

**Memorandum annexed
to the address on
the programme for 1975**

I — Promotion of international cooperation and affirmation of the Community's responsibilities in the world

1. The Commission will pursue these two aims as directly as possible in the coming multilateral negotiations in GATT.

In more general terms, however, it will endeavour to pursue them through the whole range of its activities in the field of external relations—as regards the developing countries, by establishing or perfecting the instruments of a global development cooperation policy, by implementing the agreement negotiated with the African, Caribbean and Pacific countries and some of the Mediterranean countries, and by entering into negotiations with certain Eastern Mediterranean states; as regards the industrialized countries as well, by stressing dialogue and cooperation, particularly with the United States, Japan and Canada; and with regard to the State-trading countries, by endeavouring to ensure a harmonious and durable expansion of trade under the common commercial policy.

The multilateral trade negotiations

2. The adoption by the United States Congress of the Trade Act of 1974 removed the last obstacle to the actual opening of the multilateral trade negotiations. The Commission takes the view that the need is now greater than ever to embark as soon as possible on effective negotiations on the real issues, and for all parties concerned to show their resolve to work together to liberalize and expand world trade. The mere fact that these negotiations are in progress is a clear pointer towards an improvement of the international economic climate.

Definition of the principles of a Community development cooperation policy

3. The Commission intends to set out its views¹ on future relations between the Community and developing countries as a whole in the light of economic developments in 1974. It will be sending the Council a communication on the subject in preparation for the fourth session of UNCTAD scheduled for 1976.

The Commission will also make use of the year ahead to achieve tangible results in the *coordination of the development cooperation policies of the Member States*, in accordance with the Resolutions adopted by the Council in this area in 1974.² The object of the exercise is to ensure greater consistency between bilateral and Community programmes, especially in view of the difficult economic period the Community is going through, and to align as far as possible the positions to be adopted by the Community in international organizations.

Association with the ACP countries and the overall approach to the Mediterranean countries

4. This will be a year of transition as regards implementation of the comprehensive cooperation agreements which have been concluded with the *African, Caribbean and Pacific* countries and with Spain, Malta, Israel and the Maghreb countries in the context of the *overall approach to the Mediterranean*. In both cases, the time between the signing of the agreements (scheduled for the beginning of 1975) and their ratification will be used to advantage to prepare future cooperation in the various fields, notably financial and technical cooperation. In this respect, the Commission intends to draw up, in conjunction with the other parties involved, the Community's financial assistance programmes for the period 1976 to 1980, which should enable a rapid start to be made with the various Community measures.

The Commission attaches great importance to preparations getting under way for future financial assistance to the ACP, particularly since signature of the Convention, and hence its entry into force, has been delayed. It hopes that cooperation with the ACP in other areas, notably trade, will begin ahead of schedule from mid-1975 onwards. An Interim EEC-ACP Committee will be set up at the same time.

Finally, in the same context, the Commission feels that, once the Council has adopted directives on the basis of the proposal made by the Commission, negotiations with

¹ In October 1974 the Commission sent the Council a first paper entitled 'Development Aid—Fresco of Community Action Tomorrow'. Point 405 of this Report and Supplement 8/74-Bull. EC.

² Point 404 of this Report.

Egypt, Jordan, Lebanon and Syria should be pressed ahead. These negotiations, which should put the finishing touch to the Community's Mediterranean policy and are a response to wishes voiced by these countries, must aim to establish as close cooperation with the Community as that envisaged by the agreements with the Maghreb countries and Israel.

Policy towards the developing countries as a whole

5. *Generalized tariff preferences* are a fundamental instrument of development cooperation. But this instrument can only be fully effective if it is part of an authentic global development policy. Pursuant to the resolutions adopted by the Council in 1974,¹ and to give these measures a greater impact on trade, the Commission will implement a series of new measures designed to promote Community imports of agricultural and industrial products from developing countries in Asia and Latin America. With the same end in view, it will continue to offer its technical assistance and experience of economic integration to existing regional groupings of developing countries and to those that are being set up.

Thus, as regards the *developing countries in Asia*, the Commission will negotiate agreements in 1975 with Pakistan, Bangladesh and Sri Lanka along the same lines as the trade cooperation agreement concluded between India and the Community in 1973. A joint Commission-ASEAN working party will be set up to pursue discussions between the two organizations and explore the fields in which closer cooperation might be contemplated.

In *Latin America*, a few small-scale trial programmes will be carried out by the Commission on a multilateral basis in 1975 in the fields of trade promotion and of cooperation with regional organizations, thus supplementing the possibilities afforded by application of the generalized preferences scheme. On a bilateral level, towards those countries which might wish to conclude other forms of agreement than the normal trade agreement the Commission will take the same line as it has taken towards other developing countries—in Asia, for instance. Negotiations with Mexico could begin on this basis in the course of the year.

The Commission will give careful thought² to the most suitable ways of implementing, in accordance with the principles laid down by the Council, a policy of *financial*

¹ Point 387 et seq. of this Report.

² 'Development Aid—Fresco of Community Action Tomorrow'. Point 405 of this Report and Supplement 8/74-Bull. EC. Cf. also the guidelines designed to intensify efforts to aid the food and agriculture sector adopted by the Community in connection with the World Food Conference (point 393 of this Report).

cooperation to help countries not associated with the Community. The Commission intends to comply with the express wish of the Council and produce concrete proposals in this matter in the first quarter.

On *food aid*, the Commission will pursue its efforts to help increase food supplies to developing countries. Its particular concern will be to help the most impoverished and worst hit by recent food shortages and the energy crisis. The Commission attaches great importance to a positive Community response to the international appeal to step up food aid to developing countries.

On *commodities*, the Commission will be responsible for preparing the positions to be adopted by the Community when the international coffee, cocoa and tin agreements, which expire in 1975 or 1976, are renegotiated.

On *textiles*, the Commission will carry on negotiating bilateral agreements with the principal exporter countries. The negotiations will be based on the Multifibre Arrangement concluded in GATT. It should be remembered that the Community is obliged to submit a programme for the gradual elimination of quantitative restrictions on imports of textiles before 31 March; the nature of this programme will depend partly on what is contained in the bilateral agreements.

Economic and industrial cooperation

6. Economic and industrial cooperation, whether with developing countries (oil producers and others), industrialized countries or State-trading countries, is now an objective of the first importance.

The Commission is planning to *reinforce the arrangements for coordinating* the Member States' economic and industrial cooperation policies—a process set in motion by the Council Decision of 22 July 1974.¹

At the same time it will endeavour to suggest ways and means of *extending Community action* in this field, the main purpose being to promote more practical co-operation with other non-member countries, for example the oil-producing countries. The negotiations for an agreement with Iran are a case in point.

