mr Bangemann what effects the raising of food prices has, and that processing, distribution and all other services contribute towards the basic essential. When our British

Früh

friends state that low-income groups such as pensioners will be badly hit by such a policy, this is indeed an argument to be taken seriously. However, the counter-question must be taken equally seriously and this is: can we really burden the farmers, this relatively weak section of society, this small portion of the population, with the faults and omissions of our social policy as a whole? I should have thought that more ought to be done in the social sphere, by means of dynamic pensions, equalization of family burdens and all the other measures which must be extended for these lower-income groups. Shortcomings of social policy cannot be shifted on to agriculture. A policy for stability, which we all desire and which we must strive for, cannot be implemented to the sectional disadvantage of agriculture; agriculture must not become the whipping-boy of a policy to combat inflation, but the effects of our stabilization policies must be borne by all citizens equally, all must make the same sacrifice; and here, the farmers feel isolated. They have no auxiliary forces to come to their aid. In the Federal Republic of Germany, the stability pact which was offered was not accepted.

Let me briefly introduce a second aspect at this point: it has always been said that structure and the alteration of the structure play a vital rôle. It is evident from the Commission's report on incomes in agriculture that the structure in the EEC as a whole is certainly in need of improvement and capable of being improved. When you see from the figures that there are about a million farming businesses of 5 to 10 hectares and the same number between 10 and 20 hectares, then we know for certain that if we wish to alter and improve structures in this sector we will also need men who are prepared to carry out this alteration of the structure. But one thing is quite clear here: if the steeply rising costs of structural alteration are not borne by prices, then I am afraid that those very farmers who would have been capable and willing, that is to say those farmers whom we describe in the structural programmes as being capable of development, will cease to cooperate and will deny us their support in this matter, with the result that we will not be able to improve the structures to the extent we would have wished.

Naturally when considering the price proposals we must take account of the markets and this also has been mentioned here. I only want to make one comment on this: if other countries wish to take back millions of hectares into cultivation, then it is not primarily our affair how we deal with the surpluses on these markets. Where we have to deal with permanent surpluses we must, as Mr Héger has said, grasp the evil by the roots, even if this means limiting quan-

ties in order to achieve an acceptable result. On this matter the Commission has promised to institute a debate on fundamental agricultural policy principles.

Let me come to my last point, which is without doubt the decisive point. That is that this debate is overshadowed by the monetary problems. In Mr De Koning's excellent report it is stated right in the first sentence that the present grave disturbances in the common agricultural market are surely attributable to the occurrences in the monetary sphere. But, and I think we are all agreed on this, these monetary problems were not created by agriculture and will not be able to be cured by agriculture, however much the Commission may endeavour to achieve this with its present proposal as a first step. Agriculture is merely the victim of these currency changes. Mr Lardinois, you said in the course of your explanations that countries that have revalued their currencies must make a sacrifice. I should like to ask: must they make *one* sacrifice or a continuous, recurring sacrifice? When I consider what a great pioneering achievement for Europe agriculture with its Common Market, with the European unit of account, surely made in the early days, and what a great European achievement—demanding sacrifices—the approximation of these prices was; and if one is aware of how this Common Market has withstood and survived revaluations, several devaluations, floating of currencies and so on, all these unpredictable crises, one has to ask oneself: how was it all possible? Success was finally only possible, in all the difficult discussions, because, through the Commission's order on compensatory payments, a means was created of evening out these constant alterations and thus keeping the Common Market to a certain extent in equilibrium without however stemming the flow of goods.

For this reason I am firmly convinced that in the present uncertain monetary situation the system of compensatory payments is one of the most important instruments. For you also said, Mr Lardinois, that at the moment—and this was the decisive point—we must take this course proposed by you. But no one knows what comes afterwards, and I consider it really impossible that at a time when it is not certain whether or not still more changes will come upon us we should dismantle the instrument which has made it possible for us to succeed in travelling this difficult path together as far as we have done.

Let me conclude with one very important observation: if we do not quite soon—our Italian colleagues have said 'very rapidly', but we know that will not be possible—if we do not achieve as rapidly as possible an Economic and Monetary Union, to which in my opinion the system of

Früh

compensatory payments may lead us, to which indeed it may force us almost like a motor, we shall not succeed in saving agricultural markets by sacrificing agriculture in individual countries. For this reason I really appeal to you, Mr Lardinois, to separate your proposal to start dismantling compensatory payments from the price proposals, because I believe that in so doing we shall choose a surer way to Europe.

President. — I call Sir Anthony Esmonde.

Sir Anthony Esmonde. — (*E*) Mr President, the Commissioner has faced great difficulties in dealing with this problem, and, by and large, he has done a pretty good job. Our rapporteur, Mr De Koning, has also dealt with the situation in a very able way. In the Committee on Agriculture—of which I am not really a member, although I happened to be attending these vital discussions—he tried, in every way he could, to meet the wishes of the British Conservatives, but he found that he was unable to do so, and that the majority of the Commission were not in agreement with them.

As I understand the position, the difficulty facing the Conservative Group as a whole—I should not say the British Conservatives—is that they are afraid of surpluses. Now, I was twelve years in the Council of Europe and actively associated with the Committee on Agriculture all that time, and when we went to Rome to have a session with the Food and Agricultural Organization there were enormous surpluses of wheat and enormous surpluses of coarse grain as well. Everybody raised their hands in horror and said 'What will we do with all these surpluses? We will have to cut down agricultural production'. At the same time there were a few bleating voices, such as my own—nobody, Sir, really listens to me as a rule—saying that half the world was starving, and for that reason it seemed to be bad policy to cut down agricultural production. Shortly afterwards the Chinese, who would never have admitted that they were on the point of starvation, came on the market and bought all the surplus grain. Very shortly afterwards the Russians also came on the market and bought all the coarse grain.

If I understand the arguments of my Conservative friends over here, they fear that they are going to have surpluses if we grant any increase in agricultural prices. They also fear that any increase in agricultural prices will cause havoc and inflation. Well, let us be fair to the farmers. They have to face the increased charges that everybody else is facing. If we were discussing here tonight an increase in wages in industry or

any other facet of productive life in any country in Europe, there would not be a word said against it. But there are protests as soon as the farmers look to their rights and claim what they are entitled to. These are actually very moderate increases. In Ireland we do not agree that they are sufficient. How is the farming community to meet increased charges? Will there be increased wages? Will there be increased prices for fertilizers? Whatever increases there are, how are the farmers to meet them unless they get this moderate price increase? I therefore fail to understand the arguments put forward by the Conservative Group, though I am rather conservative myself, as a rule, in my general outlook. Farmers have got to meet these increased charges, and to meet them they have to get an increase in prices.

I thoroughly agree that the situation with regard to butter has rather got out of control, and I very much favour the suggestion by the Commissioner that we should turn to the production of dried milk and that sort of thing, because I know that it is necessary that people starving all over the world should have some opportunity of receiving help from the wealthier nations—and I point to Britain when I say that since they are a very wealthy nation, as you know, while we in Ireland are poor people.

I therefore think, taking it by and large, that the suggestions made by the Commission are reasonable. Certainly in my own country, Ireland, we have a problem, in that there are certain areas in which we have no productive plant for dried milk, and I think the Commissioner might take another look at that. I would like to point out, as a farmer myself, that a lot of small farmers are largely dependent upon milk products for their existence, and therefore on particular manufacturing processes afterwards. In Ireland, we are only beginning to industrialize in certain areas where we cannot yet manufacture dried milk products. I would therefore ask the Commissioner to look into that aspect and perhaps to consider whether it would be possible in some way to grant Ireland a concession for the continued production of butter where it is considered vital, just as, in other areas, hill farming concessions are being requested.

I would conclude by saying that in Ireland we consume all the butter we produce, because we take no notice of all these medical organizations which say that if you eat butter you will die of heart failure, and so on. I would like to advise my colleagues here this evening that they are quite safe to eat butter. They will not die of heart disease, although they may put on weight. I am sure a lot of you may be trying to reduce your weight, but otherwise butter will not do

Sir Anthony Esmonde

you any harm. I think one of the things that is happening is that certain medical organizations have talked so much about the risks of eating butter that there has been a major changeover to margarine and that kind of thing, particularly in Europe and Scandinavia. This would seem to be quite unnecessary. Before I sit down may I advise my colleagues, including the British, that if they have any fears whatsoever about surplus production they should get down as quick as they can to eating the butter.

(Loud applause)

President. — I call Mr Lardinois.

Mr Lardinois, *member of the Commission of the European Communities.* — *(NL)* Mr President, I've made notes of the comments made by all speakers. So I assume that I am also called upon to answer their questions.

In view of your clear injunction, I shall attempt to keep it short. But I must briefly touch on the points that I consider of essential interest.

I had no difficulties with the very interesting observations by Mr Guldborg. I can go along with that in broad terms, but I hardly encountered any questions in his contribution. I assume that he will therefore permit me to go straight on to what Mr Brewis has commented. Mr Brewis referred back to the debate in the House of Commons about which I spoke with reference to the report in the 'Financial Times'. He said: Yes, but we, the British conservatives, defend the common agricultural policy here in the European Parliament as well.

This was indeed a reassurance that I was slowly beginning to need after the criticism that in the last few weeks particularly I have heard from their side with reference to the price proposals. And I am very pleased about the position that the British Minister of Agriculture defended in London so clearly, so justly and with so much argument and in my opinion particularly convincingly against the opposition in Great Britain. Mr Brewis too said that it was the British Socialists in particular who attack the common agricultural policy, because the price level in their opinion is much, much too high...

Mr Radoux. — *(NL)* But they are not here!

Mr Lardinois. — *(NL)* That is right, I would also have been glad to have them able to have said this here. And I could also have answered them here. Because what is the case? I can still remember quite well that the Minister of Agriculture in the last socialist Wilson government, Mr Peart, had a White Paper issued in August

1967 in which he more than clearly implied that the accession of Great Britain to the Common Market would do great mischief to the British farmers, because as regards 75% of their production the prices and the guarantees in Great Britain were in fact better than in the Common Market. I do not know who can still remember this on the British side, but this was in Mr Peart's White Paper in August 1967.

And what has happened since then in the EEC? Have we increased our prices so greatly since August 1967? Certainly not. The prices, for example for cereals, have risen by 1% per year since 1967! But something has indeed happened on the British side. Since August 1967, since the appearance of Mr Peart's White Paper in which it was indicated that it would be such a bad thing for British farmers to join the EEC, the pound has been devalued in Great Britain by more than 35%. That is the problem! The difficulties cannot be attributed to the fact that we could be said to have carried out such an exceptionally exaggerated agricultural policy in the EEC here on the Continent.

Think of the fact, for example, that in Germany at the present time the price of wheat is still precisely the same as in 1952 and 1953. Of course, it was then fixed at much too high in Germany, but in those twenty years all kinds of things have happened in the incomes policy in the rest of society, and one thing and another has happened in the area of costs. Why did Germany fix the price of cereals so high in 1952? This can of course partly be explained by the history of German agriculture as a whole.

I should still, for the last time, like to try and make one thing clear to Mr Brewis and his whole Group. It is not only a matter of simplifying the border measures. It is not only a matter of facilitating administration. It is not a matter of foisting higher prices onto the consumers. And it is not a matter of taking up a better position in the GATT negotiations thanks to the fact that in some countries prices rise more than in others. It is simply a matter of our being able to take a stand *überhaupt* at the GATT negotiations at the Nixon round, in which the Americans give pride of place precisely to agriculture! If we do not take action in concert we shall slip back further every month. Two weeks ago the German Minister of Agriculture asked the Council to apply this border mechanism, to the alteration of prices in the fruit and vegetables sector as well. (I have in fact heard this noised abroad again today.) Because, he said, the difference between Italy and Germany has now reached 18%. And because of this we in Germany want border measures for this sector too. What does this

Lardinois

mean? This means in fact that when apples for example go from Italy to Germany, an additional 18% by way of import duty is levied on them in Germany. But it does not rest at that. It also means that this additional 18% is automatically applied at the same time towards third countries.

Now that fruit and vegetables in fact take pride of place in the Mediterranean policy, now that vegetables, fruit, preserves, etc., will be counted among important products in the Nixon round to be held, I ask you: How can the Community take a stand *überhaupt* if we speak about a dismantling of import duties in the order of 3, 4, 5 or 8% at the GATT negotiations, while through the measure mentioned above 18% additional import duty comes on top? Now you will say: 'Yes, but that is fruit and vegetables.' So we had better not do that. But the same applies, for example, to a product such as maize, which really is of prime importance to the Americans. The Americans are substantially concerned with marketing more cereal feeds in the years to come. But what does the position look like as far as this is concerned? I have had a look at what the levies in Genoa and in Hamburg are this week. Well, now, the levy in Hamburg is 50% higher than the levy in Genoa, principally in consequence of our border mechanism. How can we now go and talk to the Americans about any possible adaptation of our mechanism, so that in the years to come we can stop falling over their feet and also as regards agricultural policy can have a reasonable relationship with them in the future, if we take up entirely opposite positions and have no own strategy? It is brought home to me time and again that people do not want to understand this. I tell you emphatically: the Community is not in a position to speak about agriculture in the coming GATT negotiations, unless at this moment we can find a way back to a common agricultural market.

(Applause on the E.D.U. benches)

And if we can't do this, we shall in fact in a roundabout way come down to the national governments themselves having to go and talk to the Americans. I did not think that it was for this that for 12 long years we have all of us, with so much effort, been building up this Common Market.

Lady Elles, Mr President, also pointed out that the interests of consumers in particular are of great significance. Of course, that is true, but may I say one other thing? Some people talk about the wage-earners, others about the tax-payer and others again about the consumers. We do in fact have to realize that each of us, each citizen is a wage-earner, a tax-payer and

a consumer. We must not take these three quantities in isolation therefore. I certainly have sympathy with the housewife who says that the prices of foodstuffs in the original Community of the Six have gone up by a least 6%. But in cross-section the earnings, those of the family, of her husband or of her herself, have gone up by 12 to 14%! Of course, the tax-payer must raise money for the common agricultural policy. That is right and that is no small sum, quite the contrary. But let us realise that mostly when the tax-payer in any given year has to pay a much smaller sum for agricultural policy, whether it be national or whether it be Community, precisely in *that* year the consumer must pay much more. There is no better way for a reasonable development of prices for foodstuffs than a few surpluses, even as regards butter. These cost less than what the consumer would have to pay in a shortage such as that of two years ago when the market was said to be so-called healthy.

Once again, I repeat: Will you please not divorce the function of the consumer, the function of the tax-payer and the function of the wage-earner from each other? We are all of us at one and the same time the first, the second, and the third.

Lady Elles was right in what she remarked in connection with what Dr Boerma said at Munich. Dr Boerma, a fellow-countryman, who I know long and well, and excellent man, has not done much else over the last three or four years when he was on the subject of the common agricultural market in Europe, than offer a good deal of criticism of our system. And apparently not entirely unjustly. But I do wish to emphasize upon you, that I received a letter a few weeks ago from Dr Boerma, in which he urgently besought me for the sake of the world to get down to producing more cereals and to keep more cereals in reserve, with a view in this way as rich countries to fight off in the coming 1970's the hunger which is now already in control, as he puts it, "from Dakar to Dakar". Now I do not want to say that this is therefore the way: expansion of production. But I do say with emphasis that this is a two-sided coin. I say with emphasis that we have surpluses of cereals, particularly of soft wheat. But I certainly do not say that taking things as a whole in the world context we have too much cereal. We do have much too much butter. Dr Esmonde has in fact given my spirits a boost, but this is a fact. As regards cereals as a whole we must indeed take care that we do not produce too much. We must take care that we do not go along the road of soft wheat for all kinds of cereals, but taking things as a whole, we do not have any structural surpluses of that at this moment. We do produce

Lardinois

various types that we do not all consume, but I thought that this was right, anyway. For this reason we must import specific types, such as hard wheat, from Canada, the United States and so on, and export other types. This is participation in world trade and this in my opinion is correct. But you must not then go and say that in cereal policy, the sum that you have mentioned entirely represents the costs. In the long run we are concerned with a traffic in trade in which we import and bring in levies, and export other types in a similar quantity, whereby we give those levies back again. This system is permitted under GATT and it is not entirely money thrown away, what is used by way of rebates in this way in the cereals sector. I do not say that it is everything, but it forms an important part of the outgo incurred in this sector.

Mr Vetrone defended the position that agriculture was not the cause of inflation. On average he is right, but it can happen sometimes that foodstuffs are the spearhead. This is the case at present in the United States and also in Great Britain. I am glad of one thing. No one who knows our system and who knows the British system can justly assert that the common agricultural policy can be said to be responsible.

Mr Vetrone has also said that we do not propose the full 6.75% increase on some typical sub-tropical products, such as olive oil, but only 4%. We thought we were in fact doing a great favour to Italy, who in fact we allotted a hefty price increase in our proposal. Perhaps not to all producers but at least to many consumers. This business in fact has two sides therefore. I can go along with Mr Vetrone that our proposal regarding hill farmers, our price proposals, and our proposals regarding premiums for further expansion of meat production must together form a package. It is indeed a triptych. These proposals belong together and I hope and expect therefore that the Ministers of Agriculture will make their decisions on the whole front.

Mr Héger has given utterance to words of criticism. He has in fact said the same in part on monetary entanglements as Messrs Frehsee, Früh and Bangemann. It comes down to the fact that we may not let the farmers suffer from the monetary entanglements, because the farmers have not been the cause of these difficulties. I must really consider this reasoning a bit on the simple side. Why do governments revalue or devalue their currencies? Surely they do that intentionally to put pressure on their own economy in the event of a revaluation, and to confer advantage on their own economy in the event of a devaluation. This is

what it is about, this is after all a conscious policy. You cannot really isolate agriculture from that. Everyone says after all that agriculture is a part of the economy, a part of the whole. What objective reason is there then for making an exception for agriculture? The shoe manufacturers or the textile industries or the tourist industry or what-you-will is not after all excepted, no one is excepted. But there is just this difference, that we say to agriculture, we shall adapt you to the new situation only when this year is past, because you have had a guarantee, not in guilders or in DM, but in units of account. This guarantee runs to the end of the cropping year. At that moment the guarantee lapses and then we shall go and talk about a new guarantee, in fact at the new prices. That in my opinion is the right moment to proceed to the adaptation that the Ministers of Finance wish; and which the governments are aiming at, a generally accepted method for introducing changes in the position of specific parts of the economy. Then the moment will have broken for agriculture to proceed to this adaptation. Not always in one go, it is true, for example not in the case of Germany, precisely because Germany has already done certain things in the past in this matter. It would not therefore be prudent either, taking a political view, to ask more of Germany in this than it can actually do. It is also a question of Community interest, a Community matter. We must not, therefore, in my opinion, wait until everything is so-called settled at a monetary level at a given moment, and then suddenly put the whole thing through. We could well have a bad harvest. It could well be that the adaptation would be impossible from a political point of view and where would we then find ourselves? Where would we find ourselves if at this point we were to let the matter fade through neglect over the next few years? In 1978 we would then have got so far that the three new Member States, Great Britain, Ireland and Denmark would be forced to accept our price level, while the Benelux and Germany would then lie beyond our price level. I ask you in all seriousness whether this is an option we could defend as a Community.

Mr Héger also talked about butter and made other suggestions for dealing with specific surpluses. Some of his ideas on this I already know. Perhaps we shall still end up in a situation where we shall have to take up several of these ideas. He says that the United States has now again put millions of hectares under cultivation. As far as I know this is 15 million ha, principally in the cereals and soya sector. We have great need for these products in the world at the moment, but it is quite likely that this

Lardinois

is no longer the case in two or three years time and that we shall then have pressure put upon us to absorb a bit of it. The United States took this measure entirely unilaterally. They asked no one else for advice. The United States can by taking this measure unilaterally acquire no rights for itself with regard to other markets, if they do not openly agree to it.

Mr Frehsee spoke about unequal price applications. This is in fact just our intention. These unequal price applications are entirely in line with revaluation and devaluation respectively. I cannot see anything abnormal in this. Besides, the countries whose currencies were revalued, Benelux and Germany, need no price increase this year in connection with their costs of 6⁰/₁₀, but of 4⁰/₁₀.

On this too the Ministers of Agriculture are at one, I would say to within a quarter or a half per cent, both in the Benelux and in Germany. We are not concerned then with 6⁰/₁₀, but with 4⁰/₁₀. In the proposals that we are now making the price increase for the countries who have revalued similarly lies between 3 and 3¹/₄⁰/₁₀. You must then clearly realize that if you wish to make this costs theory a principle of our proposal, that for the countries who have revalued the difference that we are in fact talking about lies between 3¹/₄ and 1⁰/₁₀ and no more. The proposal that we are now making is not against the Council's working hypothesis of March 1972, but lies purely in the extension of this working hypothesis, because this working hypothesis was based on the fact that our currencies would shortly be declared official by the International Monetary Fund. Well, now, we all know that this may still take a year or two and the principle of this working hypothesis—because that is what it was, therefore fails to hold good. We therefore now end up in the extension of it. It is said that imports have gone up so in Germany. That the common agricultural policy therefore is entirely unharmed. We could say as easily that the United States has also gradually become a member of the Community, because our imports to the United States have also risen enormously. I did not therefore think that this could be a decisive argument.

Mr Hill has attacked the tie-up with the monetary problem. He says that this leads to varying production incentives in the various countries. Granted, but again this is precisely the intention of the revaluations and devaluations respectively. What other intention could you put as a basis to this? And the position in agriculture is no different than elsewhere. In my opinion these price proposals have no effect whatever on the pattern of production, with

one exception. We do in fact give the beef producers the assurance that they will get a guarantee for their production for the space of one year, which is nearly 20⁰/₁₀ more than they have at the moment. And I thought that this in itself, together with the premiums, could be a tremendous encouragement.

Mr De Sanctis again looked at things through the consumer's eye. On this too I have already spoken. He goes on to say that the import of fruit and vegetables from third countries is the big problem for agriculture. According to him it is not a matter of a monetary problem. As far as fruit and vegetables are concerned, I can go along with him on this, at the present time, but if we do nothing to the monetary border measures in the agricultural sector, the big problem for fruit and vegetables will come to lie just on that point. If 18⁰/₁₀ import duties are levied in Germany on fruit and vegetables from Italy and corresponding sums in the rest of the Community, then you would have good cause to complain. This fact must really not be lost sight of, because this is more than the beginning of the dismantling of our whole system. In fact for the strongest and most powerful sector of Italian agriculture this is the heaviest blow since the common market entered into effect.

Mr Früh has similarly talked about the *Grenzenausgleich*. I thought that I had now said enough about that.

Sir Anthony Esmonde also spoke principally on the problem of skimmed milk. I can tell him that where there are no drying facilities for dried milk, the skimmed milk is delivered back to the farm. The subsidy that we give for it in that case is then increased. Not indeed by the whole sum, but only for that part that dried skimmed milk gets when it goes to the veal sector. Sir Anthony said: 'We consume all the butter we eat'. I thought this was lovely, but I did in fact understand that he meant: 'We consume all the butter we produce!' (*Laughter*) I am particularly pleased about this, but I am even more pleased that he said that butter is so good for health, because if I am right Sir Anthony is not only a farmer but also a medical practitioner in his field. And I am more willing to be convinced by him than by other doctors on this point.

(*Laughter*)

Mr McDonald argued that agriculture prices had to be put up much higher. Well now, that I do not really understand. Ireland can increase its agricultural prices for milk, for beef and for nearly all other products by 11⁰/₁₀ (a) on account of these proposals and (b) on account of the

Lardinois

catching-up exercise that this country has still to carry out. I wonder when we shall be considered to be making sufficient proposals. For should we happen to have one year in five where we can do nothing, because we have had a good crop, I fear that the difficulties could become particularly great for Ireland. I therefore make an urgent appeal to Mr McDonald and his colleagues to take careful note in this case particularly that we are running a tremendous risk if we were to do more for milk, for example, than it would receive this year under our proposal. Pleasure could then well be shortlived on the fact that they have been taken into the Common Market for dairy products, of which they have expected so much. For barley, sugar beet and pigs the position is certainly no different. We must take care above all that as far as this is concerned we go on to a price adjustment that does not have a tremendous back lash due to enormous stimulation of production.

Then I am in fundamental disagreement with Mr Bangemann. He says that if the prices are lowered or if the prices are kept level, production will be greater than if the prices are put up. I am gradually beginning to wonder what can be done to influence production. Many people say that if the prices are put up, production becomes too great. I think that that is in fact usually the case. Because of this I cannot agree with Mr Bangemann's theory that if the price is kept level then production in fact increases. It does indeed appear in practice quite clearly that if you are careful with the prices production is usually quite acceptable. The proposal that we now have made is in my opinion careful with the prices. You have actually to see the matter against the background of the depreciation of money and the increase in costs, not in general, but for the farmer on his farm, in particular on owner-occupied, modern, adapted farms. That an amendment of the system should be necessary, everyone should consider. In general I feel that it is a good thing now and then to change system or, rather, organization in agricultural policy. The risk is always there that after a certain time a tool of this kind becomes worn, and then it is a good thing to start with another again. With the passage of time this again wears out, but then you can go on again for a space. But do not think that it would be an easy road, because what, for example, is good for the Benelux, is not necessarily good for Europe. This even applies to Great Britain.

Mr President, I should like to conclude by giving particular thanks to everyone for the criticism that has been made. May I in turn make a special appeal to this Parliament to see the

difficulties in which we stand. Let preference be given chiefly to the restoration of the agricultural market, because that is the surest way of making of our Europe in this field too, what we in fact all want to make of it.

(Applause)

President. — Thank you Mr Lardinois. I call the rapporteur.

Mr De Koning, rapporteur. — (NL) Mr President, I should like to begin by expressing my gratitude for the praise showered upon me by many speakers. I should like to pass on a very large part of this praise to the very competent official of this Parliament who rendered me so much assistance in preparing this position for the Committee on Agriculture.

A good deal of interesting observations were made in this discussion, which could prove a temptation to look into them on my side too. But I do believe that this would not be wise, seeing too at what late hour this discussion is taking place, and is not necessary either, after the extensive and very expert answers by Mr Lardinois. I thought too that the comments, insofar as these included criticism of the resolution of the Committee on Agriculture, were all without exception covered by the amendments before the House. With your approval, Mr President, I would give preference to stating the attitude of the Committee on Agriculture when the amendments are discussed.

President. — Thank you, Mr De Koning, for helping to expedite matters.

We shall now consider the motion.

On the preamble, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the preamble to the vote.

The preamble is adopted.

On paragraphs 1 to 17, I have Amendment No. 5 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group, worded as follows:

Paragraphs 1-17

Replace these paragraphs by the following:

- ¹ Notes that in drawing up its proposals on farm prices for the 1973/74 marketing year, the Commission of the Communities has in large measure been guided by the concern to put a stop to the fragmentation of the common agricultural market provoked by the monetary situation and to take a step towards restoring free trade in agricultural products and a common price level.

President

2. Recognizes that the proposed changes in agricultural prices together with the new system of monetary compensatory amounts combine to produce markedly different results in Member States when expressed in national currencies and that these differences would become even more pronounced if and when compensatory payments on trade between Member States are finally abolished.
3. Is of the opinion that monetary compensatory payments should be phased out by a jointly agreed date and that this should go hand in hand with the establishment of economic and monetary union.
4. Recognizes that these divergent results create different problems in Member countries; producers in the Federal Republic of Germany and in Benelux receive little recoupment for increases in costs; the problems arising in connection with the price gap between the founder Member States and the new Member States are aggravated; the inflationary effects in some States, particularly those which have devalued their currencies, are exacerbated.
5. Considers that the present serious strains upon the common agricultural market due to these factors can be eliminated and a single market re-established but believes that their achievement should not necessarily be tied to the price proposals for the 1973/74 crop year.
6. Expresses its concern regarding conditions in agriculture and the incomes of certain categories of producers as illustrated in the Commission's recent Report (SEC(73) 900 7.3.93) but recognizes that dependence on high producer prices to guarantee farm income to all categories of farmers in the Community is not a practicable solution to the problem of low incomes in agriculture.
7. Believes that a better balance between livestock and cereal production is necessary both to avoid generating unwanted surpluses which involve EAGGF in heavy export restitution costs and to reduce the present disparity of profit margins and incomes between cereal and livestock farmers.
8. In view of the essential need to combat inflation in the enlarged Community and avoid unwanted surpluses and bearing in mind the steady increase in technical efficiency in agriculture—particularly in the cereal sector—recommends that the proposed general increase of 2.76 per cent for all products (with the exception of durum wheat, olive oil and several types of tobacco) should be withdrawn.
9. Notes that the Commission's price proposals make allowance for the current market situation as regards certain products and agrees that further incentives should be given to encourage meat production and for a substantial reduction in retail prices of butter; considers it essential that if the objective of these proposals is to be attained they must be accompanied as soon as possible by other measures directed towards boosting beef production and butter consumption.
10. Is of the opinion that Member States, particularly those which have revalued their currencies, should be encouraged to apply additional measures—not tied to products and which do not exacerbate existing tendencies to over production—in the fiscal and/or social fields.
11. In view of the income trends in agriculture referred to above and the imbalance between cereal and livestock production, welcomes the Commission's proposal to study the system of agricultural support before submitting price proposals for 1974/75.
12. In view of the situation in the agricultural industry in certain areas, underlines the importance of measures to be adopted such as those for which provision is made in the proposal on hill farming and the need for effective regional policies as the structure of the agricultural industry in Member States improves.
13. Bearing in mind the forthcoming GATT negotiations which will be of great importance to the Community and also further multilateral talks connected with world commodity agreements, the present price proposals must be judged not only in their present context but also in the light of possible effects upon Third Countries which are partners of the negotiations.
14. Invites the Council, on the basis of proposals from the Commission, to address recommendations to Member States on measures to be adopted to control foodstuff profit margins and reduce the VAT rate on agricultural products and raw materials for agriculture with a view to combating the inflationary trends which the proposed price increases might aggravate in certain Member States.
15. Regrets the delays in implementation of the Directives on structural reform adopted by the Council on 17 April 1972 and requests Member States to ensure that the provisions for implementing the Directives are adopted as soon as possible.
16. Deems it absolutely essential that in future the Commission again attach to its price proposals, as in the previous year, as accurate a set of facts and figures as possible in regard to both agricultural and non-agricultural income trends and the cost developments with which agriculture is faced.
17. Instructs its President to forward this resolution to the Council and the Commission of the European Communities.'

