



EUROPEAN PARLIAMENT

# **Progress towards European integration**

**Survey of the main activities of the  
European Parliament**

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JULY 1986 - JUNE 1987

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DIRECTORATE GENERAL FOR RESEARCH

## NOTE TO READERS

Like its predecessors, this document, covering the period from July 1986 to June 1987, gives an account of the European Parliament's activities and attempts to place the latter in the more general context of European integration. It was completed on 20 July 1987.

Readers will have found background information on all the Community's activities in the 'Fact Sheets', the third edition of which was distributed during the first half of 1987.

Indeed, these two types of document may be said to complement each other, given that the one summarizes the activities of the Community since its establishment while the other recounts in detail the activities of the European Parliament in a particular year. To facilitate cross-referencing between the two, the subject headings - most notably in the discussion of the various common policies - have wherever possible been arranged in identical order.

This document does not necessarily reflect the views of the European Parliament as an institution.

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The authors dedicate this collection to Dr Norbert LOCHNER, Head of the Economic Affairs Division, who died suddenly on 5 June 1987. Dr Norbert LOCHNER made a major contribution to the publications produced by the Directorate-General for Research, both directly and through the enthusiasm with which he was able to inspire his colleagues.

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**SUMMARY STATISTICS OF THE EUROPEAN COMMUNITY (1986)**

	D	F	I	NL	B	L	UK
Population (mn)	60.9	55.4	57.1	14.6	9.9	6.366	56.6
GDP per capita (ECU) <sup>4</sup>	14 785	12 934	9 052	11 842	11 443	14 175	10 333
Industrial production (percentage change)	+2.1	+0.8	+3.2	+0.9	+1.6	+2.8	+1.8
Consumer price index (percentage change Dec-Dec)	-1.1	2.1	4.2	0.1	0.6	-1.4	3.7
Total unemployment (%)	8.1	10.8	13.8	12.4	12.6	1.5	12.1
Youth unemployment (under 25 yrs; % of total)	23.1	35.5	47.2	35.0	34.0	44.5	35.6
Social protection <sup>2</sup> (percentage of GDP)	28.9	29.0 <sup>1</sup>	27.1 <sup>1</sup>	33.9 <sup>1</sup>	29.6	26.5 <sup>1</sup>	23.8
Steel production ('000 tonnes)	37 134	17 666	22 758	5 283	9 722	3 707	14 837
Automobile production <sup>3</sup> ('000)	4 167	2 632	1 389	108	231	0	1 048
Intra-Community Trade Balance (mn ECU) (EC-12)	+20 256	-13 969	-4 000	+15 456	+1 930		-12 676
Extra-Community Trade Balance (mn ECU) (EC-12)	+32 472	+4 954	-1 193	-11 680	-2 595		-7 220

.....

	IRL	DK	GR	E	P	EUR 12
Population (mn)	3.6	5.1	10.0	38.8	10.3	322.6
GDP per capita (ECU) <sup>4</sup>	7 583	16 166	3 847	6 135	2 860	10 618
Industrial production (percentage change Dec-Dec)	+2.7	+4.2	+8.3	+3.1	+4.5	+2.0
Consumer prices index (percentage change)	3.2	4.3	16.9	8.3	10.6	2.9
Total unemployment (%)	18.4	7.6	7.5	21.5	8.5	11.2 <sup>5</sup>
Youth unemployment (under 25 yrs; % of total)	31.3	23.6	26.8	43.3	:	35.9 <sup>5</sup>
Social protection <sup>2</sup> (percentage of GDP)	23.5	27.9	:	:	15.7 <sup>1</sup>	27.9 <sup>5</sup>
Steel production ('000 tonnes)	208	632	1 010	11 771	710	125 438
Automobile production <sup>3</sup> ('000)	0	0	0	1 230	0	10 806
Intra-Community Trade Balance (mn ECU) (EC-12)	+570	-2 208	-3 076	-634	-667	:
Extra-Community Trade Balance (mn ECU) (EC-12)	+355	+619	-2 749	-5 933	-1 650	-5 380

1 1983

2 1984

3 1985

4 Estimate

5 EUR 9

Sources: EUROSTAT; Commission

EXCHANGE RATES

VALUE OF THE ECU

12th May 1987

1 ECU = ... national currency units

Belgian and ) con.	43.13	Portuguese escudo	161.00
Luxembourg franc ) fin.	43.46	US dollar	1.15
German mark	2.00	Canadian dollar	1.54
Dutch guilder	2.34	Swiss franc	1.71
Pound sterling	0.69	Swedish krona	7.24
Danish krone	7.81	Norwegian krone	7.72
French franc	6.94	Austrian shilling	14.61
Italian lire	1500.35	Finnish markka	5.04
Irish punt	0.78	Japanese yen	161.87
Greek drachma	154.45	Australian dollar	1.62
Spanish peseta	145.42	New Zealand dollar	2.00

Source: Official Journal C 126, 12.5.87

VALUE OF THE US \$

6th May 1987

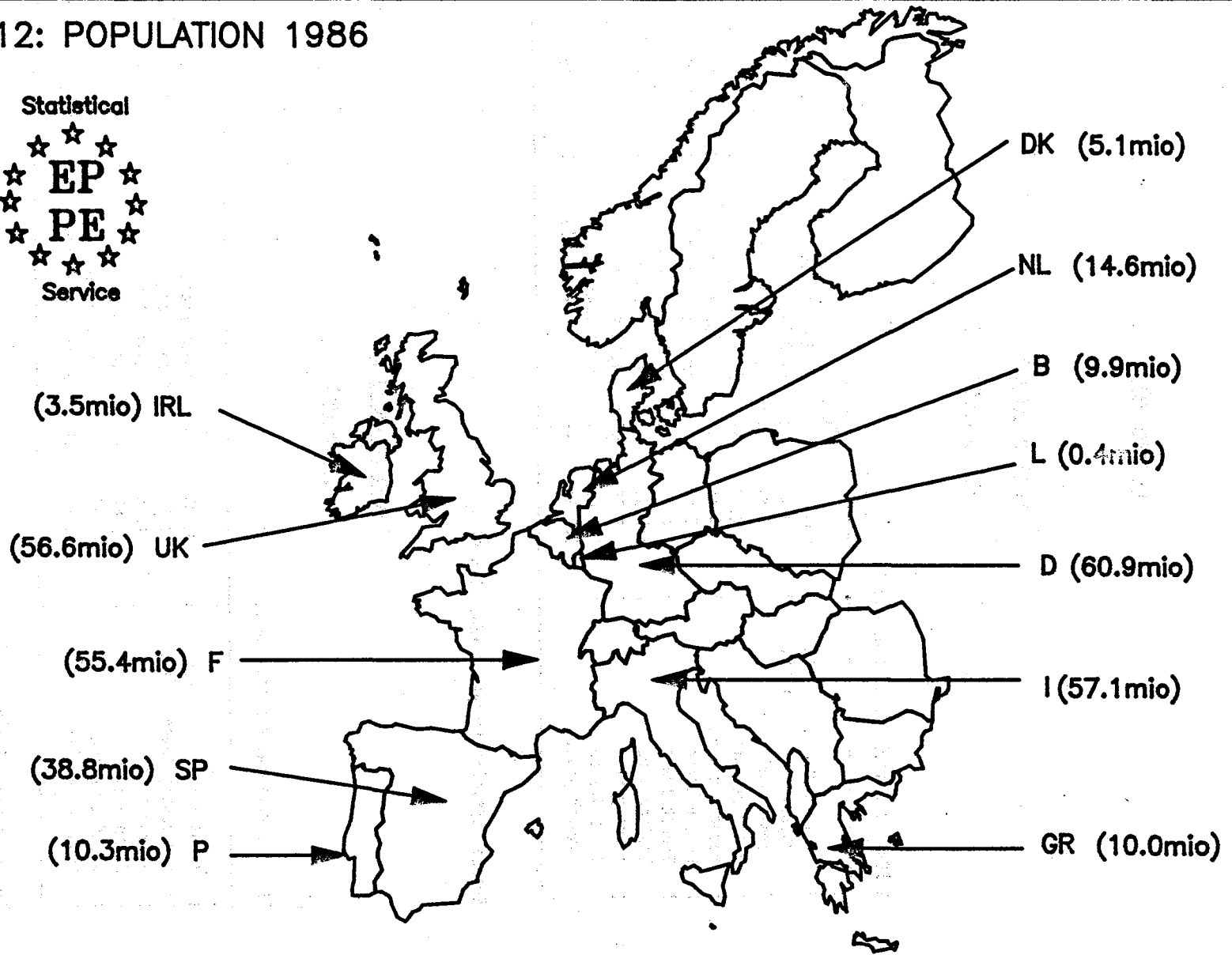
1\$ = ... national currency units

Belgian and ) con.	36.83	Danish krone	6.68
Luxembourg franc ) fin.	37.13	French franc	5.94
German mark	1.78	Italian lire	1 271.80
Dutch guilder	2.00	Irish pound	1.51
Pound sterling	1.68	Greek drachma	132.19
Spanish peseta	124.42	Portuguese escudo	137.75

Source: Financial Times, 8.5.87

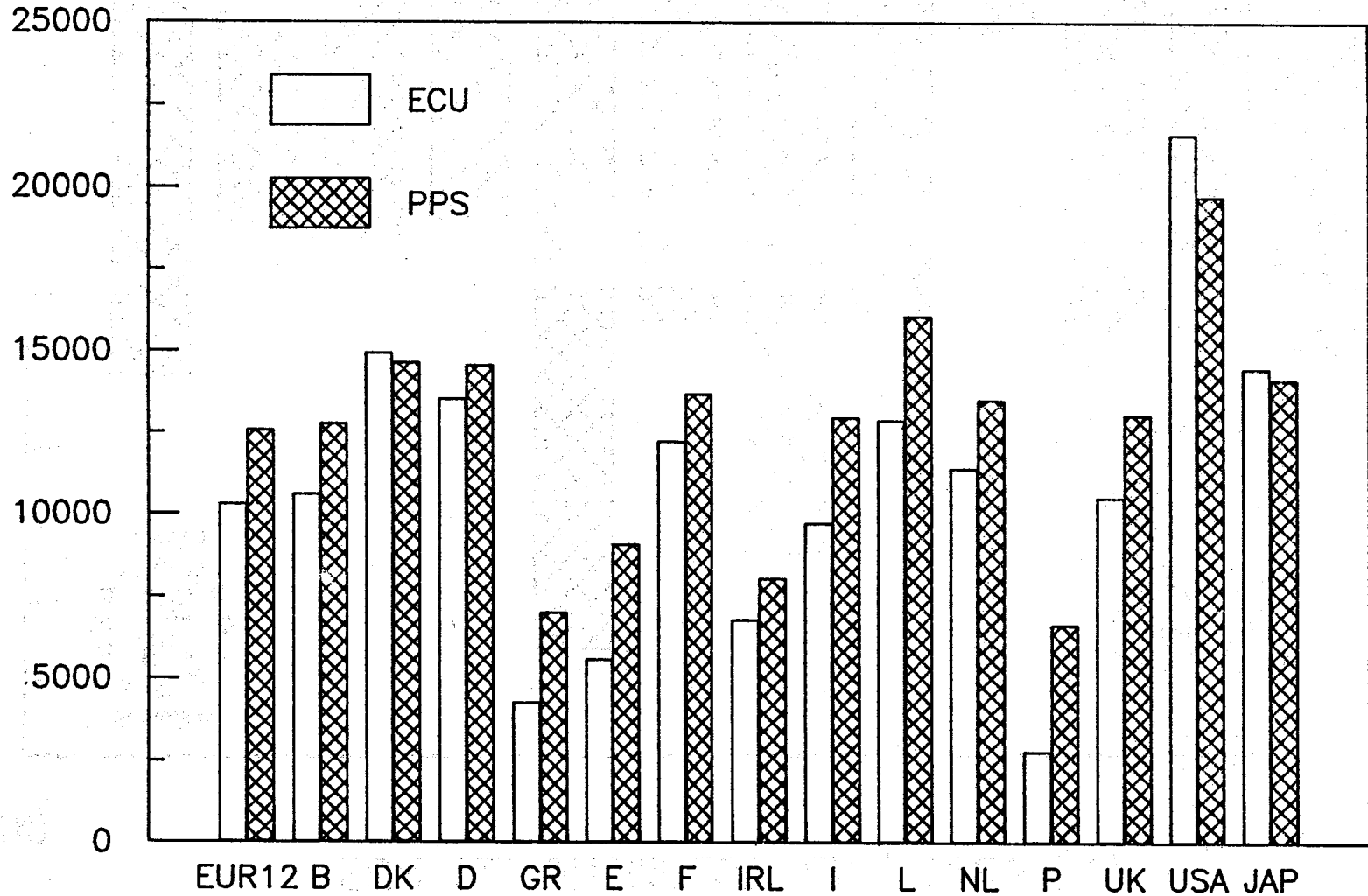


# EUR 12: POPULATION 1986

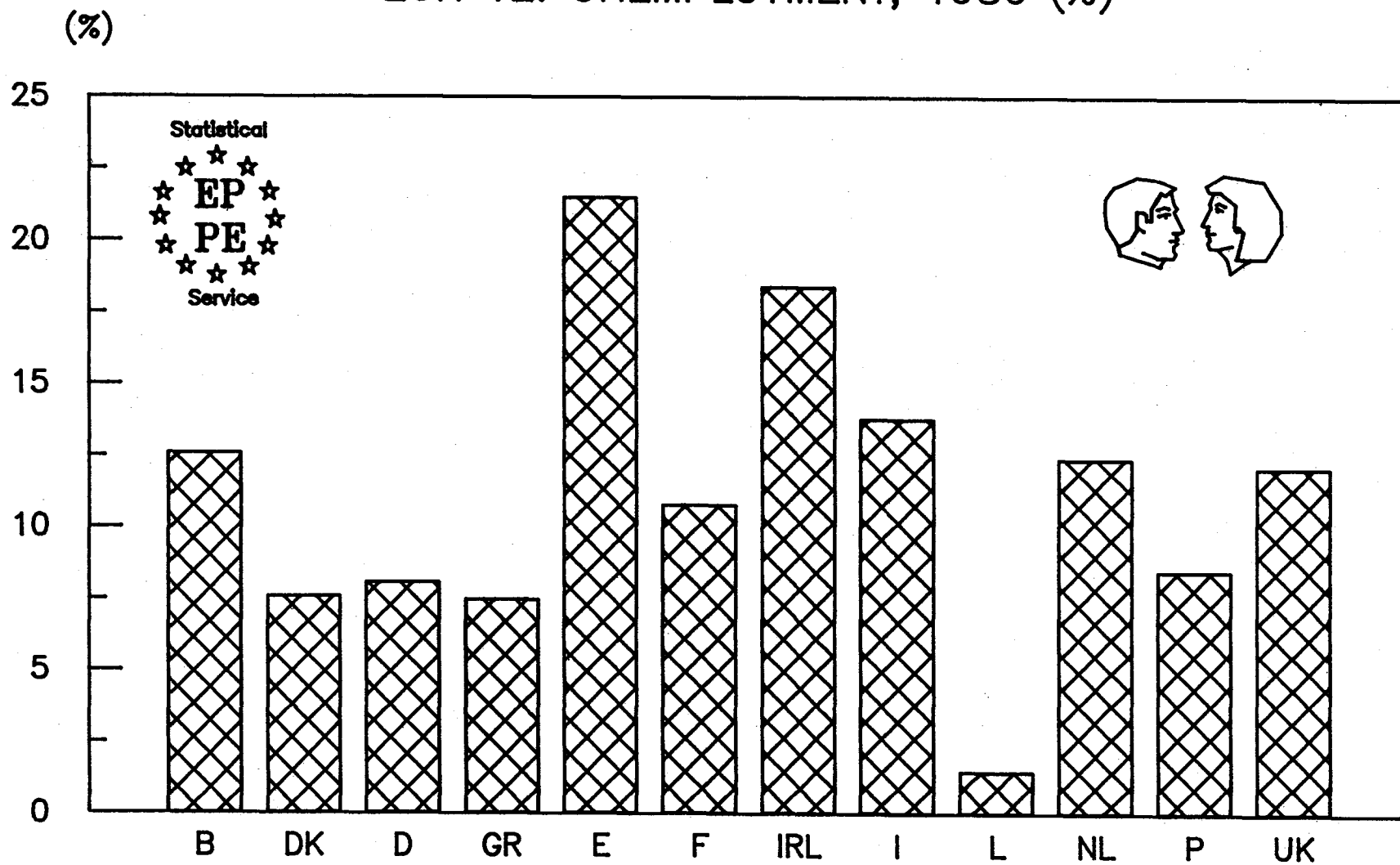


# GDP PER CAPITA AT MARKET PRICES IN 1985 IN ECU AND PURCHASING POWER STANDARDS(PPS)

ECU/PPS



# EUR 12: UNEMPLOYMENT, 1986 (%)



DISTRIBUTION OF SEATS IN THE EUROPEAN PARLIAMENT, JULY 1987<sup>1)</sup>

GROUPS <sup>2)</sup>	B	DK	D	E	F	GR	IRL	I	L	NL	P	UK	Σ
S	8	3	33	28	20	10	-	12	2	9	6	33	164
PPE	6	1	41	1	10	8	6	27	3	8	4	-	115
ED	-	4	-	17	-	-	-	-	-	-	-	45	66
COM	-	2	-	3	10	4	-	27	-	-	3	-	49
LDR	5	2	-	2	11	-	1	5	1	5	10	-	42
RDE	-	-	-	-	20	1	8	-	-	-	1	1	31
ARC	4	4	7	1	-	-	-	2	-	2	-	-	20
DR	-	-	-	-	10	1	-	5	-	-	-	1	17
NI	1	-	-	8	-	-	-	3	-	1	-	1	14
Σ	24	16	81	60	81	24	15	81	6	25	24	81	518

1) The group affiliations of the Spanish and Portuguese Members elected in June and July 1987 respectively are unofficial.