Finally, work is in progress to establish long-term industrial cooperation relations with developing countries which do not in the main produce oil but do command great financial resources made available to them by the producer countries.

¹ Point 371 of this Report.

The Euro-Arab dialogue

7. The Commission will do everything in its power to ensure that progress is made with this project—a joint political cooperation/Community venture which was launched last year.¹ In so doing the Commission will be helping to set up and operate agencies to deal with specific problems of interest to both groups of countries with a view to close and lasting cooperation.

Greece and Portugal

8. This year should see the reactivation and development of the Association with *Greece*. Getting it moving again implies the resumption of negotiations to harmonize agricultural policies, implementation of the social provisions of the Athens Agreement, strengthening the coordination of trade policies and negotiating a new financial protocol—matters which should all be tackled in 1975 by the relevant authorities, within the Community and in the framework of the Association, and on which the Commission will have to make proposals.

The discussions initiated by the EEC-Portugal Joint Committee in Lisbon in November 1974² of *Portugal's* requests for closer ties with the Community will continue during 1975. In the fields covered by the Agreement at present linking Portugal to the Community, and more particularly in the agricultural and industrial sectors, examination of Portugal's requests will be pursued and industrial and financial cooperation may also be initiated. The Commission will make proposals to the Council during the first three months of the year.

Relations with the industrialized countries

9. The main issues in relations with the *United States* are to be dealt with in a multilateral context—monetary and trade negotiations (now that the trade bill has been enacted), cooperation on energy and agriculture (food aid). On the bilateral level, the emphasis will be on cooperation in areas of interest to both parties and on the effective settlement of inevitable trade disputes (e.g. the early warning system). The bilateral consultation arrangements, which have now been well run in, provide a suitable framework for the development of relations with the United States.

¹ Point 440 of this Report.

² Point 424 of this Report.

As regards relations between the Community and *Japan*, 1975 will be marked by intensified discussions between the two sides in numerous fields. This will be facilitated by the recent opening of the Commission Delegation in Japan.

Following Prime Minister Trudeau's visit in October 1974, the Community and *Canada* have decided to strengthen the links uniting them. Exploratory talks to determine form and substance will be held in 1975. The Commission contemplates opening a delegation in Ottawa in the course of the year. Finally, the need to conclude the Article XXIV(6) negotiations with Canada without delay is recognized by both parties.

In 1974 a 'dialogue' procedure similar to that already operating between the Commission and representatives of the Governments of the United States, Canada and Japan was set up with the *Australian* and *New Zealand* Governments.¹ A meeting between a delegation from each of these two countries and the Commission is scheduled for some time in 1975.

During the year the Commission will, in accordance with normal procedure, contribute to the review of the situation with regard to imports of butter from New Zealand which the Council is to undertake pursuant to Article 5 of the Protocol to the Act of Accession.

Relations with the State-trading countries

10. With regard to the State-trading countries, the Commission feels that a harmonious and lasting expansion of trade, and the solution of specific problems, will best be ensured by the conclusion of *long-term trade agreements* between the Community and each of these countries. The Council has endorsed this approach and has formally indicated its readiness to open negotiations with the countries concerned. To this end, the Commission has sent them an outline indicating in broad terms what might be included in possible agreements. Obviously, a step such as this, which marks a new era in relations with the State-trading countries, is still being carefully studied in their capitals. In the absence of such agreements, the autonomous trade arrangements made by the Council Decision of 2 December 1974² will remain operative, and the Commission will work alongside the Member States to prepare whatever adjustments prove necessary.

Commission and *Comecon* officials met for the first time on 4-6 February last to prepare a high-level meeting between the two organizations. Although some progress

¹ Point 445 et seq. of this Report.

² Point 454 of this Report.

was made on this occasion it was decided that further discussions would be needed to define areas of cooperation and work out practical details in the context of the general normalization of relations between the Community and the countries of Eastern Europe.

In the *Conference on Security and Cooperation in Europe*, the Commission—whose representatives speak for the Community in areas of Community jurisdiction—will continue to take part and work for real, tangible results in the near future. The Commission would emphasize in this connection that discussions within Committee II of the CSCE and its subcommittees, and hence the probable outcome of the Conference, relate to matters for which the Community has responsibility.

Activities in the UN

11. In 1975 the Community will be taking part as an observer in the work of the United Nations General Assembly and *ECOSOC*—notably in the discussions on the international development strategy and the *General Assembly's* special session on development scheduled for September-October. The Commission will keep itself informed of developments in the *World Food Conference* and the work on *transnational companies* (especially the institutional machinery it is proposed to set up).

The Community will be an observer at the next session¹ of the Third United Nations Conference on the *Law of the Sea* (Geneva, March to May 1975). The Commission will take all necessary steps to prepare for the Conference at Community level.

¹ The Community was also an observer at the last session (Caracas, June to August 1974); points 250 and 382 of this Report.

II — Protection of Europe's economy and further work on building up an integrated economic unit

A. Overall policies

Economic and financial affairs

12. Three major problems on a scale unseen since the Common Market was established are behind the difficulties which threaten the Community today:

- (i) *inflation* which, at the beginning of 1975, was running at an average annual rate of more than 13%, with considerable differences from country to country;
- (ii) *unemployment*, which affected more than 3.5 million in the Community, or 3.5% of the labour force;
- (iii) the serious *balance of payments disequilibrium* which is distributed very unevenly among the member countries.

The combination of these three problems makes it all the more necessary to bring short- and medium-term economic policies closer into line but also makes such convergence more difficult.

The Commission is now drawing up a *programme of Community action* for the current year, centred on four main themes:

- (i) Community measures to combat the economic crisis in particular by restimulating investment;
- (ii) the economic and social changes resulting from the fight against inflation and from the rise in energy prices;
- (iii) further progress in the economic, financial and monetary integration of the Community countries with a view to European Union;
- (iv) the main problems in the field of monetary and financial relations at present being discussed at international level.

On this basis, the main lines of the Commission's work programme for 1975 will be as follows:

Short-term economic policies

13. The Commission proposes to put before the Council a number of *concrete proposals for restimulating economic activity*. These proposals will be made as part of the moves to implement the Council decision on the convergence of the economic policies of the Member States of the Community. The aim is to promote the introduction of measures adapted to the situation of each country, with the priority objective of restimulating the economy in conditions of stability. To this end the Commission intends in particular to keep a close watch on the implementation of reflationary programmes in the surplus countries and to encourage, in the deficit countries, the investments which will prove the most profitable in the long-term.