I call Mr Scott-Hopkins to speak to his amendment.

Mr Scott-Hopkins. — Mr President, I understand that according to the Rules of Procedure I have five minutes in which to do this. I will not take up the time of the House by going over those points which have been clearly and carefully discussed during the general debate. I think that what has just been said by Commissioner Lardinois in point of fact bears very strongly on what I am trying to do, and I will refer to that in a moment.

Honourable members of the House will realize as they look through my amendment that there are similarities with what exists in Mr De Koning's report, which we have been discussing

Scott-Hopkins

this afternoon. The basic difference lies of course in paragraph 8 of my amendment, and in paragraph 7 and 13. I think I should explain to the House that I have tabled my amendment in this form because we in the European Conservative Group believe that this is a tidier way of changing the report. Although there are great similarities in many paragraphs, the nuances—which I am sure honourable Members have done us the honour of reading—more clearly emphasize what the European Conservative Group is trying to do.

First of all, we are not trying in any way to break the common agricultural policy. Indeed, we are trying to reinforce it. That is our purpose. Secondly, we firmly and utterly believe that some of the proposals made by the Commissioner are wrong in terms of the interests of European farming, not only now but in the future as well. That is the second point. Turning to what Mr Lardinois was saying a little earlier on, in making his justification for the monetary compensation amounts and the overall increase of 2.76 per cent neither on economic grounds—he moved away from that—nor on farming grounds—he again wisely refrained from this justification—he seemed to be saying that it would help us as Europeans, and it would help him—and my sole desire is of course to help him—when he goes with his colleagues to negotiate on our behalf in GATT. It seems rather odd—if I may ask the honourable gentlemen to think of it—that when you are going to adopt a position for negotiating with, for example, the Americans in the Nixon Round, the first thing you do, by raising your own tariff levels, is to kick them as hard as you can in the rear just to show them that you really mean well. For that is what we are doing. That is what we are going to be doing if we accept this.

I can of course understand the Commissioner's reason for wanting to help things along by dealing with the monetary compensation problems but I promised I would not talk about that—we have already covered it. I do, however, sincerely believe—and this is the reason for paragraph 8—that there are other and better means of dealing with this problem than using agriculture as the stalking horse.

That was the next thing I wanted to say.

Then again, I believe that the balance between livestock and cereals needs readjusting. We all of us know that the relation is ten to one, in terms of profitability, throughout Europe. You have only got to read the reports which Mr Lardinois' department produced in 1968, 1969, 1970 and 1971 to see that the balance has been wrong. We want to try and readjust this balance between cereals and livestock. Finally, we believe

that there are quite obviously going to be surpluses. I don't want to go on about this, but I have said—and many of my colleagues of all parties have said—that the dangers of creating surpluses are very great. You know, you cannot ignore what experts—even from the Commission itself—are saying, when they talk about increased production and increased productivity. How extraordinary that we have not used the word 'productivity', because in Europe we are jolly good farmers. All present in this House can stand up proudly for their good, efficient farmers. We know how good they are, and how much they have increased their productivity. They will not stop today; they will go on.

I see, Mr President, that my five minutes are up. I beg the House to realize that what we are trying to do is to improve what is being done by the Commission on behalf of European agriculture. We firmly believe that our way of going about it is right for the consumer, right for the farmer, and, indeed, right for European agricultural policy. To our mind, this is 'the best thing to be done. I formally beg to move.

(Applause from the European Conservative benches)

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, Mr Scott-Hopkins has just said in commenting on his amendment that paragraph 8 is the salient point in his amendment. It says in fact in this paragraph that in view of the urgent necessity to combat inflation in the expanded Community, another proposal should be made than the present proposal from the European Commission.

I must honestly say that I cannot understand that. Our conservative friends say that the salient point in the proposals is: the urgent necessity to combat inflation. We have had—I would almost say to the point of boredom—to hear it said that the agricultural prices are the driving force behind inflation, but I would like to ask our British friends what exactly is the position in England? What exactly is the position with your discussion with the trades unions? Do agricultural prices play such a great part in this? Or does something else play a part in this, namely that the trades unions should in fact associate themselves more with the fight against inflation, in the way that the British government sees this. Is that not the salient point? Are you not trying *pour le besoin de la cause* to find a scapegoat here, at it is so popular in England at the present time to say that you have to be against inflation, by holding up the Community's agricultural policy as the nigger in the woodpile? Are you not attempting to draw off your discus-

Vredeling

sion with the trades unions in England to the Common Market? Is that not what you are up to? What would actually be the real meaning of the fight against inflation in England? Do the common agricultural policy and the price increases really play such an important rôle in this, or are we concerned with the discussions that you are at present having in your own country with the trades unions? I am now speaking to Mr Scott-Hopkins as representative of the British government. What is the more important? Yes, I am asking you.

(Loud protests from the European Conservative Group)

Mr Scott-Hopkins. — On a point of order!

(Noise)

Mr Radoux. — *(F)* What is going on?

Mr Kirk. — Mr President, on a point of order!

President. — Mr Vredeling will conclude his five minutes, after which I shall call Mr Kirk.

Mr Vredeling. — *(NL)* I am pleased to see Mr Scott-Hopkins getting up and sitting down again, getting up again but finally sitting down again nevertheless. Mr Scott-Hopkins, I must honestly say to you that all you are laying down here in this amendment, as if the inflation in England must be attributed to the common agricultural policy, is of course an entirely exaggerated representation of the facts. Are you now going to continue your discussions with the trades unions? And with the TUC? Then you will see that this is only a disappearing part of the whole. What is really to the point in England is to try to get an understanding between the TUC and the British government. That is essential for the fight against inflation in England. And in this the agricultural problem only sits on the sidelines. You are trying to draw off the problem with which you are saddled to agriculture and to that I object. For this reason I am against your amendment.

President. — I call Mr Kirk.

Mr Kirk. — Mr President, Mr Vredeling has had his bit of fun. He knows perfectly well that Mr Scott-Hopkins is not speaking on behalf of the British Government any more than I am, or any other member of the European Conservative Group is, and he should certainly never have said anything like that at all...

Mr Vredeling. — *(NL)* Let us say that you are speaking on behalf of the majority...

Mr Kirk. — We are getting a little tired of this sort of thing from Mr Vredeling, and I hope we shall not have any more of it. *(Loud applause from the European Conservative benches.)* This amendment has been put forward by the European Conservative Group unanimously. It is an amendment in no way reflecting the position of any government of the Community. It is in fact in direct conflict with the views of the British Government—that I know for a fact. If Mr Vredeling will not accept this, then he is calling me a liar—and that is unparliamentary, as well. What we are doing now is to put forward proposals designed to assist the fight against inflation within the Community—in every one of the nine countries of the Community. You may disagree with our proposals, but I will not have Mr Vredeling or anybody else attacking our motives for making them.

(Applause from the European Conservative benches)

Mr Vredeling. — *(NL)* Mr President!

President. — I am sorry Mr Vredeling, I cannot give you the floor. You have had your five minutes in which to speak to this amendment.

I call Mr Baas on behalf of the Liberal and Allies Group.

Mr Baas. — *(NL)* Mr President, I deplore the fact that the debate is going in this direction. My group is prepared to assess the considerations of the Conservative Group on its own merits. I deplore the fact similarly that the conservatives pay too much attention to their paragraph 8 in their spoken comment. I have in fact discussed all of the Conservative Group's considerations in my Group. We regarded these considerations as a contribution towards the academic approach to the problem with which we are faced and also as a fundamental contribution to the formation of opinion.

But our criticism goes in another direction. In fact the context is being taken out of the problem that we are now concerned with. The context is being taken out of the whole concept of agriculture that we have defended for so long in the European Community. My assessment of this amendment must then be negative therefore. I regard it in fact as a contribution to the formation of opinion. We have to take that into account in the coming discussions on agricultural policy. I therefore think it of essential importance that the Group should have submitted it. If the Liberal Group unanimously or virtually unanimously votes against it in a while, that does not mean that we are altogether rejecting the ideas that are contained in it. Quite to the

Baas

contrary. But we must not give theoretical consideration here this evening to the principles of agricultural policy. We must here this evening answer the concrete question put by the European Commission, the question whether we are prepared to proceed on the basis of the existing situation in the Community of the Six to a certain adaptation with regard to the income of the farming population.

I should therefore like to beseech the Conservative Group not to let it come to a vote. I beseech Mr Scott-Hopkins to see fit to withdraw this amendment. This would indeed be a great service towards pure exchange of thoughts in this House. In addition, the full weight of the Conservative Group's considerations can then be expressed to the full in future discussions. In view of the responsibility that we have with regard to the farming population, in view of the expectations that we aroused in them, this is really not the moment to talk about this amendment. It does after all come straight down to the fact that neither the one nor the other is wanted. No price adaptation, no dismantling of the internal borders. I believe that before anything else, in accordance with the words with which Mr Lardinois finished, we must try together to come to a synthesis, that we must keep the Common Market and that when England, Ireland and Denmark have been completely taken up into the Common Market, they will be able to find their way in it.

We still have four years before 1978 in which to find time for the necessary adjustments and re-orientations and in this perspective I regard this amendment by the Conservative Group as valuable.

(Applause from the Liberal and Allies benches)

President. — What is the opinion of the rapporteur?

Mr De Koning. — *(NL)* Mr President, I greatly value all the work that Mr Scott-Hopkins has done to create an alternative proposal. Some of his paragraphs I could almost have written myself. With other paragraphs I think that my own drafting is a bit better, but that I need have no insurmountable objections to Mr Scott-Hopkins' drafting. But there are two paragraphs which in my opinion form the heart of the resolution, against which I do in fact have insurmountable objections. In view of the discussions in the Committee on Agriculture the majority of this committee cannot associate themselves with it either. My sights are on paragraphs 5 and 8.

The last section of paragraph 5 runs: '... that a single market can be restored, but is of the

opinion that the creation hereof need not necessarily be tied to the price proposals for the 1973/1974 crop'. This is very subtly formulated. But the intention is that the creation of the common market must not be tied to the price proposals for the 73/74 crop. For this reason Mr Scott-Hopkins then proposed to scrap the 2.76% price increase for virtually all products. If he should in fact be prepared to dismantle the compensating sums, to restore the common market, he could only have written paragraph 8 if he had an eye on a substantial price decrease for agricultural products in the Community and I do not assume that that was his intention.

On these two points Mr Scott-Hopkins' position, which is laid down in this alternative resolution, goes completely against the Commission's proposal, against the political intentions of this proposal, and against the attitude of the Committee on Agriculture which has agreed with the Executive's proposal. If we do not now break down the internal borders, if we do not now attempt to restore the unity of the Common Market, when can it be done? Must we then wait until the compensating sums disappear of their own accord? That will never happen. There will always be a context for certain compensation in the prices of agricultural products. If it is our considered opinion that we want to restore the Common Market as quickly as possible, we must now make a start on this. On the basis of the attitude of the Committee on Agriculture I advise Parliament therefore not to accept this amendment.

President. — I put Amendment No 5 tabled by Mr Scott-Hopkins to the vote.

Amendment No 5 is not agreed to.

On paragraph 1, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraph 2, I have Amendment No 6, tabled by Mr Frehsee, which consists in deletion of this paragraph.

I call Mr Frehsee to speak to this amendment.

Mr Frehsee. — *(D)* Mr President, I do not think I shall need to use the whole five minutes. Proposed Amendment No 6 is closely connected with Proposed Amendments Nos 7 and 8. These three amendments form a single entity. In giving my reasons for them I would refer to what I said in the general debate. These three amendments are aimed at dissolving the link which

Frehsee

the Commission has created between its price proposals and the monetary measures.

Proposed Amendment No 8, Item 16, calls for the approval of the Commission's price proposals and the rejection of the Commission's monetary proposals.

Mr President, these monetary measures, which are doubtless necessary in principle, ought not at this time and in the manner proposed by the Commission and, above all, as I have explained, in the present obscure monetary situation, to be implemented. A prerequisite for monetary measures, at least in the agricultural sector, is that all countries should have made the transition to fixed parities, and even then such measures should only lead to a very cautious and gradual dismantling of the compensatory payment system. The object of my amendments is to leave compensatory payments untouched initially and for this situation to continue until the necessary monetary conditions for setting in motion the gradual removal of compensatory payments have been created.

President. — In order to expedite matters I would ask Mr Frehsee whether, if Amendment No 6 is not agreed to, he intends to withdraw Amendments Nos 7 and 8, which are closely related to it.

Mr Frehsee. — (D) Mr President, the most important amendment is No 8. Amendments Nos 7 and 6 follow on from Amendment No 8. It would perhaps facilitate procedure, Mr President, if you were to allow a vote to be taken first on Amendment No 8, for it contains the main point.

President. — What is the opinion of the rapporteur?

Mr De Koning. — (NL) Mr President, If I have to state an opinion on Mr Frehsee's amendment, then I must also make some reference at the same time to Amendments 7 and 8. I am in entire agreement with Mr Frehsee that, at least as far as the argument is concerned—how you will put it to the vote I gladly leave to you—that there is an immediate connection between these amendments. That is the point. Mr Frehsee wishes to differentiate between the proposal concerning the agricultural prices in which the proposed price increases are included and reasoned and the proposal regarding the monetary measures to be taken in connection therewith.

It does not, however, seem to me reasonable to do this. In the fat document in which the proposals regarding agricultural prices are con-

tained express reference is made in paragraphs 20 et seq. of the notes to the relationship between these price proposals and the monetary situation and the measures that the Commission wishes to take to make improvements in the monetary situation. The Commission in my opinion has put its price proposals in the monetary context and in the second document—which I believe carries the same date and practically the same number and which unfortunately reached our Committee on Agriculture rather later—indicates the means of execution, the executory measures that have to be taken in the monetary sector in order in fact to be able to place the price proposals in this monetary context.

That is my first argument, Mr President. It is not reasonable to take these two proposals, which were submitted at the same time, which belong together entirely, apart and to treat them differently, by accepting the one and rejecting the other.

I should like to point out in the second place, Mr President, that by rejecting the document concerning the measures at monetary level, nothing is being done about the dismantling of the compensating sums. Then the matter stays as it is. Then we do not, therefore, attain the political end that is aimed at with these proposals, the political end towards which the Committee on Agriculture has worked, namely the first important step on the road to the re-establishment of the Common Market.

On the basis of both considerations I should like to advise Parliament on behalf of the Committee on Agriculture to reject all three of Mr Frehsee's amendments.

President. — I call Mr Triboulet.

Mr Triboulet. — (F) Mr President, as we moved the previous question at the beginning of this debate, in order to remind the House of the importance of the monetary problem, we cannot but be opposed to Mr Frehsee's amendments, as they appear to us to resemble the policy of the ostrich which hides its head in the sand so as not to see the danger.

Once there is a monetary crisis, this situation will inevitably have an effect on agricultural prices. In the motion for a resolution before us, the effects of this monetary crisis are merely noted. Mr Frehsee will not get rid of the crisis by deleting the paragraphs concerned.

It exists and inevitably it involves, for countries that have revalued their currency, a decrease in prices in nominal value (and not in real value) and likewise, for those that have devalued their

Triboulet

currency, an increase in these prices, again in nominal value.

Since these paragraphs only note the facts, why delete them?

President. — I call Mr Vredeling on behalf of the Socialist Group.

Mr Vredeling. — (NL) Mr President, on behalf of my group I can declare that we do not go along with Mr Frehsee's amendment. I should like to ask Mr Lardinois, as representative of the Commission, whether the European Parliament is free to accept the one proposal by the European Commission and to reject the other. I should therefore like to ask him whether the Commission would accept at face value that Parliament accepts the one proposal and amend the other. I thought I understood that the Commission said: this is a whole and we cannot separate the one from the other. I have therefore said, on behalf of my group, that I am against Mr Frehsee's proposal, but before we can freely decide thereon I should like to hear the Commission's opinion. Can Parliament freely decide to accept the one proposal and not the other? Does the Commission not think, as I understood the position, that this is a whole, so that Parliament from the political of view—the formal view is another matter—by accepting the one should also accept the other or by rejecting the one should also reject the other? Can Parliament say: We accept the one and we reject the other?

President. — I call Mr Starke.

Mr Starke. — (D) Mr President, I should just like to say quite briefly that for a lot of my colleagues and myself Mr Frehsee's proposed amendments contain something which affects us too. We do not consider the linking of the dismantling of compensatory payments with the setting of prices to be in any way in the natural order of things, nor do we consider it in any way to constitute a political whole, as Mr Vredeling thinks; rather, we regard it as an unhappy solution. I therefore wish to recommend on behalf of myself and a whole lot of my colleagues that the proposed amendments should be accepted. The reasons for them have been given in detail by Mr Frehsee and I will therefore refrain from repeating the arguments again now for the sake of brevity.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, I would like to state my view on this. We are about to vote on an amendment which affects the whole motion.

Since the two documents are closely interconnected and the financial document governs the Commission's concept of the problems, it is quite obvious that in accepting Mr Frehsee's amendment we implicitly reject the Commission's very concept; with these words I would like to draw the attention of my fellow Members to the importance of the vote.

President. — I call Mr Lardinois to answer Mr Vredeling, and then we shall vote.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I can answer to Mr Vredeling's question that the Commission has drafted this price proposal in this way partly on account of the compensating sums and the aim of restoring the agricultural market. We therefore as Commission see it clearly as a whole. I do not, however, wish in any way to assail the freedom of Parliament to decide however it will. Parliament is—from a formal view—asked for advice, but I can indeed say on behalf of the Commission that if the Council were to decide to go and look at the one proposal independently of the other and to decide independently thereon, the Commission would formally withdraw its proposals, so that there would then no longer be any proposals made.

(Exclamations)

President. — I put Amendment No 6 to the vote.

Amendment No 6 is not agreed to.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

(Interruptions from various benches / conflicting exclamations)

Mr Radoux. — (F) On a point of order, Mr President!

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, in the spirit in which I always speak, especially in this House, I do not want to be misinterpreted in what I am about to say.

I simply want to say that in the last few minutes it has been like the interval in a cinema rather than a Parliament.

(Applause)

I want to ask you, Mr President, to use your authority so that the sitting may continue. I have noticed comings and goings, probably following certain votes. But once a vote is taken, it

Radoux

is taken. At the time of the vote, there were no objections. Mr President, I ask that the sitting be continued.

(Applause from the Christian-Democratic and Socialist benches)

President. — Rule 33(3) of the Rules of Procedure reads as follows:

'All votes other than votes by roll call shall be valid whatever the number of voters unless, before the voting has begun, the President has been requested by at least ten Representatives to ascertain the number of those present.'

I therefore cannot understand the reason for these exclamations. No one requested a vote by roll call before the voting began.

I call Mr Kirk.

Mr Kirk. — Mr President, I fail to understand what Mr Radoux is objecting to. I am raising no objection to the votes that have been taken, though I think the result was wrong. I have merely asked that all votes from now on should be taken by roll call so that there is no doubt as to the result.

President. — The Rules of Procedure do not permit me to accede to your request, which should have been made before voting commenced. We shall now continue with the vote.

Mr Kirk. — No, Mr President, that I cannot accept. I am asking for all votes from now on to be taken by roll call. I have done so before the vote on these amendments has been taken. Unless you take account of this, we clearly cannot have justice here.

Mr Baas. — *(NL)* On a point of order, Mr President!

President. — I call Mr Baas on a point of order, after which we shall continue the voting.

Mr Baas. — *(NL)* Mr President, I can imagine that our British friends do not yet know the rules of this House, we are not in the British House of Commons, we are in the European Parliament here. If you ask for a roll call vote, the President can do nothing other than adjourn the debate until the necessary quorum is present. You must therefore know what you are doing. Strictly speaking, you of course are entitled to ask for a roll call vote at every opportunity. But what is happening here I find much more serious. The chairman of the Conservative Group is casting doubts on the result of the vote confirmed by you as President. That we cannot take.
(Protest from the Conservative Group benches)

The President confirmed the result of the vote with two officials and made this known. It is in that case quite unheard of in this Parliament for a Member to think he can object to that. As such I consider this action on the part of the Conservative Group most reprehensible.

(Applause from various quarters)

President. — I call Mr Vredeling.

Mr Vredeling. — *(NL)* I wish to come to the defence of the Conservatives, as I do not think that what Mr Baas is saying is entirely fair. I clearly heard Mr Kirk say that he in no way doubts the result of the vote, but that as from now he requests a roll call vote on every subsequent vote, in accordance with Rule 35 of the Rules of Procedure. I find it a bit complicated. He accepts the vote that has been taken, but the next vote Mr Kirk wants to have take place on a roll call vote. Not that I welcome this terribly, because this is terribly complicated, but I would like to come to the defence of our conservative friends. They are playing the game quite fairly.

President. — I call Mr Lückner.

Mr Lückner. — *(D)* Mr President, I have understood Mr Kirk's statement to mean that he will abide by the result of the vote, and for this we owe him our respect. We saw that our Conservative friends had a quite definite attitude on the question which was voted on this evening and it was in fact the case that one could perhaps have been left in some doubt, if one had not been sitting in your place, Mr President, as to which side actually obtained the majority vote. I am however a defender of the President's prerogative in this House. When the President clearly states the result, the vote is thereby concluded, and I have heard from Mr Kirk, to my satisfaction, that he does not cast doubt on the result; as far as I understood it at any rate, he said exactly what Mr Vredeling heard.

But now to the second part, Mr President, and here I request my colleague Kirk to withdraw his motion for the following reason. Mr Kirk, if you wish to propose a motion for a vote to be taken by the calling of names, you naturally have a formal right to do so, as Mr Vredeling has said. I would draw your attention however to what will happen if you do not withdraw this motion—and under the Rules of Procedure you may proceed with this motion. If you do this, Mr Kirk, the price we will have to pay is that this Parliament will no longer be capable of acting. It would be the first time since this Parliament was founded that someone who is

Lücker

not pleased by the outcome of a vote goes and sentences Parliament to being no longer capable of taking a vote. And this is something, I believe, which Parliament's prestige should not have to suffer. We all know the enormous difficulties for many of our colleagues, that they cannot simultaneously be here and fulfil their national parliamentary duties. Up till now we have never used this procedure in this Assembly because everybody has been aware that this would mean making Parliament incapable of taking action. This is unfortunately the reality which we must bear in mind. And from this standpoint, Mr Kirk, I would really implore you not to sentence Parliament to impotence, even if the vote has gone against you. I cannot believe that was the political purpose of your motion; perhaps you had momentarily ignored the implications of such a motion. I should be very grateful to you if you would correct it.

(Applause from the centre)

President. — The request referred to in Rule 33(3) of the Rules of Procedure must be made before voting begins. As to Article 35, its provisions are as follows:

1. Normally Parliament shall vote by show of hands.
2. If the result of the show of hands is doubtful, a fresh vote shall be taken by sitting and standing.'

It is clearly for the President to decide whether the result is doubtful or not.

I would ask Mr Kirk and his group to accept that we now continue with the voting. I should like him to know that he is under a fair referee, and assure him that, should there be any doubt on this side of the table as to the result of a vote, we shall hold a vote by sitting and standing and, should the result still appear uncertain, a vote by roll call. I consider that I have now given Mr Kirk and his group a very fair explanation and that we can now continue with the vote on the rest of the provisions and paragraphs.

I call Mr Triboulet, and then Mr Kirk, on a point of order.

Mr Triboulet. — *(F)* Mr President, I should like Mr Kirk to respond to your appeal first.

President. — Do you support that appeal?

Mr Triboulet. — *(F)* Yes, Mr President.

President. — Thank you, Mr Triboulet. I call Mr Kirk.

Mr Kirk. — Mr President, of course I have not the slightest desire to prevent Parliament coming to a decision, or indeed—as my friend Mr Lücker has suggested—to show, as a roll call vote might—though it might not, because there are a lot of people here—that we do not have a quorum. But I am anxious to establish what the rules on voting are. I would draw your attention to 'Selected texts', page 10:

'If a vote by roll call is requested on one or several items of a resolution and the result of the roll call discloses the absence of a quorum, only the vote on those items and the final vote on the motion for resolution as a whole, shall be postponed.'

Now, I have said that I did not question the result of the earlier votes, and it is quite unfair of Mr Baas to suggest that I did—quite unfair. I merely said that we should be quite clear, on a vital matter affecting all of us in all our countries, about what it is that Parliament is voting on and by how much of a majority it is carried. These are matters on which we are all going to be called to account when we have to face our constituents in the next election. Now, under the present system we do not know what the majority is. We only know, quite rightly, that you declare that there is a majority for or against. It could be a majority of 100 to 1, or it could be a majority of 51 to 50. I would hope—and I am prepared, so that we can proceed with our business, to withdraw my request—that we can proceed with the voting, but I would ask urgently that the Bureau, or the Legal Affairs Committee, or some appropriate person, should examine this procedure, because it is grossly unsatisfactory. It is a procedure under which nobody knows where he stands, and it is one, I believe, which has to be clarified, because in the years ahead we are going to be faced with divisions more and more along political lines, and it is therefore essential that we should know what the majorities are and probably that we should know who has voted which way.

(Applause from the European Conservative benches)

President. — Thank you, Mr Kirk, for withdrawing your request for a vote by roll call. We can now continue with the motion.

On paragraphs 3 to 5, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these paragraphs to the vote.

Paragraphs 3 to 5 are adopted.

After paragraph 5, I have three amendments inserting a new paragraph:

President

— Amendment No 2, tabled by Mr Brouwer, worded as follows:

'5a. Is in favour of a general price increase of 4 per cent for all agricultural products instead of the 2.76 per cent proposed by the Commission;'

— Amendment No 12, tabled by Mr Achenbach on behalf of the Liberal and Allies Group, with the same wording.

— Amendment No. 13, tabled by Mr Triboulet, Mr Beylot and Mr Liogier on behalf of the European Democratic Union Group, worded as follows:

'5a. Believes that more satisfactory farm price ratios, which take due account of both production costs and Community requirements, are essential; in view of the fact that meat production and milk production are closely linked, favours an 8.5 per cent increase in the target price for milk.'

I call Mr Brouwer to speak to his amendment.

Mr Brouwer. — (NL) Mr President, in view of the lateness of the hour I shall speak only very briefly to my amendment.

Mr Lardinois has asked that we should take account chiefly of the difficulties that are tied to this problem. I have in fact taken proper account of this. But Mr Lardinois must understand that these matters are also very difficult for us. Because agricultural policy is not a matter of pure economy and mathematical arithmetic; it also has a decidedly political aspect and a decidedly psychological aspect. It is my express premise that I am for the aims of the Commission, namely the aim of one common market in Europe. But in addition to the dismantling of the compensatory sums, I should still like to ask something more, with an eye to Benelux and Germany, than the increase by 2.76%, particularly for psychological reasons. No farmer in these countries who have proceeded to revalue would understand head or tail of it if it should appear that a price increase has been obtained in which in the long run there remains nothing for him. They will understand nothing of that. Because of this I have proposed in this amendment instead of an increase by 2.76%, an increase by 4%.

President. — I call Mr Baas to move Amendment No 12, tabled by Mr Achenbach.

Mr Baas. — (NL) Mr President, I wish to associate myself as defender of this amendment by the Liberal and Allies Group with the sober comment that Mr Brouwer has made on his amendment. I have the impression that the considerations of Mr Brouwer and those of my

Group run more or less parallel. We for our parts have no need to go into the matter further. You remarked this afternoon that I expressed myself on behalf of my group in rather shaded terms, but I feel I must recommend Mr Brouwer's amendment and that of my group.

President. — I shall call Mr Vredeling, and then Mr Scott-Hopkins.

Mr Vredeling. — (NL) I believe that Mr Scott-Hopkins asked to speak before I did.

President. — No, please proceed, you shall speak first.

Mr Vredeling. — (NL) The amendment that is being put before us has also already been discussed in the Committee on Agriculture, after we had dealt with another amendment which went further. That originated with Mr Héger. In that a price increase of 5% was asked for. After we had rejected that, the amendment with the 4% increase was put forward and it is pure coincidence that we did not have an amendment in which 3.5% or 3% was requested. It is to some extent a matter of who will go one further. This is more or less how it is. The one rational defence came from the side of the Commission, who said: we want to reestablish the common market, we are increasing prices by 2.76% units of account. This comes down to no price increase taking place in the Federal Republic and in Benelux and that the other countries will in due course have to adapt to it through their devaluation. There is now an important tendency, of which the representatives of the Benelux countries and of the Federal Republic are aware, and I belong among them, to say that we cannot really come home empty-handed. You cannot after all come home empty-handed. You must do something for the boys. That is the reasoning. Now I am not impressed by that. We are dealing with a very important matter. Tremendously important.