2) FULL NAMES OF POLITICAL GROUPS

S: Socialist Group

PPE: Group of the European People's Party (Christian-Democratic Group)

ED: European Democratic Group

COM: Communist and Allies Group

LDR: Liberal and Democratic Reformist Group

RDE: Group of the European Renewal and Democratic Alliance

ARC: Rainbow Group: Federation of the Green-Alternative European Link, Agalev-Ecolo, the Danish People's Movement  
against Membership of the European Community and the European Free Alliance in the European Parliament

DR: Group of the European Right

NI: Non-attached

TRANSMISSION DE L'UNION EUROPEENNE

## DIRECTORATE-GENERAL FOR RESEARCH

### INTRODUCTION

The period under consideration, July 1986 - June 1987, may in a way be considered as a crucial year both inside and outside the Community. It was crucial since it was marked by the build-up to the entry into force of the Single Act, which should give the Community a new lease of life, and by the American and Soviet disarmament proposals, which may have repercussions on cohesion between the Twelve.

Within Parliament, it was a period of preparation with a commitment to the present, in that Parliament amended its Rules of Procedure in response to the new procedures for legislative cooperation, joint decision-making with regard to external agreements and greater participation in political cooperation deriving from the Single Act. But there was also a commitment to the future, since Parliament clearly indicated its approval of the Commission proposal named after the President, Mr Delors, and entitled 'Making a success of the Single Act: a new frontier for Europe'. Parliament also set up a special temporary committee under the responsibility of its new President, Lord PLUMB, who was appointed for the second half of the second electoral period. The resolution adopted on 13 May 1987 was, unusually, preceded by a declaration addressed to the European Council of 30 June 1987, in which Parliament supported the Commission's approach to a global strategy for implementing the Single Act, in order to stimulate economic growth and social cohesion. It was an equally exceptional event that for the first time in the Council's history, the President of the European Parliament was invited to present his institution's position to the Council.

Both the President of the European Parliament and the chairmen of the political groups felt disappointed at the results of this Council meeting, which merely settled the most immediate questions such as agricultural prices and compensatory amounts and barely touched on the future financing of the Community, which is essential for greater economic and social cohesion and a dynamic research policy.

All these subjects were dealt with in major debates held by Parliament during the year. In the field of agriculture it had stressed the urgent need for reform because of the state of the markets and the resulting financial burden and recommended that efforts be directed towards a structural policy accompanied by direct aid to farmers.

The Research and Development programme for 1987-1991 was keenly supported by Parliament, although the Commission's proposal, even in a watered down version, is still encountered opposition from one Member State until July 1987.

During the period under consideration Parliament organized various part-sessions on specific major topics. For example, in November 1986 there was a major debate on social policy, based on 14 reports, most of which were drawn up by the Committee on Social Affairs, but some by the Committee on Regional Policy and the Committee on Women's Rights. Mostly, these reports were based on parliamentary initiatives authorized by the Bureau of Parliament or were the follow-up to motions for resolutions. The overall idea was that the large-scale internal market should be accompanied by better alignment of social policies, including training for the new technologies.

In February 1987 Parliament centered its debates on North-South relations and adopted ten resolutions. One of its concerns was to request the European Council, in accordance with the spirit of the Single Act, to enable the Community to adopt a series of measures to promote the North-South dialogue. In addition to the parliamentary debates, a symposium was held in which leading figures in Europe and the Third World spoke about their experience in this field.

Unfortunately, for lack of time, Parliament was not able to devote a part-session to environmental problems, but intends to do so in September 1987, especially as this year is 'European Year of the Environment'.

Finally, we cannot ignore the fact that once again parliamentary life centred on the adoption of the Community's budget. The adoption of the 1987 budget was postponed from December 1986 to the February 1987 part-session, which meant that the Community had to live under the system of provisional twelfths for two months, until agreement could be reached between Parliament and the Council on the maximum rate of increase. In the first half of 1987 the budgetary debate continued, centring on the adoption of a supplementary budget for 1987, made necessary by the foreseeable deficit, resulting mainly from agricultural expenditure.

Whilst the Community institutions and the Member States together may be considered as in control of internal matters, the same cannot be said for the political problems caused by external events, such as disarmament proposals.

The Political Affairs Committee's Subcommittee on Security and Disarmament, set up in 1984, was required to respond to the Reagan-Gorbachev meeting in Reykjavik in October 1986, the progress made in the Geneva negotiations on the limitation of intermediate-range nuclear missiles in Europe and the conclusion, in September 1986, of the Stockholm Conference on confidence-building measures, security and disarmament in Europe and the opening of the CSCE follow-up conference in Vienna in November 1986.

Whether they be positive or negative, the results of these meetings have made a number of Members of Parliament aware that the Twelve do not have a common position on security policy, whilst most Western European countries - despite their attachment to the Atlantic Alliance - do not necessarily approve of recent developments or the attitudes adopted by the United States.

Many of Parliament's initiatives with regard to security have also been prompted by the fact that frequently negotiations have been held or decisions have been taken, without the United States consulting the other members of NATO beforehand. It is therefore hardly surprising that in addition to resolutions being adopted, a large number of oral questions with debate have been put to the Foreign Ministers meeting in political cooperation and requests have been made to strengthen this cooperation so that in future the Twelve may take up their rightful role in talks on arms control and the laying down of security policy guidelines for the Western nations.

The following chapters will review the work done by the European Parliament. The number of consultations (Rule 32)\* was about the same as in the previous year. On the other hand, the number of resolutions adopted on the basis of reports which were themselves based on resolutions referred to committee or own-initiative reports (Rules 47 and 102)\* increased substantially. The Bureau of the European Parliament is planning an amendment to the Rules of Procedure, to make agendas more manageable. There has also been a substantial increase in urgent resolutions (Rule 48)\*. Nearly one-third of these were about human rights; the rest related, inter alia, to natural catastrophes or disasters and the situation in various third countries. Oral questions with debate took up relatively little time.

There were only 13 hearings of experts, as compared with 24 during the previous year, and most of them were held in connection with meetings of committees of inquiry, for which purpose hearings are particularly useful.

\* Rules 36, 63, 121 and 64 respectively of the Rules of Procedure in its 4th edition, June 1987





PARLIAMENTARY BUSINESS  
FOR THE PERIOD JULY 1986 - JUNE 1987  
(texts adopted)

	Referrals	Resolutions			
		Art. 47 & 102	Art. 48	Art. 42.5	Others
JULY 86	9	8	9	6	1
SEPT.	9	9	28	1	-
OCT. I	7	11	26	6	-
OCT. II	5	6	23	12	-
NOV.	8	20	0	-	-
DEC.	22	7	26	1	2
JAN. 87	6	10	7	-	2
FEB.	11	24	8	5	-
MARCH	9	18	7	1	3
APRIL	13	24	9	1	-
MAY	21	11	7	1	-
JUNE	16	18	11	3	-
TOTAL	136	166	161	32	8

FOR THE PERIOD JULY 1985 - JUNE 1986

TOTAL	128	132	132	50	9
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THE POLITICAL DIMENSION

THE SINGLE EUROPEAN ACT

The prospect of the ratification followed by the entry into force of the Single Act prompted the European Parliament to redefine its relations with the Council and the Commission, carry out an overall assessment of the Single Act, amend its Rules of Procedure and then consider how, following the Commission's proposal for the 'Success of the Single Act', the latter ought to be applied.

1. The redefinition of relations between the institutions

In its resolution on relations between the European Parliament and the Council<sup>1</sup>, Parliament regretted that the Single Act did not really constitute a valid response to what was needed to ensure the democratic and efficient operation of the European Communities, even though some progress had been made, and that the lack of democracy still largely persisted. It decided to have recourse to optimum use of its powers in order to restore institutional balance.

The resolution on relations between the European Parliament and the Commission<sup>2</sup> does not directly concern the Single Act. It called on the Commission to consider the possibility of adopting a Joint Declaration. When consulted on the procedures for the exercise of implementing powers conferred on the Commission<sup>3</sup>, Parliament adopted a firm stand towards the Council. The draft report in question had been referred back to committee at the part-session in July 1986.

While the Commission was proposing three types of committees, advisory, management and regulatory, Parliament advocated the advisory committee arrangement and regarded consultation of a committee in the course of the implementation of the budget as contrary to the EEC Treaty.

Parliament adopted this resolution by 235 votes to 36, which enabled the President of the Commission to remind the Member States' governments of their responsibilities and test their willingness to implement the Single Act in a genuine sense.

## 2. The entry into force of the Single European Act

The process of ratifying the Single Act in the national parliaments was an opportunity for Parliament to reiterate its request to the Member States' governments to act on the undertakings to which they had subscribed at the signing of the Single Act and the European Council in Milan. These undertakings relate to the amending of the Council's internal rules of procedure (which was carried out in December 1986), the conferring of implementing powers on the Commission and the adoption of the measures required for the establishment of the internal market<sup>4</sup>.

At the part-session in December 1986 Parliament, following a report by the Committee on the Rules of Procedure and Petitions, carried out a substantial revision of its rules of procedure in preparation for the entry into force of the Single Act<sup>5</sup>.

An annual legislative programme will be drawn up after the Commission has presented its annual programme and will be agreed on jointly by Parliament's enlarged Bureau and the Commission. A timetable will be set for the submission by the Commission and the examination by Parliament of proposals which the Commission intends to remit to the Council (Rule 29(4a)).

It is now compulsory for the validity and appropriateness of the chosen legal base for any draft measures on which Parliament is consulted to be examined by the committee responsible. Where any dispute arises, the committee responsible may, after consulting the Committee on Legal Affairs refer the dispute to Parliament, reporting orally or in writing (Rule 32(3a)). This mechanism is designed as a means of checking whether due respect is being shown for Parliament's powers when decisions are taken on whether to handle legislative proposals by the cooperation procedure or the consultation procedure.

Rule 36(5) of the Rules of Procedure institutes the legislative resolution, which replaces the resolution contained in reports under the old rules of procedure. A legislative resolution must only contain a statement as to whether Parliament approves, rejects or proposes amendments to the Commission's proposal and any procedural requests.

The powers of follow-up to Parliament's opinions have been substantially increased. The chairman and the rapporteur of the committee responsible are required to monitor the progress of the procedure leading to the adoption of a proposal by the Council (Rule 41(1)). The purpose of this procedure is to make sure that the Commission's undertakings to Parliament are properly observed. The Commission and the Council must keep the committee responsible informed as to how the proposal is progressing. The committee must bring to Parliament's attention any breach by the Commission of its undertakings to Parliament.

The European Parliament also concerned itself with the application of the Single Act to Commission proposals pending in the Council<sup>6</sup>. The Single Act lays down no rules in respect of Commission proposals under consideration by the Council. The Commission took the initiative of drawing up a list of its proposals. Parliament approved the contents of the Commission's proposed list, except for a few cases on which there was disagreement and on which it hoped for agreement with the Commission and the Council. Moreover, Parliament expects the Council to consult it again on all the proposals pending in the Council that are concerned by the Single Act and in respect of which Parliament has not confirmed the opinions it has already delivered.

### 3. Effectiveness in the implementation of the Single European Act

In a resolution on the Single European Act adopted in December 1986, Parliament set out its intentions with regard to the way in which the Act might be applied.

As regards the implementation of the various policies, Parliament asked to be fully involved at every stage while they were being established and considered it essential that deadlines should be adhered to. On the institutional problems, Parliament stressed the need to strengthen contacts within the cooperation procedure by means of agreements between the institutions whereby the Single European Act could be properly applied.

In the area of enlargement or association agreements and political cooperation, Parliament considered that these provisions would enable substantial checks to be kept on the European Communities' foreign relations and believed that it should be more closely associated with the work carried on in the context of political cooperation.

In February 1987 the Commission sent the other Community institutions an important document entitled 'Making a success of the Single Act: A new frontier for Europe'. Given the political importance of this document, Parliament decided to set up a temporary committee to draft Parliament's reaction to it. On 13 May 1987, by 226 votes to 38 with 63 abstentions, Parliament adopted a resolution<sup>7</sup> in which it recalled that the creation of a European Union was the main objective but that advantage should be taken of the opportunities provided by the Single Act for consolidating the integration of the Community, and committed itself to cooperate with the Commission and the Council to apply the Act in the best way possible.

This resolution was intended for the European Council in June 1987 and was tantamount to an appeal to the heads of State and government on a number of fundamental questions such as the creation of a common economic area to ensure growth, the need for solidarity and cohesion, the reform and modernization of the common agricultural policy, financial capacity and budgetary autonomy and, lastly, the Community's role in the world.

On 17 June 1987 Parliament adopted a resolution on its strategy for achieving European Union, in which it was held that the best course of action would be for the European Council or the governments of the Member States to entrust Parliament with the task of producing a plan for European Union, with the assistance of the other Community institutions, to be submitted for ratification by the competent national authorities<sup>8</sup>.



- <sup>1</sup>Resolution of 8.10.1986, OJ No. C 283, 10.11.1986, p.36
- <sup>2</sup>Resolution of 8.10.1986, OJ No. C 283, 10.11.1986, p.39
- <sup>3</sup>Decision to refer back to committee of 9.7.1986, OJ No. C 227, 8.9.1986, p.54; resolution of 23.10.1986, OJ No. C 297 24.11.1986, p.94
- <sup>4</sup>Resolution of 23.10.1986, OJ No. C 297, 24.11.1986, p.94
- <sup>5</sup>Decision of 11.12.1986, OJ No. C 7, 12.1.1987, p.100
- <sup>6</sup>Resolution of 9.4.1987, OJ No. C 125, 11.5.1987, p.137
- <sup>7</sup>Resolution of 13.5.1987, OJ No. C 156, 15.6.1987
- <sup>8</sup>Resolution of 17.6.1987, OJ No. C 190, 20.7.1987

POLITICAL ASPECTSSecurity, Disarmament and CSCE1. June - September 1986

The important security policy debate of the European Parliament in May 1986 was followed by a large number of initiatives on the subject of security and disarmament. The joint debate took in the two oral questions to the Foreign Ministers meeting in political cooperation on the political and economic aspects of European security<sup>1</sup> and the related resolution on cooperation in the field of security policy<sup>2</sup>. This resolution, which was adopted by a large majority, calls on the Foreign Ministers of the Member States among other things to develop an independent European position on disarmament initiatives and to put this forward with a single voice as a genuinely European position.