These concrete proposals will be contained in a communication to the Council to be prepared in time for the meeting next March at which the economic policy guidelines for 1975 will be adjusted as required by economic developments. The communication will be accompanied by a *summary account of the economic policies* pursued by the Member States in the past year.

At the same time the Commission will present its first *report* on the implementation of the Council Decision of 18 February 1974 on stability, growth and full employment; this report will highlight the progress already made and the steps still to be taken to improve the instruments for guiding the economy.

Moreover, the *usual timetable* will be respected:

- (i) Around May, the Commission will present to the Council the initial guidelines on policies to be pursued in 1976 and the budgetary guidelines for the same year;
- (ii) Towards the end of the third quarter the Commission will transmit an annual report concerning in particular the guidelines to be followed by each Member State in its economic policy for the following year.

Apart from this fixed timetable, the Commission will be prepared at any time to propose *appropriate measures to improve the convergence* of the Member States' policies, if such action is called for by an appreciable increase in unemployment or by an unduly sharp slackening in growth, or by an aggravation of balance of payments deficits or of inflationary tendencies.

Structural changes and medium-term policies

14. In addition to the short-term measures needed if higher growth rates are to be achieved once again, preparations must also be made to cope with the far-reaching

economic and social changes entailed both by the fight against inflation and by the sharp increase in the cost of energy.

The adjustments leading to a better equilibrium of the member countries' economies cannot be made in a single year. The Community must therefore establish the appropriate commitments on the basis of a medium-term economic policy programme.

Accordingly, the Economic Policy Committee will draft a *fourth programme* on the basis of submissions from the Commission staff. The programme—which will be worked out quickly in the first half of 1975—will be put to the Commission itself and will then be transmitted by the Commission to the Council. It will include material indicating:

- (i) the impact on the Member States' balances of payments of the increase in energy prices, with implications for borrowing needs in the period up to 1980; by building into the projections the triangular transactions which should be arranged between Europe, the oil producers and the developing countries, this analysis will take into account the Commission's desire to promote third world development;
- (ii) an economic policy blueprint showing how the disequilibria engendered can be reduced or worked out of the economy altogether, at lowest social cost;
- (iii) ways in which dearer energy affects the pattern of expenditure on GNP and the structure of the productive system—in this connection, a special effort will be made to attempt to define a new production structure better adapted to the new price relationships and the need for a redeployment of exports, the programme will also attempt to predict how the new production structure will affect employment;
- (iv) the social changes entailed by the changes in production, with regard both to employment and to workers' participation in management.

The various Community institutions must cooperate closely in work to be carried out to control structural change under the Community policies. The Commission will therefore strengthen its relations with the EIB and establish optimum coordination of the various financial instruments available to the Community.

Strengthening integration with a view to economic and monetary union

15. The Commission has begun large-scale policy research work on measures required to adapt economic and monetary union to the new economic and political circumstances. As a result of this, it should be in a position to adopt a *report on the establishment of EMU* which should be ready for presentation to the Council and Parliament during the summer.

At the same time, the Commission will pursue, or resume, action in certain specific areas.

In the first place, further to a Council decision of 21 October 1974 approving the basic regulation relating to *Community loans*,¹ procedures for issuing these loans will be finalized as soon as possible.

Work already in progress² will be continued to lay down the conditions and procedures for bringing the exchange rate policies for currencies now floating independently closer into line with those for currencies participating in the Community exchange rate system.

The Commission will also endeavour to work out ways and means of improving supervision and control of the *Eurocurrency* markets by the central banks.

Following the guidelines laid down by the Commission in its communication to the Council of 12 December 1974,³ the work on the definition of a new *European unit of account* will result in concrete proposals.

The study of a Community instrument to promote *external trade* will be speeded up.

The Commission intends to put before the Council plans for setting up a *European Institute* for Economic Research and Analysis. This Institute should be of considerable help to the Commission, for instance in determining and developing structural policies.

International problems

16. National and Community efforts to restore better equilibrium in the Community countries' economies must fit in with parallel work at world level. Two fields are of special importance:

- (i) the *reform of the international monetary system*, on which the Commission will make the necessary proposals with a view to defining common positions of the Member States;
- (ii) the *recycling of capital*, on which the Commission also intends to take concrete steps as soon as possible.

¹ Point 193 of this Report.

² The Commission presented to the Council in mid-December 1974 a proposal amending certain provisions of the Regulation of 3. 4. 1973 establishing the EMCF and adding others: point 189 of this Report.

³ Point 193 of this Report.

Tax harmonization

Action programme on taxation

17. With a view to working out an action programme on taxation for the coming years, the Commission has proceeded to extensive consultation of Government departments and organizations representing labour and business and other relevant interests. It will present a communication to the Council on this subject before the end of the second quarter of 1975.

Indirect taxes

18. As far as *value added tax* is concerned, the Commission will press for the early adoption by the Council of the proposal for a sixth directive establishing a uniform basis of assessment of that tax and continue its work on the elimination of certain obstacles now hampering the free movement of personal possessions, etc. Several proposals for directives will be laid before the Council before the end of the second quarter.

The Commission is planning to put to the Council a proposal for a directive on further harmonization of the structures of *excise duties* on manufactured tobaccos (in the first quarter).

The Commission will send the Council a proposal, originally scheduled for 1974, concerning the harmonization of *indirect taxes other than VAT and excise duties* on transfers of securities (fourth quarter).

Direct taxes

19. The Commission intends to study international *tax evasion and fraud*, since these practices are growing steadily more common, partly because of the greater number of transnational links between firms. The work will, of course, also cover evasion of indirect taxes. On the basis of the Council Resolution of 19 December 1974,¹ the Commission is planning to take, within the limits set by its powers, appropriate measures including measures to strengthen, in a Community framework, cooperation between national revenue departments.

¹ Point 180 of this Report.

The Community's own resources: final arrangements

20. The rules relating to the use of the Community's own resources deriving from the VAT cannot be applied until a uniform basis of assessment for this tax has been established. Therefore, the part not covered by customs duties and levies will be financed, for 1975, under derogatory clauses in the Decision of 21 April 1970,¹ by GNP-related payments made by the Member States.

From 1 January 1978 onwards, the arrangements concerning the Community's own resources should normally be applied in full, and the Commission therefore takes the view that the Council should come to a decision before the end of 1975 on the proposal for a sixth directive concerning the establishment of a uniform basis of assessment for the VAT, so that this directive can be effectively implemented as soon as possible. Once the uniform basis of assessment has been adopted by the Council, the Commission will make proposals concerning procedures for collecting and transferring this category of own resources.