I told you in my introduction that we run the risk of the common price level within the Community becoming too high. To the detriment of agriculture itself. Because, whether I am a representative who is familiar with agricultural interests or not, I know personally that we, if we go on like this, will damage agricultural interests. And for that reason, not because I want to cut the farmers down, but because I know that if I vote for the 4% increase I shall be damaging agricultural interests in the long term, I find that we cannot be better served than with the Commission's proposal, in the interests of agriculture. My Group supports this view. For this reason we are against the amendments that

Vredeling

contemplate a 4% increase in prices and abide by the Commission's proposal.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, for once I am delighted to find myself in agreement with Mr Vredeling, and I thank him for the courtesy of what he just said. I also remember what happened in the Committee on Agriculture when we took the votes at which the 4 per cent and, indeed, the 5 per cent were rejected. I do not intend, Mr President, to repeat the arguments against those percentages, except to remind the House that what the Commissioner is proposing at 2.76 per cent is bad enough, but it is infinitely worse if one goes to 4 per cent.

I do, of course, take the point concerning farmers in the Benelux countries and particularly Germany, and the difficulties they may be facing. But at the insistence of our colleagues from those countries—and indeed rightly—paragraph 7 provides something which can be used to make the situation a little better for them, should their national governments so decide. In paragraph 7 we come into the fiscal and social spheres. Member Countries can, in accordance with the general rate of increase, take measures to adjust the incomes of farmers who have been suffering because of additional costs. I therefore really would suggest to the House that we cannot go along with these amendments. I oppose them, as does Mr Vredeling and his Group, and I would recommend honourable gentlemen in the House to put their faith in paragraph 7, and not to recommend an increase going even beyond the inflationary level of the Commission's proposals.

President. — Mr Bangemann, do you also wish to speak to Amendments Nos 2 and 12?

Mr Bangemann. — (D) Yes, Mr President, thank you for allowing me to speak. I actually wanted to speak before on a point of procedure but you did not call me and I abided by your decision; if I had not been called to speak on the present matter now however, I should have had to put up some resistance because what Mr Vredeling has said is naturally very sharply rejected at the outset by our side.

You have made many insinuations, Mr Vredeling. You maintained that we wanted to take part in a kind of auction here, in order to represent certain interests of certain people and then to be able to go home and say 'we have represented you'. That is quite false, Mr Vredeling, and I wish once again to repeat here very clearly what I said before.

If the Commission itself proposes—you speak of a rational proposal—that an increase in prices is necessary in order to recoup increased costs, and if this proposal when linked with the question of compensatory payments for Dutch, Belgian, Luxembourg and German farmers results in the increase in prices being equal to nil, this for me is not a rational but a thoroughly illogical proposal.

Mr Vredeling. — (NL) But it is not nil!

Mr Bangemann. — (D) But you yourself have just said that it is nil and the Commission says it too, and this is where for me logic ceases and where one starts to ask oneself whether some people are not being very unjustly treated in this matter—that is what we said. And it would have been far better if we had all—like the members of the European Conservative Group indeed, perhaps from different motives, I do not know—had supported Mr Frehsee's motion, for then the problem of the general price-level which you are afraid of would have been quite different: then we would have been able to set up a differentiated price structure and retain the compensatory payments in order to obviate monetary difficulties. This is why what you said earlier in reply to our motion was completely wide of the mark and lacking in logic.

President. — What is the opinion of the rapporteur on Amendments Nos 2 and 12?

Mr De Koning, rapporteur. — (NL) Mr President, I have the impression that I am not making up for lost time, but the little that I have to say I should still like to speak. We discussed at great length in the Committee on Agriculture on the price increases that exceed the Commission's proposal and also on the figures lying below the Commission's proposal. In view of the result of the vote in the Committee on Agriculture, I thought I could not do better than formulate my advice by saying that I cannot recommend on behalf of our committee the acceptance of the amendments put by Messrs. Achenbach and Brouwer.

President. — I put Amendments Nos 2 and 12, tabled by Mr Brouwer and Mr Achenbach, to the vote simultaneously.

The result of the show of hands is not clear. A fresh vote will accordingly be taken by sitting and standing.

Amendments Nos 2 and 12 are not agreed to.

I shall now take Amendment No 13.

I call Mr Triboulet to speak to the amendment.

Mr Triboulet. — (*F*) Mr President, my amendment differs from the two previous ones in that they wanted to raise from 2.76 to 4 per cent the across-the-board increase in the prices of cereals, for example, or beet, while my amendment proposes an increase in one price only, that of milk.

Here are the main reasons for my amendment.

The first is that milk production, in a number of Community countries, concerns the smallest farmers. Milk production is profitable from day to day, requires a short-term rather than long-term investment and consequently the small farms fall back on milk so as to have money coming in daily, or at least weekly. Consequently the smallest farms are milk producers.

As we indicate in our amendment, production costs are on the whole extremely disturbing. I am sure Parliament has consulted the excellent report of the C.O.P.A., the organisation of the agricultural unions in the countries of the European Economic Community. In it we see that the agricultural wage index has risen since 1968 from 100 to 124 in Belgium and from 100 to 159 in Ireland. The index of feeding stuffs required for production has risen from 100 to 119 in most of our countries. At the same time, the price index for agricultural products has risen only from 100 to 110. The terms of trade, for the whole agricultural population, have therefore deteriorated. It is these small producers who produce milk who suffer particularly from this situation.

The second argument: we want prices to be given a better structure and the European Conservative Group itself has called for the encouragement of meat production. The Commission's proposal of 10.8 per cent for beef and veal and 6.8 per cent for pigmeat is a step in the right direction. But if beef is allowed 10.8 per cent, how can milk be left at 2.76 per cent, plus, it is true, 2 per cent on 1 May next? We consider a parallel increase to be essential. That is why we propose 8.5 per cent, which C.O.P.A. requested on the basis of the Commission's own arguments. It must be recognized that 70 per cent of Community meat comes from rejected dairy cows, so that there is a direct link between milk and meat production. How do you really think you can encourage meat production if at the same time you let milk production lag behind? In my view, there must be more harmony and in proposing 8.5 per cent for the price of milk we think we are making a very reasonable proposal.

President. — I call Mr Vredeling.

Mr Vredeling. — (*NL*) Mr President, I must honestly say that my sole comment on the request by the European Democratic Union to increase the price of milk by 8.5% is: just you try! Because that is a complete abstraction of the marketing problems, of the problem to get rid of 200,000 metric tons of butter by dumping it on the streets. To the Russians, fortunately, but not yet on to the streets. And yet we are to consider increasing the price of milk by 8.5%...

With all respect for the great difficulties of the small farmers, I should like to ask you, Mr Triboulet, why you do not then in the same amendment increase the price of wine by 8.5%? Can you explain that? Why do you not increase the price of artichokes by 8.5%? Why do you only increase the price of milk by 8.5%? Why do you do that? Can you explain that? Why just for milk and not for artichokes and not for wine and not for who-knows-what other product?

President. — What is the opinion of the rapporteur?

Mr De Koning. — (*NL*) Mr President, the amendment by Mr Triboulet and his colleagues I thought runs directly counter to the thinking of the Committee on Agriculture regarding the Commission's price proposals. The problem of surpluses, particularly on the matter of dairy products, sits very heavily on our stomachs. It would be likely to lie yet more heavily on our stomachs were this amendment to be accepted. It also goes against the desired orientation of production. We do after all want to cut down milk production and stimulate meat production. On behalf of the Committee on Agriculture I advise Parliament to reject this amendment.

President. — I put Amendment No 13 to the vote.

Amendment No 13 is not agreed to.

On paragraph 6, I have Amendment No 7, tabled by Mr Frehsee, which consists in deletion of this paragraph.

Does Mr Frehsee wish to maintain this amendment? I would be grateful if he withdrew it.

Mr Frehsee. — (*D*) No, Mr President, I shall not withdraw the amendment.

President. — What is the opinion of the rapporteur?

Mr De Koning. — (*NL*) Mr President, I need add nothing to the advice that I have already given on Mr Frehsee's amendment No 6 to paragraph

De Koning

2. I recommend that this amendment be not accepted.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is not agreed to.

Still on paragraph 6, I have Amendment No 3, tabled by Mr Brouwer, worded as follows:

'Paragraph 6:

For the sake of clarity, insert the following after the words "the Federal Republic of Germany and in Benelux":

"(reevaluation countries)".'

What is the opinion of the rapporteur?

Mr De Koning. — (NL) I willingly accept the amendment.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is agreed to.

I put paragraph 6 so amended to the vote.

Paragraph 6 so amended is adopted.

On paragraph 7, I have Amendment No 9 (corr.), tabled by Mr Vetrone, worded as follows:

'Paragraph 7 should be reworded to read as follows: "7. Is of the opinion that those Member States which have devalued may, in the tax and/or social spheres on the basis of Community criteria, apply additional transitional and degressive measures, not tied to products" (remainder of paragraph unchanged).'

I call Mr Vetrone to speak to his amendment.

Mr Vetrone. — (I) I do not think that it is necessary to waste further words; I would merely express the hope that my amendment will meet with the approval of the rapporteur and the majority of Parliament. This amendment changes nothing of substance but merely calls for guarantees that I think are acceptable. I hope, therefore, that it will be approved by Parliament.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, in paragraph 7 a statement is made that the Member States that have revalued may in the tax and/or social sector take supplementary measures not tied to products with a view to at least keeping agricultural incomes at an acceptable level.

I believe that it is the purpose of Mr Vetrone's amendment not to oppose the statement that one should be able to take supplementary measures, but to specify that this must be done on jointly

agreed criteria and that such measures must be of a degressive nature.

I must say that I have some sympathy for Mr Vetrone's amendment. It does after all come down to the fact that not everyone can just take measures like that—that would adulterate competition—but that this should be done on jointly agreed criteria. This principle I accept.

Then there is the question of degressiveness. I believe that that is implicitly a just demand. The measures ought to be degressive, because we are engaged in re-establishing the common market. Mr Vetrone does not specify that the degressive measures must be as from 1 January or 1 July, but he says that they must be degressive. And for this reason I personally believe—I cannot speak on behalf of my group, because we have not been able to discuss this amendment—that we should support this amendment. I at least will vote for Mr Vetrone's amendment.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I am against this amendment, mainly because I think the drafting in the original report as previously amended is a better one, and I think that the words 'Community criteria' in the second line of the amendment actually make this aspect much more difficult. As I mentioned in my earlier interjection, I would have thought that paragraph 7, as it stood, provided an easier and better method for those areas—countries, if you like—which would need to apply it because of their particular circumstances. I think the words 'Community agreed criteria' make it excessively difficult, and I would recommend honourable Members of the House to oppose this particular amendment.

President. — What is the opinion of the rapporteur?

Mr De Koning. — (NL) Mr President, I am of the opinion that the addition of the words "Community criteria" do indeed make some improvement in the wording of paragraph 7. In the Committee on Agriculture particularly, we are extraordinarily shy of measures that disturb competition and we have attempted to avoid such by expressly stipulating that they must be measures not tied to products. This in fact covers the risk of disturbance of competition but I believe that we can quite certainly accept the additional safeguarding of the jointly agreed criteria on this point. I should therefore like to advise you on behalf of the Committee on Agriculture to accept Mr Vetrone's amendment.

President. — I put Amendment No 9 (corr.) to the vote.

President

Amendment No 9 (corr.) is not agreed to.

Still on paragraph 7, I have Amendment No 4, tabled by Mr Brouwer, worded as follows:

'Paragraph 7 should be amended, after the words "tax and social spheres", to read as follows: "...In order to duly compensate farm incomes for the difference between the general price increase as proposed in the draft regulation under consideration, on the one hand, and the general trend of costs and incomes (inflation percentage) observed in each individual country, on the other hand".'

I call Mr Brouwer to speak to his amendment.

Mr Brouwer. — (NL) Mr President, my commentary too can be very brief. The grounds of social justice are yet again stipulated in this amendment. The measures can now be taken via the national means, whether fiscal or social.

President. — What is the opinion of the rapporteur?

Mr De Koning. — (NL) Mr President, I can see no contradiction between the wording of paragraph 7 and the amendment by Mr Brouwer. I do believe that Mr Brouwer's formulation can give less cause for misunderstanding than the formulation of the present text. I should therefore on the grounds of draftmanship like to advise Parliament to accept Mr Brouwer's amendment.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is agreed to.

I now put paragraph 7 so amended to the vote.

Paragraph 7 so amended is adopted.

On paragraphs 8 to 11, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these paragraphs to the vote.

Paragraphs 8 to 11 are adopted.

After paragraph 11, I have Amendment No 10, tabled by Mr Vetrone, worded as follows:

'After paragraph 11, insert a new paragraph worded as follows:

"11a. Believes, however, that in the case of certain uneconomic products, in particular olive oil, rice, durum wheat, and hemp, the market situation warrants an increase in Community prices or subsidies".'

I call Mr Vetrone to speak to his amendment.

Mr Vetrone. — (I) Mr President, I shall not repeat the arguments I advanced during the

general debate. I would draw Commissioner Lardinois' attention to the advisability of giving additional consideration to these Mediterranean products, rather than denying them the right to any price increase except that related to what we may term the monetary percentage to which Italy must have recourse for the purpose of achieving a single market.

I should like to remind my colleagues that these are the products on which the policy concerning the Mediterranean states, both those bordering the Mediterranean and those not on the sea, is based. These products are to be discussed tomorrow with reference to Cyprus—and I have been appointed as rapporteur—but nonetheless these products benefit from no increase whatsoever.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) I would like to make a comment, Mr President, with reference to Mr Vetrone's amendment. With all respect to him I find it a typically Italian amendment. It in fact comes down to the following: he is equally of the opinion that the Commission has not proposed any price increase nor any jointly agreed prices for certain deficiency products. After a comment of that kind in Holland we say: so what? I understand the tenor of the amendment. As drafted in the Italian it signifies a reproach against the Commission, because it has not put forward any price increase or any jointly agreed prices for certain deficiency products. I may put it like that, may I not, Mr Vetrone? That is the purpose of your amendment, isn't it? And if this is so, I should like to ask Mr Lardinois if he too finds that the Commission has remained in default in not putting forward any price increase nor any jointly agreed prices for certain deficiency products, which particularly are to be found in the southern parts of the Community. Does the Commission think that this amendment is justified, does it think that it has in fact let drop a stitch here?

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — There is very little, Mr President, that I wish to add to what has just been said. I am bewildered by Mr Vetrone's amendment, and I do not think it adds to the sense of paragraph 11. If it is asking for an increase, which I do not think it is — although it might be construed as asking for an increase in certain uneconomic products, then, of course, this is the wrong way of going about things. However, I do not think that is the meaning. I think this amendment is just a statement of the obvious, and therefore, with the greatest respect

Scott-Hopkins

to our colleague Mr Vetrone, it adds nothing to the text. Indeed, I think it detracts from it, and I would oppose it.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, the Commission has not put any jointly agreed price increase, this so-called 2.76%, but has sufficed with a price increase in Italian lire by reason of adjustments in connection with the devaluation. This comes down to a price increase of 4% taking place in Italy, expressed in Italian lire, for rice, for olive oil, for hard wheat and for hemp. While for most of the other vegetable products the increase is 6.7%. We intended to do a service to the Community, but particularly too to the Italian consumer to stop at a price increase of 4% in Italian lire here.

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) I would like to ask Mr Vetrone to clarify a point, as the Committee on Agriculture has not considered this amendment.

It refers first of all to olive oil, rice and durum wheat: on those, I have nothing to say. But for hemp, as for flax, the aid per hectare proposed by the Commission is increased to 35 units of account for the 1973-1974 price proposals. There seems therefore to have been an error in his list of Mediterranean products covered by the amendment. In any case, hemp is also grown in the north of Loire in France and is not an exclusively Mediterranean product. But this year, it is receiving aid per hectare which is higher than last year.

President. — What is the opinion of the rapporteur?

Mr De Koning. — (NL) Mr President, the Committee on Agriculture in its inspection of the whole price table certainly also took into account the 4% that Mr Lardinois has just described. It found no reason for making amendments on this point. I should therefore like to advise Parliament not to accept the amendment.

President. — I put Amendment No 10 to the vote.

Amendment No 10 is not agreed to.

After paragraph 11, I have Amendment No 11, tabled by Mr Vetrone, worded as follows:

'After paragraph 11, insert a new paragraph worded as follows:

"11a. Notes, however, that the Commission has not proposed increased Community prices or subsidies for certain uneconomic products".'

I call Mr Vetrone to speak to his amendment.

Mr Vetrone. — (I) Mr President, following the vote that has now taken place, although I persist in the belief that Parliament should note the fact that no increase has been proposed for deficit products, I withdraw my amendment to avoid another negative vote.

President. — Thank you, Mr Vetrone, for withdrawing your amendment.

On paragraphs 12 to 15, I have no amendments or speaker listed.

Does anyone wish to speak?

I call Lord Mansfield on paragraph 13.

Lord Mansfield. — Mr President, I do not know whether Mr Vredeling has barrel organs in his country, but so far as this Article is concerned he may well say that this is the same barrel organ and the same tune, but with a different monkey on the stick. The point, however, is different as far as paragraph 13 is concerned, and I refer to the negotiations in respect to GATT. So far as article 24 is concerned, the Community is already engaged in negotiations and is attempting to demonstrate that the overall effects of enlargement will not be adverse to third countries, and that, so far as the United Kingdom is concerned, the extinction of agricultural bindings by the new adhering countries will be offset by their adoption of industrial bindings.

My first point is that, in view of the level of agricultural increases, this case may well not stand up, and is indeed already under attack. My second point is that, in the forthcoming multilateral negotiations on the Community price review between the GATT countries, particular attention is going to be paid by third countries to the attitude of the Community in relation to these increases. I particularly mention the United States and its dependence—or at least its particular emphasis—on any sort of grain. It may well be that major increase would be seen as casting doubt—and these major increases apply to all products—on the sincerity of the Community's commitment to trade liberalization. The Americans, of course, are concerned above all with cereal prices, but other commodities will effect other third countries equally.

Mr Lardinois apparently thinks that third countries will welcome these price increases. I am inclined to doubt that, but perhaps he would

Lord Mansfield

care to enlarge on the matter. At any rate, so far as my Group is concerned, we are of the opinion that these increases cannot but fail to prejudice the forthcoming talks with third countries in connection with the Nixon Round.

President. — I call Mr Vetrone on paragraph 13.

Mr Vetrone. — (*I*) Mr President, I merely wish to refer to a remark made by the Earl of Mansfield when he spoke of the risk of giving rise to doubts. I would point out that this paragraph in fact confirms the accusations that our prices are too high. It is drafted in such a manner as to constitute an implicit admission of the truth of the criticism made by the United States in particular. For this reason, I unreservedly propose the elimination of paragraph 13.

President. — I call Mr Vredeling.

Mr Vredeling. — (*NL*) Mr President, I almost asked to speak in a personal capacity, because the honourable Member, Lord Mansfield, suddenly mentioned my name under paragraph 13, but perhaps I misunderstood him. I thought he said that I was playing on a barrel organ which always had the same monkeys sitting on it.

(*Loud Laughter*)

Now the remarkable thing is that the honourable Member is right in saying that I can play the barrel organ, because I am very good at that. But he cannot know whether it always has the same monkeys standing on it. I must honestly ask, Mr President, what that has to do with the problem of the GATT round. Perhaps he can explain that. I did not understand him entirely.

President. — I call Mr Radoux.

Mr Radoux. — (*F*) Mr President, this is perhaps a point of semantic order. I should like to point out to Mr Vetrone that in French the text appears to me to be very happily phrased: "estime, vu la situation monétaire actuelle..." —and that is the important parenthetical clause in paragraph 13—"que les hausses modérées des prix ne grèveront pas inutilement la position de la Communauté lors des prochaines négociations du G.A.T.T."; I think, and I refer the matter to my French colleagues, that in good French it is very well expressed to justify the Commission's position.

President. — I call Mr Broeksz.

Mr Broeksz. — (*NL*) Mr President, I should like to say something in connection with the order. The Legal Affairs Committee has been asked

to report on the question of whether if a person has not spoken during the general considerations, he nevertheless should be allowed to speak to his vote on one of the points of a resolution. There is no objection; everyone is agreed on that. We are also, however, agreed that one cannot give general considerations on a specific point. Now Lord Mansfield made a general consideration on this point. Mr President, I must warn that this must not be permitted in the future. I have no objection at all to it, the Legal Affairs Committee has accepted, and the Bureau has accepted, that one can speak to a vote, but to open the discussion anew seems to me quite wrong. I should therefore also like to ask you in future to keep a firm hand on observance of the rules.

President. — I readily note what Mr Broeksz has said, and I would ask all present kindly to note it also.

When we come to vote on a paragraph, Members may explain their voting intentions, but they may not speak on the substance of the matter. I say this in a spirit of friendliness and with all due respect, and I trust that all Members will take heed of it in dealing with the remaining paragraphs.

So as to clarify the debate, we shall vote on each paragraph from 12 to 15 separately.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

I put paragraph 13 to the vote.

Paragraph 13 is adopted.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

After paragraph 15, I have Amendment No 1, tabled by Miss Lulling, worded as follows:

'After paragraph 15, insert a new paragraph worded as follows:

"15a. Stresses that, in view of the structural disparities that exist between the different regions of the Community, the present system of common prices cannot solve the income problem for all categories of farmers, and therefore urges the Commission to submit not later than for October 1973 proposals for introducing basic changes in the present common agricultural policy;"'

I call Miss Lulling to speak to her amendment.

Miss Lulling. — (*F*) Mr President, I do not think that anyone in this House would dare to deny

Lulling

that the fixing of common prices, at whatever level, cannot get us out of the deadlock into which the common agricultural policy has fallen. The new Commission, as I understand very well, could do no more than submit price fixing proposals within the system currently governing the common agricultural policy. By its proposals it has, if I may say so, tried to limit the damage, but it knows, as we all know, that some current prices are extremely profitable for certain categories of farmers while a much greater increase in some prices would not solve the income problem for other categories of producers.

The defects of the existing system have been savagely exposed by the mountains of butter, by the other surpluses and quite recently by the plans to sell butter at a severe loss to the Russians. Note that I personally am not opposed to the sale of butter to the Russians, quite to the contrary; indeed if their system does not enable them to feed their people properly, we can at least help a bit; I should be happy if we could make other improvements in the regime under which these people are obliged to live!

But my point is that, despite the flaws in the existing system, we cannot hold down the incomes of certain farmers and wine producers by 'freezing' the prices of their products. That is why I voted as I did.

Therefore prices must be adapted, because those who till the land, like other workers, are entitled to a fair income. But, and this is the purpose of my amendment, as it was of the other amendments I put forward in committee and which were accepted, since they are the subject of paragraphs 10 and 14 of the resolution we have just adopted, it is essential—and Mr Lardinois himself admitted this just now, before the debate was interrupted—to reorient the common agricultural policy so as to make better use, by way of a fair policy on prices and above all on incomes both for those remaining in farming and those who have to leave the land, of the hundreds of millions of units of account that we are currently spending on storing or getting rid of these surpluses.

Consequently I consider that an upward adaptation of agricultural prices, such as that for which we have just voted, is a necessary measure, but that it must be a transitional measure pending proposals to modify or supplement the existing common agricultural policy.

In my amendment, Parliament, noting that because of structural differences existing between different regions in the Community the existing system of common prices cannot solve the problem of the income of all categories of

farmers, urges that the Commission should submit by October 1973 at the latest proposals for the basic modification of the existing common agricultural policy.

To extricate ourselves from the deadlock in which we find ourselves, we need, in my opinion, far more political courage than money and I hope that we will show this courage by admitting that the system must be modified. That is the aim of my amendment.

President. — I call Mr Vredeling.

Mr Vredeling. — (NL) Mr President, speaking in my personal capacity I should like to say that despite the occasionally remarkable voting procedure this evening by the promoter of this amendment and notwithstanding the fact that she has again found occasion on this amendment to drag in her great friends, the Russians, by the ears, despite this fact, Mr President, I am prepared to accept this amendment at face value. This amendment is materially entirely on all fours with what I had the honour of remarking this afternoon on behalf of the Socialist Group. It is really high time that we subjected the common agricultural policy as we now know it to a basic examination. I even used the words 'agonising reappraisal' and am not afraid to repeat this here. And for that reason, Mr President, I personally shall vote for Miss Lulling's amendment.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, the amendment has made a pleasant impression on my Group in the sense that we subscribe to the concern shown in it with regard to agricultural policy. I do find it a pity that the promoter speaks of 'a fundamental alteration' and that she mentions 'the various areas'. One could infer from this that her thoughts go out to a certain regionalization of the price fixing.

Except for these physical blemishes, I would assess the amendment on its merits and not on the basis of the voting conduct of the promoter of this amendment, nor on the basis of the friends that she has. She not only has many nodding acquaintances but many close friends. I deplore the fact that Mr Vredeling has drawn these factors into the material assessment of the amendment.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I support this amendment, and I would ask colleagues in the House to do the same. I think it is a good

Scott-Hopkins

amendment, and I congratulate Miss Lulling for bringing it forward in the way she has. I think it is important, as it bears out what has been claimed during the main debates and other debates, that there is the need for a review. There is need for a deep-searching examination. We cannot try to go on giving rises across the board in order to help the smaller, uneconomic, unviable end of the farming spectrum. There are other means of helping such farmers, and other means must be found, based on the improved data which I am sure will be available to the Commission in the coming years. The Commission will be able to make much better assessments of the efficient, economic farm, and to base its future proposals on such assessments. I am sure that the right thing to do is to ask the Commission now to go away and look into the matter, and to see what really can be done to improve—I said improve, and here I agree with what has been already said by the mover of the amendment—the common agricultural policy. Let me stress on behalf of the Conservative Group that improvement of the common agricultural policy is our intention and has been our objective throughout all this long debate and all this long night. I beg to support the amendment.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) I take the floor to declare that I am voting against the amendment due to the considerations that I described during the general debate, when I stated that the common agricultural policy is threatened from both inside and outside the Community.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, if one re-reads paragraph 15a carefully and thinks about its purpose, one might wonder whether it could not be the subject of a report by the Committee on Agriculture.

As has been said so well, it is indeed a basic revision—those are the terms used—that is desired. I wonder whether such an important text can relate to and to some extent be an adjunct of paragraph 15.

I should like to draw Miss Lulling's attention to the fact that there are two things that differ in substance. I ask this House to consider very carefully the fact that to vote for the proposed paragraph 15a would mean in absolute terms that we are not content with the agricultural policy today and by implication the agricultural policy as we have followed it until now. We have always known that there were structural

differences between our States, and it was just because of these structural difficulties that this agricultural policy was so difficult to establish.

At such time as everyone realizes that changes will have to be made—and here I turn towards the Chairman of the Committee on Agriculture—I certainly agree that one of the first tasks of the Committee on Agriculture must be to review this policy, but I think that to say it here, in this paragraph, amounts rather to adding it surreptitiously. I would not want to adopt a text that went beyond what the text as a whole was intended to say and what we were voting on in approving that text. The vote on paragraph 15a concerns something of a rather different nature.

President. — I call Mr Houdet.

Mr Houdet, *Chairman of the Committee on Agriculture.* — (F) Mr President, I had intended to leave it to our rapporteur to reply. So far I have deliberately kept silent on all the amendments proposed. In the Committee on Agriculture, we have agreed on positions, with great difficulty in some cases. As chairman, I have had to preside and confirm the votes. Consequently I did not want to become involved today, by personal votes, in provisions passed by Parliament.

But I venture to react to Miss Lulling's amendment. We agree with her that the common agricultural policy which we are with difficulty trying to apply this year in the face of a monetary crisis could, like all policies, be improved. But what we Europeans must never forget is that the Community action defined in Article 3 of the Rome Treaty has only been applied in full to the common agricultural policy, which has given a structure to our Common Market: neither the transport policy nor even the social policy, although it is more advanced, have reached the stage of reality, as has our common agricultural policy. I believe that all of us on our committee, and all in this House, to judge by the recent intervention by Mr Scott-Hopkins, think that it must be maintained.

Certainly it need not be maintained in the traditional form in which we have been applying it for some years. Economic conditions change. As Mr Radoux rightly said, we knew very well at the start that there were structural differences between our countries. We have tried to iron them out; Mr Vredeling has said several times that the progress of this structural reform that we adopted a year ago is too slow. We are all, including Commissioner Lardinois, convinced that modifications must be made to the common agricultural policy. On 22 March 1973, Mr Lar-

Houdet

dinois—and I give him full credit for it—came here only a few hours after the Commission had submitted its proposals to explain them himself to our Committee on Agriculture; he finished his explanation, which was very comprehensive, by saying that there was much thinking to be done. He asked us, the Committee on Agriculture, and through us the European Parliament, to join in that thinking so that when the time came to prepare the conditions for the 1974-75 agricultural marketing year, we could perhaps set off on a different track.

Consequently I fear that, in its existing form, Miss Lulling's amendment is contrary to the spirit in which she conceived it. I am sure that she does not wish to destroy the common agricultural policy, which to many of us would mean the destruction of the monument we have built so far.