During the part-session in June 1986 Parliament voted on several aspects of security policy. Thus, after a controversial debate centring on the American President's Strategic Defence Initiative (SDI), the report by the British Labour Member, James Ford, on the EUREKA project was rejected by a small majority (156 votes to 152, with 17 abstentions), because the final text was opposed to any participation by Europe in SDI<sup>3</sup>. On the other hand, the same part-session saw the adoption of two resolutions on SALT II and chemical weapons. In regard to chemical weapons Parliament spoke out against the resumption of the production of binary chemical weapons by the USA and the stationing of such weapons on European soil and called on the Foreign Ministers meeting in political cooperation to agree steps to ensure that the negotiations at the Geneva UN Disarmament Conference result in a treaty on the banning and destruction of chemical weapons<sup>4</sup>.

The resolutions on the SALT II Treaty, referring to the American Government's declared intention not to comply with the agreement, condemn any attempt to exceed the limits for strategic weapons laid down in the Treaty as an act which would lead to uncontrollable competition in armaments and cause irreparable damage to the current disarmament talks and world peace. In both resolutions the Member States of the Community are asked to draw up a disarmament plan with the following objectives:

- (a) to reduce strategic nuclear arms by 50%;
- (b) to eliminate medium-range nuclear weapons;
- (c) to organize a general ban on chemical weapons;
- (d) to bring about a balanced reduction in conventional weapons;
- (e) to provide for and implement confidence-building measures<sup>5</sup>.

This list of measures, which appears to have the support of all leading political forces in the European Parliament, may be regarded as an important framework for the definition of the Member States' basic standpoints on security policy in the EPC.

## 2. October - December 1986

A considerable number of the debates during the first part-session in October 1986 were dominated by the coming summit meeting between President Reagan and Mr Gorbachov, in Reykjavik. A resolution on the subject expresses regret that the European Community would not be taking part in the talks, although the subjects to be discussed directly concerned Europe's security<sup>6</sup>. In another resolution on the Reykjavik Summit<sup>7</sup>, which was tabled on behalf of the Communist Group and adopted by a small majority, Parliament welcomed the meeting as an opportunity for promoting détente and curbing the arms race. At the same time it expressed the view that the European Community should participate in the East-West dialogue with its

own constructive proposals and strive to promote among other things agreements sanctioning the refusal to militarize space, an embargo on nuclear tests, the removal of medium-range missiles and the creation of nuclear and chemical-free zones, particularly in northern and central Europe.

Two further resolutions adopted in the first part-session in October deal with developments within the framework of the CSCE. In them Parliament calls on the governments of the Member States of the Community to establish a common position for the CSCE follow-up conference in Vienna and to seek ways within the framework of a comprehensive policy towards central and eastern Europe of ending the divisions in Europe<sup>8</sup>.

The resolution 'on the CSCE closing document, the forthcoming summit meeting in Reykjavik and the CSCE follow-up conference in Vienna'<sup>9</sup> welcomes the positive outcome of the Stockholm Conference on Confidence-Building Measures and Disarmament in Europe (CCBDE) and urges the Foreign Ministers to use the favourable climate both in Reykjavik and in other security policy negotiations to reach significant, binding and verifiable agreements. To ensure that proper account is taken of the Member States' interests in this context, Parliament expressly calls on the Foreign Ministers steadfastly to develop mechanisms for consultation on the political and economic aspects of European security.

A number of similar sentiments were expressed in four resolutions adopted by Parliament in the second part-session in October, i.e. directly after the Reykjavik Summit. One resolution tabled jointly by the EPP and Liberal Groups expresses satisfaction that the superpowers had come closer on a number of important issues and that a good basis had been established for future negotiations<sup>10</sup>. In contrast a resolution adopted by a small majority and tabled on behalf of the Socialist Group expresses bitter disappointment at the failure of the two leaders to agree on concrete steps to

disarmament, for which the United States' insistence on clinging to the SDI project is partly to blame<sup>11</sup>. According to this resolution Parliament regards the failure as a confirmation of its view that only a genuine and coherent European disarmament policy can meet the common security interests of the peoples of Europe. Similar views are expressed in two other resolutions on the results of the talks in Reykjavik and the conclusions to be drawn from them<sup>12</sup>.

In the same part-session four oral questions on cooperation and security policy were put to the Commission, represented by Lord Cockfield, and the Foreign Ministers meeting in political cooperation, who were represented by the President-in-Office, Mrs Linda Chalker. Three of the questions concerned closer cooperation between the Member States in the matter of armaments and an arms procurement policy within a common industrial policy<sup>13</sup>.

The fourth question was put to the Foreign Ministers on behalf of the Subcommittee on Security and Disarmament and dealt with the political and economic aspects of European security<sup>14</sup>. In this question the Foreign Ministers were urged to take more responsibility for security policy in the EPC and to coordinate their approach to the economic and political aspects of security as laid down in the relevant provisions of the Single European Act.

Just how difficult coordination of security policy can be, even within the Community, was made clear with the rejection of the report by Sir Peter Vanneck on arms control and disarmament and their importance to the European Community<sup>15</sup>. Although this support, which had been extensively discussed in the Subcommittee on Security and Disarmament and later in the Political Affairs Committee, was recommended to Parliament for adoption, it was rejected in the sitting of 22 October 1986 by 149 votes to 140, with 13 abstentions. The reason for this rejection was that the resolution had acquired new political overtones through the adoption of a large number of amendments, which forced the rapporteur himself to vote against his own resolution.

Other resolutions on security policy were adopted during the December part-session. Three resolutions expressed bewilderment and concern at the American arms supplies to Iran and the possibility of individual Member States becoming caught up in this affair<sup>16</sup>.

At the same sitting Parliament adopted a resolution 'on the violation of the SALT II agreement'<sup>17</sup>. In this text Parliament once again expresses the view that the failure to comply with the agreement will result in an uncontrollable arms race and do great damage to the current arms control talks. It also condemns the continuation of nuclear tests.

In the resolution in the report on 'development and disarmament'<sup>18</sup> adopted during the December part-session Parliament observes that the growth of military expenditure and armaments drains resources required for economic development, particularly in the developing countries. Therefore it calls on the European Community to support agreements on disarmament and the reduction of military expenditure and to use its influence to bring about a reduction in and a gradual ban on arms sales throughout the world.

### 3. January - June 1987

The European Parliament's work on security policy in the first months of 1987 centred on the elimination of medium-range missiles from Europe, the development of the CSCE process and the interpretation of the implications of Title III, Article 30(6) of the Single European Act for concerted action in the EPC in regard to security policy.

In a resolution adopted on 12 March 1987 Parliament demands that the Foreign Ministers hold a special meeting to exhaust all possibilities in regard to Europe's special security interests and to contribute to the successful conclusion of an agreement between the superpowers providing for the abolition of medium-range weapons in Europe<sup>19</sup>.

A considerable part of the plenary deliberations in June 1987 was devoted to consideration of reports on different aspects of the Conference on Security and Cooperation in Europe (CSCE). Thus, on 17 June 1987 Parliament adopted a report 'on the implementation of the Helsinki Agreement and the role of the European Parliament in the CSCE process'<sup>20</sup>. In the resolution Parliament calls for the comprehensive and unconditional implementation of the Helsinki Final Act by all the signatory states. It condemns continuing restrictions placed on fundamental rights and freedoms in the USSR and other COMECON countries while noting with satisfaction the new developments in the USSR. Parliament also expresses support for the western proposal backed by the EEC Member States for the organization of machinery for monitoring compliance with the provisions on human rights contained in the Final Act. Furthermore, the EEC Member States, in particular in the light of Article 30 of the Single European Act, are urged to adopt a common stance in conferences such as the CSCE and to implement a European foreign policy, in the course of which work the Foreign Ministers should take due account of the views of the European Parliament as stipulated in the Single European Act (SEA).

On the same day Parliament unanimously adopted a report - the first of the documents drawn up in the Subcommittee on Security and Disarmament set up in 1984 - on 'the consequences for the European Community of CSCE and the Conference on Confidence-Building Measures and Disarmament in Europe (CCBDE)'<sup>21</sup>. The resolution outlines the basis for a fresh and constructive approach to East-West relations and expresses the hope that these relations can be built up in a spirit of constructive cooperation and on a basis of trust and willingness to compromise. It views the CSCE process as a particularly appropriate instrument for a policy of détente and an effective means of ensuring world peace. In addition, since the renunciation of military superiority is a fundamental precondition for disarmament policy, Parliament proposes a second phase of the CCBDE as a forum for the discussion of verifiable and balanced disarmament initiatives on conventional

weapons in Europe. In this context the EEC Member States are urged to defend a common foreign policy brief in CSCE negotiations and to put forward common proposals to promote détente and disarmament.

An oral question put to the Foreign Ministers during the same sitting echoes this last point: it concerned 'initiatives planned under the Belgian Presidency to strengthen Community cooperation on the political and economic aspects of security, pursuant to the relevant provisions of the Single European Act'<sup>22</sup>. With this document Parliament seeks to ascertain what measures are envisaged for ensuring that the Member States coordinate their positions on the political and economic aspects of security and ensure that the European Parliament's views are duly taken into consideration within the EPC in the field of security policy in line with the provisions of Article 30(4) of the Single European Act. At the end of the debate on the oral question Parliament adopted, by an overwhelming majority (245 votes to 18, with 11 abstentions), a resolution on 'cooperation within the EPC'<sup>23</sup> in regard to security policy, in which it deplores the fact that the European Community and its Member States have no adequate role in international negotiations on arms control and disarmament. It also urges the Foreign Ministers meeting in EPC to use their influence to secure an agreement on the removal by the superpowers of all medium-range nuclear weapons of longer and shorter range stationed in Europe, and to promote an active peace policy by their own disarmament proposals, a policy which approaches security not in the spirit of confrontation, but in a spirit of détente, cooperation and mutual interest.

With the coming into force of the Single European Act in July 1987 and therefore of the provisions concerning greater involvement of the EEC institutions in security issues the European Parliament can be expected to produce even more proposals regarding security policy in future.



- 1 OJ No. C 148 of 16.6.1986, p.53
- 2 Doc. B 2-219/86; Resolution on a European project for strategic defence  
OJ No. C 148 of 16.6.1986, pp. 80 et seq.
- 3 EC Bulletin No. 6/1986, pp.113 et seq.
- 4 (a) Resolution on chemical weapons (Amendment replacing Docs B 2-402 and 412/86), OJ No. C 176 of 14.7.1986, p. 118 et seq.  
(b) Resolution on the production, transportation and storage of chemical weapons in Europe (Doc. B 2-375/86), idem, p. 119
- 5 (a) Resolution on SALT II, ABM and future defence and disarmament requirements in Europe (Doc. B 2-416/86); idem, pp. 114 et seq.  
(b) Resolution on SALT II (Doc. B 2-401/86); idem, pp. 115 et seq.
- 6 Resolutions on the absence of Europe from summit meetings (Doc. B 2-942/86); OJ No. C 283 of 10.11.1986, p. 68
- 7 Resolution on the Reykjavik Summit (Doc. B 2-938/86); idem, p. 67
- 8 Resolution on the next ECSC meeting (Doc. B 2-936/86); idem p. 78
- 9 Amendment, replacing Doc. B 2-913/86; idem, p. 66
- 10 Resolution on the talks between President Reagan and Mr Gorbachov in Reykjavik (Doc. B 2-1017/86); OJ No. C 297, p. 90
- 11 Resolution on the need for a genuine European security policy after the failure of the Reykjavik meeting (Doc. B 2-1018/86), idem, pp. 90 et seq.
- 12 (a) Resolution on the political and economic aspects of European security (Doc. B 2-1020/86); idem, pp. 92 et seq.  
(b) Resolution on the East-West Summit in Reykjavik (Doc. B 2-1072/86); idem p. 93
- 13 Docs B 2-972/86, B 2-973/86, B 2-974/86;  
Debates No. 2-344 (21.10.86), pp. 50 et seq.
- 14 Doc. B 2-976/86; idem, p. 51
- 15 Doc. A 2-107/86; OJ No. C 297 of 24.11.1986, pp. 41 et seq.
- 16 (a) Resolution on the recent arms supplies to Iran and European involvement therein (Doc. B 2-1286/86)  
OJ No. C 7 of 12.1.1987, pp. 126 et seq.  
(b) Resolution on arms supplies (Doc. B 2.1301/86); idem, p. 127  
(c) Resolution on arms sales by the USA to Iran (Amendment replacing Docs. B 2-1281 and 1299/86; idem, pp. 120 et seq.

- <sup>17</sup>Amendment replacing Docs. B 2-1283 and 1300/86; *idem*, p. 128
- <sup>18</sup>Doc. A 2-202/86, OJ No. C 76 of 23.3.1987, pp. 71 et seq.
- <sup>19</sup>Resolution on the latest offer of negotiations on a treaty on the elimination of medium-range missiles from Europe (Doc. B 2-12/87); OJ No. C 99 of 13.4.1987, pp. 144 et seq.
- <sup>20</sup>Doc. A 2-77/87, OJ No. C 190 of 20.7.1987
- <sup>21</sup>Doc. A 2-26/87, OJ No. C 190 of 20.7.1987
- <sup>22</sup>Doc. B 2-393/87 (228/86)
- <sup>23</sup>Doc. B 2-447/87, OJ No. C 190 of 20.7.1987



POLITICAL ASPECTS

European political cooperation and external relations

The activities discussed in this chapter are based on political cooperation decisions taken since 1970 (Luxembourg, Copenhagen and London statements) on the solemn declaration of Stockholm on European Union and on the procedures subsequently adopted and implemented by the Member States.

Apart from discussing and receiving regular information on all these problems, the European Parliament's role consists of ensuring that the Member States meeting in European political cooperation take account of the positions it has adopted in accordance with the provisions of the Solemn Declaration of Stockholm.

The entry into force of the Single European Act on 1 July 1987 will strengthen the European Parliament's influence and control instruments by virtue of Article 30 of the Act which explicitly states that the Foreign Ministers must give due consideration to its views.

1. Turkey

Immediately after the European elections in June 1984, the European Parliament adopted a resolution supported by all political parties stating that 'the delegation of the European Parliament/Grand National Assembly of Turkey Joint Committee will not be set up until the association treaty is implemented once again and until the European Parliament has reconsidered the situation in Turkey'<sup>1</sup>.

On 21 January 1987 the European Parliament set up a delegation of ten Members for relations with Turkey which has different institutional characteristics from those of the Joint Committee provided for in the Association Agreement<sup>2</sup>. At the previous part-session it had adopted a resolution acknowledging that progress had been made towards restoring parliamentary democracy in Turkey but that conditions were not yet ripe for relations to become fully normalized. It consequently expressed grave concern at the seriousness of the human rights situation and called on the Turkish Government to respect them in full<sup>3</sup>.

Whilst the European Parliament considered dialogue necessary to clarify some controversial points in the Association Agreements, it was of the opinion that holding an Association Council meeting had given the false impression that it approved of the political and human rights situation in Turkey.

On 18 June 1987 the European Parliament adopted a resolution on a political solution to the Armenian problem in which it deplored the genocide of the Armenians in 1915<sup>4</sup>.

Parliament also considers that protracted occupation of the northern part of the Republic of Cyprus by Turkish troops cannot but have repercussions on Turkey's relations with the Community<sup>5</sup>.

On 15 April 1987 the Turkish Government formally applied for membership of the Community.

## 2. Central and Eastern Europe

The EEC and the countries of central and eastern Europe (Bulgaria, Hungary, Poland, German Democratic Republic, Romania and Czechoslovakia), established relations with each other principally at the Conference on Security and Cooperation in Europe (CSCE). The Conference brought together 35 countries from eastern and western Europe and led to the signing of the Helsinki Final Act in 1975. Since that time, the signatory countries have sought to implement the act in the course of several meetings held in Belgrade, Madrid, Stockholm and elsewhere, but without significant results.