Approximation of laws concerning financial institutions

Banks

21. Developments in this field will to some extent depend on action taken on the proposal presented on 12 December 1974² for a directive relating to the coordination of legislation on the supervision of banks. This directive is the first in a series of coordination proposals (the others are still to be drafted) the purpose of which will be the establishment, in coming years, of a common market for credit establishments. Examples of the areas which will probably be covered by the new proposals are the harmonization of balance-sheet formats and rules concerning the publicity to be given to balance sheets, the solvency and the liquidity of credit establishments, financial information to be supplied at regular intervals to the supervisory authorities, and the establishment of special rules concerning building societies. The Commission plans to submit a proposal on building societies to the Council before the end of the year.

¹ OJ L94 of 28.4.1970.

² Point 130 of this Report.

Insurance

22. A proposal for a directive concerning freedom to provide services with regard to *risk insurance* will be sent to the Council before the end of the second quarter; this proposal—which the Commission had intended to lay before the Council in 1974—will take account of the implications of the judgment handed down by the Court of Justice on 3 December in the Van Binsbergen case.¹

In the first quarter, negotiations will be opened with Switzerland, on a reciprocity basis, with a view to facilitating, as between the Community and Switzerland, access to direct insurance activities other than life.

Other financial institutions

23. A proposal for a directive relating to conditions for the *admission of securities to quotation on stock exchanges* will be presented to the Council in the first quarter.

Work continued on the coordination of legislation governing *unit trusts and investment companies*, and this was extended, beyond the coordination of information to be disclosed by these institutions, to cover their rules of operation. Consequently, the first stage of work in this area could not be finished last year, as had been planned. However, there is every prospect that it will be possible to send a proposal to the Council in the second quarter of this year.

The Commission is also pursuing or planning other coordination work with regard to *securities markets*; this includes work on stock exchange intermediaries, in respect of which a proposal will probably go to the Council in the fourth quarter.

B. Sectoral policies

Common energy policy

Common objectives

24. On 17 December 1974² the Council adopted a Resolution setting common target figures whose attainment would enable the Community to free itself by 1985

¹ Point 122 of this Report.

² Point 336 of this Report.

from excessive dependence on imported energy. The Commission's efforts in 1975 will therefore be directed to equipping the Community with the means of action required to attain these targets.

These means of action will be at once political and financial: political, since they imply clear decisions by the Member States embodying a willingness to act together; financial, since the development of alternative sources of energy implies large-scale new investment, incentives and guarantees as to profitability.

General action

25. The Commission will periodically (starting in the first half of 1975) draw up long-term guidelines on the consumption of, prospecting for and production of energy, and on the investments of all kinds required for these activities. By 30 June 1975 the Commission will have drafted its first half-yearly report on progress made in attaining the Community targets, as required by the Council Resolution.

The Commission will also launch the programme of action on the rational use of energy approved by the Council in a second Resolution adopted on 17 December 1974 and will report back to the Council, pursuant to the Resolution, on the situation in the Member States and on progress towards the Community objective.

Sectoral action

26. On the basis of the targets set by the Council and in accordance with the guidelines shortly to be drawn up by the Council for the various sectors, the Commission will consult the Energy Committee and will make proposals during the first and second quarters for both Community and national action.

In the *coal* sector the primary need is to consider what action is needed to ensure that the investment required to maintain Community production at its present level can be effected in satisfactory economic conditions. It will also be advisable to examine the new system of aid to the coal industry which may perhaps be introduced on the expiry of Decision No 3/71.

As regards *oil and gas*, it will be necessary to set up the machinery of a supply policy which will guarantee diversified and secure supplies, and also the smooth functioning of the market. The Commission will continue to apply a Regulation of 9 November 1973 on financial support for Community projects, and will submit a second series

of proposals on this subject to the Council. It will press the Council to express an opinion at an early date on the proposal to extend this Regulation to cover prospecting work.

In the *nuclear* sector the first requirement is to revise Chapter VI of the EAEC Treaty in order to give the common supply policy on nuclear fuels the desired efficacy and to make the Supply Agency an essential instrument of such a policy.

In addition, the Commission will continue to apply the existing Community provisions, particularly the regulations and directives on oil and gas. As it will in future have further information about supply conditions, the Commission will promote cooperation between Member State Governments and where required consult the undertakings which supply the Community.

Relations with the other energy-consuming countries and with the producer countries

27. The Commission is now participating in the work of the *International Energy Agency* set up under the aegis of the OECD.

Action taken by the consumer countries in a wider international context has already led to a number of Community decisions, Member States participating in the work of the IEA being required to adopt the Community position.

As far as others matters of particular interest to the common market are concerned, it is essential that the Member States reach agreement on common action pursuant to Article 116 of the EEC Treaty.

In order to ensure the satisfactory operation of the Community machinery, it will be best to apply the procedure used hitherto in preparing for discussions in the OECD to meetings of the various IEA bodies—that is, to hold preliminary meetings of specialist officials from the nine Member State and the Commission.

The Commission will also pursue its efforts to promote *cooperation with the producer countries* in the interests of all concerned.

Common agricultural policy

28. The Commission will present to the Council by 1 March a complete *survey* of the common agricultural policy, with proposals appropriate to the objectives set out

in Article 39 of the EEC Treaty where necessary. However, the Commission draws attention here to the fact that certain measures for improving the common agricultural policy contained in its memorandum of 31 October 1973¹ (some of them incorporated in proposals) are still awaiting a Council decision.

29. Before 1 April the Commission will present its proposals for *improving the common organization of markets*, particularly those for olive oil and production under glass.

The Commission will also be able to draw up a complete summary of existing *aid* measures when all the Member States have forwarded the relevant data.

30. As regards *social and structural problems*, it is essential that the Council should soon decide on the measures in respect of forestry and on the regulation concerning agricultural producer groups and associations.² In 1975 the Commission will also place before the Council a proposal concerning common action for the development and rationalization of the processing industries and undertakings for marketing agricultural products.

Lastly, 1975 should also see completion of the application in all the Member States of the three socio-structural directives adopted by the Council on 17 April 1972.

31. As regards *veterinary legislation, plant health and animal nutrition*, the Commission will present proposals for the implementation of the programme adopted by the Council, making allowances for the international factors which impeded progress in 1974. It will present a proposal to give permanence to the Standing Veterinary Committee procedure during the first quarter and will press the Council to take the decisions it failed to take in 1974. This would allow application of the directive on relations with non-member countries in the veterinary field and adoption, ten years after the Commission proposal was originally presented, of the basic directive regulating the plant health aspects of trade in agricultural products.

Industrial policy

32. The economic crisis which developed in 1974 is a new factor for Community industry to take into account. The threat of recession and unemployment and the changed competitive position of European industry call for major structural trans-

¹ Seventh General Report, point 280.