I cannot give the opinion of the committee, which has not been consulted, but I am giving you my personal opinion and I believe, without sticking my neck out, that the opinion of our Committee would be more or less the same: the form—and not the spirit—of Miss Lulling's amendment obliges me to vote against it.

President. — I call Mr Lückner.

Mr Lückner. — (D) Mr President, after what the chairman of the Committee on Agriculture in our House has said, I can be very brief.

When one reads the text that Miss Lulling has put before us here, I should like to confirm for my part that all of us—and I think there was unanimity in the Committee on Agriculture on this—proceed from the assumption that our agricultural policies must be revised. As Mr Houdet has said, it was Mr Lardinois himself who announced in the Committee on Agriculture that he would be giving us the result of his deliberations in the autumn, after he had in the meantime had an exchange of views with the committee, and I believe this to be not merely a friendly offer but a useful offer, for from the deliberations of many perhaps the best can come.

Although I too am in agreement with the real spirit of this motion, I would still like to say two things. Firstly, the reasons which Miss Lulling gives are inadequate, indeed they may lead in the wrong direction because she states that the system we have been using up to now does not function for the sole reason that there are structural differences between regions in the Community. I think this is a thesis we cannot accept. It may be one of the reasons, but I am convinced that it is not the decisive reason.

Secondly, Miss Lulling is in my opinion well wide of the mark with her demand for a radical alteration of the common agricultural policy. She is anticipating the result of our examination in a certain definition. 'A radical alteration'—what is that? Mr Houdet spoke of the destruction of our agricultural policy. I do not go as far as this by any means. Perhaps a supplementing, a modification, of our agricultural policy will be sufficient. Whether our system is right or wrong we will not know until after the discussion. If our system is the right one, then maybe here and there there are gaps and shortcomings which will have to be removed with specific instruments. This would then be not a radical alteration but merely a supplementation of our system. Out of these considerations, Mr President, one cannot accept the text in the form it is here presented and I therefore beg to oppose the proposed amendment.

President. — Miss Lulling, do you wish to modify your amendment? If so, may I have the new text?

Miss Lulling. — (F) Yes, Mr President.

Mr President, I feel I have been rather misunderstood.

I merely wanted to say that if I had wanted to destroy the common policy, I would not have behaved as I have done this evening. I want it improved and if the word basic can be misinterpreted by some of our colleagues, I propose deleting it and speaking simply of the modification of the existing common agricultural policy.

What I want is that we should move in a positive direction and in my view the best way of destroying the common agricultural policy is to continue with the present monstrosities. Modifications must be made and if you will allow me, I shall withdraw the word "basic", and I would ask you to put the amended amendment to the vote.

President. — If the House agrees, we shall consider that Miss Lulling's amendment does not contain the word 'basic' after 'introducing'.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — On a point of order. What I was trying to say was that, while I am of course very sympathetic to what is being proposed, you must realize, Mr President—and the House must realize, that you are setting a precedent. In future, keen parliamentarians like our colleagues here today, and the future par-

Scott-Hopkins

liamentarians who will be equally keen, will be able to turn up the precedent. If they want to, they will be able to submit an oral amendment to an amendment, which will be accepted with nothing in writing, and their colleagues will have no opportunity of seeing it beforehand. This is the precedent that we ourselves—and you, Mr President—are setting this evening, perhaps swayed by the charm, the good sense and the good looks of our delightful colleague. Nevertheless, we are setting this precedent and I firmly believe that our successors will curse us for doing so.

President. — I call Mr Poher.

Mr Poher. — (F) Just a word. In Parliamentary procedure, the author of an amendment always has the right to modify his text before a vote is taken. I am sorry, but I cannot see what the difficulty is.

President. — Mr Poher, I fully subscribe to what you have said. I think that we all agree with you.

The final version of Miss Lulling's amendment therefore does not contain the word 'basic'.

I put Amendment No 1 so modified to the vote.

Amendment No 1 so modified is agreed to.

(Applause from various benches)

On paragraph 16, I have Amendment No 8, tabled by Mr Frehsee, worded as follows:

'Paragraph 16 should be amended to read as follows:

"Approves, subject to the foregoing observations, the Commission's proposals for regulations fixing prices for certain agricultural products and certain related measures, but rejects the proposals for regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation;"'

I call Mr Frehsee to speak to his amendment.

Mr Frehsee. — (D) Mr President, this is the last of the proposed amendments to be put to the vote here, but it's a strong one, as we say in our language.

Item 16, Mr President, of the Committee on Agriculture's motion for a resolution is in my opinion the most important item in the entire resolution. In it it is proposed to the House that it should approve the proposals of the Commission as a whole. In my proposed amendment, Mr President, this is contradicted. I refer to the two regulations which have been put forward and linked together as a single entity. If you will look at the front cover of the Committee on

Agriculture's report again, you will see that it concerns:

- I. Regulations fixing prices for certain agricultural products and certain related measures, and
- II. Regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation.

My amendment is intended to secure the acceptance of Regulation I in the form put forward by the Commission, that is to say that the European Parliament should agree to the Commission's proposals on farm prices in full and without alteration. And I further move that the proposals dealing with monetary measures be rejected.

Mr President, this is one of the three motions we have already spoken about and of which we rejected the first in what amounted to a test vote. This decision has now to a certain extent to be made again. The decision to be made now is whether we wish to separate prices and monetary measures from each other, in other words to accept the prices proposed but to retain the compensatory payments and postpone monetary measures until later when the parities have been fixed and when progress in the direction of Monetary Union has been made. I beg the House to support this motion.

President. — I call Mr Vredeling on behalf of the Socialist Group.

Mr Vredeling. — (NL) Mr President, I have to inform you on behalf of the Socialist Group that we, or at any rate the majority of us, are against Mr Frehsee's amendment. In our opinion, this amendment gives expression to something which was followed at an earlier stage this evening by a statement from Mr Lardinois, a statement from the Commission to which we as the Parliament ought to take exception. Mr Lardinois said that, if the Council separated the two proposals, agreeing to the one but not to the other, he would withdraw both proposals from the Council.

Well now, the Council is one thing, but the European Parliament is another. I am well aware that in terms of power politics the Council is more important than the European Parliament but from an institutional point of view they are of comparable stature. I should therefore like to ask Mr Lardinois whether he would care to repeat his statement before the European Parliament that, if the European Parliament approves Mr Frehsee's amendment, he will withdraw his proposals from the Parliament.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I have to point out that I have not received the amendment, so I cannot take part in the discussion. It has never been handed out here. Moreover, from what I have heard of the debate, this amendment has, fundamentally, already been voted on. In actual fact, the same subject is now being brought up for discussion a second time. I strongly object to this situation whereby an amendment is submitted and duly rejected and then, at the end of the debate, the matter is brought up again by means of another amendment. We cannot conduct our business in this manner. Consequently, Mr President, I do not think we should accept this amendment for discussion. If, however, you do continue to discuss this amendment, I would ask you once again to have it circulated first of all.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, if I ask for the floor before my colleague, Mr Frehsee, it is because I wish to raise a question of preclusion. Mr Frehsee, during voting on a previous amendment submitted by him, himself declared that the amendment in question was closely connected with other amendments, including this amendment to paragraph 16. I appeal to the chair to ascertain whether preclusion does in fact exist so that a formal vote can be taken with this in mind.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, I just want to answer the two gentlemen.

Firstly, Mr Baas, I cannot help it if you have not got a copy of the motion; I have had one since early in the middle of the day and I naturally have no control over whether there is a copy on all seats.

To Mr Vetrone may I say that in my first speech I drew attention to the fact that there were three connected motions.

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

Mr Scott-Hopkins. — Mr President, you have been very kind and careful throughout our long deliberations this evening, and you have made it quite clear and quite plain to Mr Triboulet, to myself, to Miss Lulling and to everybody else that when we move an amendment, we move it, debate it and that is that. We have no

right of reply, and I beg of you not to depart from that rule that you have now established.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, I associate myself with Mr Scott-Hopkins' comment, that no one here has been called on to speak a second time. You cannot therefore now call on Mr Frehsee.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, in connection with Mr Vredeling's question, a question which the Rapporteur in fact had already asked a few hours ago, I should once more like to make the Commission's position clear regarding this point.

In the first place: the Commission most strongly advises Parliament against acceptance of this amendment. In the second place: the Commission in the event of a possible acceptance of this amendment will put this amendment on one side. And so not take it up. In the third place: if the Council were to take up the attitude expressed in this amendment, were this to be accepted by Parliament, the Commission will withdraw its proposals and from that moment therefore there will no longer be any price proposals.

(Protests from various benches)

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

Mr Vredeling. — (NL) Mr President, I know that today I am asking to make a point of order for the first time. I should like to say this, Mr President. What the representative of the Commission is announcing is political dynamite! He has said: if Parliament here accepts Mr Frehsee's amendment by a majority, I shall put it to one side...

President. — Mr Vredeling, this is not a point of order! It is a reply to what Mr Lardinois said.

Mr Vredeling. — (NL) Mr President, if it is not a point of order, that the Member of the Commission here treats Parliament in the final analysis as a 'quantité négligeable', then I don't know what is.

President. — Mr Vredeling, please do not take this amiss, but it was not a point of order; it was a reaction to what Mr Lardinois said.

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

Mr Scott-Hopkins. — No, Mr President, I have not asked to speak on a point of order. I have not spoken to this amendment yet, as I was reserving myself until Commissioner Lardinois had given us the pleasure of hearing him. I haven't spoken to the amendment we are now discussing, and I would like to take two minutes of the House's time.

I had not yet had the pleasure of hearing the House being blackmailed.

(Applause)

It is splendid. We know from the straight-from-the-shoulder, clear speaking by the Commissioner that he is not going to give a damn what we do. He is going to go on his own happy way. It's strange that we should be blackmailed in this way. And the really strange thing, Mr President, is that until the Commissioner spoke I was going to vote against the amendment, and I was going to recommend my honourable friends all to vote against it, because I didn't want to see the second part of the proposed regulation withdrawn and the Federal Republic and others getting a 5, 6 or 7 per cent rise. I was going to vote against this, but—oh, dear—not now! I do not like being blackmailed.

(Applause from the Conservative benches)

I'm not going to stand by and see myself and my honourable friends told 'we don't care what you say, we're going to ignore it'.

To be brief, Mr President, my two minutes are up, and I would strongly recommend this House and my honourable friends to vote in favour of this amendment, and to ask the Commissioner—which is much more important—to withdraw what he said. I'm sure he didn't really mean it, because it is almost one o'clock in the morning. If he will withdraw what he said we can vote, as we should, on economic grounds. But if he doesn't withdraw, I would recommend the House and my honourable friends to vote in favour of this amendment.

(Applause)

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, I am distressed to have to speak in an atmosphere like this. I must say that since I have been a Member of Parliament this is the first time that I have stood up with an impression of annoyance and unease. I say to Mr Vredeling that for me it is the first time!

I shall speak in a moment of the comment that could be made on Mr Lardinois' reply, but first I should like to address the spokesman of the Conservative Group.

What someone says can be interpreted in several ways. However, I must point out to him, very amicably and between colleagues, that he told us he would vote in a certain way and then, just because he heard the Commission speak in a way that he did not like, he is going to vote differently.

(Applause from the Socialist benches)

I want to be quite clear and stick to the substance of the question. By an allergic reaction, almost girlishly...

(Exclamations from the Conservative benches)

...suddenly he changes his vote, when the amendment submitted by Mr Frehsee is an extremely important one. I repeat, one can be for or against Mr Frehsee's amendment, but I really cannot understand how one can change sides merely by petulance—for I can see no other explanation!

(Conflicting exclamations)

Now I should like to say to Mr Lardinois that obviously everyone has his own way of expressing himself: some with many nuances, others rather as if they were working in rock.

But we must listen and understand what Mr Lardinois has said. I shall make two comments.

The first is that what the Commissioner has just said (and it is up to him to correct me if I am wrong, in which case I apologize) he was not saying for the first time this evening. He has already said it. All the more reason for this House to have known what it was all about just now.

Now I should like him to repeat what his position is, because personally—perhaps because I am a moderate and I always tend to give the benefit of the doubt to my colleagues and those to whom I speak—I did not have the impression that you were blackmailing this Parliament. You have the right to give your opinion as Commissioner and say what you are going to do. Certainly, and I do not want to be misunderstood, Parliament hears the Commissioner and then takes a sovereign decision: that is why it is a Parliament.

But I am speaking because I do not understand how one can suddenly change one's mind on a question of form when, as the author of the proposal must agree, an extremely important question of substance is at stake, to which I wish to draw this House's attention once again.

(Applause from the Socialist, Christian-Democratic and Liberal benches)

President. — According to the Rules of Procedure I can call the representative of the Com-

President

mission in these circumstances only if he expressly requests the floor.

I call Mr Lardinois, who has indicated that he wishes to speak.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I am particularly grateful to Mr Radoux for what he expressed here after Mr Scott-Hopkins' contribution. I should like to put it quite clearly, in order also to make the background of my statement clear to Parliament, that this question, the matter about which this amendment deals almost verbatim, was brought up ten days ago in the Council of Ministers of Agriculture. There one specific Minister quite emphatically stated that he considered the price proposals a good basis for discussion, for consultation and for conclusion but only if they were uncoupled from the monetary problem to which they are attached. Then I had to say, on behalf of the Commission, and I repeat this here, that if the Council were to uncouple these proposals from the monetary problem, the Commission must then warn the Council that it will withdraw these price proposals. These proposals would then certainly be replaced by possible other proposals, which would then have to go along the normal road once more via Parliament, etc. In other words, these price proposals, and Mr Scott-Hopkins also said this clearly in his own contribution, have partly reached the stage where they are because of this coupling up with the monetary problem. That is my first comment.

In the second place: I said quite clearly this afternoon, also in reply to a question by Mr Vredeling, that I do not in any manner whatever wish to stand in the way of Parliament's freedom to decide as to this point upon which it has been consulted by the Council. But I most strongly advise, also on behalf of the Commission, against acceptance of an amendment of this kind.

(Applause from the centre)

President. — The rapporteur waives his right to speak.

I put Amendment No 8 to the vote.

Amendment No 8 is not agreed to.

I put paragraph 16 to the vote.

The result of the show of hands is not clear. A fresh vote will accordingly be taken by sitting and standing.

Paragraph 16 is not agreed to.

(Applause from the European Conservative benches)

I call Mr Vredeling on a point of order.

Mr Vredeling. — (NL) I believe that the result of this vote, which I accept entirely, creates a problem. By the very fact that paragraph 16 is now rejected, the European Parliament expresses no opinion on the Commission's proposals. It therefore puts forward no advice in principle, which creates a problem. I do not wish to say more.

President. — Mr Vredeling, the House has done so on its own responsibility. I personally have noted your statement, but I can obviously not pursue the matter.

On paragraph 17, I have no amendments or speakers listed.

Does anyone wish to speak ?

I put paragraph 17 to the vote.

Will those in favour raise their hands.

Will those against raise their hands.

Will those who wish to abstain raise their hands.

I call Mr Houdet.

Mr Houdet. — (F) Mr President, Parliament has just rejected paragraph 16. Paragraphs 1 to 15, which we have adopted with amendments, were in fact only recitals. The conclusion to which they led was contained in paragraph 16: the Commission's proposals were approved or rejected. A vote by which Parliament does not approve is by implication a rejection of the Commission's proposals. In my view, nothing remains in the motion for a resolution submitted to you, after long discussions by the Committee on Agriculture. I cannot see the point of instructing 'its President to forward this resolution to the Council and the Commission' since there is now nothing in this resolution! The recitals were only of value when they supported the approval of the Commission's proposals. But as paragraph 16 has been rejected, there is now nothing in the motion!

President. — The vote on paragraph 17...

Mr Vredeling. — (NL) I must still protest, Mr President, on a point of order! We have already voted on paragraph 17. And the majority was for it. I believe that I was the only person who was against it. For the reasons that Mr Houdet has indicated, I voted against. You can say what you want, but a vote has been taken!

Vredeling

President. — Does anyone wish to explain his voting intentions?

I call Mr Starke.

Mr Starke. — (D) Mr President, in spite of the late hour I must, on behalf of a great number of colleagues and myself, say that after the outcome of the debate, after the statements which have been made here, and above all after the rejection of Amendment No 4 from Mr Brouwer and the rejection of Amendments Nos 6, 7 and 8 from Mr Frehsee, we cannot decide to support this motion for a resolution, because its object amounts to an approval of the Commission's proposal. After the rejection of these proposed amendments the Commission's proposal in its present form brings no solution to the problems besetting us, it is unjust and it is—above all, and most significantly—unrealistic. It does not provide a viable means of achieving fruitful further political work in the Community. Taken in isolation—as a Minister had, so he told me, expressed himself in the Council of Ministers—the prices could have been used as a basis for discussion. But linked with the dismantling of compensatory payments they are not a basis for discussion. The linking of the setting of prices with the dismantling of the variable compensatory payments is impossible both from the agricultural and from the monetary point of view.

As far as agriculture is concerned my colleague Mr Früh spoke this afternoon and Mr Frehsee gave the reasons for his motions.

I know something of monetary matters and I just cannot understand how people can assume, with closed eyes, that the monetary situation has become stabilized. It has not; it may be stable for days, for weeks, perhaps for a few months, but we know very well that what has been created has not yet withstood any test, and this test will come. If this is the case, the Commission cannot put forward a proposal as though the monetary situation had been stabilized. I am really sorry that Mr Haferkamp is not here. I would have been very interested to hear—since he is responsible for monetary matters—what he had to say to what was stated here on the basis that monetary affairs were now in order and the situation stabilized.

My point of view is that anyone who in this situation tampers with the system of variable compensatory payments and wishes to dismantle it is tampering with the existing agricultural system itself, for due to the monetary uncertainty it has for a considerable time only been functioning at all thanks to the variable compensatory payments. I would go a small step

further and say that anyone who—given the fact that we are living under this agricultural system—tampers with the compensatory payments, endangers future work in general, for it is a very unjust solution that the Commission is proposing and I could barely conceal my astonishment that colleagues in this Chamber had accepted that some individual Member States should receive absolutely nothing for their farmers while they on the other hand should receive additional price increases for their own farmers.

In conclusion I should like to say again, Mr President, that many of my colleagues and associates and myself cannot vote for this motion for a resolution which supports the Commission's proposal.

President. — May I now ask Mr Vredeling to make his explanation of vote as short as possible.

Mr Vredeling. — (NL) Mr President, you do say 'as briefly as possible', but I am entitled to speak for at least as long as the previous speaker, whom until now I was used to seeing sit on the benches of the Liberals. I still have to get used to the fact that he is now sitting on the Christian Democrat benches.

Mr President, this is not to the point, but I wish to speak to my vote. This is the *first* time since 1958, I call Mr Lücker in witness, that we have refrained from comment as European Parliament, after traversing deep valleys and great difficulties.

My personal comment on this is: thanks are due to Mr Frehsee for his story about the Landwirtschaftsministerium in Bonn! Yes, Mr Frehsee, I am prepared at a given moment, at the stroke of O hundred hours, to say exactly how I see it, thanks are due to you for your story about the Landwirtschaftsministerium in Bonn which a number of German members of the Christian-Democratic Opposition have supported. I congratulate you, Mr Frehsee, and hope that this reaches the Press in the Federal Republic.

For this reason, Mr President, because we are making no comment as European Parliament, because we are making no comment on the whole sum of the Commission's proposals, I regard the rest of all the paragraphs contained in the resolution only as blah blah blah. For this reason, therefore, I shall vote against this resolution.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I should like to explain my abstention.

I cannot see why I should vote for nor why I should vote against. The whole point of the rather lengthy speech I made when Mr Frehsee's text was submitted was obviously directed at what has happened. As the Chairman of the Committee on Agriculture said, paragraph 16 is the logical conclusion of all that precedes it. Consequently paragraph 16 is adopted or rejected and, depending on which, the situation is normal or abnormal.

What I regret is, as I said before, the conditions in which we have had to work. I remember very well that it has happened in the past, at sittings like this, that the sitting has been suspended and we have set to work. It is 1.19 in the morning, but we have sat later in the past. None of us, not you, Mr President, nor any of your colleagues, is responsible for the situation that I describe, but it has happened before that members of a committee have been asked to meet to re-examine a text. If Mr Frehsee's proposal had been examined a little more responsibly—forgive me for using this word, but it is the right one—for perhaps only half an hour by the Committee on Agriculture, it would perhaps have realized the danger confronting us and above all the meaning of the vote we were about to take.

I must add that all this took place in an atmosphere that I have never before experienced in this Parliament. I spoke just now of the cinema; I would almost be tempted to say that I later had the impression I was in a circus! Exaggerated language has been used that is really out of place in a Parliament such as this, and I hope that suitable measures can be taken to avoid a recurrence of such disagreeable scenes. Everyone has the right to his own opinion and to make jokes at the expense of others. But really sometimes this evening I felt that things were going too far and when things go too far in the form, mistakes can be made in the substance.

President. — I call Mr Héger to explain his vote.

Mr Héger. — (F) Mr President, I shall be very brief. I have already explained during the general discussion the reasons why I could not support the Commission's proposals. The discussion I have heard and in which, I admit, I have participated very little, have only confirmed my attitude.

President. — I call Mr Lückner.

Mr Lückner. — (D) Mr President, I do not wish to give any explanation for the vote, I just wonder what this means for us here. Everything you now undertake on this matter, Mr President, will now be in vain. Article 16 of the resolution has been rejected. As a result the resolution no longer has any substance. We can discuss for hours why one person voted one way and another person another way. I also think, Mr President, that we should not abolish any parliamentary practices, so that the vote which has taken place can be taken a second time, for this is what it would amount to. We have made our decision on Article 16 in the way that has just happened. One may regret it; I personally agree with Mr Vredeling. It is the first time in this Parliament that we are faced with such a situation, but I should like to move, on a point of procedure, that we end the debate and that we go home this evening and ponder the result we have just achieved and consider how to do things better in future.

(Applause)

President. — I am inclined to stick strictly to the rules. I note that Mr Lückner was in fact speaking on a point of order. I have taken note of it, but it is up to the House to decide on the different paragraphs by majority vote. It is my duty to put this resolution, as it lies before us, to the vote right up to the end, and then to put the resolution as a whole to the vote. The contents of the resolution are Parliament's affair, not mine. My duty remains to lead the House through to the end of the resolution.

I therefore call Mr Cifarelli.

Mr. Cifarelli. — (I) Mr President, I associate myself with what has been said by Mr Radoux and I share the doubts expressed by Chairman Lückner.

I should also like to point out that the present state of affairs depends on the wording of the text. If this paragraph were inserted at the beginning, rejecting the Commission's proposals, the whole of the remainder would lapse. This is the hypothesis of the motion of non-transfer to the articles, whose approval by Parliament would preclude any further discussion.

For these reasons, I declare that if the President decides to put the matter to a vote I shall abstain.

President. — I call Mr Kirk.

Mr Kirk. — Mr President, this motion is now meaningless, and I shed no tears for that. I would rather have no motion at all than the one

Kirk

that was before the House. I have no doubt now that we shall not carry it, and I will not waste any more time on it. The only point I wanted to make in explaining my vote is that, whatever view one takes of the events of tonight, it must, I think, be clear to the Commissioner that his proposals do not command whole-hearted support. He has told us of his disregard for our opinions, which we must respect, but I nevertheless hope he will look at what has happened tonight and have another look at these proposals before they come to finality, because I think that if they go forward in their present form he is going to find himself in great difficulty.

(Applause from the European Conservative benches)

President. — I call Mr Houdet.

Mr Houdet. — *(F)* Mr President, I wish to speak, not to explain my vote, but as chairman of the Committee on Agriculture.

After very long meetings, after hearing most of the arguments put forward today at the plenary sitting, our committee very democratically voted, paragraph by paragraph, on this resolution and reached a conclusion, which is paragraph 16. It is inconceivable that this resolution can be submitted without containing paragraph 16.

In view of this situation, I do not see the point of voting. I agree with Mr Radoux, Mr Lückner and Mr Kirk. I move that the motion for a resolution be referred back to the Committee on Agriculture.

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, I wish to support what Mr Houdet has said. Whatever the deadlines by which the Commission and the Council have to take decisions, it is preferable for Parliament to accept the proposal of the Chairman of the Committee on Agriculture rather than to vote on a text that is not valid.

President. — Pursuant to Rule 26 (2) of the Rules of Procedure, reference back to a committee is mandatory if the committee responsible requests it.

This is the case.

The matter is therefore referred back to committee.

This item is closed.

(Conflicting exclamations)

12. *Directive on agriculture in mountain areas and certain other poorer farming areas*

President. — I call Mr Lückner on a procedural motion, on behalf of the Christian-Democratic Group.

Mr. Lückner. — *(D)* Mr President, I move that Mr Cifarelli's report on a directive on agriculture in mountain areas now be deleted from the agenda and referred back to the Committee on Agriculture, as you have just arranged to be done for the resolution after the debate here. So: referral back to the Agriculture Committee and no further debate now as it is getting on for 2 o'clock.

President. — I have a motion to refer Mr Cifarelli's report on a directive on agriculture in mountain areas and other poorer farming areas back to committee.

I shall call one speaker for and one against the motion.

I call Mr Radoux.

Mr. Radoux. — *(F)* Mr President, I second Mr Lückner's motion for reference back.

President. — I call Mr Cifarelli.

Mr Cifarelli, rapporteur. — *(I)* Mr President, I have no reason for being for or against. I am at the disposal of Parliament, but I should like to say that I am sorry at the way things are going. Nevertheless, I think that the proposal by the chairman of the Christian Democrat group is very wise and therefore declare my support.

President. — I call Mr Kirk.

Mr Kirk. — This is a very curious procedure. We have had a motion by Mr Lückner to refer the report back, but we have had no reason why it should be referred back. There is no particularly close connection between this report and the one that we have just been discussing. There is, as far as I know, virtually no opposition to Mr Cifarelli's report, and I see absolutely no reason why we shouldn't proceed with it even though it is rather late. We in the House of Commons are accustomed to starting things at 1.30 in the morning. In fact, we rather enjoy it.

(Laughter)

President. — I note Mr Kirk's statement. I now have one speaker for and one against Mr Lückner's motion. We shall therefore proceed to vote.

President

I put Mr Lücker's motion to the vote.

The motion is adopted.

Mr Cifarelli's report is accordingly referred back to the Committee on Agriculture.

President. — Sir Tufton Beamish has the floor on a point of order.

Sir Tufton Beamish. — Thank you very much, Mr President. I just wanted to ask, on a point of order, what in fact will now happen to the Cifarelli report, because I have never heard of this procedure and I simply do not understand it.

President. — This is scarcely a point of order, Sir Tufton, but I will give you an answer out of courtesy.

The consequence of this decision is that the report is referred back to the Committee on Agriculture. It is now up to the Committee on Agriculture at its next meeting to do what it thinks fit with the resolution on agriculture in mountain areas. That is the meaning of the decision.

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

Mr Scott-Hopkins. — I think you are placing us in an extraordinary position by these procedures. I am quite unaccustomed to what I understand from your explanation has happened. You realize the position you have put us into...

President. — Not I, the House!

Mr Scott-Hopkins. — You, the House—I am talking about the House. Thank you for the correction, Mr President, but I was one step ahead of you there. The House has put us—and now the Committee on Agriculture—into the position of having to deal with the farm price review and the Cifarelli report on farming in mountain areas. Both of these are required in the very shortest possible space of time by the Commission and the Council of Ministers, and I don't frankly see how your—the House's—Committee on Agriculture can cope with this task. I think this is a novel way of dealing with matters when they go against you, but it seems to be the procedure which the House has adopted. Perhaps the Bureau or Legal Affairs Committee might look into the implications.

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) I am grateful to Sir Tufton

Beamish and Mr Scott-Hopkins for raising the question, because the chairman of the Committee on Agriculture is himself perplexed.

As for the reference of the De Koning report back to committee as I proposed, there is no difficulty. You have rejected the conclusion of the resolution. We in the Committee on Agriculture shall try to propose something else to you, I do not yet know what.

But the Cifarelli report which the Committee on Agriculture adopted has not been discussed by Parliament. Our Committee can only return with the same report. Listening to Mr Lücker, I thought he was requesting that the debate at this plenary sitting be postponed until some time other than tonight. But Mr Cifarelli can only return to you with the same report, which we consider good, without being aware of the views of the plenary assembly.

What concerns me, Mr President, is that you said we would discuss it at our next meeting. At this next meeting, which we fixed with great difficulty, as you know, we are to examine, tomorrow morning, the problem of Cypriot products.

President. — Before calling Mr Lardinois, I would ask Members kindly to let the matter rest. Decisions taken by a majority of the House are taken on the House's responsibility, and the House must bear the consequences. Responsibility cannot be attributed to the Chair.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should like to make a short statement on behalf of the Commission. We particularly deplore the fact that at this moment we have therefore had no advice from Parliament with regard to this matter in respect of which Parliament was itself disposed to hold a separate plenary sitting, or at least to put forward significantly its normal series of plenary sittings, in view of the fact that the Council is also subject to heavy pressures of time. It must in any event take its decisions in two sittings before Easter, in order to keep to the dates relating to the new years of account. I do not yet precisely know what the legal position is in which we have ended up, namely that the Council has asked Parliament for advice and Parliament has proffered no advice. I should in any event like to avoid that due to a legal interpretation of this situation a conflict should result between Commission and Parliament. I should therefore, before representing the definitive views of the Commission, like to put

Lardinois

before the Commission the problem of the situation in which we now find ourselves. After that we shall make contact with you, Mr President, so as not to encumber, as it were, a purely legal matter with heavy political implications. What I am in fact opposed to and what I wish to protest against personally is the explanation that Mr Kirk has given, as if I should show "disregard" towards this Parliament. All that is within me is parliamentarian and remains parliamentarian, and to that my work in this Parliament is witness.