The countries of central and eastern Europe are all members of the Committee for Mutual Economic Assistance (CMEA, also known as COMECON). COMECON has never acted as an economic community. Nor has it ever recognized the European Economic Community which, as a result, has sought to establish bilateral economic relations with individual central and eastern European countries.

However, in 1985 certain of these countries moved towards a more open attitude towards the European Community. For example, the governments of Poland and the USSR have indicated their intention of recognizing the EEC 'as a political entity'. The Commission has reopened negotiations with COMECON in an attempt to improve cooperation.

The European Parliament has adopted a resolution<sup>6</sup> in which it states that the establishment of relations between the two institutions should not prejudice bilateral relations between the EEC and the Member States of the CMAE such as Roumania with which a general trade agreement has been concluded (and Yugoslavia and China). It also calls for recognition of the EC under international law and points out that the creation and automatic functioning of the two delegations for relations with the Soviet Union and the Eastern European countries depends on such recognition.

The European Parliament's resolution on the situation in Poland, adopted on 11 December 1986, hopes that Poland will continue to seek a national compromise involving all the political and social forces, welcomes the establishment of contacts in order to open negotiations on the normalization of relations and the conclusion of economic and trade cooperation agreements<sup>7</sup>.

### **3. Middle East**

On 23 February 1987, the Foreign Ministers of the Community meeting in political cooperation expressed their support for the organization of an international conference for peace in the Middle East to be held under the auspices of the United Nations and attended by the parties concerned and any other party that could

contribute to peace and security in the region. They also expressed their willingness to make an active contribution towards a rapprochement of the Arab and Israeli positions.

On 12 March the European Parliament adopted a resolution approving this decision and calling on the Council to increase efforts to achieve this important objective and improve the currently very difficult living conditions of the population of the region. The European Parliament had previously intervened on behalf of the hostages in Lebanon and asked the Community to contact governments with influence over armed groups, for instance, Libya, Syria and Iran, as well as the Lebanese Government, and remind them of their responsibility to protect innocent lives and seek ways of obtaining the release of the hostages<sup>8</sup>. In another resolution it had called on the Community to intervene in order to guarantee the safety of the civilian populations and open negotiations in an attempt to resolve the crisis in Lebanon<sup>9</sup>.

On the subject of the Iran-Iraq conflict, the European Parliament condemned arms supplies to Iran by the United States because it indirectly prolonged the war and indirectly supported the Khomeini regime which did not respect human rights<sup>10</sup>. It also called for the release of adolescents imprisoned in Iraq<sup>11</sup>.

On 26 January 1987, the Foreign Ministers meeting in political cooperation called on Iran and Iraq to put an end to the hostilities and comply with Security Council Resolutions 582 and 586, and endorsed the United Nations Secretary-General's mediation efforts<sup>12</sup>.

#### **4. Afghanistan**

Following the visit made in February 1984 by a delegation from the Political Affairs Committee to Afghan refugee camps in Pakistan, the European Parliament continued to monitor closely the development of the situation in Afghanistan. On 11 December 1986 it adopted a resolution condemning the Soviet Union's protracted occupation of Afghanistan, pointing out that one-third of the Afghan population -

more than 5 million people - was in exile, and calling on the Community to increase its economic and technical efforts to aid the refugees<sup>13</sup>. It took note of the declared intent of the Soviet Government to withdraw its troops but pointed out that there were at least 110 000 Russian soldiers still in Afghanistan, 8 000 having been repatriated so far. It therefore called on the Soviet Union to withdraw immediately so that peace could be restored, and proposed that the various Afghan resistance groups be represented at negotiations to end the conflict.

On 6 December 1986, the European Council in London adopted a declaration endorsing the efforts made by the United Nations Secretary-General to find a political solution for Afghanistan on the basis of principles mutually recognized by the international community.

#### **5. Southern Africa**

In the past year the European Parliament has adopted two detailed resolutions asserting that measures taken by the Pretoria Government to ease the apartheid policy did not call into question the basic system, as the deteriorating situation showed. There would also have to be free, secret and direct multi-racial elections to the South African parliament, recognition of the African National Congress and the liberation of Nelson Mandela before there could be a dialogue between the Community and South Africa.

It was also harshly critical of the military occupation of Namibia which violated UN Security Council Resolution 435, and of South Africa's aggressive policy towards neighbouring countries such as Botswana, Zimbabwe, Lesotho, Angola, Mozambique and Zambia<sup>14</sup>. Because of the repeated acts of aggression, the Foreign Ministers of the Twelve, meeting in political cooperation, undertook to grant special aid to those countries.

The European Parliament nevertheless deplored the failure to implement the embargo on coal and in general the inadequacy of the measures taken by the Community<sup>15</sup>. It also called for world-wide



coordination of the measures adopted so that they were not taken on the basis of the lowest common denominator. It therefore welcomed the law adopted by a large majority of members of the US Congress and the conclusions reached at the Commonwealth mini-summit on 5 August 1986.

Following the 'whites only' elections on 6 May 1987 in South Africa, the Foreign Ministers of the Twelve issued a statement denouncing the risks of increased polarization and insisting on the need to abolish apartheid completely and replace it with a system of really democratic and non-racist government. President Botha was invited to initiate national dialogue, lift the state of emergency and end the ban on certain political parties.

The European Parliament condemned United States aid to UNITA in Angola and hoped that the Community would not maintain any relations with that organization which, with the support of the South African regime, was destabilizing southern Africa.

## **6. Latin America**

In January 1987, the European Parliament adopted a resolution on economic relations between the EC and Latin America with particular reference to development, regional integration, the external debt and the consequences of Spanish and Portuguese accession<sup>16</sup>. It urged the Commission to consider as a matter of urgency the possibility of drawing up a wider political and economic agreement with Latin American countries, based in certain respects on the Lomé Convention, and welcomed the plan put forward at the Esquipulas Conference to elect a Central American parliament by direct suffrage.

The Community resolutely supports the Contadora Group's peace process, whose main aim is security and the restoration of peace in all Central America countries. President Arias of Costa Rica recently launched a new plan that follows the Contadora line but puts emphasis on the consolidation of democracy. In confirmation of the EC's prestige in those countries, President Arias visited Brussels on 22 May 1987 to explain his plan to representatives of

the Council, the Commission and the European Parliament. According to statements made by the Commission Member responsible before the European Parliament's Political Affairs Committee, the main difficulty in implementing this plan is the fact that the civilian opposition movements in Nicaragua and El Salvador are not in control of the military forces in their countries.

On the occasion of the Pope's visit to Chile, the key-note of which was the restoration of democracy and human rights, the European Parliament supported the campaign for free elections and called on the Foreign Ministers meeting in political cooperation to support democratic, non-violent opposition to the Pinochet regime<sup>17</sup>.

The Foreign Ministers meeting in political cooperation had previously expressed concern about the reimposition of the state of siege in Chile and the repressive police measures<sup>18</sup>.

## 7. Asia

On 18 June 1987 the European Parliament adopted a report which proposed that the Community participate in the development of the People's Republic of China and intensification of the mutual economic and political relations provided for in the Cooperation Agreement concluded in Brussels on 21 May 1985<sup>19</sup>. The Commission has officially announced that it will open a delegation in Peking by the end of 1987.

The European Parliament has decided to establish parliamentary relations with the Republic of Korea. As regards the situation in Cambodia, it condemned Vietnamese armed intervention, supported the peace plan proposed by the democratic KAMPUCHEA Government and called on the Vietnamese Government to reconsider its position and agree to negotiations on that basis<sup>20</sup>.

On 4 February 1987, the President of the Foreign Ministers meeting in political cooperation issued a statement supporting President Corazon Aquino's efforts to further the process of democratization in the Philippines and said that the Twelve intended to play an active part in reviving the country's economy<sup>21</sup>.

Lastly, the European Parliament supported the Sri Lankan Government's proposal to organize a peace conference to put an end to the continuing civil war between armed Tamil organizations and government forces<sup>22</sup>.

#### 8. Enlargement prospects

In addition to Turkey's application for membership and the desire for membership expressed in the new Maltese Government's programme, Austria and Norway emphasized their interest in the EEC in the first few months of 1987. The Austrian Government intends to play a larger part in Community activities. At the same time, the Norwegian Prime Minister has said her government intends to strengthen relations with the Community. The White Paper submitted by the government to the Storting does not refer to possible accession in the short term, but points out that relations with the EEC are closer than they were 15 years ago even though the outcome of the referendum on accession was negative, defines existing relations and future prospects and expresses particular interest in political cooperation.

- 1 OJ No. C 300, 12.11.1984
- 2 OJ No. C 46, 23.2.1987
- 3 OJ No. C 7, 12.1.1987
- 4 Vandemeulebroucke report (Doc. A2-33/87) - Resolution of 18.6.1987
- 5 OJ No. C 227, 8.9.1986
- 6 Seeler report (Doc. A2-187/86) - Resolution of 22.1.1987, OJ No. C 46, 23.2.1987
- 7 Gavronski report (Doc. A2-129/86) - Resolution of 11.12.1986, OJ No. C 7, 12.1.1987
- 8 OJ No. C 283, 10.11.1986
- 9 OJ No. C 7, 12.1.1987
- 10 OJ No. C 7, 12.1.1987
- 11 Resolution of 9.4.1987
- 12 Bulletin of the European Communities, No. 1/1987
- 13 OJ No. C 7, 12.1.1987
- 14 OJ No. C 227, 8.9.1986
- 15 OJ No. C 297, 24.11.1986
- 16 Van Aerssen report (Doc. A2-194/86) - Resolution of 23.1.1987, OJ No. C 46, 23.2.1987
- 17 Resolution on the situation in Chile of 9.4.1987
- 18 Bulletin of the European Communities, No. 9/1986
- 19 Bettiza report (Doc. A2-56/87) - Resolution of 18.6.1987
- 20 OJ No. C 227, 8.9.1986
- 21 Bulletin of the European Communities, No. 2/1987
- 22 Resolution on the situation in Sri Lanka of 23.11.1986



INSTITUTIONALLY SIGNIFICANT JUDGMENTS OF THE COURT OF JUSTICE

1. The case law established by the Court of Justice in 1985 and 1986 has served to strengthen the European Parliament's position within the Community's constitutional structure:
  - the judgment of 22 May 1985 (in the action brought by Parliament against the Council for failure to act in the common transport policy) confirmed Parliament's right to sue to the Council;
  - in the judgment of 23 April 1986 ('Les Verts' v. European Parliament) it was acknowledged for the first time that an application for annulment could be brought in respect of acts of Parliament having legal effect vis-à-vis third parties.

2. This case law has been confirmed in the period under review:

The judgment delivered on 3 July 1986 in Case 34/86, Council v. Parliament, marked the end of the dispute over the 1986 budget. Five Member States had supported the Council's action against Parliament demanding that the budget be declared void. Proceeding from its earlier case law, the Court ruled that the declaration of the President of Parliament within the meaning of Article 203(7) of the EEC Treaty, whereby the budget is deemed finally adopted, is an act with legal force vis-à-vis third parties and, as such, can be challenged by an application for annulment. Although the Court quashed the President's declaration in this instance, nullity was restricted in application to the sections of the budget which had not been implemented by the time judgment was delivered.

The Court decided that the President had issued his declaration before the budgetary procedure was concluded. Its ruling enabled the two arms of the budgetary authority, the Council and Parliament, to resume the procedure at the point where it had become deadlocked, namely in the disagreement over the maximum rate.

On 10 July 1986, after a maximum rate had been agreed with the Council, Parliament finally adopted the budget, taking just a week to discharge the obligations devolving upon it under the terms of the judgment.

3. In its judgment of 10 July 1986 (reference for a preliminary ruling in Case 149/85, WYBOT v. FAURE) the Court raised various aspects of parliamentary immunity and confirmed its 1965 case law. It established that, as a sovereign body, Parliament had the power to determine the length of its annual sessions and hence the duration of immunity. The judgment accorded with the views of Parliament, which had been asked by the Court for information on the individual points of law.
4. In its judgment of 9 July 1987 the Court declared the Commission decision introducing a notification and coordination procedure in respect of migration policy vis-à-vis third countries to be partly void, on account of two articles in which the Commission had exceeded its powers. Nevertheless, it fundamentally endorsed the Commission's power to address a binding decision to the Member States on the basis of Article 118 of the EEC Treaty.

Parliament had intervened in this dispute in support of the Commission, since the Commission's decision had explicitly invoked a resolution of Parliament's calling for approximation of the laws on aliens and visas. This was the first dispute in which Parliament had intervened to defend the Community's interests and the Commission's powers vis-à-vis the Member States, and not just to safeguard its own legal institutional status.

In his closing submissions on 31 March 1987 the Advocate General, Mr MANCINI, largely supported Parliament's view that the Commission was fundamentally entitled to issue a binding decision; in his opinion, the decision was to be deemed void solely on the grounds that the Economic and Social Committee had not been consulted.

5. One other suit with very important implications for Parliament's involvement in the legislative process is currently still sub judice. In the reference for a preliminary ruling in the ROVIELLO case (Case 20/85) the point at issue is whether Parliament is to be consulted again when the Council, having once completed the consultation procedure, substantially alters the Commission proposal. In his closing submissions on 22 January 1987 Advocate General MANCINI answered that question in the affirmative and asked the Court to seek Parliament's interpretation of the law. The judgment is expected at the end of 1987.





EXTERNAL ECONOMIC RELATIONSGeneral developments

In 1986 world trade<sup>1</sup> in merchandise increased by 3.5% in terms of volume (the same as in 1985) and 10% in terms of value (1% in 1985). The volume of trade increased by 1% in mining products and 3% in manufactured products. The increase in value (calculated in US dollars) is to a large extent due to the 17% decline in the dollar value which has led to a large increase in the value of trade transactions carried out in other currencies.

Out of a total export value of \$ 2.110 billion the developed countries accounted for 70% (66% in 1985); the developing countries for 19% (23% in 1985) and the East European Countries for 11% (the same as in 1985). In the field of imports the developed countries accounted for 69% (68% in 1985) the developing countries for 20% (21% in 1985) and the East European Countries for 11% (the same as in 1985)

Falling commodity prices caused a decline in both the value of the Community's imports and exports (see annexed table). In spite of the fact that both Spain and Portugal are included in the 1986 figures the value of exports to all third countries fell by 10% from 380.8 billion ECU to 341.9 billion ECU. Imports fell by 16% from 399.8 billion ECU to 336.3 billion ECU. For the first time in many years the Community had an overall trade surplus, which reached 5.6 billion ECU.

Trade with EFTA-countries showed a slighter decline than average and resulted in a surplus of 8.5 billion ECU for the Community.

As far as the USA is concerned the strong decline in the dollar value failed to redress the imbalance in trade with the Community in 1986. Although the Community's exports fell from 81.7 billion to 75.2 billion ECU the value of imports fell even more from 64 to 56.6 billion ECU (reflecting a stagnation in terms of volume). The result was a slight increase in the Community's surplus from 17.7 to 18.5 billion ECU.

The trade deficit with Japan grew from 17 billion ECU in 1985 to 21.8 billion in 1986. EC exports to Japan only increased from 10.1 billion ECU in 1985 to 11.4 in 1986 while imports increased from 27.2 to 33.2 billion ECU. It should, however, be noted that Japan was the only major trading partner with whom the Community had an increase in the value of both imports and exports in 1986.

The value of the Community's imports from the developing countries fell from 138.9 to 108.7 billion ECU in 1986 while the value of exports only fell from 121.7 to 107.6 billion ECU. This resulted in a reduction in the Community's trade deficit from 17.2 billion ECU in 1985 to 1.1 billion in 1986. In the light of the developing countries' need of export surpluses to finance their debt service the reduction of the Community's deficit with these countries cannot automatically be considered as a positive development.

The stagnation in trade with the State-Trading Countries observed in 1985 was followed by a direct decline in imports and exports in 1986 which only reached 30.3 and 27.6 billion ECU respectively.