² Point 264 of this Report.

formations. In addition, the changes which have taken place on the capital market cast doubt on the traditional ways of financing the Community's industrial development.

In this new situation there is a risk that countries may take divergent measures which in the long run might compromise the Community's industrial unification and even endanger the existence of the common market.

It is therefore the Commission's duty to *redefine its industrial policy programmes*, giving precedence to measures designed to promote the harmonious accomplishment of the requisite Community-wide transformations. The Commission will therefore direct its efforts mainly to the following matters:

- (a) the measures required to guarantee the compatibility of supporting projects in the principal industries affected by the recession;
- (b) the formulation and deployment of new financial instruments capable not only of dealing with immediate difficulties but also of giving the necessary support to the measures required to agree with the profound economic and social changes now taking place;
- (c) outline analyses and guidelines—or perhaps even complete ones—based on an interindustry approach to industrial development;
- (d) first steps towards a Community raw materials supply policy.

Sufficient progress ought to be made here for the Commission to be in a position to make initial proposals on most of these points during 1975.

33. As regards *more specific sectoral measures*, the Commission is presenting those initiated last year and also intends during the first quarter of this year to give effect to guidelines or programmes of action for the building industry, for plants producing large-scale electrical equipment for nuclear power stations, and also on reactor safety.

34. As regards the *removal of technical barriers to trade*, in 1974 the Commission largely discharged its obligations flowing from the Council's Resolution of December 1973 on the industrial policy programme. However, despite its best endeavours, the Council was unable to keep pace with the Commission's proposals in 1974.¹ In 1975 the Commission will present its last proposals on motor vehicles; agricultural tractors; motorcycles and mopeds; civil engineering equipment; fertilizers, paints, varnishes and detergents; lifting gear; machine tools; precious metals and measuring instruments.

¹ Point 108 of this Report.

The instability of the present economic situation, and especially of the energy market, will of course necessitate energy conservation measures and structural changes in some industries, which may in turn call for changes in the programme.

35. Although the Council has not yet held the agreed discussions on guidelines relating to the Commission's Communication concerning *multinationals*, the Commission will publish in the third quarter of 1975 a first inventory of these firms.

In the field of *company law*, the Commission will do everything it can to see that the second directive on the formation and capital of companies, which was scheduled for adoption in 1974, is adopted by the middle of 1975, and that work on the proposals for the third and fourth directives¹ is speeded up.

A revised proposal for a regulation on the Statute for the European Company will be sent by the Commission to the Council in March 1975. The complexity of the problems concerned has obliged the Commission to defer transmittal of the revised proposal beyond the date originally intended. The main question at issue is workers' participation, which is also the kernel of the discussions on the proposal for a fifth directive² (see p. LVI, Social policy).

Competition policy

Restrictive practices and dominant positions

36. At a time when inflation is affecting the life of the entire Community, the Commission will intensify its work on analysing situations where identical or similar products are sold at different prices in different Member States. Article 86 of the EEC Treaty will be strictly applied to firms which abuse the fact that they can practice an independent pricing policy.

When examining the marketing of petroleum products, the Commission, with a view to enforcing the rules on competition, will keep a close watch on competitive pressures and will look into any case of discriminatory pricing or artificially created shortages.

When considering patent licensing agreements, the Commission will endeavour to

¹ Proposals dealing respectively with corporate mergers within a single country and the annual accounts of companies: point 135 of this Report.

² Proposal concerning the structure of limited liability companies: points 134 and 136 of this Report.

clarify the situation as to what stipulations are acceptable. It will take account of the distinction between the existence of industrial property rights protected at national level, which is not to be affected by Community law, and the exercise of these rights, which is subject to the provisions of the Treaty. Thus the aim will be to reconcile the lawful existence of monopoly situations created by the grant of patents and the competitive situation in a unified common market.

State aids

37. In the face of the economic and structural problems with which the Community is confronted at the present time, it is more important than ever that the Member States should observe the Treaty rules on aids. Only if they do will national aids work in such a way as to enable the Community to overcome the difficulties facing it as effectively and cheaply as possible while avoiding the obvious consequences of permanent outbidding (the best-founded national policies are deprived of their effect, unemployment is exported from one Member State to another and, ultimately, the situation is aggravated in the Community as a whole).

As regards regional aids, the Commission had said that it would work out a new approach to coordination applicable in all the regions of the Community by 31 December 1974. Work on this has been slowed down somewhat, particularly by the technical complexity and political nature of these problems. However, the Commission will shortly be able to publish the main points of its new approach to coordination, and these will take account of the particular characteristics of each of the developing regions in the Community.

Research, science, education

38. In the energy sector *scientific research and technological development* will have a key role to play if the Community's targets for 1985 are to be attained and energy supplies made as secure as possible. Similarly the continual modernization of industry—hence job security—and the quality of life all depend on a policy of scientific research and technological development. On the basis of the Resolutions adopted by the Council on 14 January 1974,¹ the Commission is working towards the gradual establishment of a Community policy in this field. This entails the coordination of the relevant national policies and the launching of joint research projects to be carried out

¹ Point 309 of this Report.

under contract in public and private research establishments in the Member States or in JRC establishments.

For the implementation of these joint research projects the Commission:

- (a) will, in the last quarter, send the Council proposals for action programmes in the fields of medical research, oceanology, town planning and housing, and probably also in the field of raw materials and materials suitable for chemical industrial plant;
- (b) will continue the research now in hand in the fields of thermonuclear fusion, biology/health protection, research on the environment, and reference substances and methods (Community Bureau of References—CBR). This work is being carried out in national research establishments under the present multiannual programmes which are due to expire at the end of 1975. In the next programme on controlled thermonuclear fusion, the Commission plans to include the construction of JET (Joint European Torus) which will produce physical conditions proximating to those expected from the large fusion reactors of the future.

As regards research carried out in the JRC establishments, the multiannual research programme adopted in 1973 is due to expire on 31 December 1976. The Commission plans to put the draft for the new programme to the Council by the end of 1975 or early in 1976.

By mid-1975 the Commission will have drawn its conclusions regarding the feasibility of launching a Community system for technological forecasting and assessment ('Europe + 30' study).

For the encouragement of basic research, the Commission will transmit proposals to the Council during the last quarter of 1975, more especially concerning possible support to the European Science Foundation (ESF) created in November 1974.

Finally, R & D cooperation between the Community and non-member countries in Europe will be organized mainly in the COST framework (Scientific and Technical Cooperation), which at present covers nineteen European countries.