(Applause from various benches of the Socialist, Christian-Democratic and Liberal and Allies Groups)

President. — Do you wish to speak again, Mr Starke? I can give you the floor on a point of order only. I shall then close the sitting.

Mr Starke. — *(D)* Mr President, on a point of order. If I have ever recognized anything as right, after more than 20 years in Parliament, then it was today when this Parliament expressed its will. For if the rejection of Item 16 is interpreted to mean that the Commission's proposal is rejected, even if Parliament refuses to vote on the proposal as a whole, then the whole proposal is rejected. That is an expression of Parliament's will. But if it is now said: not a second time! and if it is not voted on a second time there suddenly has, allegedly, been no vote the first time, I cannot accept it. For me personally—and this is the conclusion of my point of order—Parliament has expressed its will. And I do not know whether the Commissioner, on sober reflection, should take the view that a legal problem has been thrown up here because Parliament has not expressed its will, and that serious political consequences could result. I consider that to be an unfortunate observation, Mr President.

Mr Schwörer. — *(D)* Hear, hear!

President. — I must point out to Mr Starke that the matter is not yet settled, since it has been referred back to the Committee on Agriculture. I call Mr Schwabe, who will be the last speaker on a point of order.

Mr Schwabe. — *(D)* I should like to ask you on a point of order, Mr President, whether it would be possible to let the Cifarelli report, which one hopes will not give rise to so much discussion as the previous point, pass unaltered in committee—now that we have decided that it will go to committee—tomorrow morning and be

appended to the plenary sitting tomorrow, so that it can be voted on and we do not have more interruptions than are absolutely necessary.

President. — Mr Houdet, the decision has been taken to refer Mr Cifarelli's report back to the Committee on Agriculture!

Mr Houdet, *chairman of the Committee on Agriculture.* — *(F)* I agree, Mr President, the decision has been taken. But as I said, I do not think that the Committee on Agriculture will change Mr Cifarelli's report since in our eyes it still has all the qualities it had before. Therefore tomorrow morning, after a five-minute meeting of the Committee on Agriculture, Mr Cifarelli could return with the same report. There could therefore have been a debate tomorrow morning on the same motion which has been laid before you.

President. — Mr Radoux, what can I now grant you?

Mr Radoux. — *(F)* You grant me so many things, Mr President, that I am overwhelmed.

Mr President, I just wanted to say that as the Committee on Agriculture is meeting tomorrow morning, I see a final possibility of trying to get the Committee to resume the study of the amendment to paragraph 16 of the resolution in the De Koning report.

It is an idea that suddenly came to me. Since the Committee on Agriculture has to meet in any case, would there not be a possibility of putting things right even now? What has happened this evening is very harmful to all our institutions.

President. — It is for the Committee on Agriculture to decide at what time tomorrow it will present Mr de Koning's report and Mr Cifarelli's report.

I call Mr Starke.

Mr Starke. — *(D)* Mr President, on a point of order! We must know what is on the agenda for tomorrow.

President. — I am coming to that in a moment!

Mr Starke. — *(D)* We cannot let the vote be determined by individual Members of the House in such a way that they, as they hope, will have a chance majority. This ought to be rejected. One must know whether another vote is to be taken here tomorrow.

13. *Agenda for next sitting*

President. — The next sitting will be held on Friday, 6 April 1973, with the following agenda:

10 a.m.

- Report by Miss Flesch on special measures applicable to certain officials and nuclear establishment staff of the Commission;
- Report by Mr Vetrone on imports of citrus fruits and sherry from Cyprus;
- Report by Mr Mommersteeg on European political cooperation and unification;
- Report by Mr Bersani on the resolution of the

Parliamentary Committee of the EEC-East African Association;

- Report by Mr Dewulf on the Agreement between the EEC and Egypt;
- Report by Mr Bousch on the introduction of Community industrial development contracts;
- Vote on the motion for a resolution contained in the report by Mr Vredeling on the amending and suspending of customs duties on agricultural products.

The sitting is closed.

(The sitting was closed at 1.55 a.m.)

SITTING OF FRIDAY, 6 APRIL 1973

Contents

<p>1. Approval of minutes 152</p> <p>2. Order of business</p> <p style="padding-left: 2em;"><i>Mr Petersen; Lord Gladwyn; Sir Tufton Beamish; Mr Dalsager; Mr Mommersteeg; Mr Petersen</i> 152</p> <p>3. Verification of credentials 153</p> <p>4. Change in the agenda 154</p> <p>5. Regulation on special measures temporarily applicable to certain officials and nuclear establishment staff of the Commission of the European Communities. — Debate on a report drawn up by Miss Flesch on behalf of the Committee on Budgets</p> <p style="padding-left: 2em;"><i>Miss Flesch, rapporteur; Mr Aigner, on behalf of the Christian-Democratic Group; Mr Spinelli, member of the Commission of the European Communities</i> 154</p> <p style="padding-left: 2em;">Adoption of the resolution 155</p> <p>6. Statement by the President on Preliminary Draft Supplementary Budget of the European Communities No. 1 for 1973 156</p> <p>7. European political cooperation and unification. — Debate on a report drawn up by Mr Mommersteeg on behalf of the Political Affairs Committee</p> <p style="padding-left: 2em;"><i>Mr Mommersteeg, rapporteur; Mr Bertrand, on behalf of the Christian-Democratic Group; Mr Radoux, on behalf of the Socialist Group</i> 156</p> <p>8. Change in the agenda</p> <p style="padding-left: 2em;"><i>Mr Houdet, chairman of the Committee on Agriculture; Mr Brewis; Mr Houdet; Mr Radoux; Mr Bertrand, on</i></p>	<p style="padding-left: 2em;"><i>behalf of the Christian-Democratic Group; Mr Kirk, on behalf of the European Conservative Group</i> 160</p> <p>9. European political cooperation and unification (cont.) <i>Lord Gladwyn, on behalf of the Liberal and Allies Group; Sir Tufton Beamish, on behalf of the European Conservative Group; Mr Bousquet, on behalf of the E.D.U. Group; Mr Scelba; Mr Petersen; Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities; Mr Mommersteeg, rapporteur</i> 161</p> <p style="padding-left: 2em;">Debate on the motion for a resolution</p> <p style="padding-left: 4em;">Amendment No. 3 to the preamble</p> <p style="padding-left: 4em;"><i>Mr Dalsager; Mr Mommersteeg; Mr Radoux; Mr Scarascia Mugnozza</i> 168</p> <p style="padding-left: 4em;">Adoption of amendment No. 3 169</p> <p style="padding-left: 4em;">Adoption of the preamble 169</p> <p style="padding-left: 4em;">Adoption of paragraphs 1 to 5 169</p> <p style="padding-left: 4em;">Amendment No. 4 to paragraph 6 .. 169</p> <p style="padding-left: 4em;"><i>Mr Dalsager; Lord Gladwyn; Mr Petersen; Sir Tufton Beamish; Mr Dalsager; Mr Bousquet; Mr Radoux; Mr Bertrand; Mr Aigner; Mr Mommersteeg</i> 169</p> <p style="padding-left: 4em;">Rejection of amendment No. 4 and adoption of paragraph 6 171</p> <p style="padding-left: 4em;">Amendments Nos. 5 and 1 to paragraph 7</p> <p style="padding-left: 4em;"><i>Mr Dalsager; Mr Bousquet</i> 171</p> <p style="padding-left: 4em;">Withdrawal of amendment No. 1 171</p> <p style="padding-left: 4em;"><i>Mr Radoux; Lord Gladwyn; Mr Mommersteeg; Mr Scarascia Mugnozza; Mr Radoux; Mr Bertrand</i> 172</p> <p style="padding-left: 4em;"><i>Mr Radoux; Mr Bertrand; Mr Dalsager</i> 173</p> <p style="padding-left: 4em;">Rejection of amendment No. 5 and adoption of paragraph 7 173</p>
---	--

<i>Amendment No. 2 to paragraph 8</i>		<i>Flesch; Mr Scott-Hopkins; Mr Broeks;</i>	
<i>Mr Bousquet; Mr Radoux, on behalf of the Socialist Group; Mr Scarascia Mugnozza; Mr Mommersteeg</i>	173	<i>Mr Scott-Hopkins; Mr Scarascia-Mugnozza, Vice-President of the Commission of the European Communities; Mr Houdet; Mr Vredeling</i>	177
<i>Rejection of amendment No. 2</i>	174		
<i>Amendment No. 6 to paragraph 8</i>		13. <i>Reference back of the report on agriculture in mountain areas and certain other poorer farming areas</i>	179
<i>Mr Dalsager</i>	174	14. <i>Regulation on the introduction of Community contracts. — Debate on a report drawn up by Mr Bousch on behalf of the Commission on Economic and Monetary Affairs</i>	
<i>Rejection of amendment No. 6 and adoption of paragraph 8</i>	174	<i>Mr Bousch, rapporteur; Mr Artzinger, on behalf of the Christian-Democratic Group; Mr Normanton, on behalf of the European Conservative Group; Mr Spinelli, member of the Commission of the European Communities</i>	179
<i>Adoption of paragraphs 9 and 10</i>	174	<i>Adoption of the resolution</i>	183
<i>Adoption of the resolution</i>	174	15. <i>Regulation on customs procedure in respect of certain agricultural products. Vote on the motion contained in the report drawn up by Mr Vredeling on behalf of the Committee on External Economic Relations. —</i>	
10. <i>Regulations on imports of citrus fruits and sherry originating in Cyprus. — Oral report by Mr Vetrone, on behalf of the Committee on Agriculture</i>		<i>Mr Pêtre</i>	183
<i>Mr Vetrone, rapporteur; Sir Tufton Beamish; Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities; Mr Aigner, on behalf of the Committee on Budgets</i>	175	<i>Withdrawal from the agenda and reference back to committee</i>	183
<i>Delivery of a favourable opinion on the proposals for regulations</i>	176	16. <i>Dates of next sittings</i>	183
11. <i>Report received</i>	176	17. <i>Approval of minutes</i>	183
12. <i>Regulations on farm prices for the 1973/1974 marketing year.—Regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation Debate on a second report drawn up by Mr De Koning on behalf of the Committee on Agriculture.</i>		18. <i>Adjournment of session</i>	183
<i>Mr Houdet, deputy rapporteur; Mr Radoux; Mr Houdet; Mr Vredeling; Miss</i>			

IN THE CHAIR : MR RIBIÈRE

Vice-President

*(The sitting was opened at 10 a.m.)***President.** — The sitting is open.1. *Approval of minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Order of business***President.** — I call Mr Petersen.**Mr Petersen.** — I formally move that the debate on the Mommersteeg report be postponed.**President.** — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, on that point of order, I quite understand the reasons which our Danish colleague has for asking for a postponement, but I myself should be opposed to it. I hope that we shall be able to arrive at the discussion of the Mommersteeg report in good time before we disperse today. I hope that we shall be able to consider the amendments which have been put down, which do not seem to me to be very difficult amendments, and from the general point of view of the timetable it seems to me important that we should get the Mommersteeg report through today, and I believe that would be the opinion of the majority of the members of the Political Affairs Committee, of which I am the Vice-Chairman.

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — Mr President, I would like to support what Lord Gladwyn has said. I think everyone would agree that the Mommersteeg report is of exceptional importance, and so far as I understand it there are in fact only two amendments to it, which are not at first glance controversial, one of them being of a very minor character. In spite of the importance of the subject, I do not see why it should take up a great deal of time in Parliament. There will be many opportunities to debate the questions arising from it on future occasions, and I would most strongly oppose the suggestion that we do not take this report today.

President. — I call Mr Dalsager.

Mr Dalsager. — (DK) Mr President, I should like to have the floor to support Mr Petersen's proposal. I myself believe that this report is very comprehensive and very important, and I have to tell you that the Danish version came into our hands only two days ago, which means that we have had very little chance to elaborate the amendments which I myself wish to propose. We shall get them ready if the House insists on dealing with the report sometime today but I do think that it would be practical and more defensible from a political standpoint if we postponed the discussion of this report until the Parliament's next meeting.

President. — I call Mr Mommersteeg.

Mr Mommersteeg. — (NL) Mr President, I am entirely in agreement with what Lord Gladwyn and Sir Tufton Beamish have said. It is precisely the intention of the Political Affairs Committee to enable Parliament to make its opinion known at an early date, that is to say before the Ministers of Foreign Affairs submit their report

on political cooperation. Since this report is to be published on 30 June, it is high time indeed that Parliament made its opinion known and I am therefore in agreement with those members who have urged that my report be dealt with today.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, this is a very important report, and I consider it an excellent report too. But I am still convinced that it is not reasonable for Parliament to discuss a report whose content is so important before the Members have had the necessary time, a reasonable amount of time to examine thoroughly the many, many points of view contained in the report. If it *has* to be dealt with today, the nature of the matter requires that it be dealt with briefly. We were also supposed to have dealt with agricultural problems again. I would therefore strongly recommend that this discussion be postponed. There will be opportunities to resume this debate at some later time, when we shall be able to have a more complete and better informed debate than we can today.

President. — Does anyone else wish to speak?

I shall now consult the House on Mr Petersen's motion, supported by Mr Dalsager, for the postponement of the Mommersteeg report.

The motion is not adopted. The debate on the Mommersteeg report will therefore take place according to the agenda.

I would remind the House that at the end of the last sitting it decided that Mr Vetrone's report on imports from Cyprus would be dealt with as soon as the Committee on Agriculture was able to present it.

3. Verification of credentials

President. — The next item is the verification of credentials.

At its meeting today the Bureau verified the credentials of Mr Dick Taverne, whose appointment as Member of the European Parliament was announced on 4 April 1973.

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

It therefore asks you to ratify this appointment. Are there any objections?

The appointment is ratified.

I welcome the new Member.

4. *Change in the agenda*

President. — At the request of Mr Aschenbach, chairman of the Committee on Development and Cooperation, made because of the absence of Mr Bersani and Mr Dewulf, the Bureau proposes that the reports which those Members were to present this morning should be withdrawn from the agenda.

Are there any objections?

That is agreed.

5. *Regulation on special measures temporarily applicable to certain officials and nuclear establishment staff of the Commission of the European Communities*

President. — The next item is a debate on the report drawn up by Miss Flesch on behalf of the Committee on Budgets on three regulations on special measures temporarily applicable to certain officials and nuclear establishment staff of the Commission of the European Communities (Doc. 22/73).

I call Miss Flesch, who has asked to present her report.

Miss Flesch, rapporteur. — (F) Mr President, ladies and gentlemen, we have before us three proposals for regulations arising from a reduction in the staff paid from research appropriations.

The measures laid before us are designed to enable servants affected by staff reductions to face the worst financial difficulties occurring during the period immediately following the termination of their service and to help them in every way possible to readapt themselves to new work or to improve their qualifications with a view to their possible reintegration within the framework of national institutions.

The number of servants to be separated, Mr President, amounts to 98: 48 on account of a reduction in the establishment staff at the Community Research Centre and 50 on account of the recruitment of staff from the new Member States. These are measures already familiar to us in so far as we have discussed them in relation to the servants of the Communities as a whole following the enlargement of the Communities. On that occasion, the circumstances led us to adopt a regulation applicable to all Community servants.

Here we are concerned with an analogous regulation relating to servants paid from research

appropriations. When taking up its stand, the Committee on Budgets was in the last analysis guided by two considerations. The first, which I may describe as scientific, is shared by the Committee on Energy, Research and Technology, which through the intermediary of Mr Gerlach has delivered an opinion on these proposals prompting us to regret the timidity of the Community's policy on research and the effects of this timidity on the level of Community institutions. The second consideration is more a matter of concern for the Committee on Budgets itself, for it is of an administrative and institutional character. It is this that prompts us to insist upon the permanence of the European public function as a fundamental element in the work of building up the Community.

In this two-fold preoccupation lie the motives that have prompted the Committee on Budgets to submit to you a proposal for a resolution and to propose certain modifications to the wording text submitted by the Commission.

What are these motives?

First of all, measures for final termination of service can normally only be applied to officials who request them. We made this point earlier with reference to the measures for separation in general.

Secondly, the committee has taken the view that we should provide for the possibility of reintegrating those separated in the institution after the period of retraining. For its part, the Committee on Budgets has assumed that a certain degree of Community participation in the cost of retraining should be provided for—namely, to the extent that these costs exceed a certain amount. In other words, provision must be made for Community participation that shall not be automatic, but which shall apply to a certain extent in those cases where the costs of retraining are particularly high.

It has of course been emphasized in this connection that our Community has a large number of unemployed who for their part do not enjoy the benefit of similar measures although the Committee on Social Affairs and Employment has demanded on more than one occasion that such measures be taken.

Nevertheless, the Committee on Budgets has taken the view that in this particular case the institutions, as employers, must set a good example and lay down special measures. We do not harbour too many illusions, M. President, on the adoption of this amendment, but we have felt it our duty to submit it in the hope that it could be incorporated in the final texts.

Flesch

Moreover, the Committee on Budgets decided that it could not accept the use of pressure, be it in the indirect form of a compensation, to keep on those benefiting from arrangements for retraining for five years in the Community. It is our opinion that such pressure violates the principle of free movement, which is dear to us, and that it is not the best means for protecting our Community's scientific heritage.

Finally, the proposal for a regulation in the form in which it was submitted by the Commission laid down that the pecuniary measures reserved for separated officials are not entirely applicable to established officials. The committee sees in this provision a discrimination which is neither particularly just nor particularly opportune. The Commission has, however since assured the Committee on Budgets that it will not be necessary to take any termination measures with regard to established officials. On the strength of this assurance, which I shall ask the Commission to confirm in plenary session, the Committee on Budgets proposes to Parliament that it should suppress Article 6 of the proposal for a regulation.

Apart from this, Mr President, there is the question of dates. The proposal for a regulation laid down a period of validity extending to 31 October 1973. In view of the fact that it is now already April, the committee has decided to suggest that this period be extended to 30 June 1974.

Such, Mr President, ladies and gentlemen, are the few observations which I wish to make on behalf of the Committee on Budgets on the motion for a resolution and on the modifications suggested for the proposal for a regulation.

(Applause)

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

Mr Aigner. — (D) Mr President, I just want to make a brief statement on behalf of my Political Group. We are completely in agreement with the critical remarks made by the rapporteur. We regret in particular that the Community and the Council of Ministers have so far failed to make any progress in the very sphere in which European integration is most necessary. We consequently give our wholehearted support to the detailed proposals of the rapporteur.

President. — I would ask Mr Spinelli, Member of the Commission of the European Communities, to take the floor and make known to Parliament the Commission's position on the proposed

modifications agreed to by the parliamentary committee.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, I should like first of all to thank Miss Flesch for the report which she has prepared on behalf of the Committee on Budgets. Her report supports the Commission's proposals and will therefore greatly promote their acceptance by the Council. The observations made by the Committee on Energy, Research and Technology and the amendments which it proposes, with the exception of one, about which I shall say a few words, will certainly be accepted by the Commission, including the revocation of Article 6. As regards this article, I should like to confirm that the Commission and the Directors of the Joint Nuclear Research Centre have thoroughly examined the staff situation within the framework of the new programme and have established that it will not be necessary to discharge any members of staff and that, consequently, the request for special favourable treatment for them has no *raison d'être*. We therefore accept the revocation of Article 6.

The point which I cannot alone take the responsibility of accepting on behalf of the Commission, yet which I do not wish to say the Commission disagrees with, is the proposed amendment in regard of Article 3 designed to leave an option open to members of the research staff discharged earlier, after their retraining. It is in fact necessary to consider closely the possible repercussions this could have for the problem of voluntary service in general, which concerns other staff members too, taking care not to cause shock effects likely to open up again the very difficult problem of voluntary service in general. I can, however, assure you that we shall study very carefully the proposal made by the Committee on Energy, Research and Technology and the possibility of accepting it. But, I repeat, I cannot give you any assurance at this time that the proposal will be accepted, since there is no possibility of convening the Commission. However, all the other proposals will be accepted.

President. — Thank you, Mr Spinelli.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

¹ OJ No C 26, 30 April 1973, p. 19 and corrigendum.

6. *Statement by the President on Preliminary Draft Supplementary Budget of the European Communities No 1 for 1973*

President. — I would remind the House that at its sitting of Wednesday last Parliament withdrew from today's agenda the debate on Preliminary Draft Supplementary Budget of the European Communities No 1 for 1973.

I have received the following letter from the Committee on Budgets on this subject:

'Dear Mr President,

I have the honour to inform you that the Committee on Budgets of the European Parliament, at its meeting on 4 April last, discussed preliminary draft supplementary budget No 1 of the European Communities.

The Committee on Budgets wishes to make the following observations on the substance of preliminary draft supplementary budget No 1.

The items contained in this preliminary draft budget (which provides essentially for the inclusion of several posts in the establishment plan of the Commission) should have been annexed to the amendatory or supplementary items resulting from the decision by Norway not to join the Communities, and if possible to the items arising from the Council's decision to allow a breakdown of the annual research appropriations (Euratom appropriations).

If these items had been grouped together in a single preliminary draft supplementary budget, it would have been possible to evaluate each modification in the context of a wider set of modifications and there would have been no need for a large number of supplementary budgets in the course of the year.

The Committee on Budgets made the following observations on the consultation Procedure:

In submitting the preliminary draft supplementary budget to Parliament for political guidance before the Council draws up a corresponding draft budget, the latter acted in full accordance with the agreement between the two institutions on the necessary contacts during the budgetary procedure.

The Committee on Budgets is fully satisfied with the observance of this procedure in the case of this supplementary budget.

However, because of the content of this preliminary draft supplementary budget (enlargement of the Commission's establishment plan by the addition of 17 new posts and a request for 50 promotions *ad personam*). the Committee on Budgets felt that consultation between the Council and a Parliamentary delegation led by the President of the Parliament, before the Council had drawn up its draft supplementary budget, would have made the procedure excessively unwieldy.

In view of the subject of this preliminary draft supplementary budget, the Committee on Budgets has proposed that Parliament should merely note that the procedure has been complied with and that preliminary draft supplementary budget No 1 has been forwarded.

Parliament will then be able to pronounce on the substance when it is consulted on the draft budget, if the Council considers it appropriate to prepare one.'

I think I can note that Parliament approves the comments of the Committee on Budgets.

7. *European political cooperation and unification*

President. — The next item is a debate on the report drawn up by Mr Mommersteeg on behalf of the Political Affairs Committee on European political cooperation and unification (Doc. 17/73).

I call Mr Mommersteeg, who has asked to present his report.

Mr Mommersteeg, rapporteur. — (NL) Mr President, I should like to start by placing this report in proper perspective, which means going back to the Hague Summit Conference of December, 1969. There are two ways in which this conference was a breakthrough. First of all it gave the green light for the expansion of the Community. Enlargement, which became a fact on 1 January last, has given the Community a new dimension in terms not only of quantity but also of quality. Secondly the Hague Summit Conference gave the Foreign Ministers of the six Member States the task of coming up with proposals before the end of July 1970 regarding—I quote—'the best way of achieving progress in the matter of political unification, within the context of enlargement'.

This led to the drafting of the 'Luxembourg Report' which was approved by the governments of the six Member States on 27 October 1970 and ushered in a form of limited political cooperation, i.e. in the sphere of external policy and then only on a modest scale. The countries applying for membership at that time were involved virtually from the outset as equal partners. This too can be considered a breakthrough. In this connection I need only mention the abortive attempt made at the beginning of the 1960s to arrive at some sort of institutionalized political cooperation between Member States on the basis of the various Fouchet plans. The Paris Summit Conference can be seen as a milestone in other respects as well. First of all, it assigned the Communities and Member States a large number of tasks or confirmed decisions whose implementation—in accordance with the stipulated timetable—will have far-reaching repercussions both internally and externally.

Secondly, main objective set by the Paris Summit Conference was for the first time—I quote—'to transform the whole complex of the relations

Mommersteeg

of Member States into a European Union' before 31 December 1980. To this end the Community institutions were called upon to prepare a report on the matter before the end of 1975.

In the meantime the Foreign Ministers are to produce a report before 30 June next—I quote—'on methods of improving political cooperation in accordance with the Luxembourg Report'. It goes without saying that this new report by the Foreign Ministers will be of importance for European union. The limited cooperation achieved so far in the sphere of foreign policy must, after all, in accordance with the Luxembourg report, be seen as the first stage in a more far-reaching process which should give tangible form—again I quote 'to the will for a political union which has always been a force for the progress of the European Communities'. The report which is being considered today must be regarded as a contribution by the European Parliament to thinking on the subject matter on which the Ministers are to report before 30 June next. That is also why this report is being presented today. As such it can also be seen as the first contribution to thinking about the European Union in which—as I have said—the Paris Summit Conference has called on all the Community institutions to play a part.

In many respects the present report is limited in scope. First of all, it is confined to cooperation in the sphere of external policy on which a start was made by the Luxembourg Report some two years ago. Its restricted scope is also due to the consideration that the European Parliament adopted a position on political unification in the wider sense both before and after the Paris Summit Conference on the basis of the reports tabled by Mr Müller. Reference is made to the relevant resolutions in the draft resolution I am submitting today. Secondly, the report under consideration is limited in scope because it is intended as an outline report. It is not concerned with details.

I might be reproached—and I have already heard a remark to that effect—that I have been over-cautious in my report. By way of answer I would point out that it was not my intention to indulge in ambitious theorizing. I had no wish to fashion theories which might lead to an unnecessary and all too dogmatic clash of ideas.

What I have tried to do is to draw up a practical and reasonable report and make some useful suggestions as to how the Davignon procedure might be improved; I think that these suggestions can very easily be put into practice without our getting bogged down in theoretical argument. This does not mean that in the process I have lost sight of the main objective of European

political union. On the contrary, what I am trying to do is to prevent the growing system of cooperative effort on the part of Member States in the sphere of foreign policy from being rigidly partitioned off from the European Economic Community which, by its very nature is also an international political reality whose activities have not only external economic but also international political implications. This last fact was recognised, and in so many words, in Article 14 of the Paris Communiqué. It is precisely this compartmentalization or at least the maintenance of too parallel a development which jeopardizes the attainment of a genuine European union; this danger must be warded off by interlinking political cooperation and Community activities to some extent and channelling them towards European union.

I now come to my suggestions which are based on a good two years' experience of the Davignon procedure and on present realities. It is not easy to analyse this experience, partly because of the nature of foreign policy in which a great deal escapes one's notice. I have nonetheless attempted to do so in the first two chapters of my report. This exercise has undoubtedly yielded a number of positive findings, as can be seen from paragraphs 40 and 41. This holds true in particular for the increasingly close contacts between officials at different levels in Member States' Foreign Ministries which is even referred to as process of direct integration between Foreign Ministries.

Among the present realities on which I have based my report is the fact—to which Mr Schmelzer alluded in his address to the European Parliament on 15 November last year—that a common foreign policy can be reached by a gradual process. In this connection, I would draw your attention to paragraphs 42 and 43. On the other hand, in view of the interdependence that exists between the economic and political spheres, the fact remains that in practice, intergovernmental political cooperation involves constantly coming into contact with the European Economic Community and its powers. As I have already stated, the Community is by its very nature an international political reality which also needs an international political conceptual framework for its actions; this is all the more essential in view of the fact that major international developments confirm that basic changes are under way in the system of international relationships which are forcing Member States and the Community too to ponder deeply on what is referred to in the Paris Communiqué as 'the unity of Europe's interests, the extent of its capacities and the magnitude of its duties'.

Mommersteeg

The international developments referred to in paragraph 45 of the report and the tasks of the Communities which are recapitulated in paragraph 46 call for close cooperation between the Community itself and its Member States.

In the sphere of foreign policy the main focus is on arriving at some sort of active cooperation between, on the one hand, the Community institutions, whose activities must inevitably impinge on certain aspects of foreign policy and, on the other hand, the Member States whose foreign policy must not give rise to distortions in or come into conflict with Community policy. A balance must be struck, and I should like to say somewhat paradoxically a dynamic balance, not first and foremost between the powers of the Communities and those of the Member States but between their respective activities and policies.

The suggestions made in the third chapter are partly dictated by the considerations I have just mentioned and I have also included them in the body of the draft resolution. I should like to briefly summarize and elucidate them. The request contained in paragraph 2 in respect of increased contact between Foreign Ministers and the political Affairs Committee follows logically from Paris Summit Conference decision referred to in paragraph 1 regarding the intensification of political consultation at the ministerial level, i.e. by holding four meetings of Foreign Ministers instead of two as has been the case until now.

Paragraphs 3 and 4 in respect of the application of Article 235 of the EEC Treaty are based on the draft resolution tabled by Sir Tufton Beamish on behalf of the European Conservative group which is attached as an annex to this report.

The view put forward in paragraph 5 (a) that the report to be submitted by the Foreign Ministers should specify in greater detail the role that a democratic and independent Europe could and should play must also be seen against the background of the international developments I have just referred to. Paragraph 5 (b) stresses the desire and the need to channel the activities of the Ministers and the Communities towards achieving European Union by 1980. Practical suggestions to this end are also made in paragraphs 7, 8 and 9.