#### GATT

In June 1986 the Council defined its position for the GATT-ministerial meeting scheduled to take place in Punta del Este in Uruguay in September that year. A basic condition for entering a new round of negotiations was a standstill for new protectionist measures in the participating countries. In addition the new round should be a global process producing a single package of measures aimed at re-establishing the balance of rights and obligations between the Contracting Parties. This was aimed mainly at Japan and certain newly-industrialised countries. The Council also agreed to include agriculture and services in the negotiations in addition to the traditional themes.

In its resolution of 9 September 1986 on the new round of multilateral trade negotiations within GATT<sup>2</sup> the European Parliament fully supported this position of the Council.

The inclusion of agriculture and services caused some difficulties during the Punta del Este conference but compromise solutions were reached and on 20 September the Ministers could adopt a common declaration opening the "Uruguay-Round". The negotiations are expected to last 4-5 years. In March 1987 the GATT secretariat released the first information about the progress in

the various working groups set up. As one would expect, no decisions of substance had been taken at this early stage in which the work had been concentrated on defining the basis and the general scope of the discussions.

#### United States

Trade frictions concerning the alleged negative effects of EC-enlargement on US exports of maize and sorghum to Spain and Portugal continued in the second half of 1986. In order to prevent the situation from escalating into a trade war a temporary arrangement guaranteeing the Americans their usual level of exports to Spain and Portugal - if necessary by means of a reduced import-levy - was agreed on for the second half of 1986.

It was not until the end of January 1987 that the parties could reach an agreement on a four-year arrangement<sup>3</sup>. Under the terms of this arrangement the Community opens an "erga omnes" quota for imports at a reduced levy of 2 million tons of maize and 300,000 tons of sorghum. The quota is, however, subject to a reduction proportional with the imports of corn gluten feed, brewing and distilling dregs and waste and citrus peels and pellets. The parties are to review the situation in July 1990 in order to decide whether an extension of the arrangement is necessary. In addition the Community has reduced its customs duties on various agricultural and industrial products of particular interest to the USA.

In its Resolution of 19 February 1987<sup>4</sup> the European Parliament strongly criticizes the agreement, which it finds "leads to a further weakening of the principle of Community preference". The Parliament also regrets that certain agricultural regions and producers will suffer as a consequence of the compromise, which it fears sets "a precedent to be used to challenge "L'acquis Communautaire" in negotiations on other sectors". The Parliament therefore "calls on the Council and on the Commission to adopt a firmer stand in future discussions with the United States and to resist further pressure aimed a compromising important Community interests, such as the European Airbus".

In July 1986 an agreement was reached with the US concerning trade in semi-finished steel products<sup>5</sup> and the Community repealed its retaliatory measures introduced in February 1986<sup>6</sup>.

In August 1986 an agreement<sup>7</sup> was reached in the "spaghetti-citrus fruit"

dispute caused by the Community's preferences to the Mediterranean countries. The Community undertook to grant tariff reductions on imports of certain citrus fruit-varieties from third countries during winter and spring months. Tariff reductions were also to be made for imports almonds and nuts and reduced-tariff quota of 1,500 tonnes was established for frozen concentrated orange juice. The United States, in return, undertook to reduce or abolish the duty on anchovies, various types of cheese, olives, capers, paprika, cider and olive oil (for some products on a quota basis).

There were many other causes of friction between the EC and the USA during the past year, inter alia American allegations that the Airbus was subsidized contrary to the GATT rules (the parties agreed to bring the matter before GATT), the US Trade Bill and the draft Textile Bill. In its Resolution of 12 June 1986 on US protectionism<sup>8</sup> and its Resolution 22 January 1987 on EEC-USA-relations<sup>9</sup> the European Parliament strongly warns against this development and expresses its fears" that continuing trade disputes between the USA and Europe will have long-term detrimental effects on the European-American partnership which is not in the interests of the USA or Europe".

#### Japan

As already mentioned 1986 did not bring any improvement in the trade situation with Japan and the year ended with a deficit of 21.8 billion ECU for the Community. The Community continued to exert pressure on the Japanese on all levels but to little avail.

A growing number of anti-dumping proceedings were initiated and in several cases they resulted either in the imposition of anti-dumping duty on the product concerned or in price-undertakings on the part of the exporting companies.

At the beginning of 1987 a proposal<sup>10</sup> from the Commission to alter the Community's anti-dumping regulation<sup>11</sup> to also include, in certain circumstances, products assembled within the Community, caused great concern among Japanese industrialists. They have in particular stressed the potentially negative effect of the proposal on Japanese investment in Europe.

Another cause of friction was the agreement between Japan and the USA on trade in semi-conductors which was concluded in July 1986. The Community protested strongly against the agreement which would also affect the prices to be paid by European users as well as European access to the Japanese market. The Community has now brought the matter before GATT.

A European attempt to make the Japanese change their discriminatory alcohol taxation has until now been unsuccessful. The modifications which the Japanese have been willing to make to their taxation system would hardly alter the competitive situation of European liquor. The Community has therefore also decided to bring this matter before the GATT.

On 11 September 1986 the European Parliament adopted a very comprehensive Resolution on trade and economic relations between the European Community and Japan<sup>12</sup>. The Parliament strongly supports the policy pursued by the Commission and Council with regard to Japan. The Resolution in particular advocates measures aimed at assuring an increased European presence on the Japanese market. In the view of the Parliament one of the most important barriers to European imports is the Japanese distribution system and therefore a reform of this system should be a top priority for the Community.

#### COMECON/Council for Mutual Economic Assistance

In 1986-87, after many years of stagnation, there was a breakthrough in the attempts to establish official relations between the Community and COMECON. In the first half of 1987 work on a draft Joint Declaration defining the precise nature of the relationship between the two bodies was progressing rapidly and only a very few points, such as the recognition of West Berlin as part of the Community, continued to divide the parties. The position of the Community is, however, that official diplomatic recognition of the Community by the individual COMECON-members must precede the adoption of a Joint Declaration. Further the Community intends to conclude Trade and Cooperation agreements with individual COMECON-countries. Negotiations are already taking place with Hungary and negotiations with Czechoslovakia and Rumania are to follow.

In its Resolution of 22 January 1987 on relations between the European Community and the Council for Mutual Economic Assistance (CMEA) and the Eastern European member states of the CMEA<sup>13</sup> the European parliament strongly advocates the creation of official links between the two bodies, while

stressing the necessity of an official recognition of the Community by COMECON. The Parliament also supports the conclusion of trade and/or cooperation agreements with individual COMECON-members but warns against unrealistic expectations in this connection. It expresses the belief "that difficult economic problems will arise as a result of the different economic structures and that free reciprocal competition will thus only be possible to a very limited degree so that the EC will receive nothing comparable in return for facilitating access to its markets".

In a resolution of 13 June 1986 on possible trade relations between the European Community and Hungary<sup>14</sup> the European Parliament recommends the conclusion of a Trade and Economic Cooperation Agreement with this country.

#### Other issues

In a Resolution of 23 January 1987 on economic relations between the European Community and Latin America<sup>15</sup> the European Parliament advocates a general strengthening of the Community's links with Latin America and a further liberalisation of access of Latin America products to the European market in order to improve the economy of the countries of the region and thus their ability to cope with their external debt.

In its Resolution of 20 February 1987 on economic and trade relations between the EEC and the countries of the Gulf Cooperation Council<sup>16</sup> the Parliament expressed the hope that the current negotiations with the Gulf countries will result in a "mutually advantageous comprehensive cooperation agreement based on complementary economic interests".

On 6 October 1986 the European parliament adopted a resolution on anti-dumping and anti-subsidy measures and associated foreign trade issues<sup>17</sup>. The Parliament called for an increased and more efficient use of existing instruments in this field. One of the preconditions for this is, in the view of the Parliament, an increase in the staff and resources of the Commission's anti-dumping service.

- 1 GATT secretariat, March 1987.
- 2 O.J. C 255 of 13.10.1986, p. 69.
- 3 O.J. L 98 of 10.4.1987, p. 1.
- 4 O.J. C 76 of 23.3.1987, p. 106.
- 5 O.J. L 262 of 13.9.1986.
- 6 O.J. L 40 of 15.2.1986, p. 12.
- 7 O.J. L 62 of 5.3.1987, p. 22.
- 8 O.J. C 176 of 14.7.1986, p. 116.
- 9 O.J. C 46 of 23.2.1987, p. 79.
- 10 O.J. C 67 of 14.3.1987, p. 20.
- 11 O.J. L 201 of 30.7.1984.
- 12 O.J. C 255 of 13.10.1986, p. 149.
- 13 O.J. C 46 of 23.2.1987, p. 71.
- 14 O.J. C 176 of 14.7.1986, p. 192.
- 15 O.J. C 46 of 23.2.1987, p. 102.
- 16 O.J. C 76 of 23.3.1987, p. 190.
- 17 O.J. C 283 of 10.11.1986, p. 16.



EC TRADE WITH THIRD COUNTRIES

(billion ECU)

	<u>All third Countries</u>			<u>of which EFTA</u>			<u>USA</u>			<u>JAPAN</u>			<u>Developing Countries</u>			<u>State-Trading Countries</u>		
	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B
1972	65.8	65.6	0.2	16.8	12.3	4.5	11.3	11.5	-0.2	1.5	2.7	-1.2	19.0	24.4	-5.4	5.3	5.1	0.2
1974	114.2	130.8	-16.6	27.9	20.5	7.5	15.9	20.3	-4.4	2.8	4.4	-1.6	34.9	61.3	-26.6	11.3	9.0	2.3
1976	141.3	159.6	-18.3	33.5	24.9	8.6	16.2	25.3	-9.1	2.7	6.4	-3.7	51.0	70.0	-19.0	14.2	12.4	1.9
1978	173.9	178.4	-4.5	39.2	32.8	6.4	23.1	28.3	-5.1	3.7	8.7	-5.0	66.5	71.2	-4.6	15.4	14.0	-1.4
1980	224.4	271.6	-47.1	57.0	48.9	8.1	26.6	44.3	-17.7	4.6	12.5	-7.9	83.4	114.6	-31.2	18.7	21.9	-3.2
1981	267.0	303.8	-36.8	60.4	53.9	6.5	36.9	49.6	-12.7	5.6	16.2	-10.6	111.9	129.1	-17.2	21.4	24.8	-3.4
1982	286.5	308.5	-22.0	65.3	57.5	6.8	42.9	53.8	-10.9	6.3	18.0	-11.7	117.1	128.8	-11.7	19.9	29.1	-9.2
1983	303.0	328.5	-25.5	68.5	66.5	2.0	50.3	53.5	-3.2	7.3	20.6	-13.3	116.4	121.7	-5.3	23.7	31.3	-7.6
1984	351.2	382.1	-30.9	78.2	77.8	0.4	70.3	61.9	8.4	9.0	24.5	-15.5	123.3	135.1	-11.8	25.5	38.6	-13.1
1985	380.8	399.8	-19.0	86.8	84.4	2.4	81.7	64.0	17.7	10.1	27.2	-17.0	121.7	138.9	-17.2	29.7	37.3	-7.6
1986	341.9	336.3	5.6	87.2	78.7	8.5	75.2	56.6	18.5	11.4	33.2	-21.8	107.6	108.7	-1.1	27.6	30.3	-2.7

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SOURCE: CRONOS, EUROSTAT  
Monthly External Trade Bulletin and Microfiches

NOTE: E = Exports FOB  
I = Imports CIF  
B = Balance                      '- ' indicates an EEC deficit

The figures for 1972 to 1980 refer to 9 Member States;  
Greece is included from 1981, Spain and Portugal from 1986.

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DEVELOPMENT POLICY FOR THIRD WORLD COUNTRIES

1. The second half of 1986 and the first half of 1987 were mainly devoted to considering draft reports and motions for resolutions to be debated during the European Parliament's February 1987 part-session, the keynote of which was the North-South dialogue (commonly known as 'Jumbo North-South dialogue').

During the January 1987 part-session, in other words halfway through the second parliamentary term, new appointments were made to parliamentary bodies in connection with the change of presidency. For instance, Mr McGOWAN replaced Mrs FOCKE as chairman of the Committee on Development and Cooperation and the committee's bureau is now composed of the chairman, Mrs CASSANMAGNAGO CERRETTI, Mr WURTZ and Mrs DALY.

2. On 11 and 13 February 1987, the European Parliament adopted ten motions for resolutions on the North-South dialogue<sup>1</sup> and development cooperation with Third World countries. The gist of these resolutions is as follows:

- the motion for a resolution tabled by Mrs FOCKE<sup>2</sup> covers all North-South relations and calls for new initiatives, some of which are mentioned in other resolutions. For instance, the European Parliament calls on the European Council, in the spirit of the 'Single Act', to put the Community in a position to take a series of initiatives to promote the North-South dialogue. It hopes that the Commission will be granted the right of attendance and reinvested with the authority to coordinate preparations for Community policies in organizations such as the IMF where representatives of national governments only are involved. It also urges the Community to promote measures to clear or

reschedule developing country debts, increase public development aid, improve market opportunities, gradually phase out the Multifibre Arrangement and work towards greater international currency stability. As part of political cooperation, the Twelve should work towards the adoption of measures to strengthen the security of developing countries and so enable them to reduce their military expenditure. Mention is also made of the fight against hunger in the world, the importance of fisheries agreements between the Community developing countries, the impact of Community-financed projects on the environment in the developing countries, financial support for NGOs and the refugee problem.

- Mr COHEN tabled a very comprehensive report on the Community's relations with developing countries with regard to trade in raw materials<sup>3</sup>. The resolution adopted hopes that the Twelve will do everything possible to ensure that the common fund for the stabilization of raw materials prices becomes operational and that the price of basic products will be agreed in consultation with producers and consumers. In addition, existing systems such as STABEX should be extended and streamlined. Parliament also calls for an improvement in the system of generalized preferences (curtailment of the list of sensitive products, an increase in ceilings and quotas, more flexible rules of origins), and for abolition of the Multifibre Arrangement in 1990. The Community should also support efforts to intensify South-South trade even if this means accepting departures from existing GATT rules, and make special efforts during the Uruguay Round to abolish non-tariff trade barriers unfavourable to developing countries. The resolution also urges the Community to come to an agreement with other industrialized countries on a trade pledge in respect of developing countries, giving an undertaking that efforts will be made to remedy any decline in trade between them and the developing countries. Once again, revision of the CAP is called for as is redefinition of the concept of newly industrialized country that will be internationally accepted.

- The motion for a resolution by Mr VERGEEER on the problem of indebtedness in the developing countries<sup>4</sup> was adopted by a large majority in the European Parliament. It makes a series of proposals for easing the debt burden and opening discussions with the United States and Japan with a view to orienting a greater proportion of the savings of the industrialized countries towards developing countries; in some cases, consideration should be given to a moratorium. At all events, the debts of low-income countries should be written off and SDRs allocated where it is clear that efforts are being made to deal with structural problems. For some developing countries, interest rates on loans should be reduced and in specific cases interest payments even suspended. Mention is also made of extending EIB operations in developing countries so that the EIB would be able to assume the role of a European development bank, and use of the ECU for future loans to developing countries in order gradually to offset undue dependence on the dollar; in addition, more stringent measures should be taken to bring about a halt to flights of capital from the developing countries (estimated at about \$100 bn a year). Lastly, Parliament's resolution contains the fairly original idea of selling a small proportion of Member State's gold reserves in the form of gold coins to be used as a special fund for zero interest loans to the least-developed debtor countries prepared to undertake agreed economic reforms.

- The motion for a resolution adopted on the basis of the report by Mr TRIVELLI dealt with development and disarmament<sup>5</sup>. Parliament expresses indignation at the fact that 20% to 30% of the debts of the Third World are attributable, directly or indirectly, to military spending, and urges the Community to grant financial resources first and foremost to those developing countries which have a small military budget and few weapons and are unjustly affected by a war or attempts at destabilization. With this in mind, greater priority should be given to financial and technical assistance to countries in Southern Africa. Intervention by the superpowers and other military powers in Central America, Africa, the Middle East, Asia and elsewhere is underlined as is the fact

that the Community should support at all levels agreements on disarmament and the reduction of military expenditure. The Community should also enter into talks with Eastern European countries and their various institutions with a view to analysing and evaluating the possibilities of common objectives involving cooperation on development policy, and studying the possibility of increasing resources for such cooperation by means of a policy of détente, disarmament and reduced military expenditure. Parliament calls for negotiation of a moratorium on the arms trade with countries signatory to the Lomé Convention and the adoption of a code of conduct banning all arm's sales to countries deemed to be at risk. Lastly, the Twelve and the Commission are urged, as part of political cooperation, to use their good offices in support of a ban on nuclear, biological and chemical weapons.