39. Subject to a favourable decision from the Council on the proposals put forward in 1974,¹ the Commission will gradually launch an initial programme of Community work in the field of *scientific and technical information*.

40. With regard to education *policy*, the Commission's work will be channelled along several lines:

¹ Point 256 of this Report.

- (a) assisting the Education Committee¹ in its work (the Committee's report should be ready in June 1975);
- (b) preparing proposals on the education of migrant workers' children under the Community's Social Action Programme (second quarter);
- (c) preparing the first proposals designed to facilitate exchanges of goods and increase the mobility of people in the cultural sector (third quarter).

Common transport policy

41. The Commission's activities in the field of the common transport policy continue to bear the stamp of the ideas set out in the Commission's Communication to the Council of 24 October 1973: this document contains, in particular, a working programme for the period 1975-76.² In 1975 the Commission intends, in the light of the Opinions delivered by Parliament and the ESC, to resume its dialogue with the Council regarding these guidelines which recent economic developments have shown to be sound.

42. As a contribution towards the gradual introduction of the *Community transport system* envisaged by the Commission, the following new steps will be taken in the course of the year:

- (i) A Communication regarding the Commission's activities in connection with the coordination of transport infrastructures (second quarter)

This is one of the indispensable elements of the new lines of action which the Commission has in view.

- (ii) A Communication and proposals regarding the organization of the transport market (third quarter)

The arrangements which these steps are intended to set up will cover simultaneously access to the market, price formation and the relevant rules of competition.

43. The programme also provides for *the prosecution of certain actions* already begun, which are compatible with the new lines proposed by the Commission. Thus, the Commission has in mind to present to the Council the following proposals and other communications:

- (i) Proposals regarding the harmonization of certain social provisions in the field of freight carriage on inland waterways (first quarter)

These proposals, carried over from 1974, will be based on the Council Decision of 13 May 1965.

¹ Point 323 of this Report.

² Point 349 of this Report.

- (ii) An interim report on the point reached by the work on a Community system of charging for transport infrastructure (second quarter).

This report will be based on the programme which the Council adopted on 3 December 1971.

Pursuing the same approach—prosecution of actions already begun which are compatible with the new lines—the Commission will lay before the Council proposals in respect of safety (technical inspection of boats – third quarter; and speed limits by category of road vehicle – fourth quarter), social regulations (amendment of Regulation No 1463/70 in respect of recording equipment and minimum training for lorrydrivers – second quarter), road transport of passengers to and from non-member countries (directives for negotiating an agreement on transport by coach and bus – second quarter), the regional situation (amendment of Directive No 69/467 – second quarter) and public works and supply contracts (fourth quarter).

Credit and investment

44. With regard to the Commission's financing work, the European Coal and Steel Community will begin 1975 with a balance sheet totalling rather more than 2 000 million units of account, which means that the ECSC has a leading status among financial agencies operating on the international market.

The *ECSC will continue to make major commitments* in 1975: the steel industry has substantial investment requirements, and it is desirable that investment in coalmining should be built up once again. The need for firms to establish reliable sources of raw materials supplies could also lead the ECSC to involvement in financing of certain mining investments outside the Community.

45. The role which the Community as such has begun to acquire on the capital market through its ECSC activities could and should be extended to *other fields where pressing needs have now emerged*. A key objective is the reactivation of Euratom's financing activity to assist in the funding of the major nuclear power station projects devised as a response to the energy crisis. There are other areas, covered by the EEC Treaty, in which the Community as such could be of considerable assistance to the Member States in financing new ventures, such as programmes to redress regional and structural imbalances. By borrowing outside the Community—as it has successfully done for areas covered by the ECSC Treaty—the Commission could also help with the recycling problem.

C. The functioning of the internal market — Attainment of freedom of establishment and freedom to provide services

46. As in 1974,¹ the Commission's work on *customs policy* will be oriented towards simplifying the procedures and formalities which customs departments have to apply. A programme on simplification of customs procedures and formalities will be put before the Council in the first quarter of this year. The measures in the programme will include simplification of the rules of origin, the Common Customs Tariff and transit procedures.

The Commission will continue its policy of harmonizing national customs rules with a view to completing the customs union. Before the end of June proposals will be tabled on such matters as the repayment and drawback of customs duties and agricultural levies.

47. This year as before, the accent will be on measures in the industrial policy programme, particular attention being paid to *removing technical barriers*, coordinating the procedures for the award of *public supply contracts* so as to gradually make them more genuinely open, and, finally, creating a *legal framework for companies* in line with the new European dimension.²

A number of other plans to give the internal market a firm legal basis are nearing fruition, and action here will be intensified this year. These plans include a draft *bankruptcy* convention and proposals for directives on *commercial agents* and the various forms of *consumer credit*. The Commission hopes that this will be complete by the end of the year; the same applies to the two draft conventions on *economic criminal law*³—the one on criminal liability and protection of officials of the European Communities and the other on the prevention of offences against Community economic law.

48. Some time in the second half of the year, the Commission will be presenting a revised version of the General Programme for the Abolition of Restrictions on *Freedom of Establishment and Freedom to Provide Services* adopted by the Council in November 1961. This is necessary in view of last year's judgments by the Court of Justice in *Reyners* and *Van Binsbergen*⁴. However, work on mutual recognition of degrees and diplomas and coordination of provisions relating to the right to take up and pursue various occupations must be continued if freedom of movement is to be

¹ Point 85 et seq. of this Report.

² Point 107 et seq. and points 117, 118, 134 et seq. of this Report.

³ Points 145 and 146 of this Report.

⁴ Point 121 et seq. of this Report.

attained. Here, the Commission will seek greater inspiration than before in the transitional measures already adopted in certain cases. These measures provide that the fact that a person has pursued a given occupation in a Member State for a given period of time is enough to entitle him to pursue that occupation in another Member State.

As regards *freedom of establishment in the professions*, the Commission will urge the Council, now that political agreement has been reached on medical practitioners, to bring its work on the other professions outstanding, notably nurses and architects, to an early conclusion.

D — Information policy

49. The Commission has decided in accordance with the guidelines which emerged from its deliberations on 9 January 1975, to pay more attention to public opinion than it has in the past.

Its information policy will therefore aim to present the general guidelines governing the Community's handling of the economic and social difficulties associated with the present crisis in clearer, simpler and more convincing terms. An effort will also be made to interest the public in preparations for European Union.

A special effort will be made to service Europe's 'latent forces' (that is, its political parties, trade unions and associations). The Commission feels that they should be provided with more information on current problems associated with the construction of Europe. With direct elections to the European Parliament on the way, it is also highly desirable that the attitudes and views represented by these forces should gradually crystallize and find their place in the mainstream of European public opinion.