In paragraph 8 (a) it is requested that the Commission should be fully associated at all levels in the work of political cooperation and in paragraph 8 (b) it is urged that the Commission be accorded a right of initiative. These proposals have been made in view of the close links between Community action and the decisions to

be taken in the sphere of political cooperation. This is something to which I have already drawn attention today and which I have discussed in detail in my report. This will undoubtedly give rise to difficulties because it is not the intention of this proposal—and I should like to stress this—that foreign policy cooperation should be a Community affair. If that were so considerable tension would be created—not only between Member States but also within the Community. The right of initiative will therefore have to be defined more carefully, all the more so as, for the time being at least, there can be no question of applying in the sphere of foreign policy the Community practice whereby an international measure contemplated by a group of countries could be brought to nought by the right of veto which can be exercised under present Community arrangements. I have seen fit to make this point because it is important to note that it is not the intention of this proposal that foreign policy cooperation should now be forged entirely at the Community level.

Paragraph 9 is based in part on the text of the draft resolution tabled by Sir Tufton Beamish. In this draft resolution it is urged that the European Parliament should make greater use of the right of initiative to study foreign policy issues, that debates on these issues be held in the presence of representatives of both the Council and the Commission and—this is particularly important—that the relevant resolutions of the European Parliament should be examined and commented upon by the Foreign Ministers.

Mr President, I now come to what has been said about the much discussed question of the Secretariat.

In Paragraph 7 of the draft resolution the objection to instituting a secretariat that would be completely independent of the Community is raised once again. It is true that such a secretariat could be useful in solving administrative problems but, on the other hand, it would not provide the bridge—which is just what is needed with a view to attaining political union—establishing an organic link between the activities of Member States and those of the Community. It is for this reason that the European Parliament has always recommended the setting up of a new body subject to the condition that it would not encroach on the powers of the existing Communities and that it would be set up in such a way as to establish a close and organic link between Community activities and those activities which have to be set in motion in the sphere of foreign policy.

Although the draft resolution does not advocate the institution of a secretariat it does offer in

Mommersteeg

paragraph 7(b) the possibility for housing such a secretariat with the Council Secretariat, as this is considered an appropriate solution by the Political Affairs Committee.

Mr President, the suggestions put forward in the draft resolution are not revolutionary but they could certainly help to transform parallel development and fragmentation into convergence. They do not contain a final choice—and I would like to stress that—as regards the institutional future but they do take due account of the fact that in the present international situation the Community is also a tangible political factor. The desirability of making national and Community policies converge also follows directly from the standpoint adopted in the Luxembourg Report of 1970 and is, moreover in my opinion completely consistent with the objective set forth in the Paris Communiqué i.e. the achievement of European Union by the end of the present decade.

(Applause)

Mr Bertrand, *on behalf of the Christian-Democratic Group.* — (NL) Mr President, on behalf of the Christian-Democratic Group, I should first like to thank the rapporteur for the enormous patience he has shown and also for the great imagination he has displayed in drawing up a report the original scope of which was extended with every discussion by the committee. Nevertheless, he has succeeded, as he himself has said, in presenting this Parliament with a realistic document. It was not his intention to draw up a theoretical report. He has refrained from including any doctrinal reflections but has successfully achieved a pragmatic approach to what is at present developing in the Community. He has resisted the temptation to allow two closely related fields to merge. With regard to present developments, which are principally connected with the expansion of a suitable form of cooperation between the Member States in foreign policy and the progress to be made towards political unity, he has kept very close to the subject and not coupled it to the subject of the reform of institutional structures and strengthening the powers of this Parliament, so as to avoid unnecessary confusion. In this context, he has very clearly expressed the idea that, considering the Community's position in the world, considering its enormous commercial power and considering its great industrial strength, it is a matter of extreme urgency that this Community speaks with one voice to the rest of the world. When we look at the developments that have taken place in the last few months and the place of this European Community in international developments, when we see the Chinese-American rapprochement and

the appearance of the People's Republic of China on the world scene, when we think of the prospects of peace that have become possible now that the conflict in Vietnam has finished and of the new relations between the Soviet Union and the United States, when we consider Japan's period of economic prosperity and the development of new structures which the European Conference on Cooperation and Security should give the European nations and when I then ask myself what the European Community is doing in all these fields which are now so topical, I have to admit with some disappointment that the Community is simply playing the part of a spectator. It is not directly affected by any of these developments, it is not acting as a champion of any causes or as an element bringing equilibrium to the new developments at a world level, in which Europe must inevitably play its part.

The essential point of Mr Mommersteeg's report is—and it is to this that the Christian-Democratic Group wants to draw particular attention—is that this cooperation in the field of foreign policy will in the first instance result in the Community being able to speak with a common voice. Progress has undoubtedly been made in this field in that during the monetary crisis the President of the Council twice spoke on behalf of the whole Community, once during the Paris negotiations and once during the negotiations with the Twenty in Washington. There has thus been progress. We should, however, like to see the European Community speaking with one voice in the coming negotiations in GATT, the economic and political relations with the United States, the promotion of a lasting peace in the Middle East, the assistance given to the most underdeveloped regions and the introduction of a stable and just international monetary system on a new basis. In my opinion, the rapporteur has brought out all these points in a very pragmatic manner in the draft resolution. In paragraph 5, for example, it is suggested that the report to be drawn up by the Ministers for Foreign Affairs before 30 June of this year—and on behalf of my group I should like to give this suggestion my wholehearted support—should include a more detailed definition of the role that a democratic and independent Europe can and should play in the world.

This first very definitely has our support because it is an urgent necessity if we are to have a fruitful debate on the report of the Ministers for Foreign Affairs. Paragraph 5 (b), however, states that the purpose of this report is 'to indicate means of bringing the process of cooperation in the field of foreign policy and the Community structures to be strengthened closer

Bertrand

together, partly with a view to achieving European political union in 1980'.

We of the Christian-Democratic Group cannot be accused of not having given a clear picture before the Summit Conference of what we understand by the achievement of future European political union, as this was done in particular during the discussions on the Müller report on 5 July 1972. We set out our views very clearly, we spoke of a European government, of a directly elected parliament, of a two-chamber system. In short, we devoted considerable attention to the subject. We therefore hope that in their report of 30 June the Ministers for Foreign Affairs will agree to the suggestion made by the rapporteur in paragraph 5.

He has elaborated on this in paragraph 7 of the draft resolution where he points to the necessity for the Ministers to provide a secretariat or an infrastructure if this cooperation is to be achieved. He therefore advocates the establishment of a political secretariat on condition that it is organically linked to the institutions of the Community, because the rapporteur—and this the Christian-Democratic Group supports—regards the Davignon procedure simply as a transitional procedure for use on the path to further political unification. And we must beware of clinging to this Davignon procedure but really see it as a transitional procedure, which should now be given greater substance. That is the essence of paragraph 7, with which we completely agree.

Paragraph 8 deals with the role of the Commission in European political cooperation. If Parliament can adopt paragraph 8 of the draft resolution, I believe that we shall also be conferring on the Commission the status that it must have during the discussions between the Member States.

Finally, the rapporteur says in paragraph 9, after he has talked about the infrastructure and the status the Commission must have in the deliberations by the Ministers for Foreign Affairs, that Parliament should also make use of its right of initiative to help bring about this new cooperation in foreign policy.

Mr President, when we consider all this, I feel that the Mommersteeg proposal has been placed on the agenda of our plenary sitting at the right psychological moment and that we thus have the opportunity to remind the nine Ministers for Foreign Affairs and, through them, the nine Member States of what they decided at the Summit Conference in Paris. We of the Christian-Democratic Group therefore express the hope that declarations of principle will be followed

by concrete results, and it is with this in mind that we give our full support to the draft resolution as it was submitted to us today.

(Applause)

President. — I call Mr Radoux on behalf of the Socialist Group.

Mr Radoux. — *(F)* Mr President, on behalf of my group and in support of Mr Bertrand's speech for the Christian-Democratic Group, I have a special reason for wanting to thank the rapporteur, Mr Mommersteeg.

In fact, Mr Mommersteeg's report follows directly from certain decisions taken at the Summit Conference. One might say that this is not an ordinary report in that it does not deal with one particular point, but rather provides a general framework to assist both the Political Affairs Committee and the European Parliament in taking up their responsibilities after the Paris Summit.

In his explanatory statement and in the resolution, the rapporteur indicates very clearly how we should approach our task, and yesterday afternoon, in the course of a very short meeting, the Political Affairs Committee decided to draw up a list of subjects to be debated in the coming part-sessions. The vote on Mr Mommersteeg's report at today's sitting has made this possible.

I shall therefore end my speech, Mr President, by saying how grateful we are that Parliament agreed to include this point in today's agenda, so that the Political Affairs Committee, which will be meeting very shortly (in fact, during the holiday period), will be able to take the necessary steps. Once again, we second what Mr Bertrand has said, and extend our thanks to the rapporteur.

8. Change in the agenda

President. — I call Mr Houdet, chairman of the Committee on Agriculture, on a procedural motion.

Mr Houdet. — *(F)* In my capacity as chairman of the Committee on Agriculture, I should like to make a suggestion to the Bureau and ask for Parliament's opinion.

After yesterday evening's debate on agricultural prices, the question was referred to the Committee on Agriculture, which has just met. We have a new proposal to make to Parliament. I propose that this morning's agenda be changed,

Houdet

and the question of agricultural prices placed on the agenda again at the end of the session.

That is the request I wanted to put to you, Mr President, on behalf of the Committee on Agriculture.

President. — Thank you for your statement, Mr Houdet. I ask Lord Gladwyn to excuse the slight delay which this has caused, but I think that the question of farm prices is important enough to warrant a change of this kind.

I would ask the House whether it has any objections to the proposal made by Mr Houdet on behalf of the Committee on Agriculture.

I call Mr Brewis.

Mr Brewis. — Mr President, could I ask for further clarification of what is proposed—do I understand Mr Houdet's proposal is that the matter should be referred back to the Commission for further study, and not that it should come back on to the floor of the Assembly for debate and vote? It is purely that it is being remitted back to the Commission. Am I right in my understanding?

President. — Mr Brewis, if I understand Mr Houdet correctly, he is informing us that the Committee on Agriculture has met and reached an agreement on a motion which it wishes to submit to Parliament before the end of this part-session. I am therefore consulting Parliament as to whether it agrees to the somewhat unusual procedure of placing at the bottom of today's agenda the motion or text which Mr Houdet wishes to submit to the House.

I call Mr Houdet.

Mr Houdet. — (F) Mr President, I can answer Mr Brewis's question.

Later on the rapporteur will explain the decision which we are proposing, but I can assure you that it is very simple.

Yesterday evening, the meeting adjourned without passing any opinion; we put the motion for a resolution aside, without either approving or disapproving the Commission's proposals. If our request for this question to be placed on the agenda is adopted, the committee on Agriculture will propose later that the Commission simply be asked to reconsider its proposals on the two texts, one referring to the fixing of agricultural prices, the other to compensatory payments, which the Committee on Agriculture believes are inter-related. This can therefore be a very brief debate, since we are confining ourselves to

giving an opinion, asking the Commission to reconsider its proposals in the spirit of yesterday's debate. As certain objections have been raised, some of them contradictory but nevertheless connected, it is difficult to give a definite opinion. We are referring the matter to the Commission for reconsideration. In doing so, we are also giving our opinion indirectly to the Council of Ministers, which we did not do yesterday evening.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I support the proposal by the chairman of the Committee on Agriculture, because yesterday, ten minutes before the end of the session, I asked the President of Parliament if it would be possible to place this question on the agenda of the Committee on Agriculture for this morning in order to try to find a solution to the predicament in which we found ourselves yesterday evening.

I therefore urge Parliament very strongly to adopt Mr Houdet's proposal.

President. — I call Mr Bertrand.

Mr Bertrand, on behalf of the Christian-Democratic Group. — (NL) Mr President, our group associates itself with the proposal that this item be placed on the agenda with a view to asking the Commission to reconsider this question.

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

Mr Kirk. — The European Conservative Group is favourable to this procedure.

President. — Does anyone else wish to speak?

I put Mr Houdet's procedural motion to the vote.

Mr Houdet's motion is adopted.

9. *European political cooperation and unification (cont.)*

President. — We shall now resume the debate on the report by Mr Mommersteeg (Doc. 17/73). I call Lord Gladwyn on behalf of the Liberal and Allies Group.

Lord Gladwyn. — Mr President, speaking for what I believe to be a very considerable majority of the Liberal Group, I should like to commend the excellent report of Mr Mommersteeg to the

Lord Gladwyn

Assembly. It seems to me that Mr Mommersteeg has really done an extraordinarily good piece of work. He has worked very hard and he has also obtained the approval of a large majority of the Political Affairs Committee.

We all know that the present position with regard to the harmonization of foreign policies is regrettable, even lamentable. Originally, an effort was made by General de Gaulle in what was called the 'Fouchet Plan', which was, of course a step forward, but which did not work in practice, mainly because the United Kingdom and other countries were not then members of the European Economic Community. Later, when the possible presence of the United Kingdom came more to the fore, the 'Davignon' procedure was initiated, and that of course was also a step forward; it was certainly better than nothing. However, I think it will now be generally agreed that the Davignon procedure, though welcome in itself, has hardly worked in practice, if it has worked at all. In my view, it had two main defects. One was that it had no centre; the *directeurs politiques* merely met from time to time in one capital after another. There was therefore very little possibility of establishing any continuity in foreign policy when the Ministers themselves met. The second defect was the fact that it had no link of any kind with the European Economic Community.

I think we are all agreed here in this body that there should be some such link, and indeed that is one of the main features of Mr Mommersteeg's report. But another essential feature is that even though there is a link with the European Economic Community the proposed new procedure for harmonizing foreign policy will scarcely work in practice unless there is an effective secretariat, and I would add a secretariat presided over by an efficient secretary-general. I would even go further than Mr Mommersteeg in maintaining that this is an essential prerequisite for any real harmonization of foreign policy. The machine must exist and the machine must be effective, and if the Secretary-General were a man trusted by the Ministers he could exercise a very considerable influence in urging them to formulate a common policy and to arrive at a common point of view.

As Mr Radoux emphasized, it has already been agreed that the next task of the Political Affairs Committee will be to elaborate on the proposals of Mr Mommersteeg, thereby conforming to the directive laid down in the Summit Conference, using the excellent report of Mr Mommersteeg as a sort of *loi cadre*, I suppose, which can then be filled in by further discussions. We shall all have to work very hard in order to produce our

report by the time indicated, but I think that we can do it.

I have just one more point to make, which is I think of a certain importance. It may be that there are certain members of the European Economic Community who for various reasons which are quite comprehensible in themselves may not want to take part in this new machinery. That is conceivable, but even if they do not wish to take part, that is still no reason why the machine should not be set up. Eventually, by 1980 no doubt, any separate machine for harmonizing foreign policy will have to be merged in the greater whole, in the Union which the Ministers contemplate in ten years' time, but that is some way ahead and under present circumstances what is more urgent is a suitable machine through which the Ministers can in fact harmonize their foreign policy.

That is really all I have to say at the moment. I am sure that a great majority of this Assembly will approve and welcome the report of Mr Mommersteeg and I should like myself to congratulate him on the contribution which he has made.

President. — I call Sir Tufton Beamish to speak on behalf of the European Conservative Group.

Sir Tufton Beamish. — Mr President, the European Conservative Group thinks that Mr Mommersteeg has done an excellent job, and that his report is a constructive one, and I would like personally to thank him for the kind references that he made in his speech to the motion for a resolution put forward by the European Conservative Group and for the careful account that was taken of this motion during the deliberations of the Political Affairs Committee. I spoke on this subject at the last meeting in Luxembourg, and there is not a great deal that I wish to add, but if I may I would like to make three or four brief points.

First of all we are doing nothing new. I am looking at the extracts from the minutes of the sitting of 5 July 1972 when Parliament passed a resolution prior to the Summit Conference, and I am going to read paragraph 11 from it. 'From now on political cooperation must be progressively strengthened with a view to working out an external policy common to all the Member States of the enlarged Community. Any machinery required by this strengthening should be set up in close cooperation with the Community's institutions.' As I see it, it is precisely to carry out that recommendation of Parliament that Mr Mommersteeg has drawn up this report on behalf of the Political Affairs Committee. Furthermore, I would like to point out that as far as the Commission is concerned we are quite

Sir Tufton Beamish

obviously pressing on an open door, because Mr Ortoli told us here in Luxembourg on 13 February that as regards external relations the enlarged Community will in the next few months be faced with responsibilities commensurate with its weight. The role played by the Six vis à vis the outside world was already a proof of the European presence. As I say, we are pressing on an open door.

Although Mr Mommersteeg's report is somewhat tentative—and I see no harm in that—I think it does nonetheless mean that we are taking a major step forward and facing facts more squarely in the face. We all know very well indeed that we are not only an economic community, but also a highly political one, and we know too that we are inevitably going to become more political. To put it quite simply, we are a great political power in our own right, and I am glad that that is so. Trade with the Comecon countries, which as Members know now include countries in two continents beyond Europe, has heavy political overtones. I spoke about this two days ago. So it is obvious that one simply cannot divorce commercial and economic decisions from the political implications that flow from them.

A secretariat is obviously a necessity. I was very sorry that this ran into trouble at the Summit Conference, only as I understand it because it was impossible to agree then where it should be based. I do not particularly mind where it is myself, although I would suggest that Brussels is the best place for it. When the secretariat is set up we must make sure in Parliament that we have a satisfactory dialogue which we do not at present with the Davignon Committee.

The Davignon Committee is a sort of secret society so far as I am concerned. I know some of its members very well, and they are very able people, but we have no contact with Davignon whatsoever, which cannot be a satisfactory situation. I am therefore very pleased that in the Mommersteeg report attention is drawn to the fact that there must be a satisfactory colloquy with a representative of the Foreign Ministers perhaps four times a year following the four meetings which they are now going to hold, or at least twice a year.

Economic decisions, Mr President, have obvious political implications and we have to face that fact squarely. There are so many examples of this that it would be a waste of Parliament's time to go into detail, but the developing of a Community policy towards the Middle East on the basis of Resolution No. 242 has very heavy political implications indeed. I note that at their last meeting the Foreign Ministers discussed relations between the Community and China.

Well, for heaven's sake, that is political enough. And we are working as one I am glad to say, where the Conference on Security and Cooperation held in Helsinki is concerned, and that of course is highly political as well, and cannot itself be divorced incidentally from military matters, because in parallel with it discussions are going on on mutual and balanced force reductions, and because only the SALT talks really opened the way to the Helsinki Conference, which the Soviet Union has pressed for for so long.

I am not suggesting that we are going to take over defence matters in the Community, but I am saying that we simply cannot ignore them, and this is very clearly stated in paragraph 6 of Mr Mommersteeg's report, which we amended in committee to be more realistic. And I am very glad to see that so clearly in black and white.

Of course I recognize that the Atlantic Alliance is the main forum for the discussion of defence matters, but we must not forget what is going on at the same time in the Western European Union, with the Assembly of which, as I have already mentioned, we have no contact whatsoever. I have been enormously impressed by some of the reports which the committees of the Western European Union have made on political and defence matters. I would have thought they would have been very valuable indeed to the relevant committees of this Parliament, and it really does seem rather absurd that we should have no contact with them. The same applies incidentally to the North Atlantic Assembly, a body which is still unofficial, but which does at least give the countries which we represent an opportunity to discuss defence matters in a parliamentary atmosphere with the United States and Canada; I would have thought we should also have some kind of link with them instead of pretending that they do not exist.

Quite a lot more is going on in the field of defence than everybody seems to realize, or at any rate a lot of it is seldom mentioned. I noticed in the British Press only last week that the Chief of the British General Staff had had his first meeting with the Chiefs of Staff of the Six. Well, this is an excellent thing. I am very glad that we are on such good speaking terms, and it is high time too. FINABL, as everyone knows, was set up as long ago as 1953 and it is still continuing with its work on the strictly staff level. I also noticed in the Press that the Armaments Committee of the Western European Union—I believe on French initiative but at any rate quite obviously with French approval—has recently been revived and is actively considering research, development and procurement and standardization of arms, and we simply

Sir Tufton Beamish

cannot close our eyes to that fact. After all, the seven countries concerned are seven of the nine countries represented here in this Assembly. So I warmly welcome Mr Mommersteeg's report. I think it is highly realistic. I think it is based on the quite clear understanding which most of us share that the nine countries of the Community have a major influence for peace and stability and compliance with international law if they wish to exert their strength and to speak with one voice, as the spokesman for the Christian-Democratic Group said so clearly. I do not think that Mr Mommersteeg's report suffers in the least from the fact that it is somewhat tentative in the way in which it is presented; one does not want to go too fast in such complicated matters, and I very much hope that there will be an overwhelming vote in favour of this report, which has the unanimous support of the European Conservative Group.

President. — I call Mr Bousquet on behalf of the European Democratic Union Group.

Mr Bousquet. — (*F*) I should like to add a few words to what my colleagues said just now and to congratulate Mr Mommersteeg on his report on a difficult and complex subject which we really dealt with in depth.

Clearly we must start from the points brought up at the Paris Conference, which devoted a whole paragraph to political cooperation. This cooperation, as Lord Gladwyn so rightly said, is undoubtedly still at an early stage. It is stating the obvious to say that from the point of view of economic union the Common Market is already a very great power, and we shall soon achieve monetary union, but political union is still practically non-existent.

Therefore we must make great efforts to promote political union, and that is a very complex problem, as we all know. However, there is one way to achieve it; through our actual foreign policies, through meetings between the foreign ministers at regular intervals (these will in future be held four times a year instead of two), and, of course, to support them, the creation of a political secretariat, as the Paris Conference proposed.

Lord Gladwyn referred very pertinently to the Fouchet Plan, and rightly pointed out that since 1972 we have been regressing. The Davignon Plan is a feeble step forward in comparison with the major step envisaged in the Fouchet Plan. But, having said that, we must be realistic about people and events. We must start again from the basis of the Davignon Plan, which has not been highly successful. All that we have achieved so far has been some harmonization of

our Middle East policies, and some harmonization of our policies at the Helsinki Conference, where I think the EEC delegations took very similar standpoints. This is very important, but the foreign ministers of our nine countries have never been known to take a unified stand on any of the other major questions—and certainly there are many of those, for example our relations with the United States and China, relations between the United States and China or the USSR, relations with Japan—in fact, all the major world problems.

This is regrettable, because if each Member State has its own individual standpoint, there is no Community standpoint.

That is why I am saying that it is desirable and indeed essential for us to coordinate our foreign policies, but this we can only achieve by examining our defence policies as well.

Sir Tufton Beamish mentioned this earlier, and I know that Lord Gladwyn also mentioned it to the Political Affairs Committee. Defence is in fact part of foreign policy, so that they cannot be considered separately. And, for the Nine, the question of defence poses some very important and complex problems.

Having said that, it would nevertheless be in the interests of the European Parliament to be more aware of our position in relation to the Western European Union, which has been working on military questions for many years, with a great deal of application, intelligence and competence. In fact, we here are totally ignorant of this position, and this is very strange. It is easy and logical to set up a political secretariat, and to form a link between ourselves and the WEU. There is no reason why we should not do so, it would be so simple. The WEU is mainly concerned with conventional weapons. Let us then make an effort to establish this very necessary contact.

I shall not at this point, discuss my proposed amendments, which are in any case only of relative importance. I shall merely say that I entirely concur with the rapporteur's general explanatory statement on his report and all the questions it raises. Very rightly, he based his statement on the points arising from the Paris Conference. Possibly he did not place sufficient emphasis on the developing countries and the Yaoundé Conference; perhaps he did not have either the time or the space for this, but this is a good opportunity for me to bring up this question, since, as you know, the Paris Conference devoted a great deal of space to it and made it a focal point of its work.

Later I shall explain the implications of my amendments, but as far as relations between the

Bousquet

Commission and the political secretariat are concerned, I can say at this stage that I believe the Council should be left to define their scope, for questions of this kind should really be the concern of this important body.

President. — I would ask speakers to observe the ten minutes' speaking time. I call Mr Scelba.

Mr Scelba. — (I) Mr President, ladies and gentlemen, we cannot feel completely satisfied with the resolution submitted for our consideration. This is not the rapporteur's fault; he has shown great patience and skill in his difficult task. A resolution drafted by Mr Mommersteeg and approved by the Political Affairs Committee was submitted to the Assembly to be discussed before the Paris Conference and to be brought to the attention of the Heads of State or Government who would be meeting in the French capital. This was an excellent resolution. At the last minute, however, as a result of an agreement reached between the chairmen of the political groups and, at least in my opinion, for no very convincing reasons, it was decided to postpone consideration of this resolution until after the Summit Conference. Personally, I deplored this decision at discussions within my own political group: nevertheless, the decision had already been taken and there was nothing to be done about it.

In the light of the outcome of the Summit Conference, the Mommersteeg resolution immediately seemed to be superseded, and it would have been logical to have written it off altogether and to have started again from the beginning; but it was felt necessary to take the old resolution and to bring it up to date. From this has emerged a document which shows all the defects of its origins. Apart from stating things which are perfectly obvious, other statements are made which appear to be somewhat less than clear-sighted about the present situation or else seem to be too bland and generic. For instance, where the resolution confines itself to requesting progress on questions which have already in practice been superseded, as in the first and second points, where the European Parliament welcomes the decision taken at the Paris Meeting to hold meetings of the Foreign Ministers four times a year from now on and asks that each one of these meetings should be followed immediately by a colloquy between the Ministers and Parliament's Political Affairs Committee...

Mr President, ladies and gentlemen, this seems to me to be too little, after the Summit Conference and in such close proximity to the European Union already decided upon at this same Paris Meeting.

What is the significance of making such requests today? I must say that the Müller resolution, previously approved by the Conference was much more precise and much more incisive than the resolution which is submitted today for our consideration.

The same holds for Parliament's powers. The pledge given in the Luxembourg Treaty of 1970 to improve Parliament's powers is out of date by now. It was not put into effect as it should have been up to the end of 1972 but to ask today that it should be put into effect, as if the Summit Conference had never taken place, is nonsense, in my opinion. We must ask something more. But what precisely ought we to ask? It seems to me, ladies and gentlemen, that after the Summit Conference we may no longer ask for intermediate solutions, whether in regard to community powers or in institutional matters, but rather for measures which will form part of the grand design of the final solutions to be taken in the matter of European union, because this is the time for decisions.

All this holds not only for Parliament, but also and indeed principally for the Commission, to which I pay particular attention because it is for the Commission to work out the solutions to the problems posed by the Summit Meeting.

It must be borne in mind, ladies and gentlemen, that we do not have too much time, that there may be only one intermediate stage on the road to European union and that the time for pausing at this stage will be very short. European union must be a reality by 1980 and it is already 1973! Any decision taken today, which does not take account of the brief time which we have at our disposal, will be made superfluous by the ongoing situation and will appear irrelevant. If then our interim decisions have to be taken up by governments and made their own and then approved by national parliaments, it is easy to imagine that they will be outdated even before they can become law.

Thus I am convinced that, if we are to make any immediate progress, we must proceed in a pragmatic and even in an experimental manner, interpreting the Treaties in a way more related to the democratic character of the Community and bearing in mind the Community's growth and also the decisions and the leads given by the Summit Conferences of the Hague and of Paris. The most serious aspect of the resolution is that the European Parliament, in dallying with temporary solutions not forming part of the final solutions, may unfortunately provide an excuse for extending the time envisaged for implementing European union.

These, Mr President, are the reasons for my dissatisfaction with the resolution submitted for

Scelba

our consideration. And if I have tried to explain these reasons, it is in the hope that they may be an incentive to the speedy and prompt formulation of new and more vigorous proposals along the lines followed up to now by the European Parliament, which has always been in the vanguard of the development of Community policy.

IN THE CHAIR: MR WOHLFART

Vice-President

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I should also like to compliment Mr Mommersteeg. It is a valuable document that has been placed before us. When I suggested at the beginning of the meeting that the discussion should be postponed, it was simply because—and I should like to repeat this—because we, who had not taken part in the meeting of the Political Affairs Committee, needed more time to examine the many considerable tasks referred to in the document. For the report raises many, many questions indeed to which there is no clear-cut answer. It hints at what the content of a European Union should be, yet we have not made up our minds in Parliament what we actually want to put into the Union. It can take many forms.

I should like also to remind you of yesterday, when we really saw the kind of problems that can arise when widely divergent views have to be reconciled. It was a real object lesson for us in how difficult it is to establish the kind of cooperation that is essential if we want to talk about Union. Let us not forget yesterday's object lesson when we discuss this question further.

I should like to have seen, Mr President, stronger emphasis placed on the duties the Community has towards the outside world. I am thinking now of the developing countries, to which others have also referred, and our responsibilities towards those countries. I believe that the Summit Conference went somewhat further on this point. Sir Tufton Beamish and other members, have touched on the defence question. I do not intend discussing this question again at this time, but for many reasons, which I shall not now mention, I do not believe that we shall establish a common defence policy. What I should like to say, however, apropos of a defence policy, is that we should realize that we are not giving adequate attention to other tasks in the field of security policy.