- In the report by Mr JACKSON, the European Parliament emphasizes the need for **better coordination of Member States' aid<sup>6</sup>** not only with Community aid but also with aid from other OECD countries and international organizations. It cites the example of one of the poorest African countries in which no less than 60 donor bodies had separate missions. Parliament also stresses the importance of the recipient country being actively involved at all stages of aid coordination. There should be more coordination in the selection of equipment and machinery provided to each country in view of the benefits of a standardized range of equipment. The Commission should make greater use of its delegations in developing countries in the operational coordination of aid, and it is proposed that the Community and the Member States should merge their emergency assistance operations. Lastly, Parliament emphasizes that better organized relations between the various donors should in no circumstances entail any reduction in the overall aid, and calls for better cooperation between European and non-European NGOs. But coordination should also apply more generally to trade and industrial policies that affect imports from the developing countries, and particularly the sugar policy.

- When adopting the motion for a resolution tabled by Mr MEDEIROS FERREIRA<sup>7</sup>, the European Parliament stressed that one priority of its development policy remained the combating of hunger in the world and guaranteeing the basic food requirements of the people. In GATT and elsewhere, the Community should embark on full and open discussion of the problem of international agricultural trade with a view to achieving reforms to the mutual benefit of both developing and industrialized countries. The resolution emphasizes the need to establish various conditions for agricultural and rural development in the developing countries (agrarian reform, training and education, the role of women, price policy, population policy, production of local food products, etc.) and once again draws attention to the vital importance of the food strategies implemented under the Lomé Convention. Lastly, Parliament points out that the Community can make a significant contribution to the fight against hunger in the world by taking greater account of the interests of the developing countries when reforming the CAP.
  
- Desertification is one of the most crucial problems facing Africa today. When it adopted the motion for a resolution tabled by Mr CHINAUD<sup>8</sup>, the European Parliament listed a series of principles that must be taken into account at production level in order to protect the environment, and called for measures to halt the permanent destruction of tropical forests. If a policy to combat desertification is to be successful, the governments of the countries concerned must adopt a series of major political and economic reforms and encourage the active involvement of the population. Parliament welcomes the fact that the Council adopted the Commission's proposal for a long-term action plan, and calls on the Commission to set up a high level coordination group (of representatives of the Community and the Member States) and specific coordination groups bringing together representatives of the Community, the Member States and the ACP States concerned for each regional project. Lastly, it calls on the Community to set specific quantitative objectives as quickly as possible for the financing of Community action.

- The motion for a resolution adopted on the basis of the report by Mr GUERMEUR<sup>9</sup> calls for an improvement in the fishery agreements concluded between the Community and the developing countries. It points out that enlargement of the Community has greatly increased the importance of fisheries relations with third countries, and believes that the granting of Community aid for the development of fisheries should be more closely linked to negotiation of access for Community vessels to the waters of developing countries. The European Parliament also calls for the immediate negotiation of fisheries agreements with countries with which none have yet been concluded, including countries in the Caribbean, the Indian Ocean the Pacific and East Africa. It points out that the financial value and usefulness of such agreements will increase only when more Community shipowners take an interest in them. It calls on the Commission to investigate the interest Community shipowners have in concluding new agreements on the fishing of species other than tuna. There is also an urgent need to control fishing off the coast of Namibia where no protection measures exist; mention is also made of the pillaging of the waters of developing countries by vessels from the USSR and Eastern European and Middle Eastern countries. Lastly, fisheries agreements should be concluded on a multiannual basis and Parliament should be involved in the process by which they are initiated, pursuant to the Single European Act.

- The motion for a resolution adopted on the basis of the report by Mr ULBURGHS<sup>10</sup> emphasizes the vital role of NGOs in the development of the Third World, and calls for the Community contribution to those organizations to be increased at a higher rate than the growth in Community resources and for the delay between the submission of applications and the granting of funds to be reduced; co-financing of NGO projects accounts for only 3.2% of the Community's development cooperation budget whereas each ECU granted leads to joint investment of 2.5 ECU. Lastly, the duration of NGO projects receiving Community aid should be increased from 3 to 5 years, administrative formalities simplified and the ceiling on total subsidies for microprojects raised from 150 000 to 250 000 ECU.

- In the report by Mr VERBEEK<sup>11</sup>, the European Parliament calls on the Community to help to remedy the causes of the alarming phenomenon of the increase in the number of refugees in the Third World, particularly in Southern Africa, Afghanistan, the Sahara and Sri Lanka. It stresses the importance of international protection for displaced persons and refugees, and strongly supports the role of the United Nations High Commissioner for Refugees. Appropriations for refugees must be substantially increased and buffer stocks created where in the presence of refugees sudden food shortages may occur; nor should the problems confronting local populations in refugees areas be forgotten. Lastly, the aid granted by the Community to refugees outside the emergency period should be increased.

In connection with the February 1987 part-session, a public hearing chaired by Sir Henry PLUMB, President of the European Parliament, was held during which various public figures stated their views on developments in the North-South dialogue and cooperation between developing and industrialized countries. They were: Mr OLUSEGUN OBASANJO, former Head of State of Nigeria, Mr ARANEO, Ambassador and Uruguyan representative at the United Nations, Mr BRANDRINATH, Indian Minister Plenipotentiary and Mgr KAMPHAUS (Germany).

3. The European Parliament adopted resolutions on two subjects on which the Council asks for its opinion each year: a resolution on a regulation fixing the Community's generalized tariff preferences scheme for 1987, tabled by Mrs LEHIDEUX (sitting of 14 November 1986)<sup>12</sup>; and a resolution on the decision determining the general guidelines for 1987 concerning financial and technical aid to Latin American and Asian developing countries<sup>13</sup>, tabled by Mr SIMPSON (sitting of 13 March 1987).

As regards additional aid the Community could supply to the least-developed countries, on 12 December 1986 Parliament adopted a motion for a resolution tabled on the basis of a report by Mr SABY on a regulation setting up a system of compensation for loss of



export earnings for least-developed countries not signatory to the Lomé Convention<sup>14</sup>. In short, a STABEX system would be applied to the least developed countries in parallel with the one that exists for ACP States.

4. The ACP-EEC Joint Assembly held its first meeting in Vouliagmeni, Greece, from 22 to 25 September 1986<sup>15</sup> and its second meeting in Arusha, Tanzania, from 2 to 6 February 1987.

The motion for a resolution tabled by Mr JACKSON, general rapporteur, at the first meeting was adopted by the Joint Assembly on 25 September 1986 following a long debate and after numerous conciliation amendments, most of them tabled by the ACP, had been incorporated. Some people felt that the JACKSON report in fact took too long-term a view. The subject was 'Towards 2000: people - centred development'<sup>16</sup>. The resolution covers various main headings such as health and life expectancy, education and training, rural development and food security, population growth, cultural heritage, stability, management of natural resources, industry and commerce, trade, debt, disarmament and development and the effectiveness of ACP-EEC cooperation and matters associated with the annual report of the ACP-EEC Council of Ministers for 1985.

The Joint Assembly also considered reports drawn up by the various working parties, for instance the report by Mr SENE (Senegal) on rural development and environmental problems<sup>17</sup>, the report by Mr IROHA (Nigeria) on the problems of indebtedness in ACP countries<sup>18</sup>, and the interim report by Mrs WARUHIU on women, population and development<sup>19</sup>.

Several motions for resolutions were also adopted on 25 September 1986<sup>15</sup> on terrorism, the situation in South Africa and Southern Africa, the problem of refugees and displaced persons, the natural disaster in Cameroon, human rights, the situation in the Western Sahara and Chad, the problem of coffee and cocoa, the establishment of a nuclear-free zone in the South Pacific, the invasion of locusts in Africa, social aspect of Lomé III and economic and social partners.

The European Parliament incorporated the resolutions adopted by the Joint Assembly in Vouliagmeni in the resolution contained in the report by Mr CONDESSO which was adopted at the plenary sitting of 23 January 1987<sup>20</sup>.

During the second meeting, which was held in Arusha (Tanzania) from 2 to 5 February 1987, there was an initial exchange of views on the general report of activities on the basis of an introductory statement by Mr HAMBAYI (Zambia), the general rapporteur. The final report will be submitted at the next meeting.

The report will have as its main theme **regional cooperation** and will have a dual objective:

'1. Evaluation of regional cooperation agreements in force in the ACP context'

'2. Promoting even greater efforts in the field of regional development and regional cooperation in general.'

The views put forward by the general rapporteur were widely shared by members of the Joint Assembly who drew his attention to the following points: consideration of social and cultural aspects, consideration of the problems connected with the free movement of persons and goods, choice of priorities, development of transport infrastructures, exchanges of information and knowledge, rationalization of organizational structures, consideration of the monetary aspect, and identification of the real obstacles to regional development so as to arrive at an overall policy and appropriate strategy.

The Joint Assembly considered the report prepared by its Working Party on **women and population** in the development process (rapporteur: Mrs Rose WARUHIU (Kenya)). The resolution<sup>21</sup> adopted explains the possibilities for devising and implementing policies and strategies on the subject. It emphasizes first of all the vital

importance of population for development. In order to reverse present trends, demographic and rural development programmes are needed, which implies adequate budget resources - and thus the appeal to the EEC - but also coordination and priority-setting.

The Assembly also tackled the problem of indebtedness in the light of the report by Mr IROHA (Nigeria)<sup>22</sup> on behalf of the Working Party on this subject. As the rapporteur said during the debate, indebtedness is not in itself a problem, it becomes one when a country is no longer able to repay its debts. That is why the decline of economic factors and exchange rate has been so important. Although there are many causes of indebtedness, it is to a large extent indicative of a greater imbalance in the international economic and monetary system. Failure to resolve this problem would not only jeopardize the economic future of the developing countries but could have very serious repercussions on the economies of European countries given that more than 60% of ACP trade is with the Community. The resolution calls inter alia for the creation of a European trust fund for development to be financed by the sale of 0.7% of the gold reserves held by the Member States of the EEC.

The Assembly devoted a lengthy debate - during which no less than 26 people took the floor - to Southern Africa. Whilst there was no problem in reaching a consensus on unreserved condemnation of apartheid and active support for SADCC countries, the stance taken on the Community's role was lukewarm. Some speakers felt the Community was not decisive enough; it ought to commit itself formally and adopt an unequivocal attitude. Others pointed out that, thanks to Joint Assembly action, there were positive aspects such as a considerable increase in cooperation with the SADCC and a series of positive steps on behalf of the victims of apartheid in the form of a substantial increase in appropriations in the Community budget.

Lastly, to replace the Working Parties on **women and indebtedness** which had fulfilled their brief, the Joint Assembly decided to set up **two new ad hoc working parties**: one on raw materials and primary products and the other on the problems created by refugees and displaced persons in ACP countries. A third working party, on education and technology, will be set up later, once the conclusions of the Working Party on rural development have been adopted. The Assembly also decided to appoint 4 rapporteurs (2 ACP and 2 European) to prepare a report on health for September 1987.

5. Various motions for resolutions, all dealing with food aid or food were adopted by the European Parliament. Adopted on 23 October 1986<sup>23</sup>, these resolutions dealt with the need to hold a World Food Conference<sup>24</sup> and food aid to Mozambique<sup>25</sup>. A further resolution on Mozambique was adopted on 9 April 1987<sup>26</sup>.

The European Parliament also adopted two resolutions on the basis of reports by Mrs CINCIARI RODANO and Mr MEDEIROS REFFEIRA, on respectively the convention concluded by the Community with UNRWA (adopted in plenary on 15 May 1987)<sup>27</sup> on Palestinian refugees, and the apportionment of the quantities of cereals provided for under the **food aid convention** for the period 1 July 1986 to 30 June 1989 (adopted in plenary on 23 January 1987<sup>28</sup>).

Lastly, Parliament held a comprehensive debate on the basis of the report by Mr CAMPINOS on the regulation of **food aid policy and food aid management**. The motion for a resolution attached to the report was adopted in plenary on 24 October 1986<sup>29</sup>. What is at stake now is to revise Regulation 3331/82 on food aid management. Parliament had never recognized the legality of this 1982 regulation, feeling that it limited the Commission's role too much and that the result was delays in granting food aid. The regulation also jeopardizes the European Parliament's budgetary powers since the Council retains the prerogative of fixing the overall quantity of food aid to be supplied despite the fact that appropriations are entered as non-compulsory expenditure in the Community budget by Parliament. As soon as the 1982 regulation was adopted, a conciliation procedure

was between the Council and Parliament on these budgetary power problems and the role and powers of the food aid management committee, but no satisfactory conclusion was reached.

The Commission's proposals for revising framework Regulation 3331/82 take account of some modifications called for by Parliament but not the institutional aspects, i.e. the fixing of overall quantities of products to be supplied by the Council, as had been the case previously. The Council has also retained the present structure of the food aid management committee, in other words its role will not be purely advisory, as Parliament had requested, but executive. A conciliation procedure took place between Parliament and the Council on these two points and on some operational aspects of food aid policy. The Council has accepted a number of Parliament's suggestions on the operational aspects of aid management but has not taken account of Parliament's opinion on the fixing of the quantities of products to be supplied, and it also intends to retain the present structure of the management committee for a year.

6. The human rights question has always been one of the main preoccupations of the Committee on Development and Cooperation, and various resolutions have been tabled both by committee members and the committee itself. This subject will however be dealt with in greater detail in chapter 4B on human rights. We shall merely mention here the comprehensive discussions held in committee on the opinion to be delivered to the Political Affairs Committee on the political situation in Southern Africa and future prospects<sup>30</sup>.

7. At its September 1986 part-session, the European Parliament also adopted two motions for resolutions, one on the recruitment of stagiaires for employment in Community delegations to developing countries (rapporteur: Mrs DALY)<sup>31</sup> and the other on officials serving in a non-Community country and on the recruitment of overseas staff of the European Association for Cooperation as officials<sup>31</sup>. Finally, Mrs PANTAZI drew up a report on a research and development programme in the field of science and technology for development (1987 - 1990)<sup>32</sup>.

- 1 OJ No. C 76, 23.3.1987
- 2 Doc. A 2-203/86
- 3 Doc. A 2-205/86
- 4 Doc. A 2-201/86
- 5 Doc. A 2-202/86
- 6 Doc. A 2-212/86
- 7 Doc. A 2-193/86
- 8 Doc. A 2-192/86
- 9 Doc. A 2-204/86
- 10 Doc. A 2-185/86
- 11 Doc. A 2-122/86
- 12 Doc. A 2-151/86, OJ No. C 322, 15.12.1986
- 13 Doc. A 2-247/86, OJ No C 99, 13.4.1987
- 14 Doc. A 2-156/86, OJ No. C 7, 12.1.1987
- 15 OJ No. C 10, 14.1.1987
- 16 Doc. ACP-EEC 88/86/A and B
- 17 Doc. ACP-EEC 89/86/A and B
- 18 Doc. AP/179
- 19 Doc. AP/174
- 20 Doc. A 2-206/86, OJ No. C 46, 23.2.1987
- 21 Doc. ACP-EEC/134/87/A/fin. - AP/174/A/fin.
- 22 Doc. ACP-EEC/137/87/A/fin.
- 23 OJ No. C 297, 24.11.1986
- 24 Doc. B 2-1060/86
- 25 Doc. B 2-1053/86, B 2-1077/86, B 2-1088/86
- 26 Doc. B 2-191/87, OJ No. C 125, 11.5.1987
- 27 Doc. A 2.47/87, OJ No. 156, 15.6.1987
- 28 Doc. A 2-154/86, OJ No. C 46, 23.2.1987
- 29 Doc. A 2-140/86, OJ No. C 297. 24.11.1986
- 30 Doc. A 2-58/86
- 31 Doc. A 2-57/86, A 2-83/86, OJ No. C 255, 13.10.1986
- 32 Doc. A 2-44/87



THE PROTECTION OF FUNDAMENTAL RIGHTS IN THE COMMUNITY  
AND IN THE WORLD

The provisions of the Community Treaties on the advisory and supervisory powers of the European Parliament form the basis of Parliament's continuing activities for the protection of the fundamental rights of individuals both within and outside the Community<sup>1</sup>.