Implementation of this policy will be considerably facilitated by the additional appropriation included in the 1975 budget at Parliament's instigation.

E — The budget as a forecasting tool and the improvement of financial administration

50. Speaking of the budget as a forecasting tool, the Commission points out that the decisions taken by the Council in finalizing the draft of the 1975 Budget considerably

reduce its value and scope. The appropriations asked for by the Commission for measures not yet formally approved by the Council have been refused by the Council,¹ so it will be impossible to avoid resorting to a number of supplementary budgets for 1975—notably in respect of the Regional Fund, and the agricultural prices for the next marketing year—entailing all the disadvantages which the Commission and Parliament have already pointed out as inherent in this procedure.

51. The Commission will continue to strengthen and improve the arrangements it has already instituted to ensure that the implementation of the Budget is properly monitored. The establishment of the Single Accounts Centre, which will become operational in 1975, falls under this heading. Furthermore, on the basis of the suggestions made by the Special Committee of Inquiry, whose reports have been submitted to Parliament, the Commission will seek to carry out a programme comprising in particular:

- (i) an improved general administration of the Community Funds (one of the means to be used for this purpose will be data processing);
- (ii) the establishment of genuine cooperation between all the national authorities involved;
- (iii) the creation of the requisite means to ensure effective preventive measures against irregularities and fraud in intra-Community transactions.

F. — Improvement of statistics

52. The Statistical Office will carry out a large number of surveys in the agricultural, industrial and social areas as part of its programme covering the years 1975 to 1978.² In particular, the first nine-country Community survey of labour forces will be carried out in the spring. Comparative analyses will also be made of labour costs in industry in the member countries and of the pricing of the various components of the gross domestic product.

In the field of the harmonization of national statistics, the Commission will also propose a Community framework for environment statistics.

¹ Point 59 of this Report.

² 'Statistical Programme of the European Communities 1975-1978: Memorandum by the Statistical Office of the European Communities'.

This programme constitutes an instrument for forecasting the Commission's statistical work and that statistical work carried out by the Member States which is relevant to the Community: point 84 of this Report.

III — Towards a more equitable structural and regional balance and a better quality of life

Social policy

53. In 1975, the Commission's activities in the social field will come under two main headings:

- (i) continuation of work on the implementation of the Action Programme (1974-1976);
- (ii) intensive action to promote the Community employment policy; the importance of this policy was underlined by the Heads of Government when they met in Paris in December and its introduction was a major concern of the tripartite conference held in Brussels on 16 December.¹

The Commission feels that these activities must be placed in a far wider context which takes account of the economic and social changes taking place in Europe. With this in mind the Commission intends to introduce the following priority measures in the course of the year.

Employment

54. The Commission will send the Council communications on:

- (i) the promotion of concertation of Member States' employment policies and increased cooperation between national employment services (April 1975);
- (ii) the improvement of employment forecasts by sector and by level of qualification (March 1975).

The employment difficulties faced by the sectors worst hit by the crisis will continue to be examined in conjunction with both sides of industry at regular intervals throughout the year.

¹ Point 216 of this Report.

Since certain categories of workers—migrant workers, women, the young and the elderly—are particularly vulnerable in a deteriorating employment situation, specific measures should be taken to protect them. (see below, Living and working conditions). Proposals will also be made—before the end of the second quarter—to enable the European Social Fund to take action to deal with the effects of the present economic difficulties on employment. These would seek to create a climate in which workers could cope with the changes which may be forced on them by employment difficulties in the Community and enable them to find alternative employment in healthy sectors of the economy.

The new impetus given to vocational training policy should be viewed in this context. The Council has approved the setting-up of a European Vocational Training Centre. Regulations for its staff must now be adopted, financial arrangements approved and the Centre made operational (second quarter). Its initial work programme can then be finalized.

Workers' participation

55. Both the proposal for a fifth directive on the structure of public limited liability companies and the proposal concerning the Statute for the European Company make provision for workers' representation on the 'supervisory board', a principle which has already been put into practice in certain Member States. Attaching the highest importance to the general acceptance of this principle, the Commission intends to publish a green paper on the question in March. The Commission hopes by this means to renew discussion of this matter and to prepare the way for tangible results on workers' participation.

Living and working conditions

56. *Equality between men and women* as regards access to employment, vocational training and advancement and working conditions.

A memorandum now being finalized by the Commission will include:

- (i) a proposal for a Council directive;
- (ii) further proposals to be presented in the course of the year with a view to enabling the Social Fund to grant assistance to integrated programmes, at local level, for the promotion of female employment.

Action programme for migrant workers

A first set of proposals for the implementation of this programme will be sent to the Council in the first quarter and will deal with:

- (i) the extension of trade union rights to Community migrant workers;
- (ii) the settlement of conflict of laws;
- (iii) the standardization of systems for paying family allowances.

Vocational and social reintegration of handicapped persons

The Commission will continue to implement the first programme adopted by the Council on 27 June 1974¹ and mainly concerned with training. In addition, the Commission will prepare a number of measures dealing with the social and medical aspects of the rehabilitation of handicapped persons (fourth quarter).

Social protection

The Commission is currently setting up machinery for the concertation of 'social protection' policies, so that common guidelines for future development may emerge and provide a coherent framework for various measures, particularly in the field of social security (fourth quarter).

First social budget

The Commission will endeavour to transmit a revised budget, with the forecasts extended to 1976, to the Council in the fourth quarter.

Protection of workers in cases of individual dismissal

A proposal will be sent to the Council (fourth quarter) to supplement the protection measures contained in the directive on mass dismissals. This has recently received Council approval.

Humanization of work and job enrichment

Following the 1974 seminar, the Commission will present a report to the Council at the end of the third quarter.

Inauguration of the European Foundation for the Improvement of Living and Working Conditions

Health protection

57. Establishment and implementation of the first Commission programme concerning *health and safety* at work (end of February), in conjunction with the new tripartite Advisory Committee set up in 1974.

¹ Point 222 of this Report.

Commencement and implementation of the third ECSC programme of social research into *ergonomics and retraining*.

Regional policy

58. The decision taken by the Heads of Government in Paris on 9 and 10 December 1974¹ on the setting-up of the *European Regional Development Fund* and on the amount and breakdown of its resources must be embodied in formal Council decisions as quickly as possible. Once these decisions are adopted the Commission will do all it can to enable the Fund to move on to the operational stage and contribute to correcting the main sources of disequilibrium in the Community.