Mankind is confronted by a number of dangers, to which the scientists have drawn our atten-

tion: the population explosion, pollution, excessive use of natural resources (we in Parliament will very shortly be defining our standpoint on a number of important problems in the energy sector), rearmament, poverty in the developing countries—these are problems which we must necessarily tackle differently than we have done in the past, precisely when we talk about security policy. That is why I object to people more or less identifying and equating defence policy with security policy. I believe that when we discuss our relationship to the world outside the Community we should give more prominence to these considerations in our deliberations and actions. And I would here refer to what the President of the Commission, Mr Ortoli, said at the January meeting, when he spoke about this very subject of a European identity. I believe, Mr President, that, if we are to build a European union with real content, it is essential that we should be able to create an identity and to make good what we stand for: a progressive Europe that will achieve some of the objectives defined at the Paris Summit Conference and which are also just detectable, here and there, in the report before us.

There is of course a very important condition that will have to be met. It is that we shall have to have the people in our countries behind us in this endeavour. Do they share this standpoint, do we discuss it in our countries in such a way that we really get to the roots of the problems? Are the young people on our side? These are questions that will necessarily have to be dealt with when we come in due course to discussing the content of political union.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, *Vice-president of the Commission of the European Communities.* — (I) Mr President, honourable Members, having followed with the President, Mr Ortoli, the arduous labours of the Political Affairs Committee, I would also like to thank Mr Mommersteeg for the contribution which he has made to this discussion with his report, beyond all question a very important one, and to thank also those who have taken part in this very interesting debate. I am all the more proud to be able to take part in this discussion today in that I had the honour in 1970 to present the first report of the European Parliament on the political situation in the Community and on the problems of political integration and cooperation.

I believe that Mr Mommersteeg himself recognized that this is only a preliminary report designed to sketch the broad outlines which we must follow in our future work; and I find

Scarascia Mugnozza

it extremely interesting to note the way in which there has been more mention of European unity than of political unity in the course of the discussion in this chamber. This indicates that all the efforts of parliament, as of the other Community institutions, must be bent towards the possibility of defining precisely the concept of European unity which emerged from the Paris Summit, since this is obviously something which will have immense influence and which will be looked to by all the community institutions, as the President, Mr Ortolí, recalled yesterday, with a view to defining precisely the concept of European union and explaining the methods of implementing it.

It will be useful if I recall some precedents. The most recent precedent is that of the meeting at the Hague. This meeting spoke of political cooperation and it was at this meeting that the so called 'Davignon Committee' was put to work.

In the past I have had occasion to express my satisfaction with this measure, even if it sometimes seemed to be a rather ambiguous one. This ambiguity stemmed principally from the fact that it was not the Council of Ministers of the Community, as such, that was entrusted with defining the areas of political cooperation, but the Foreign Ministers of the European Community: this could have introduced an ambiguous element and given rise to some worry. But at the same time the fact that the Parliament, through its Political Affairs Committee and its annual report on the state of work and progress in the sector of political cooperation, was associated with this measure could lead us to look to it with some confidence.

Later, after these measures which we had seen for ourselves—and I feel I must say here that in the course of these two years the Political Affairs Committee and the European Parliament have made an important contribution to the work initiated by the Foreign Ministers—the notion of a greater extension of political cooperation has been taken up again by the Paris Summit. And today one begins to hear mention of a more close collaboration, no longer two meetings per year or even four meetings per year and the usual annual report to be presented to the European Parliament.

Mr Scelba, as well as many other speakers, has emphasized the urgency with which we must proceed. And this urgency stems from the fact that, by contrast with the bipolarization which characterized international relations up to some years ago, we find ourselves today faced with a situation of multipolarization, in which Europe must be represented. It would be futile to ask that Europe should speak with one voice, if in

this world context and faced with the possibility of inaugurating talks on an even wider scale at this time when new international balances are being set up, the voice of Europe should not be heard at all.

It is true that progress has been made in the matter of cooperation. We have all seen this and we have had proofs of it. The rapporteur recalled the agreement between the nine countries of the Community at the Helsinki Conference; but we must not forget that very soon there will be important meetings which will give a new order and a new shape to the world. These meetings are those of GATT which concern themselves with economic problems but with many other problems besides and also other meetings designed to resolve the problems of European cooperation and security and the vast problem of disarmament. These are the problems in the face of which Europe may not be absent, in the face of which Europe speaking with one voice must be able to give a balanced and sound judgment.

It is being said that all this ought to be done in the context of European union, which must be realized by 1980. It is true that this is the goal towards which we are all aiming. But it seems to me that what Mr Scelba has said is of the greatest interest, namely, that we must make greater use of this time and that we must proceed even more swiftly and furthermore that we must insist even more vigorously vis-à-vis the governments of the Member States that their foreign policy positions must be clarified as soon as possible, thus permitting Europe to play her proper part to the full.

Mr Bertrand has said that Europe's role at this time is the role of an observer. This is true. This is the regrettable reality and woe to us if should continue in this observer's role. It avails us nothing to proclaim ourselves to be the most commercial power in the world, or even to be so, because it is not on the exclusively commercial level that certain points of view can be made to prevail. The advantageous commercial positions won by Europe are important, but they would be of no avail if they were not accompanied by the taking up of a political position which allows us to speak on equal terms with all the other world partners and to undertake the action which the developing countries demand of us.

It was only recently in fact that I said that in all my experience in the Commission the fact that has struck me most forcibly has been that from even the most distant countries of the world all eyes are turning towards the European Community. It is obvious that many are turning towards her in order to bargain for commercial

Scarascia Mugnozza

advantages, but today many are also looking to Europe principally to see what position she is taking up, since this can be for them an indication or a lighthouse by which they can chart their own course. Unfortunately, up to the present time in spite of all the progress that has been made, they have not found what they have been looking for or at least they have not found it in the manner necessary for Europe to safeguard her own future and to consider herself, even if only in the context of traditional alliances and friendships, as a group of independent countries which can express a will of their own.

Having expressed these sentiments and advanced these few thoughts, I should like once again to thank Mr Mommersteeg and all the other speakers and to emphasise the necessity, already many times expressed in the Parliament and confirmed again today, that in the context of political cooperation everything should not be allowed to fall on the Council of Ministers but rather that all the community institutions, the Commission included, should have the opportunity of expressing their opinions and thus enabling us to form a well-balanced and clear understanding of the notion of European union.

President. — I call Mr Mommersteeg.

Mr Mommersteeg, rapporteur. — (NL) Mr President, I should like to take this opportunity of thanking the previous speakers for their appreciative remarks. I should like to revert briefly to one or two points. Sir Tufton Beamish, Lord Gladwyn and Mr Bousquet, too, spoke about the defence question. Now it is a fact that paragraph 6 of the draft resolution does indeed state that foreign policy, in a wider sense, naturally comprises defence and security matters, but that is as far as it goes. The reason is—and I detect this too in the amendments proposed by Mr Dalsager, who wants to delete this paragraph—that this matter gives rise to great difficulties for certain members. I myself pointed out in my report that this is a delicate question. It is a paragraph that I added specially, in response to a note from Lord Gladwyn. It is a delicate matter for the simple reason that the various Member States have different ideas about military cooperation, and that is why I think we must be very careful when we broach this question; but the paragraph itself does not go into the question.

Various speakers, and Mr Petersen in particular, have said that I have really given too little attention in my report to the content of a common foreign policy. That is true, and I too find this regrettable. I have indicated at some length what developments are taking place, but I have

not gone into the content. And when Mr Petersen urges that foreign policy in particular should be given more content as regards the developing countries and all kinds of other problems, I am completely in agreement with him. I have in fact stated in my report that, in later reports, attention will have to be given to defining the content of a common policy such as we believe the European Community should pursue. The draft resolution is mainly of a procedural nature, but it does have its uses nevertheless. In that connection, I should like to say to Mr Scelba that I disagree entirely with his remark that what is being proposed here is already out of date. I am ready to admit that we are only taking small steps forward, but anyway progress will have been made if this draft resolution is adopted.

(Applause)

President. — We shall now consider the motion.

On the preamble, I have Amendment No. 3 tabled by Mr Dalsager on behalf of the Socialist Group.

This amendment consists in replacing the words 'political union' by the words 'European union' in the fourth and fifth recitals and in paragraph 5(b).

I call Mr Dalsager to speak to his amendment.

Mr Dalsager. — (DK) Thank you, Mr President, for giving me, too, this opportunity to thank Mr Mommersteeg for the very considerable amount of work contained in this report. I was prompted by the report, and by the text of the draft resolution, to take the trouble to get hold of the Danish translation and all the other countries' official translation of the resolution adopted at the Paris Summit Conference, and I have noted that, without exception, the Summit Conference speaks of a European union, and not a political union. It is of course not by chance that a European union is referred to in the Summit's communiqué, since the term 'political union' was, as far as I know, purposely avoided. I therefore believe that it would be more in keeping with the Summit Conference if we adopted the proposed amendment which I have put forward on behalf of the Socialist Group.

President. — What is the opinion of the rapporteur?

Mr Mommersteeg, rapporteur. — (NL) Mr President, I have no objection to this, but I must say that, for me, the European union will be a political union; this is also clear from the introduction to the report and I thought it was

Mommersteeg

generally acknowledged. But, if Mr Dalsager wishes to stick to the terminology used by the Paris Summit Conference, I am willing to agree.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I would like to make it clear that, speaking for myself, the reason I agree to the expression 'European union' is that it was already used between 1950 and 1953, in particular when we created the *ad hoc* Assembly. So I did not consider it necessary to insist on the other term and agreed for the sake of establishing a common terminology for both Parliament and the Council.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, *Vice-president of the Commission of the European Communities.* — (I) Mr President, I am in agreement with Mr Radoux's statement. I should, however, like to call to mind what I have said earlier: we must give real content to the words 'European union', a term used not only at the Paris Summit Conference, but also in the earlier Treaties. But, for me, the term 'European union' means a union that is both political and economic. We should therefore understand the term 'European union' to mean a union comprising both political and economic elements.

President. — I put Amendment No. 3 to the vote.
Amendment No. 3 is agreed to.

The fourth and fifth recitals of the preamble and paragraph 5(b) are amended accordingly.

I put the preamble so amended to the vote.

The preamble is adopted.

On paragraph 1 to 5, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these paragraphs to the vote.

Paragraphs 1 to 5 are adopted.

On paragraph 6, I have Amendment No. 4, tabled by Mr Dalsager on behalf of the Socialist Group, which consists in the deletion of this paragraph.

I call Mr Dalsager to speak to the amendment.

Mr Dalsager. — (DK) Mr President, I am very well aware that paragraph 6 in the revised version of the draft resolution represents a weakening of the original text. But, I would also like to say, it did have some point. I did

not agree with the original text but I must add that we have now got a paragraph 6 that is at best a trivial pronouncement that is out of place in a statement as important as the present one. As regards the actual question of cooperation on defence and security policy, everyone in the House knows of course that this is a question which at any rate certain Member States do not accept as a Community affair, at all events not at the present time. I would therefore strongly recommend that paragraph 6 be removed from the resolution. In my opinion this will make it a better resolution, especially now that that paragraph has been weakened in the revised version.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, I do rather hope that the Assembly will not agree with this amendment to eliminate paragraph 6 altogether. May I say that the text which is before us considers that cooperation in the sphere of foreign policy can practically never be divorced from defence and security policy. Actually the phrase in English which was put before the Committee and passed (as I understand it) read as follows, 'considers that cooperation in the foreign policy sphere can hardly in practice be dissociated from defence and security policy'.

That means, of course, that when and if some kind of secretariat is set up in accordance with Mr Mommersteeg's report it can hardly take great decisions affecting foreign policy without considering defence elements and defence considerations bearing on those problems. If you eliminate this paragraph it must mean that those in German of the proposal think that you can in some way take great decisions on foreign affairs without any reference to defence policy at all.

I think it would be deplorable for this Assembly to go on record as saying that it accepts that general point of view. We would in fact be burying our heads in the sand. Some people may think that the European political union should have a defence policy based on complete neutrality, on having no defence whatever. But that is in itself a defence consideration! You may put forward that point of view, if you will. But that some kind of defence policy, however delicate, however difficult, must be elaborated in the next few years—this is to my mind absolutely inevitable and essential.

I therefore hope that our Socialist friends will agree that this is not only a statement of the obvious, but a statement of a very important question of principle, and I trust that the Assembly will insist on the words before us. I would

Lord Gladwyn

accept that they were not the original text, but I repeat that the words 'considers that cooperation in the foreign policy sphere can practically never be divorced from defence and security policy', are not only, as I say, a statement of the obvious but an essential declaration of faith which, as I believe, affects the whole report.

(*Applause*)

President. — I call Mr Petersen.

Mr Petersen. — I just want to say that I support the suggestion made by Mr Dalsager for the reasons which I gave in my previous intervention.

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — Thank you very much Mr President, I will be very brief indeed. I think with great respect that Mr Dalsager was wrong when he said that the new phraseology amounted to a weakening of the original wording. It does nothing of the sort. The original wording went like this: 'considers that cooperation in the foreign policy sphere must eventually take into account defence and security policy'.

I think that almost everyone will agree that the word 'eventually' really is superfluous and rather ridiculous; if the conduct of a common foreign policy will one day involve defence and security matters, it certainly does today. Nothing is going to change tomorrow or next year or in ten years' time, so that wording did seem unsatisfactory to the Political Affairs Committee, as I am sure the rapporteur will tell us, and a far more satisfactory wordings was inserted. I entirely agree with what Lord Gladwyn has said, and I am sure my colleagues in the European Conservative Group greatly prefer the new wording, which I certainly do.

(*Applause*)

President. — I call Mr Dalsager

Mr Dalsager. — (DK) Mr President, I would like to tell Lord Gladwyn that it was not at all my idea that we should start discussing defence policy here. We could no doubt derive much pleasure from such a discussion, but it would of course be out of place in this assembly. If one examines carefully, as I know Lord Gladwyn has done, what the EEC Treaties say about cooperation on defence, one will draw a complete blank. As regards the wording of paragraph 6, I should like to ask Sir Tufton Beamish whether it is any less ridiculous now that it states—at least as it states in the Danish transla-

tion—that cooperation in the foreign policy sphere can practically never be divorced from defence and security policy. As I said before, I believe that this paragraph is at best trivial and at worst superfluous and ridiculous. I therefore recommend the Socialist Group's proposal.

President. — I call Mr Bousquet

Mr Bousquet. — (F) Mr President, for my part I support my two British colleagues in what I consider to be a question of common sense. Clearly it is not possible to consider foreign policy without considering defence policy. There remains the question of the kind of defence policy involved but, as Lord Gladwyn rightly said, that is not for us here, in this Parliament, to decide. However, I do feel it would be most regrettable for us not to speak of it; in fact we cannot permit ourselves not to do so.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, to vote for something does not always mean one shares the same opinions. For my part I agree with the amendment suggested by Mr Dalsager for the following reason: Mr Mommersteeg admitted just now that the problem was a very delicate one and said: 'I have been very cautious.' Mr Mommersteeg, you are more than right, because this problem of foreign policy and defence is so important in itself that the Political Affairs Committee should present a special report on it so that we may know once and for all what it involves.

Secondly, I cannot quite see how this paragraph 6 fits into the resolution as a whole, because the rest of it refers to the subject of your basic report, namely the Summit Conference.

The final, third point—and no doubt the most important one—is that however it is put, this paragraph 6 is, if I may say so, a statement of the obvious. It is certain that we have a defence policy corresponding to the foreign policy and that in spite of Mr Dalsager's statements we belong to an alliance of which his country is a member, so that defence is no more of a problem for Denmark than for Belgium or any other country.

Paragraph 6, Mr rapporteur, is a statement of the obvious. To say that one must have a defence policy in keeping with ones foreign policy is something everyone who has done a certain amount of study knows

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I have asked to speak in order to urge that we do not pursue a head-in-the-sand policy in this Parliament. I am in complete agreement with the remarks made by Lord Gladwyn; whether we say it now or not, it is a fact that a foreign policy cannot be conducted without regard to defence policy. In the second place, we are discussing here a draft resolution on cooperation between the nine Ministers for Foreign Affairs in the field of foreign policy. Here also it is true that the nine Ministers for Foreign Affairs cannot discuss foreign policy without taking defence policy into account. And if we are going to take part in a conference in Helsinki on European security, it would hardly be logical if we did not point out in this report that a foreign policy can practically never be divorced from a defence policy. I am in favour of acknowledging the reality, and would therefore urge that paragraph 6 be retained.

President. — I call Mr Aigner

Mr Aigner. — (D) Mr President, I too believe that this paragraph must definitely be retained. It is quite impossible to discuss foreign policy without discussing essential State and Community questions. Surely any political theme goes back to the question: is the security of the Community or of a state in fact guaranteed? If I leave this question out of consideration, there can be no political discussion at all. If what Mr Radoux has said is so obvious, the proposed amendment should really be retracted, for we think what Mr Radoux said is just as obvious, which is precisely why it must also be recorded in the resolution.

I would be grateful if this proposal for an amendment were withdrawn.

I beg your pardon, for we are usually very polite people, but I think this is one of the silliest motions we have ever discussed in this House.

President. — What is the opinion of the rapporteur?

Mr Mommersteeg, rapporteur. — (NL) Mr President, the text of paragraph 6 is the result of a compromise. I repeat that it contains a cautious statement and that—as Mr Radoux has recalled and as I have also stated in my report—it raises a delicate question, since there are divergent views on the subject in the various Member States. The fact remains, however, that what is said is of course completely true. As this is a compromise text, in keeping with a decision by the Political Affairs Committee, I must advise

very strongly against the adoption of this amendment.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is not agreed to.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

On paragraph 7, I have two amendments which can be debated together:

— Amendment No 5, tabled by Mr Dalsager on behalf of the Socialist Group, worded as follows:

‘This paragraph should be reworded to read as follows:

“7.(a) Points out that in the view of the European Parliament any secretariat set up to prepare the meetings of Foreign Ministers held to discuss these matters ought not to encroach upon the powers of the Community institutions;”

‘(b) deleted.’

— Amendment No. 1, tabled by Mr Bousquet on behalf of the EDU Group, worded as follows:

‘At the end of sub-paragraph (a), delete the words: “...and should be set up in such a way as to create a close organizational link between Community activities and the tasks to be performed in the field of foreign policy;”’

I call Mr Dalsager to speak to his amendment.

Mr Dalsager. — (DK) I should like to declare myself in agreement with the statements made at the Summit Conference, especially those made by the Ministers for Foreign Affairs, that the secretariat in question should not—and this was emphasized—be integrated within the framework of other EEC cooperation. What the draft says is the opposite of what was agreed by the various countries and what was underlined at the Paris Summit Conference, not least. I know, by the Danish Minister for Foreign Affairs. Mr President, so as to avoid using up more of Parliament’s time than absolutely necessary, I should like to use the same arguments in respect of my proposed amendment to paragraph 8(b)

President. — I call Mr Bousquet.

Mr Bousquet. — (F) Mr President, after our Danish colleague’s statement, I withdraw my amendment and support his.

President. — Amendment No 1 is therefore withdrawn. I call Mr Radoux.

Mr Radoux. — (F) Mr President, once again I shall say why I am voting for this amendment.

Mr Mommersteeg's report is a basic report and we believe, as I shall repeat later in connection with paragraph 8, that the Commission's role is so important that it should be dealt with in a special report. I would like to add that my reason for agreeing to the withdrawal of paragraph 7 is not connected with Mr Bousquet's ideas and designs as regards foreign policy and defence; but extremes can meet, and so it is this morning, which is why, Mr Bousquet, we shall vote together.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, I may be very stupid but I do not quite see the significance of this proposal. If we adopt it, as I understand it, we effectively eliminate the second part of paragraph 7(a). We shall therefore approve paragraph 7(a) which 'points out that in the view of the European Parliament any secretariat set up to prepare the meetings of the Foreign Ministers ought not to encroach upon the powers of the Community institutions'—and I take it that we are all agreed on that—but the words 'and should be set up in such a way as to create a close organizational link between Community activities and the tasks to be performed in the field of foreign policy's would be omitted.

Well, if you thought it means that in the first place we approve that there should be a secretariat, but by inference this great Assembly would go on record as saying that such a secretariat should not have any organizational links with the European Economic Community at all. I must say, that seems to be paradoxical. If we are going to set it up surely it should have some organizational links with the Community. I know that there are people who maintain that it should not have such links. Personally I do not approve of that, though perhaps some of my friends in WEU might suggest that we set it up by itself, with no links at all with the European Economic Community. I cannot however see that this would be an advantage from our point of view here in this Parliament. I repeat, therefore, that it would be paradoxical to go on record as thinking anything of the kind.

President. — I call Mr Mommersteeg.

Mr Mommersteeg, rapporteur. — (NL) Mr President, in my opinion this amendment in fact drains all the force from our proposals. I must say that if the last sentence of paragraph 7(a), which provides that this secretariat should be established in such a way that an organic link

is created with the entire Community apparatus, is removed from the text, the Political Affairs Committee and the European Parliament go back on what they expressly stated in the Müller report of July 1972, namely that Parliament has always advocated an organic link of this kind between a secretariat and the Community structure. That is why I must ask the assembly to retain this sentence. If there is disagreement on this point, I imagine that to be quite consistent paragraph 7(b) should also be deleted. But, if we want to have this organic link, and we make the cautious suggestion that, if a Secretariat is forthcoming, it should be housed with the Secretariat of the Council, since the Council is a Community institution, we are perhaps creating a possibility of achieving the desired convergence of views. If, however, we do not want such a link, I believe that this is really tantamount to removing all meaning from the draft resolution and this is something which I at any rate will resist.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, vice-president of the Commission of the European Communities. — (I) Mr President, I should like to express my opposition to this amendment. For the final words of paragraph 7(a) 'and will have to be so conceived as to form an organic link with the entire Community apparatus' are, I find, extremely interesting, and indeed essential. After all, we must not forget all the discussions that have gone on at the various Community seats and the various statements made in reaction to the polemical note on the political secretariat, on its seat, its duties, etc. It has been said *inter alia* that the political secretariat ought to be a kind of telephone exchange for keeping all the Community institutions in contact with one another. Now I do not believe the political secretariat can merely perform the function of a telephone exchange, but it is clear that it will have to be at the disposal of all the Community bodies. I therefore believe that this sentence is truly essential for defining its duties.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, I thank the representative of the Commission for his statement. It allows me to clarify both paragraph 7 and paragraph 8 which is to come. Indeed, Mr Scarascia Mugnozza has just confirmed what the rapporteur said earlier, namely that all these matters are very delicate, which is why we did not wish, in this resolution, to bring in all the things which should or could have been dealt with in separate reports; I repeat, we wanted to

Radoux

confine ourselves to a basic report, which is why we are in favour of the amendment. Believe me, Mr Commissioner and tell your colleagues, that if Paris is worthy of a mass, I should like to say on behalf of my group that we Socialists believe the Commission is worth a special report.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I feel compelled to express my disappointment about the very vague attitude of the Socialist Group of this Parliament towards the future development of Community expansion. Hitherto, I had always thought that the Socialist Group was in favour of Community expansion, but we now hear the complete opposite from the acting chairman of this Group. I should like to know whether the Socialist Group takes the view that, if a Secretariat is forthcoming, it should not be set up according to the Fouchet plan but so as to form an organic link with the Community apparatus. It is a political necessity to know whether the Socialists still hold this standpoint.

(Applause from the Christian-Democratic benches and from the benches of the Liberal and Allies Group)

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, the answer I gave Mr Scarascia Mugnozza also answered Mr Bertrand's question. Since Mr Bertrand wishes me to be more precise, I say plainly that, speaking for myself at least—and although I did not consult it I think I may also speak on behalf of my group—the answer is unreservedly: 'Yes, it must be in a Community framework.'

Mr Bertrand. — (NL) All the same you are voting for the amendment!

President. — I call Mr Dalsager.

Mr Dalsager. — (DK) Mr President, this is a very interesting discussion, and I should like to endorse what Mr Radoux has said: that it is this group's opinion that we should reinforce this European cooperation. I would also add that after being present here last night as a new member and witnessing this Parliaments proceedings, I would venture to say those proceedings are not always characterized by the seriousness which we had in fact expected. I would also draw your attention to the fact that there are some members who believe that this Community will be enlarged to comprise other countries. I can, however, assure the Assembly that the negative answer given by Norway's refer-

endum and Sweden's refusal to participate in this cooperation, etc., have made a considerable impression on us Danes. This Parliament can, of course, adopt any resolutions it likes, but if it adopts this one it should know beforehand that a situation will be created where the veto, which has been the subject of earlier discussion, will be used. Although it does not formally exist, it has none the less been used and will be used again, since the Ministers for Foreign Affairs will never be able to accept this document and everything it says.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is not agreed to.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

On paragraph 8, I have Amendment No 2, tabled by Mr Bousquet on behalf of the EDU Group, worded as follows:

'Paragraph 8 should be amended to read as follows:

"8. Requests that, wherever necessary, the Council define the terms for cooperation between this secretariat and the Commission of the European Communities".'

I call Mr Bousquet to speak to this amendment.

Mr Bousquet. — (F) Mr President, I thought that for paragraph 8 it would be better to leave the Council to define, whenever necessary, the terms of cooperation between the secretariat which would be set up and the Commission of the European Communities. In this connection, I think that if we may make a recommendation to the Council, it is up to the Council to take this decision, not us. I think that is introvertible.

President. — I call Mr Radoux on behalf of the Socialist Group.

Mr Radoux. — (F) Mr President, I thank Mr Bousquet for his intervention; it gives me another opportunity to stress that for us the Council cannot be the only institution to submit proposals and to take part in decision-making.

No later than yesterday, in the Political Affairs Committee, I asked that in view of the 1975 work on European union, the European Parliament should draw up its own report, that is to say a document prepared by a sovereign Parliament stating how it conceives of Europe in the future. Consequently, Mr President, on behalf of the Socialist Group, I declare that we reject this amendment.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I am against this amendment. As we have already seen, the European Parliament has always maintained that the Commission should be associated with the work of the Ministers for Foreign Affairs at every stage. However, it recently happened that the Commission was not invited on one occasion to the meetings between the Political Affairs Committee and the Ministers for Foreign Affairs. This has caused us some concern.

We cannot, therefore, leave it to the Council of Ministers to decide what should be done from one occasion to the next and, moreover, I believe the European Parliament would be contradicting not only what it affirms in the first part of this report but also that which it has always maintained, namely that work in this sector should be dealt with by all the Community bodies, including the Political Affairs Committee, and at every level.

President. — What is the opinion of the rapporteur?

Mr Mommersteeg, rapporteur. — (NL) Mr President, with all due respect to the Council, it is my opinion that it is not for the Council to decide whether and when the Commission should be involved in political cooperation. In my view, the Commission has the right to decide this itself because of the very close relationship between Community policy and the problems attached to foreign policy. This is also the tenor of the text which has been approved by the Political Affairs Committee. I therefore feel that the Commission—this is the next point, but I should like to mention it now—should also have a right of initiative.

Furthermore, I feel I should point out that cooperation in foreign policy is entirely based on the Davignon report and in no way a task for the Council but a matter for the Ministers for Foreign Affairs. There is, in my opinion, no point in asking the Council to indicate what role the Commission should play, in this field as is the intention of Mr Bousquet's amendment, because it can only cause confusion between the Council, which is a Community organ, and the Conference of the Ministers for Foreign Affairs, which is merely an organ of inter-governmental cooperation. I therefore remain opposed to the adoption of this amendment.

(Applause)

President. — I put Amendment No 2 to the vote.

Amendment No 2 is not agreed to.

Still on paragraph 8, I have Amendment No 6, tabled by Mr Dalsager on behalf of the Socialist Group, which consists in the deletion of subparagraph 6(b).

I call Mr Dalsager to speak to his amendment.

Mr Dalsager. — (DK) I am sorry, Mr President; I had not asked to speak. I said when the previous paragraph was being dealt with that I wished to use the same arguments in respect of paragraph 8 (b) and I wish to adhere to that statement. It is the argument that the Ministers for Foreign Affairs have decided that it should be kept separate.

President. — I put Amendment No 6 to the vote
Amendment No 6 is not agreed to.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraph 9 and 10, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these two paragraphs to the vote

Paragraphs 9 and 10 are adopted.

Does anyone else wish to speak.

I put the motion as a whole to the vote.

The resolution as a whole is adopted.¹

10 *Regulations on imports of citrus fruits and sherry originating in Cyprus*

President. — The next item is a debate on the oral report by Mr Vetrone, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for:

I a regulation on imports of citrus fruits originating in the Republic of Cyprus

II a regulation on imports of wine exported under the designation 'Cyprus sherry' originating in and coming from Cyprus and introducing a system of aids for similar wines produced in the Community as originally constituted and despatched to Ireland and the United Kingdom (Doc. 6/73);

III. a Council Regulation on the conclusion of the agreement in the form of an exchange of letters on Article 5 of Annex I to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus (Doc. 16/73)

I call Mr Vetrone to present his report.

¹ O J No C 26, 30 April 1973, p. 25 and corrigendum

Mr Vetrone, rapporteur. — (I) Mr President, ladies and gentlemen Parliament has already discussed the association agreement between the Community and the Republic of Cyprus and delivered a favourable opinion in the matter. An initial exchange of letters on the subject of sherry has taken place between the two parties, as a result of which the Community agreed to an annual export quota of 200,000 hectolitres, not liable to countervailing charges, to the United Kingdom and Ireland, the two traditional importers of this type of wine from Cyprus. By a second exchange of letters between the Community and Cyprus, preferential arrangements were also introduced for citrus fruit exported by Cyprus to the new Member States. Such then are the contents of the letters exchanged between the two parties.