The role of representatives of the peoples of the Community conferred by the Treaties on the Members of the European Parliament took on a new dimension after 1979 and 1984, the years in which the first two elections by direct universal suffrage were held.

The results which can be obtained within the Community are more substantial owing to the transfer to the latter of some national powers and to the democratic system of the Member States.

On the other hand, where there have been violations outside the Community, the legal conditions necessary for effective action by the European Parliament do not prevail.

However, because of the moral weight and importance of the Community as an economic and political bloc, Parliament's action often achieves concrete results even in such cases.

The dual nature of this de facto and de jure situation explains why, within the European Parliament, violations of human rights within the Community come within the terms of reference of the Committee on Legal Affairs and Citizens' Rights whilst violations which have taken place outside the Community come within the terms of reference of the Political Affairs Committee.



After direct elections in June 1984, the enlarged Bureau of the European Parliament authorized the Political Affairs Committee on 27 September 1984 to set up a Subcommittee on Human Rights with the special task of investigating violations of human rights outside the Community and reporting on them in detail to the Political Affairs Committee.

It should be remembered that the European Council in Luxembourg (January 1986), when adopting the Single Act decided that it should be prefaced by a preamble stating, among other things, that the Member States and institutions of the EEC are determined to work together to promote democracy on the basis of the fundamental rights recognized in the constitutions and laws of the Member States, the Convention for the Protection of Human Rights and Fundamental Freedoms and the European Social Charter.

On 21 July 1986<sup>2</sup>, the Foreign Ministers meeting in political cooperation issued a statement on human rights which emphasized, inter alia, that expressions of concern of violations of such rights cannot be considered as interference in the internal affairs of a State and that the Twelve will continue action within the framework of European political cooperation against such violations in any part of the world. They also declared that lasting peace and security were unattainable without universal enjoyment of human rights.

On 27 May 1986, the Dutch Foreign Minister Mr van den BROEK, in his role as President-in-Office of the Council submitted a Memorandum on action taken in the framework of European political cooperation in the field of human rights from 1981 to May 1986, on the occasion of the quarterly Colloquy with the Political Affairs Committee of the European Parliament<sup>3</sup>.

Along the same lines, on 25 May 1987 the Belgian Minister Mr Tindemans presented a Memorandum during the Belgian presidency which updates the information contained in the van den Broek document and records the efforts made by the Twelve during the period June 1986 - May 1987 to promote and safeguard human rights and fundamental freedoms.

<sup>1</sup>Article 20 of the Treaty establishing the ECSC, Article 137 of the Treaty establishing the EEC, Article 107 of the Treaty establishing the EAEC

<sup>2</sup>Cf Bulletin of the European Communities No. 7/8 1986

<sup>3</sup>See Annex IV to the Report on human rights in the world for the year 1985-1986 and Community policy on human rights  
- Doc. A 2-208/86 of 19.1.1987 - Series A - PE 107.484/fin.



THE PROTECTION OF HUMAN RIGHTS WITHIN THE COMMUNITY

Unlike most of the Member States' constitutions, the treaties establishing the European Communities do not provide for systematic protection of the citizen's fundamental rights.

They simply require recognition of certain 'practical' rights, as a corollary to the measures taken for the attainment of the common market. For example, the EEC Treaty prohibits discrimination on grounds of nationality (Articles 7, 40, 45, 79 and 95) and establishes the right of freedom of movement and the right to social security benefits (Article 48 et seq.), the right of establishment (Article 52 et seq.), the right of freedom to provide services (Article 59 et seq.) and the right to equal pay for men and women (Article 119). Article 220 provides that negotiations may be opened within the Community with a view to securing 'the protection of persons and the enjoyment and protection of rights under the same conditions as those accorded by each State to its nationals'. And finally, Article 222 refers to the right to own property.

Notwithstanding the omissions to be found in the Community treaties, fundamental rights have been fully incorporated into the Community legal system by virtue of the case-law of the Court of Justice and the regulations introduced by the Community institutions. In this context, it is significant that certain legislative acts have broadened the scope of a number of treaty provisions. For instance, Directive 76/207/EEC on equal treatment for men and women on the basis of Article 119 of the EEC Treaty provides for such treatment to be applied not only in terms of pay but with regard to all conditions of work<sup>1</sup>.

The European Parliament has made an effective contribution to this positive development, either through its opinions on the Commission's legislative proposals or by means of own-initiative reports and measures of various kinds<sup>2</sup>.

During the reference period (July 1986 - June 1987), Parliament continued its activities in defence of the rights of the individual, working both at the institutional and at an individual level.

The first point to be made is that, with a view to enhancing the effectiveness of its activities in defence of citizens' rights, Parliament decided, on 21 January 1987, to set up a 28-member committee with the sole task of examining the petitions addressed to it<sup>3</sup>.

As for the resolutions adopted during the reference period, the following, which were approved at the June 1987 part-session<sup>4</sup>, deserve special mention:

- the resolution of 16 June on shelter for the homeless in the European Community, which, inter alia, calls for the right to be housed to be guaranteed by legislation and recognized by the Member States as a fundamental right;
- the resolution of 16 June on child labour, in which, in addition to calling for measures to prevent the exploitation of child labour, Parliament demands that steps be taken to ensure that the right to education and vocational training can be exercised in practice;
- the resolution of 17 June on the strategy of the European Parliament for achieving European Union, in which it is affirmed that the Union offers the most effective means of promoting freedom, democracy and human rights and that it must be possible for Community citizens to participate in its creation;
- the resolution of 18 June on the incompatibility with human rights of the asylum policy of certain Member States; and
- the resolution of 18 June on the growing number of crimes connected with fascism, racism and xenophobia in Community countries.

Numerous questions were also put to the Commission and the Council on the matter in hand. As a more or less complete list would take up too much space, we shall simply draw attention to the following:

- Written Question No. 1650/86 to the Commission on the situation of conscientious objectors in Belgium<sup>5</sup>;
- Written Question No. 2854/86 to the Council on immigration policy;<sup>6</sup> and
- Written Question No. 2875/86 to the Council on shortcomings of the right of residence of nationals of Member States<sup>7</sup>.

To conclude this brief résumé of the activities of the European Parliament during the twelve months in question, we would point out that the Committee on Legal Affairs and Citizens' Rights is preparing a number of key reports on the protection of fundamental individual rights. These include a report on the ethical and legal problems raised by genetic engineering, a report on a Community Charter on Ethnic Groups, a report on measures to combat terrorism and, lastly, a report on the proposal for a directive concerning the pursuit of broadcasting activities<sup>8</sup>.

<sup>1</sup>0J No. L 39/76

<sup>2</sup>A brief account of the action so far taken by the European Parliament to protect individual rights is to be found in the fact sheets on the European Parliament and the activities of the European Community which are published and periodically updated by the Directorate-General for Research.

<sup>3</sup>0J No. C 46, 23.2.1987

<sup>4</sup>0J No. C 190, 20.7.1987

<sup>5</sup>0J No. C 133, 18.5.1987

<sup>6</sup>0J No. C 149, 9.6.1987

<sup>7</sup>0J No. C 117, 4.4.1987

<sup>8</sup>0J No. C 179, 17.7.1986

PROTECTION OF HUMAN RIGHTS IN THE WORLD

In recent years the European Parliament has devoted a large part of its activities to problems linked to respect for human rights and has begun to attract the interest of public opinion and the mass media.

Thanks to its debates, the positions it has adopted, its resolutions, the oral and written questions tabled by its Members, its fact-finding missions, the delegations it has sent, its topical and urgent debates, its public hearings and the general measures it has taken to protect individual rights, it has succeeded in establishing an excellent reputation in this field.

Right from its constituent sitting in July 1984 the European Parliament has stepped up its action to defend human rights, condemning the most blatant and serious violations and putting forward proposals for more effective protection of these rights.

Subjects for topical and urgent debate between July 1986 and June 1987 included:

- a large number of resolutions on the situation with regard to human rights in Chile, including one tabled by various political groups<sup>1</sup> and adopted on 9 April 1987, in which the European Parliament welcomes the fact that the Pope was visiting Chile in the name of the restoration of democracy and human rights and refers back to all its previous resolutions calling for a return to democracy in Chile and requests that all political prisoners be released, condemning in particular the unjust and illegal sentence of banishment passed on Mr ALMEYDA. It also calls upon the Council of Ministers of the European Communities and the Foreign



Ministers meeting in political cooperation to back the democratic and non-violent opposition to the Pinochet regime, so that Chile might regain its image of a democratic

and civilized country, which thirteen years of military dictatorship had destroyed, by reintroducing free elections held by secret ballot and restoring fundamental freedoms and human rights;

- a resolution on the death sentence passed on Paula Cooper<sup>2</sup> in the State of Indiana (USA), tabled by Members from almost all the political groups, in which the European Parliament takes up the case of Paula COOPER who was found guilty of a crime committed when she was 15, was sentenced to death and is now being held in the women's section of Indianapolis prison until she reaches the age of majority and can be executed. Parliament recalls the other occasions on which it had spoken out against the death penalty (including the resolution of 18 June 1981)<sup>3</sup> and calls upon the competent authorities of the United States to revise the law governing the liability for punishment of minors and, in the meantime, to suspend the execution of all death sentences.

Many individual pleas for clemency have been sent to the Governor of Indiana. During the meeting of the Subcommittee on Human Rights in Rome on 24 March 1987, the Belgian chairman Mr De Gucht wrote to the Governor requesting that the death penalty be commuted to a term of imprisonment.

A letter to the same effect was also sent in April 1987 by Commissioner RIPA de MEANA, who spoke on this matter during the plenary sitting on 14 May 1987.

Behind the scenes at the Venice Summit of 8 to 10 June 1987, Mrs Maria Pia FANFANI, wife of the Italian caretaker Prime Minister, handed over to Nancy REAGAN, wife of the US President, a request for mercy for Paula COOPER and told her of the large number of actions on the condemned girl's behalf in Italy and in the European institutions;

- the resolution on the situation of Jews in the Soviet Union<sup>4</sup> adopted on 19 February 1987;
- the resolution on the situation of Jews in Lebanon<sup>5</sup> adopted on 19 February 1987;
- the resolution on the situation of Jews in Syria<sup>6</sup>, adopted on 9 April 1987.

In its resolution on human rights in the Soviet Union<sup>7</sup>, adopted on 9 April 1987, the European Parliament refers to the more than 382 000 Soviet Jewish 'refuseniks' who have expressed a desire to emigrate to Israel and the tens of thousands who have been refused exit visas, and expresses its concern for the plight of Alexis MAGARIK and Julian EDELSTEIN who are being held on false charges, and of Ida NUDEL, who has been interned for many years, and calls upon the Foreign Ministers meeting in political cooperation to insist on the full observance of the provisions of the Helsinki Final Act, according to which people who wish to leave their own countries must be entitled to do so.

During the April part-session various events to manifest solidarity with the 'refuseniks' were held on the premises of the European Parliament in Strasbourg.

A press conference was held with Nathan SHARANSKY, who met the President of the European Parliament, Lord Plumb of Coleshill.

Resolutions for topical and urgent debate on special or individual cases of violations of human rights include the following:

- on the detention and torture of children in Iraq, of 9 April 1987 ;<sup>8</sup>
- on the conviction in South Africa of the French development assistance worker P.-A. Albertini, of 9 April 1987<sup>9</sup> and 11 December 1986<sup>10</sup>;

- on the situation of 14 political prisoners in Chile, of 14 May 1987<sup>11</sup>;
- on the fate of the family of General Oufkir and hundreds of missing persons in Morocco, of 14 May 1987<sup>12</sup>;
- on the imprisonment of children in South Africa, of 12 March 1987<sup>13</sup>;
- on the continuing imprisonment of Anatoly Koryagin, of 11 December 1986<sup>14</sup>.

There have been a number of resolutions condemning serious violations of human rights in:

- Indonesia: resolutions adopted on 9 October 1986<sup>15</sup>;
- various countries in Central and South America<sup>16</sup>;
- Nicaragua<sup>17</sup>;
- Guatemala<sup>18</sup>;
- Peru<sup>19</sup>;
- Uganda<sup>20</sup>;
- Zaire<sup>21</sup>;
- Lebanon<sup>22</sup>;

During the period under consideration more than 60 resolutions concerning violations of human rights stricto sensu throughout the world were adopted during topical and urgent debates (Rule 64 of the Parliament's Rules of Procedure).

An enormous number of written and oral questions and questions for Question Time were put by Members to the Council and to the Foreign Ministers meeting in political cooperation on problems relating to violations of human rights throughout the world.

During the same period Members have tabled nearly one hundred motions for resolutions under Rule 63(1) of the Rules of Procedure and submitted 14 motions for written declarations under Rule 65.

So far we have covered urgent resolutions, written declarations and briefly touched on the frequent use of the other instruments available to Members of the European Parliament for the purpose of making the general public and the governments responsible aware of the problems and of remedying, or at least condemning, flagrant violations of human rights in the world.

We now come to the resolution and report by Mr GUIMON UGARTECHEA (EPP, Sp.) on human rights in the world for the year 1985-1986 and Community policy on human rights, adopted on 12 March 1987<sup>23</sup>.

In adopting this report the European Parliament demonstrated its concern at the persistency of violations of human rights - according to reliable sources, they are 'flagrant and systematic and are condoned or practised by the governments' of more than 50 countries or by 'their agents'.

Among the most serious negative developments in the period 1985/86 the European Parliament noted:

1. The disregard for human suffering and the brutal methods used by armed forces in Afghanistan, Latin America, the Horn of Africa, the Gulf, Lebanon, Indonesia and East Timor;
2. The manifest increase in extrajudicial executions;
3. The intensity of conflicts between different communities and the oppression of minority and indigenous groups;
4. Large numbers of displaced persons and refugees, in particular in Latin America and Ethiopia, which has pursued a policy of removal by force in order to resettle the population;
5. The reduction in the number of exit visas issued by the USSR and the repressive measures used against certain groups in some Eastern European countries.

The resolution also affirms that the right to life should be the first right guaranteed to every human being.

Moreover, the European Parliament considers that respect for human rights can only be one and indivisible and that it is one of its specific tasks to promote this respect both inside and outside the EEC; that its own activities in the field of human rights must be better coordinated; and that the most appropriate way of doing this would be to set up a parliamentary committee on human rights and increase the number of staff working in the Human Rights Unit of the Parliament Secretariat.

Various aspects of the human rights issue are also dealt within the following reports:

- on the situation in Poland, drawn up on behalf of the Political Affairs Committee by Mr J. GAWRONSKI and adopted on 11 December 1986 (OJ No. C 7, 12.1.1987, p. 102);
- on the situation in southern Africa and prospects for the future, drawn up on behalf of the Political Affairs Committee by its chairman, Mr FORMIGONI and adopted on 10 July 1986 (OJ No. C 227, 8.9.1986).

In addition to the instruments available to Members under the Rules of Procedure, there has been an increasing number of initiatives and statements in defence of the rights of the individual throughout the world by the President of the European Parliament, the chairman of the Political Affairs Committee, the chairman of the Subcommittee on Human Rights and, in general, by all political groups and Members of the European Parliament.