This said, the Commission feels that it must emphasize that the European Regional Development Fund, however important, is but one of the instruments of the Community's regional policy. In view of the inflation and rising unemployment which Europe is now witnessing, the Commission agrees with Parliament that the regional policy must be an overall policy. Hence, in the next few months, it will seek all possible means of channelling a flow of jobcreating *direct investment* towards the poorer regions.

59. But above all it will work towards securing the establishment of one particular instrument which is designed not only to coordinate national regional policies but also to help other Community policies and the financial resources available to some of them to make a better contribution to regional development. The instrument in question is the *Committee for Regional Policy* which the Commission proposed setting up in July 1973² to assist the Council and the Commission in working out a long-term comprehensive approach to the Community regional policy.

Apart from seeking ways of coordinating national regional policies and of improving the degree of correlation between other Community policies and the objectives of regional development, the Committee will have to examine the problem of congested areas and frontier zones—Parliament itself has been manifesting considerable interest in this problem in recent months—and look for means of keeping public and private investors better informed. Commission staff are preparing the Committee's activities.

¹ Point 206 et seq. of this Report.

² Seventh General Report, point 224.

Environment policy

60. In 1975 the Commission will send a number of proposals to the Council in accordance with the programme and timetable adopted by the Council on 22 November 1973.¹ Moreover, a number of projects planned for 1974 will not be undertaken until 1975, owing to both the complexity of the matters involved and the lack of resources.

Thus, *during the first quarter*, the Commission will transmit to the Council:

- (i) on water pollution, a proposal for a directive on the quality objectives for waters for fish-breeding purposes, a further proposal on the reduction of pollution from paper pulp mills and a draft outline agreement dealing with the fight against pollution arising from exploitation of the seabed;
- (ii) on air pollution, proposals on the determination of criteria for measuring the effects on man of a number of pollutants (carbon monoxide (CO), lead (Pb) and sulphur dioxide (SO₂));
- (iii) on waste, a proposal on the management and storage of radioactive waste; in addition a committee will be set up to help the Commission in implementing a coherent policy on the disposal and recycling of waste and residues; and
- (iv) three miscellaneous items: a proposal for a directive on the collection and treatment of polychlorinated biphenyls (PCBs), a draft recommendation concerning a methodology for evaluating the cost of fighting pollution within industry, and a common procedure for reviewing information on the environment.

During the *second quarter* the Commission will transmit to the Council:

- (i) on water pollution, a proposal for a directive on the quality objectives for waters for shellfish breeding;
- (ii) on air pollution, a proposal for a directive on the sulphur content of heavy fuel oils;
- (iii) on waste, a proposal for a directive on toxic and dangerous wastes;
- (iv) on noise pollution, a series of proposals dealing with criteria concerning the effects of noise on man and the abatement of noise emissions from construction equipment, lawn-mowers, two-wheeled vehicles and aircraft.²

During the *third quarter* the Commission will present a draft decision dealing with the exchange of information between surveillance and monitoring networks for fresh water. Another measure will deal with energy and thermal release from electricity generating stations. A report concerning the iron and steel industry will also be sent to the Council.

¹ Seventh General Report, point 250 et seq.

² As part of the programme for the abolition of technical barriers to trade.

During the *fourth quarter* the Commission will transmit to the Council:

- (i) on water pollution, a proposal for a directive on waters for agricultural use and reference methods of analysis concerning parameters pertaining to drinking water and a report on the possibility of harmonizing legislation on the civil liability of the polluter with respect to other parties in the same country as the polluter or in another Member State;
- (ii) a draft decision on the setting-up of an office for approving new chemical substances;
- (iii) a proposal on the approximation of national laws on hunting with a view to protecting certain wildlife species threatened with extinction;
- (iv) a report on the state of the environment in the Community; lastly, a pilot network of primary schools to which environmental education is of interest will be created.

61. During 1975 the Commission will pursue its research effort on the environment by both direct and indirect action. It will also prepare the forthcoming three-year research programme.

The information procedure initiated by the agreement of 5 March 1973¹ will enable the Commission, as in the past, to monitor the progress of national laws on the environment and, if necessary, to put forward proposals for Community measures on the basis of draft national provisions.

Finally, 1975 will be marked by the preparation of the second programme, which the Commission hopes to send to the Council during the fourth quarter at the latest. Preference will be given in this programme to the fight against wastage.

Protection of consumer interests

62. The Commission will keep a close watch to ensure that the Council adopts the preliminary programme of the European Communities for an information and consumer protection policy² and will, in particular, implement the *priority actions* for which it provides. Thus, during the second quarter of 1975 the Commission will put before the Council a proposal for a directive on door-to-door selling and another on the labelling of foodstuffs.

¹ Seventh General Report, point 265.

² Point 255 of this Report.

During the fourth quarter this activity will be supplemented by:

- (i) guidelines for the labelling of consumer products other than foodstuffs;
- (ii) a proposal for a directive dealing with the marking of unit prices on prepackaged products sold by weight or volume;
- (iii) if possible, proposals for directives dealing with consumer credit and the standardization of ranges of prepacked products.

63. As in the past, the Commission will pay close attention to the work of the *Consumers' Consultative Committee*. After a year's experience, the Committee will be in a better position to take an active part in the work of the Commission and to give opinions based on those aspects of Community policies which affect consumers. Accordingly, the Committee will, in the second quarter, on the basis of what has been done by its working parties, send a report to the Commission on the effects of the agricultural policy on consumers; this will be followed in the third quarter by a report on the whole problem of consumer prices. Lastly, in connection with work on the harmonization of foodstuffs legislation an Advisory Committee on Foodstuffs will be set up, on which the Consumers' Consultative Committee will be represented.

As far as *agricultural policy* is concerned, the Commission will, in accordance with the provisions of the Treaty, ensure that its price proposals for 1976/77 take account of consumer interests.

IV — Rights of Community citizens

64. In addition to promoting attainment of the individual rights and freedoms expressly written into the Treaties,¹ the Commission will ensure, as part of the continuing process of formulating and developing Community law, that the fundamental rights of citizens are protected. The Court of Justice has in fact ruled (*Nold Case*, Judgment of 14 May 1974) that no measures incompatible with fundamental rights recognized and guaranteed by the constitutions of the Member States can be taken. The Commission intends to present a report to Parliament this year indicating the ways in which it proposes to prevent infringements of these rights.

¹ Chapters IIC and III of this Memorandum.

The Commission also intends to make a contribution in connection with implementation of the decision taken by the Heads of State or Government at their meeting in Paris on 9-10 December 1974 to set up two working parties 'to study the possibility of establishing a Passport Union and, in anticipation of this, the introduction of a uniform passport' and 'to study the conditions and the timing under which the citizens of the nine Member States could be given special rights as members of the Community'.