The two regulations now before us for an opinion relate to the implementation of the agreements concluded. There is nothing in either regulation standing in the way of approval by Parliament. It is not my intention to go into their contents in detail, among other reasons because they deal with technical matters. I simply wish to point out, as far as sherry is concerned, that the Community has had to make provision for aid to similar wines shipped to the new Member States by the original members, as otherwise the price of Cyprus sherry, being no longer liable to countervailing charges, would have been lower in the new Member States than the price of similar wines. Hence the aid provided to these Community wines shipped to the new Member States, the amount of which is equal to the difference between the two prices. This is an extremely important point since it is perhaps the first time that in granting favourable terms to the Mediterranean countries consideration has at long last been given to safeguarding Community production by devising aids to compensate for certain sacrifices.

In the case of the regulation on citrus fruit, however, it is known that under the Treaty of Accession the six original members of the Community grant a 40% reduction in customs duties, provided that the minimum price is observed, i.e. the reference price plus internal customs duties plus the 'buffer' of 1.2 units of account per 100 kg. In the three new Member States, on the other hand, where the countervailing charge has not yet been introduced, Citrus fruit from Cyprus ranks only for the reference price, plus of course the appropriate customs duty. What might be feared here is a deflection of trade with citrus fruit entering the original Community of six from the new Member States. The experts, however, assure us that this would be impossible, for if citrus fruit from Cyprus happened to be exported from the three new Member States to the original six, the

latter would treat them as products from third countries, thus making such deflection of trade pointless.

Mr President, ladies and gentlemen, the opinion as drawn up by the Assembly is being given orally as it could not be presented in the form of a motion for a resolution given urgent procedure and the limited time available. But I should like the President to inform the Council by letter of the opinion I am putting forward on behalf of the Committee on Agriculture which met this morning, provided of course that it is approved by Parliament.

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — Mr President, we are just enjoying a very small bonus from the fact that we sat so very late last night, and the Committee on Agriculture had to meet this morning for reasons unconnected with the trade agreement with Cyprus. All I want to do, without wasting the time of Parliament, is to put very clearly on the record how unsatisfactory the procedure has been where this particular trade agreement is concerned.

It so happens that I myself was involved. When I made my very first contribution to the European Parliament in Strasbourg in January, the President in Office of the Council of Ministers mentioned briefly that a trade agreement with Cyprus to do with citrus fruit and sherry was in the pipeline. When I was asking the Chairman of the Political Affairs Committee to look again at that committee's recommendations about the consultation of Parliament where trade agreements are concerned, I said then that Cyprus sherry and citrus exports were of considerable interests to me, Cyprus being a Commonwealth country, and that I very much hoped that we would have an early opportunity of expressing our views on this particular agreement. However, on 3 April, when the Committee on External Economic Affairs met under the chairmanship of Mr de la Malène, whom I now see in his place, we had heard nothing about it at all, although we were expected to give our opinion to the Committee on Agriculture. The committee, under Mr de la Malène's chairmanship, decided—quite rightly, in my view—that we simply could not be rushed in this way, and that we would not even appoint a rapporteur, nor could we express an opinion, as Mr de la Malène will confirm.

The question came up again yesterday, and I again took the opportunity of protesting—as did Mr Behrendt—at the way in which this matter had been handled; there was, let me say without equivocation, a handsome apology from the act-

Sir Tufton Beamish

ing President in Office of the Council for the slip-up that there had been, and the representative of the Commission associated himself with this apology. I think that Parliament would be very wise indeed to accept this apology, to look upon this slip-up as the exception that proves the rule that Parliament and its committees will be consulted early enough in the formulation of trade agreements for their views to be taken into account. This really is most important.

In this particular case, these exports matter a great deal to Cyprus; as everybody knows, the British consume some 90% of all the exports of 'Cyprus sherry' (I do not like the stuff at all, myself, but other people do). As I say, this export matters a lot to Cyprus, as do citrus exports, and it is therefore my hope that we will allow this agreement to go forward and give it our approval.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-president of the Commission of the European Communities. — (I) I should like to thank Mr Vetrone for his report and for having brought out certain aspects of this agreement. These were in fact discussed at length both by the Commission and within its departments. It is no secret that some perplexity has arisen, particularly in one Member State—Italy, to be precise—which has an interest in Mediterranean products. But the difficulties, easily overcome where citrus fruit was concerned, have been greater in the case of sherry. Although Cyprus sherry is not too important in terms of quantity, Italy had made it a question of principle, but this was clearly stated and settled at the time. The Commission, however, wanted to conclude the agreement with Cyprus because, regardless of the quantity of imports, a major political factor was involved affecting the stability of the Mediterranean area.

I have listened to Sir Tufton Beamish with great interest and I must observe that the Commission informed Parliament as far back as the beginning of March, that is, a month earlier. Translation difficulties were probably a contributing factor but the point remains that Parliament received the Commission document over a month ago. I hope that as time goes on those difficulties can be smoothed out.

I would therefore thank you, Mr President, and reiterate my thanks to the rapporteur; it is my hope that Parliament will see its way clear to delivering a favourable opinion.

President. — I call Mr Aigner on behalf of the Committee on Budgets.

Mr Aigner. — (D) Mr President, just a brief word. On behalf of the Committee on Budgets I must briefly point to the financial effects. This regulation will mean a loss of revenue of 9.3 million units of account. According to the budgetary provisions of the Treaty of Accession, this revenue would not form part of community funds since Great Britain and Ireland have made their full contributions to the Community budget. This contribution is, however, paid so that similar Community wines do not suffer disadvantages as a result of this ruling. The Commission estimates the quantity concerned at 800 hectolitres and the expenditure involved at 25,000 units of account. I think that in the present circumstances no account should be taken of the loss of revenue as a result of the countervailing charge not being levied, and the expenditure seems justifiable to me. What I wanted to say, however, was that Cyprus should be urged to take the necessary measures to approximate the arrangement applicable to Cyprus sherry to the general provisions of the wine market regulation as quickly as possible.

President. — The Committee on Agriculture has thus expressed a favourable opinion on the proposals for regulations submitted by the Commission of the European Communities.

Are there any objections?

I accordingly note that Parliament has delivered a favourable opinion on the proposals for regulations submitted by the Commission of the European Communities.

11. Report received

President. — I have received from Mr de Koning a second report drawn up on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for:

- I. regulations fixing prices for certain agricultural products and certain related measures;
- II. regulations on certain measures to be taken in view of developments in the international monetary situation (Doc. 24/73).

12. Regulations on farm prices for the 1973/1974 marketing year—regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation

President. — The next item is a debate on the second report drawn up by Mr de Koning on the

President

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

- I. regulations fixing prices for certain agricultural products and certain related measures;
- II. regulations on certain measures to be taken in agriculture in view of developments in the international monetary situation (Doc. 24/73).

I call Mr Houdet, deputizing for Mr de Koning, who has asked to present the conclusions of the Committee on Agriculture.

Mr Houdet, deputy rapporteur. — (F) The Committee on Agriculture met this morning. It discussed last night's long debate and now proposes to Parliament that this debate be concluded by adopting the following text, which has been distributed to all the Honourable Members.

'Having regard to the spirit of the debate on Thursday, 5 April 1973, having regard to the report by the Committee on Agriculture,

1. requests the Commission of the European Communities to revise its proposals for a regulation;
2. requests its Chairman to forward the present resolution to the Council and Commission of the European Communities.'

That, Mr President, is the proposal of the Committee on Agriculture.

President. — I call Mr Radoux.

Mr Radoux. — (F) Mr President, may I ask the chairman of the Committee on Agriculture to replace 'Having regard to the spirit of the debate' by 'Having regard to the debate', because we cannot hold two other bodies of the Community responsible for what has happened within the European Parliament.

President. — I call Mr Houdet.

Mr Houdet. — (F) Mr Radoux, in the first version of my proposal I had 'Having regard to the debate.' During the discussion by the Committee on Agriculture, however, we decided on this text, which is something of a euphemism, in order to show what difficulties we have encountered. But I am sure that the committee accepts your amendment.

President. — I call Mr Vredeling.

Mr Vredeling — (NL) Mr President, I should just like to say a word about the Dutch text because it presents one difficulty where the translation is concerned. Paragraph 1—and I have the German text here—reads *'bittet die*

Kommission der Europäischen Gemeinschaften ihre Verordnungsvorschläge zu überprüfen.' In the Dutch it says *'te herzien.'* I do not know how it should be translated, but *'überprüfen'* is not the same as *'herzien'*. I have discussed this point with a number of Dutch colleagues and we find that the Dutch word *'heroverwegen'* comes closest to *'überprüfen'*. The text should therefore read: *'verzoekt de Commissie haar voorstellen voor verordeningen te heroverwegen.'* Perhaps the French word *'réexaminer'* or something of that nature comes closest of all. But I am not talking about the French now because I do not know enough of that language. The Dutch should, however, be *'heroverwegen.'*

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I fully understand that after the scenes in this Parliament yesterday evening it was wise to refer the matter to the Committee on Agriculture. But I cannot see that this draft resolution makes the matter particularly clear. If the Commission is going to reconsider the matter, the following three points of view have been expressed: the European Conservative Group does not want a single increase; a number of—in particular—German Christian-Democrats, but also some of the Socialists feel that the increase is not adequate; while the third and probably largest section of Parliament agrees with what the Commission proposes.

The fact is that some of the members of this Parliament are not used to working in a parliament with a large number of parliamentary groups. They are used to working in a parliament with two groups, so that where there is a clear majority, everyone knows where he stands. But as a result of the decision yesterday evening, which was the outcome of a kind of monstrous alliance between two groups with diametrically opposed aims, the matter has become very unclear. Most of our group was in favour of the Commission's proposals. And if we are going to ask the Commission to reconsider its proposals, I am quite prepared to vote in favour because there is no other choice in the present circumstances. But I should again like to stress that the vast majority of the members of this Parliament were of the opinion that the Commission's proposals should be accepted, unless it is felt that this majority, which is formed by two groups, each with a different objective, is really a guide for the Commission. All I wanted to show was that last night's vote was not a clear guide for the Commission in its reconsideration of this matter.

President. — I call Miss Flesch.

Miss Flesch. — (F) Mr President, I certainly do not want to talk about the substance of the debate. All I want to do is make a formal observation following Mr Vredeling's remarks.

If in the text submitted to us the German term is 'überprüfen' and the Dutch term 'heroverwegen', I believe that the exact word in French would be 'réexaminer' rather than 'réviser'.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Very briefly, Mr President, I regret the speech of Mr Broeks just now, which is what has tempted me to my feet. I do not think that we want to go over the debate of last night yet again, on the floor of the House, and I certainly would regret the references that he made to the nationalities of the various people in the groups who voted in the way they did. This is not the point, as he knows, and it is a mischievous suggestion, which I regret that he has made.

What in point of fact happened is that decisions were taken on the basis of paragraph 13 of the report last night. The reasons are immaterial now that it has happened, and at that moment of time this House rejected the proposals of the Commission. The reasons, as I said, are immaterial at this moment of time. I therefore suggest that what has been put forward by the chairman of the Committee on Agriculture, Mr Houdet, which I, on behalf of the European Conservative Group, do support, is the fact that the debate of last night, the result of it, the vote of it, is embodied in the text that we have in front of us here, 'we are requesting the Commission to reconsider its proposed regulations', that means both lots of regulations, concerning prices and concerning the monetary compensations. We are asking them to reconsider these, and indeed to revise them...

Mr Broeks. — We are not asking the Commission to revise them.

Mr Scott-Hopkins. — All right, this is not in the text. This is the spirit of the debate last night, the words which Mr Houdet himself used. I would hope that this particular resolution, in the words which are in front of us, can be passed by the House now, because it does embody in my view the result of what happened last night, and it fills the void which was left by the reference back to the Committee on Agriculture at a late hour last night.

President. — I think it might be as well now not to discuss the basic issues any further.

Mr Scarascia Mugnozza, *Vice-President of the Commission of the European Communities.* —

(I) Mr President, yesterday evening I was present for part of Parliament's debate. The Commission too has held lengthy debates on the same matters, and even if they do not compare with the night-time marathons in Parliament they were extensive and the problem was discussed in all its aspects. Unfortunately my colleague Mr Lardinois is not present, but I myself was able to say last night—and I have had confirmation this morning—that there are two points on which we should reflect if possible. Although Parliament was divided into two camps—those who thought the price proposals too low and those who thought them too high—my impression from what I have heard and been told is that in no quarter has there been criticism of the system on which the Commission based its price proposals. That is to say, there is a system, a certain logic which the Commission has followed, and at the limits of this logic a division of purpose occurred between those who wanted higher prices and those who wanted lower prices. If this is true, as I think it is, then it seems to me that it should be reflected in the Commission document—if instead of saying 'having regard to the spirit of the debate' it could say 'having regard to the fact that Parliament in its majority or in its entirety was not opposed to the system proposed by the Commission, request the Commission therefore to reconsider those points which are under dispute', i.e. the price increases called for by some and the price reductions called for by others, then I believe that we would be closer to the actual situation. I would therefore ask you to take account of what I have said, even if it is not possible to draft a text reflecting the actual situation, because the task might then be made easier.

Mr Houdet, *rapporteur.* — (F) I would like to remind Mr Scarascia Mugnozza that during the debate yesterday evening there was some controversy and opposition not only on the average level and grading of agricultural prices, but also and in particular on the amendments tabled by Mr Frehsee and on the link proposed by the Commission between the fixing of these prices and a kind of development in compensatory amounts. This had the very commendable goal, on which we are all agreed, of achieving uniform agricultural prices as quickly as possible.

I do not therefore think that there was any direct opposition to the Commission's proposals as a whole; on the other hand, differences of opinion were such that by using the phrase

Houdet

'having regard to the spirit of the debate' we could reflect all the opinions aired.

President. — I call Mr Vredeling.

Mr Vredeling. — Mr President, I should like to explain why the Socialist Group is in favour of this draft resolution. This draft resolution is a compromise which must lead to this Parliament at least expressing an opinion and not labelling itself as impotent. That is why we are in favour. I want, however, to make it clear in what spirit our group will vote for paragraph 1 of this draft resolution and I will do this in the spirit of the debate. Yesterday, there was here, for us at least, a majority, which although it was not counted, could be discerned, in favour of what the Commission had proposed. Those that voted for 2.76% accepted the system and those that voted for 4% were implicitly voting for the system proposed by the Commission even though they wanted the whole 4% instead of 2.76%. There was thus a majority in favour of the system and a difference of opinion on the amount of the increase. And it is important to note this. As a result of the way things went, we were unfortunately not able to reach a reasonable compromise, but that is not too important. The Commission will, then, have to make of it what it will. We are giving it the freedom to do this. I wish it strength in the coming discussions in the Council and hope that the spirit prevailing there is somewhat more constructive than sadly was the case in Parliament yesterday evening, and I am not excluding myself from this.

President. — Does anyone else wish to speak? I put the motion to the vote, taking account of the amendments proposed by Mr Radoux and Mr Vredeling and of Miss Flesch's lexicographical observations.

The resolution so amended is adopted.¹

13. *Reference back of the report on agriculture in mountain areas and certain other poorer farming areas*

President. — I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) I should like to point out something to Parliament. Yesterday evening at the request of some of the honourable Members, in particular Mr Lückner, Mr Cifarelli's report on agriculture in mountain areas and in various other unfavourable farming areas was referred to the Committee on Agriculture.

This committee has stated this morning that the reason the debate on this report had been postponed was owing to the shortage of time; we therefore have no modifications to make to our proposals. The report can be presented as it is. In view of the urgency of the matter, I would ask you, Mr President, to include it on the agenda for the next part-session of Parliament, that is to say the one in May.

President. — Mr Houdet, your request will be passed on to the Bureau.

14. *Regulation on the introduction of Community contracts*

President. — The next item is a debate on the report drawn up by Mr Bousch on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on the introduction of Community contracts (Doc. 10/73).

I call Mr Bousch, who has asked to present his report.

Mr Bousch, rapporteur. — (F) Mr President, honourable Members, technological development at the present time is one of the principal prerequisites for industrial development. But the financial burden borne by industry in that phase of the production cycle is particularly heavy. This is why the Commission of the European Communities felt it necessary to introduce in certain cases a new technical instrument, namely industrial development contracts at Community level.

The object of these contracts is to establish a financing policy which encourages the development of new products or processes of considerable interest where the economic and social development of the Community is concerned, to help meet public requirements, still inadequately satisfied in our Community, and to give medium-sized and small undertakings in particular an incentive to rationalize their ventures and to strengthen their position in the market, with the regulations laid down in the Treaty duly respected.

In the Memorandum on the Community's industrial policy submitted to us in 1970, the Commission was already thinking of Community contracts, but limited their scope to industrial development contracts in advanced technological sectors and key industries. But the necessity for the introduction of a system of industrial development contracts has already

¹ O.J. No. 26, 30 April 1973, p. 27 and corrigendum.

Bousch

been discussed in the medium-term economic programme and in the second and third programmes. The aim of these contracts as proposed today by the Commission is essentially the development of new products or new production processes. According to the Commission, they should be reserved for projects on which undertakings in different Member States cooperate. If a given industrial project was of public interest, cooperation between undertakings in different Member States would no longer be required.

With regard to procedure, it is suggested that the European Bank should be entrusted with the processing and administration of Community contracts. The Bank will receive requests for contracts and conclude contracts directly with the undertakings concerned; the processing will basically extend to verifying that the requests conform with the criteria and conditions laid down in the various articles of the proposed regulation. It is envisaged that under the contracts funds will be provided in the form of subsidies or loans which will be refundable only in the case of success, with a reduced interest rate of 3%. The Council can change this rate. The repayment of the capital will depend on the date prescribed for initial economic results. Where such results were not achieved, repayment could be deferred, suspended or even set aside completely. But setting aside repayments will be subject to a decision by the Bank reached in agreement with the Commission after the obstacle to the project concerned has been verified.

The criterion selected for the determination of the success of a project is its commercial success. The extent of Community participation will be established in each individual case. The maximum would have to be about 70% of the development costs involved in the project. However, where the field concerned and defined by the Council was of public interest, the amount lent could be as much as 100% of the development costs and, where this was the case, projects could, as an exception, even be restricted to a single country.

The administration of the contracts will be in the hands of the Bank, which will obviously have to be informed by the undertakings concerned of any important fact and it will have to be able to ensure fulfilment of contracts and even make on-the-spot inspections.

Possession of know-how will normally be retained by the undertakings benefiting under the contracts. But to guarantee that the know-how acquired is used, if on the expiry of a certain period the undertakings benefiting

under Community contracts have not exploited the results achieved, licences will have to be granted to persons or undertakings in the Community requesting them. If, as an exception, the Community is called upon to finance the whole cost of a project, the know-how will have to be placed at the disposal of competent and interested persons or undertakings in the Community, with account taken of the financial and technical contribution made by the contracting undertakings.

Parliament's Committee on Economic and Monetary Affairs welcomes the initiative taken by the Commission. Several members of our committee have, however, wondered if the provisions of Articles 3 and 4 of the proposal for a regulation are not self-contradictory. This is not so, since Article 4 concerns cases where cooperation between undertakings in different Member States of the Community is not always required. Such cases are therefore to be considered not subject to Article 3(f), since they concern objectives of public interest which the Community wishes to see achieved.

The system of guarantees to be provided to the Bank by undertakings benefiting under the contracts is not perhaps completely adequate. To ensure that public funds are put to good use, the Bank should possibly take every possible protective measure and define them in each individual contract.

With regard to Article 4 of the proposal, our interpretation, that is the interpretation by the Committee on Economic and Monetary Affairs, is that where the Council establishes that a project is of public interest, it will be possible to finance 100% of the cost of its development which means that the undertaking concerned would not be bearing any risk. The Committee on Economic and Monetary Affairs feels that agreements on loans amounting to 100% of the costs should be restricted to very exceptional cases so that public funds are not exposed to a substantial risk.

The same law of exception should also be the rule where the possibility of financing undertakings in one country of the Community is concerned. Several members of my Committee have also asked if it will always be possible to ensure that the project or process has the novelty which is the object of Community contracts and the *raison d'être* of these contracts. From the explanations provided by the Commission, it appeared to us that the prescribed criteria were sufficiently precise for us to establish that a project or process was novel and to select projects which were truly in the public interest.

Bousch

Finally, several members of my Committee expressed the fear that there was a risk of allowing the creation of agreements which did not comply with the Treaty. On consideration, it seemed that, in the first place, the basic decision will always be made by the Commission of the European Communities, which should ensure that its choice was compatible with the provisions of the Treaty.

In the second place, the Commission feels that the question of examination is governed by Article 85(3) of the Treaty, which states that any action which contributes to promoting technical or economic progress may be taken.

In that what is after all concerned is determining the success of a project, the Commission's choice appears to us to be the best, particularly because of the objectivity and methods of applying the criteria laid down by the Commission.

With regard to the ownership of material investments acquired or manufactured during the fulfilment of Community contracts, a question which gave rise to long discussions within our committee, we finally agreed that it will be for the European Bank to establish contractual conditions providing for the possibility to recover the value of such investments should the contracting undertakings have difficulty in exploiting the results.

With regard to the treatment of information, it is possible to envisage that failure by an undertaking to meet its obligations concerning the method of utilisation or the period within which the information was to be utilised would have to be indicated; we feel that reference should be made to such lapses in the Commission's annual report with a possible indication of the sanctions taken.

The period of five years laid down in Article 15, after which the Bank could require that contracting undertakings give up their licences at commercial conditions, seems to us too long. Considering the present rate of technological progress, we feel that this period should be reduced to three years.

As regards the credits necessary for the conclusion of Community contracts as referred to in Article 17, Parliament's Committee on Economic and Monetary Affairs feels that the sum of 20 million units of account earmarked by the European Economic Commission in its draft budget is essential. This credit has been rejected by the Council and the explanations given by the Council seem completely unsatisfactory to us. We therefore request that this credit be included in the 1973 draft budget again.

Several members of my Committee have wondered whether small and medium-sized undertakings are in fact capable of concluding contracts that span frontiers. In this connection, the Commission points out that the size of undertakings will undeniably play an important role; but even if their difficulties appear to be greater than those of large undertakings, small and medium-sized undertakings will be able to conclude Community contracts.

In conclusion, I would like to recall that under Article 121 the Commission will have to submit an annual report on the application of the regulation to the Council and the European Parliament. In our opinion, it will be enough for this information to appear in the general report on Community activities and a special report will not therefore be necessary.

The legal basis chosen by the Commission to submit its proposal, namely Article 235 of the Treaty, seems acceptable to us; this in fact corresponds to the suggestions made at the Summit Conference and we cannot but welcome this decision by the Commission.

Subject to these observations and the requested modifications to the proposal for a resolution, which the Commission agreed to make during the debate—for which I would like to express my gratitude and at the same time stress the cooperation kindly shown by the Commission in this matter—the Committee on Economic and Monetary Affairs proposes that you deliver a favourable opinion on the proposal for a regulation submitted to this Parliament.

(Applause)

President. — Thank you, Mr Bousch.

I do regret that we are debating your report in an almost empty House.

Please believe that I regret it most sincerely.

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

Mr Artzinger. — *(D)* Mr President, I have been asked by the Christian-Democratic Group of this Parliament to express our thanks to the rapporteur and to state that we agree to the motion for a resolution.

As the report and motion for a resolution have been unanimously accepted by the committee, I feel that that adequately expresses the opinion of my group.

President. — Thank you for being so brief, Mr Artzinger. I call Mr Normanton to speak on behalf of the European Conservative Group:

Mr Normanton. — Mr President and honourable Members, at this late stage in the proceedings I know any contributions which I might wish to make on behalf of the European Conservative Group would, of political necessity and expediency, have to be brief. I regret this fact because I do assure this House that there are a considerable number of views which I think could be usefully and profitably presented to honourable Members on this important subject.

Firstly, however, on behalf of the group I do want to express our approval and our support to Mr Bousch for the report which he has submitted, and to give him and his colleagues on the Committee on Economic and Monetary Affairs a warm welcome, but at the same time to make a modest, cautious comment. Perhaps as Conservatives, some of us are by nature a little diffident when we hear of proposals for extension of participation in the economic and industrial field, whether by the state at national level or on a Community basis. However, the particular proposals which have been outlined and commented upon in this report do have certain characteristics which may well be described as unique.

First and foremost, I think the report is pragmatic in its approach and not founded upon party or political dogma. This in itself is a high testimonial coming from one who has been strongly opposed to the dogmatic interventionism of the state in industry not only in the years immediately preceding this report but over several years in the United Kingdom.

I would, however, restrict my comments to one point which Mr Bousch made and which I think is probably the most important one for a whole host of reasons. I have never read a report on these particular lines and in this particular political direction in which there has been a more frequent reference to the role of small businesses, of small undertakings, and to the significance of that role.

I strongly applaud this and I hope that we as Conservatives and members of the European Conservative Group will never be lacking in support and praise for the importance of small undertakings within the total framework of the economy of the European Economic Community. They have a quality of flexibility which is natural to a small undertaking, whether this be in the field of manufacturing or of marketing; they have a dynamism which is so to speak inbuilt by virtue of the fact that small firms are inevitably identified with individual entrepreneurs. They have another quality which is lamentably lacking in so much of European industry and particularly at the moment in the

United Kingdom industry, and that is good labour relations, because good labour relations depend upon the relationships of people and when undertakings become so vast the relationships between management and those who are managed become remote and impersonal, and under those conditions we have a tendency towards anti-social activities about which I suggest no honourable Member in this Parliament would feel happy.

Last of all, however, I would like to make two brief recommendations. The first one is to the Commission; I would ask whether they will consider it appropriate and find means to keep the European Parliament continuously aware of the progress made by the Commission in implementing the proposals when they are brought into force. I would hope that in doing so they will find means of showing that perhaps for the very first time in State or Community interventionism cost effectiveness is recognized and translated into a reality.

The second point is addressed to you, Mr President; I would ask that perhaps the importance and role of small firms referred to in this particular proposal of the Council of Ministers and in this report will be chosen by you and the Bureau as an appropriate and highly relevant subject for debate in this Parliament, a full, complete, all-embracing debate on the subject of small business and entrepreneurial dynamism, on the basis of which lies, I believe, our future prosperity in Europe. I have pleasure in supporting it.

(Applause)

President. — I call Mr Spinelli to make known to Parliament the position of the Commission with regard to the proposed modifications adopted by the parliamentary committee.

Mr Spinelli, member of the Commission of the European Communities. — (F) Mr President, in view of the nationalities of the honourable Members here at this moment, I feel that it would be preferable for me to speak in French in order to reduce the number of headphones in use.

I should above all like to thank Mr Bousch for the exhaustive report with which he has presented the *raison d'être* and character of this proposal. I also join with you, Mr President, and with several other Members of Parliament in expressing regret that the report was not more so as this is the first definite proposal for an industrial policy, which is our ultimate aim; a more comprehensive debate could even have helped us to achieve this ultimate aim in that account could have been taken of, in particular,

Spinelli

the requirements of which Mr Normanton has spoken.

But I hope that when the Commission submits its overall industrial policy programme to you, we will take the opportunity that we have not taken today.

I do not want to take up the arguments advanced by Mr Bousch again as they represent the outcome of a debate which has already taken place in the presence of the Commission. I can therefore say, on behalf of the Commission, that we agree to this report. I should, however, like to refer to the amendments to our proposal tabled by the parliamentary committee subject of a more extensive debate, all the mittee. I have already said before your committee—and I can repeat it here, on behalf of the Commission—that we accept the suggested modifications. In particular, I agree that in view of the present rate of technological progress it would be advisable to commercialise the results of financed projects as quickly as possible.

I should also like to formally assure the Assembly that the annual report of the Commission on the activities of the Community will contain accurate information on the application of this regulation, particularly with regard to possible infractions by undertakings which have concluded contracts, and that it will indicate what decisions have been reached by the European Investment Bank with regard to undertakings guilty of such infractions.

I wish to make this quite clear because I believe that it is necessary and useful for Parliament to be informed as fully as possible on the way in which this type of development contract is implemented.

If, as I am sure, the contracts produce good results, we shall have created a possibility of enriching and strengthening the instrument itself.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

15. *Regulation on customs procedure in respect of certain agricultural products*

President. — The next item is a vote on the motion contained in the report drawn up by Mr Vredeling on behalf of the Committee on External Economic Relations on the procedure

for amending and suspending customs duties applicable to certain agricultural products subject to the common organization of markets (Doc. 230/72).

I call Mr Pêtre, on behalf of the Christian-Democratic Group, on a procedural motion.

Mr Pêtre. — (F) Mr President, the Christian-Democratic Group, in agreement with the Socialist Group and with the consent of the member of the Commission of the European Communities and of Mr Vredeling, the rapporteur, proposes that this report be referred to the Committee on External Economic Relations for basic consideration and to the Committee on Agriculture and the Legal Affairs Committee for their opinions.

I would therefore ask, Mr President, that this item of the agenda be carried forward to the next part-session.

President. — Are there any objections?

That is agreed.

16. *Dates of next sittings*

President. — We have reached the end of the agenda.

The enlarged Bureau proposes that Parliament should hold its next sittings in the week of 7 to 12 May 1973 in Strasbourg.

Are there any objections?

That is agreed.

17. *Approval of minutes*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates. Are there any comments?

The minute of proceedings are approved.

18. *Adjournment of session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 1.40 p.m.)

¹ OJ No C 26, 30 April 1973, p. 28 and corrigendum.