- 1 Resolution adopted on 9.4.1987 - OJ No. C 125, 11.5.1987
- 2 Resolution adopted on 14.5.1987 - Minutes of 14.5.1987
- 3 Resolution adopted on 18.6.1981 - OJ No. C 172, 13.7.1981, p. 72
- 4 Resolution adopted on 19.2.1987 - OJ No. C 76, 23.3.1987
- 5 Resolution adopted on 19.2.1987 - OJ No. C 76, 23.3.1987
- 6 Resolution adopted on 9.4.1987 - OJ No. C 125, 11.5.1987
- 7 Resolution adopted on 9.4.1987 - OJ No. C 125, 11.5.1987
- 8 Resolution adopted on 9.4.1987 - OJ No. C 125, 11.5.1987
- 9 Resolution adopted on 9.4.1987 - OJ No. C 125, 11.5.1987
- 10 Resolution adopted on 11.12.1986 - OJ No. C 7, 12.1.1987
- 11 Resolution adopted on 14.5.1987 - Minutes of 14.5.1987
- 12 Resolution adopted on 14.5.1987 - Minutes of 14.5.1987
- 13 Resolution adopted on 12.3.1987 - OJ No. C 99, 13.4.1987
- 14 Resolution adopted on 11.12.1986 - OJ No. C 7, 12.1.1987
- 15 OJ No. C 283, 10.11.1986, p. 70
- 16 OJ No. C 283, 10.11.1986, p. 73
- 17 Resolution adopted on 10.7.1986 - OJ No. C 227, 8.9.1986, p. 121
- 18 Resolution adopted on 9.10.1986 - OJ No. C 283, 10.11.1986, p. 72
- 19 Resolution adopted on 9.10.1986 - OJ No. C 283, 10.11.1986, p. 122
- 20 Resolution adopted on 23.10.1986 - OJ No. C 297, 24.11.1986, p. 129
- 21 Resolution adopted on 23.10.1986 - OJ No. C 297, 24.11.1986, p. 130
- 22 Various resolutions adopted on 11.12.1986 - See OJ No. C 7 of 12.1.1987; also on 19.2.1987, OJ No. C 76, 23.3.1987
- 23 See OJ No. C 99, 13.4.1987 - Report, Doc. A 2-208/86



PETITIONS TO THE EUROPEAN PARLIAMENT

1. CRITERIA FOR THE ADMISSIBILITY OF PETITIONS

Petitions submitted to the European Parliament by European Community citizens are now considered by the Committee on Petitions, which was set up on 21 January 1987, whereas they used to come within the terms of reference of the Committee on the Rules of Procedure and Petitions.

A petition may be declared admissible under Rule 128 of the Rules of Procedure as falling within the sphere of activities of the European Communities where its general subject matter concerns or is referred to in acts such as acts adopted in accordance with the Treaties (regulations, directives, decisions or recommendations), the budgets of the European Communities, resolutions of Parliament or Member States' legal acts relating to Community provisions.

II. NEW PETITIONS

More than 300 new petitions were entered in the register in the period under consideration, an increase of more than 40%.

These petitions break down into three broad categories: those which raise a problem in an area covered by Community law and to which it should be possible to find a solution in European law; those which call for a solution at a purely national level and require an approach to the relevant administrative authorities; and those to which there is no answer in either European or national law.

The subject-matter of the petitions submitted to the European Parliament is extremely varied, ranging from protection for sites or the environment to unrestricted rights to social security benefits or to respect for human rights. There are three problems, however, which come up regularly:



(a) Difficulties experienced on importing a motor vehicle:

- Petition 136/86, by Mr and Mrs TYRER, on problems caused by their move to Portugal
- Petition 138/86, by EUREGIO, on exemption from tax on imported vehicles
- Petition 142/86, by Mrs ARVANITIS, on customs clearance and registration fees on a car imported into Greece
- Petition 217/86, by Mr Werner SPIELBERG, on the use of company cars registered in the Federal Republic within the territory of the Netherlands
- Petition 160/85, by Mrs Gabriele PAHL, a German national, on problems with German car export trade plates in France;

(b) The problem of residence rights and the rights which flow therefrom: such rights vary from one State to another, and freedom of movement for individuals applies in full only to workers. Other categories such as students, retired persons or those with no occupation still come up against a wide range of difficulties when they wish to move to a country other than their country of origin:

- Petition 93/85, By Mr BREHM, on course fees paid by foreign students to Belgian universities
- Petition 157/85, by Ms Angela OWENS, on training grants
- Petition 209/85, by Mr SCHMITZ, on hindrance to the freedom of movement in France of foreigners married to French nationals in France
- Petition 232/85, by Mrs CUBIZOLLES, on a French residence permit
- Petition 103/86, by Mrs A.M. LARSEN, on discrimination in Denmark against Danish nationals resident abroad
- Petition 157/86, by Mr SCHMIDT, on the nationality problems of a European family
- Petition 162/86, by the Nationaal Nederlandstalig Verbond Ouderverenigingen Officieel Onderwijs, on discriminatory Belgian Government decisions relating to education.

(c) Difficulties in applying the principle of freedom of movement for travellers, particularly as regards admission to civil service posts in certain Member States, more especially in the educational sphere:

- Petition 51/84, by Mr BRINGS, on removing references to nationality from conditions of recruitment
- Petition 76/84, by Mr FORMENTO, on the situation of non-established teachers in Italy
- Petition 101/85, by Mr HAMEL, on appointment as a college lecturer in Ireland
- Petition 140/85, by Miss GROENER, on discrimination of free movement of employment within the EEC
- Petition 59/86, by Mr RIEDLER, on authorization for a German veterinarian to practise in France
- Petition 153/86, by Mr FARRUGIA, on nationality discrimination in the EEC.

### III. STRENGTHENING THE RIGHT OF PETITION

The desire to extend the right of Community citizens to petition against a Community enactment or with regard to de jure circumstances has been a matter of constant concern to Parliament, with a view to making that right genuinely effective. Thus, for example, on 9 October 1986, Parliament adopted a report<sup>1</sup> on initiatives to strengthen cooperation between the institutions in the examination of petitions submitted to Parliament. In it Parliament asks the Commission to act on the European Council's decisions on a people's Europe and, out of a concern to ensure that the cases submitted to it for consideration in petitions are scrutinized as effectively as possible, asks the Council to give it an assurance of cooperation on the part of the civil services in the Member States, particularly as regards forwarding the information required for the consideration of petitions.

<sup>1</sup> Doc. A 2-74/86: Report by Mr AMADEI

When petitions are considered, the nub of the procedure consists of collecting information on the cases raised and forwarding it to the petitioners. When a petition raises a broader issue, the committee may decide to draw up a report.

This is what was done as regards the position of students in the European Community (rapporteur: Mr ESTGEN) and the many instances of fraud in the property market in Spain (rapporteur: Mr McMILLAN-SCOTT).

The Committee on Petitions has also strengthened its links with existing committees on petitions in the Member States and with the Community arbitrators or ombudsmen who also act as links in the handling of certain petitions examined by Parliament.

In conclusion, Parliament has taken the original step of appointing an arbitrator responsible for acting as an intermediary between the various parties to disputes involving parents living in different States over the right of custody of children. The member concerned is Mrs VAYSSADE, who keeps the Committee on Petitions, the Committee on Women's Rights and the Committee on Legal Affairs and Citizens' Rights up to date on the problems with which she deals.

THE WORRYING INCREASE IN DRUG ABUSE

Over the last ten years consumption of hard drugs, in particular heroin, has increased in an alarming fashion, taking on epidemic proportions. There are now perhaps as many as 1.5 million regular users of this drug in the Community, the majority being young people aged between 17 and 25. This influx of hard drugs has been further speeded up by the considerable increase in amounts of cocaine arriving from South America.

In January 1985, the Parliament authorities granted the request made by a number of MEPs for a committee of inquiry into the drugs problem in the Member States of the Community to be set up. On 11 February 1985, Parliament ratified the mandate of the committee of inquiry, which held its constituent meeting on 8 October 1985.

The committee of inquiry's report was presented and debated during the sittings of 7, 8 and 9 October 1986<sup>1</sup>. In response to this report, Parliament adopted a text in the form of a motion for a resolution which the Council is urged to adopt with a view to taking concerted action to tackle the drugs problem<sup>2</sup>.

A coherent policy to combat drug manufacture and trafficking and develop programmes to prevent abuse and treat addicts falls partly within the Community's terms of reference and partly outside them. The motion for a resolution contains the following proposals for action :

- the organization by the Commission of a European conference to study all the effects and implications of drug use;
- the application of political and economic pressure in an effort to convince producer countries to convert crops away from those needed for drug manufacture;

- strict controls on imports and exports of known chemicals and precursors used in manufacturing illegal drugs;
- use the European Social Fund to promote the reintegration of treated addicts into society;
- the establishment of a Community research and information centre on drugs problems with financial support from the Community;
- adoption of a Community directive on currency transaction reporting in order to deal with the problem of money laundering.

In most cases, these programmes can be integrated into overall Community policies. But they would be ineffective if not accompanied by programmes the development of which is still primarily a national responsibility. The motion for a resolution refers to efforts to combat criminal organizations which are also engaged in arms trafficking and terrorism, the establishment and coordination, in each Member State, of central drugs intelligence agencies, preventive education measures at all levels of society and the improvement of facilities for the rehabilitation and treatment of addicts.

Several Community programmes have already been introduced in response to the wishes expressed in the above motion for a resolution, this despite the differing attitudes of the governments of the Member States, something highlighted by the questionnaire sent out to them by the committee of inquiry. One area of controversy concerns the tolerance, in the Netherlands, of certain drugs regarded as soft<sup>3</sup>.

In November 1986 the Commission submitted a communication to the Council and the European Parliament concerning Community actions to combat the use of illicit drugs<sup>4</sup>. This document deals with the prevention of drug addiction. The fight against drug trafficking was discussed by the TREVI group at its meeting in Brussels in April 1987. Thus prepared, the Community was able to participate successfully in the United Nations' meeting held in Vienna from 17 to 26 June 1987, one of whose principal aims was to improve international cooperation with the aim of stamping out drug trafficking.

COMMITTEE OF INQUIRY INTO THE PROBLEM OF STOCKS  
IN THE AGRICULTURAL SECTOR

According to the Bureau's decision, only one committee of inquiry may operate at a time. When the Committee of Inquiry into the Drugs Problem completed its work, the Bureau therefore authorized the setting up of a committee of inquiry into the problems of stocks in the agricultural sector. The European Parliament, like the public in general, is seriously concerned at trends in agricultural output in relation to demand. The committee's terms of reference may be summed up as:

1. to consider all available means of reducing the level of the existing stocks;
2. to determine the normal level of intervention stocks;
3. to propose measures to restore market balance and to arrive at a normal stock level.

The committee of inquiry met for the first time in December 1986 and should complete its work in October 1987.

It has obtained the opinions of the European institutions (Commission and Court of Auditors), of consumer organizations and of university institutes specializing in the problems of agricultural economy. The committee of inquiry has also met representatives of Europe's principal partner countries and the developing countries. In the various sectors where the problem of surpluses arises, representatives of that sector, producers, consumers and industrialists have been heard.

Finally, the committee of inquiry invited a number of prominent former holders of high office either as ministers in their respective countries or at Community level, such as Mr MANSHOLT, Mr PISANI, Mr VILLAIN and Mr ERTL.

The committee of inquiry held six meetings in all. It spent 40 hours on hearings attended by over 50 organizations. The committee is at present drawing the conclusions from its work, which will not be submitted until late September 1987.

- <sup>1</sup> Doc. A 2-114/86 - Report drawn up on behalf of the Committee of Inquiry into the drugs problem in the Member States of the European Community
- <sup>2</sup> OJ No. C 283, 10.11.1986, p. 79
- <sup>3</sup> Research and Documentation dossier, Environment, Public Health and Consumer Protection Series, No. 9: 'The policy of the Member States of the Community regarding the fight against drugs'
- <sup>4</sup> COM(86) 601 final, 28.11.1986





COMMUNITY ACTION FOR WOMEN

By the summer of 1986, the European Parliament had adopted important resolutions on: single-parent families<sup>1</sup>, violence against women<sup>2</sup> and the situation of women in the developing world<sup>3,4</sup>.

In its major debate on the restructuring of the labour market, the European Parliament adopted a resolution in November 1986 on the problems for women which the restructuring of the labour market would involve<sup>5</sup>.

In this resolution, the European Parliament referred to the undertakings given by the Member States to promote positive action for women, designed to:

- facilitate the acquisition of professional qualifications by women,
- adapt training methods and resources to their needs,
- reform organizational structures and working hours.

Furthermore, Parliament regretted the fact that the Council had still not adopted the directive concerning parental leave which would encourage a fairer division of family responsibilities.

The European Parliament also noted that, owing to their vulnerable position on the labour market, women were more apt than men to accept irregular kinds of employment, such as work at home or on special contracts and it expressed the view that women must be given better opportunities to integrate into the regular job market, so that they are not compelled to accept work contracts under which they have little or no legal protection.

There was also need for measures to improve the legal position of part-time or temporary workers by establishing collective agreements for temporary employment and home working and by making contracts which do not stipulate the working hours illegal.

The European Parliament attaches very considerable importance to education and training as a means of attaining the objective of equal opportunities for women, particularly in the field of the new technologies.

The Committee on Women's Rights met in West Berlin in May 1987. It held particularly useful talks with various representatives of associations of migrant women working in the city and with Mrs John, the member of the Berlin Senate with responsibility for migrants and their problems. The committee listened with great interest to Mrs John who stressed the importance of efforts being made to secure equal treatment before the law for German citizens and foreigners, at both the state and federal levels in the FRG.

Interest was all the keener because the Committee on Women's Rights is drawing up a report on the problems facing migrant women workers in the European Community.

The reports on the place of women in the media and the resumption by women of their careers, which are to be submitted to the European Parliament at a forthcoming part-session were also considered in Berlin.

Discussion then turned to measures to encourage self-employment for women in the Berlin area. This matter was covered by Mrs Carole von Braun, another member of the Berlin Senate and 'ombudsman' for women's affairs.

The Berlin administration is currently working on a project, drawn up in cooperation with CEDEFOP (European Centre for the Development of Vocational Training) to encourage the employment of women in small and medium-sized undertakings. Finance is provided in an original way with help from newly-constituted groups, such as the GOLDRAUSCH group, which is run by women.

At its June 1987 part-session, the European Parliament adopted a resolution on the situation of women in the Community institutions which was tabled by Mrs VAN DEN HEUVEL on behalf of the Committee on Women's Rights<sup>7</sup>.

In this resolution, the European parliament notes the fact that it is actually more difficult for women to advance to higher positions in the European Communities which are supposed to provide the spur to progressive legislation in the Member States. To remedy this situation, the European Parliament calls for a programme of positive action, to raise awareness of the problem among officials responsible for staff policy and for professional training for women employed in the institutions. It also calls on the Committee on Women's Rights to submit an annual report on the progress made towards achieving equality of men and women.

### The Court of Justice

In connection with cases referred to it for preliminary or final rulings, the Court gave some important pronouncements on the question of equal treatment during the year:

- on 4 December 1986, in Case 71/85 (State of the Netherlands v. Federatie Nederlandse Vakbeweging), the Court ruled that Article 4(1) of Council Directive 79/7/EEC of 19 December 1978 prohibiting all discrimination on grounds of sex in matters of social security could be invoked as from 23 December 1984 in order to preclude the application of any national provision inconsistent with that article. In the absence of measures implementing that article, women were entitled to be treated in the same way and have the same rules applied to them as men who were in the same situation and, where the said Directive had not been implemented, those rules remained the only valid point of reference. Furthermore, a Member State might not invoke its discretion with regard to the choice of ways of implementing the principle of equal treatment in the field of social security laid down in Directive 79/7/EEC in order to deny all effect to Article 4(1) thereof, which might be invoked in legal proceedings even though the said Directive had not been implemented as a whole.

- on 24 March 1987, in Case 286/85 (MacDermott and Cotter v. Minister for Social Welfare and Attorney General), the Court ruled that, where Council Directive 79/7 had not been implemented, Article 4(1) of the Directive could be invoked as from 23 December 1984 in order to preclude the application of any national provision inconsistent with it.

Similarly, the Court again affirmed that, where the directive had not been implemented, the only valid point of reference remained the rules applying to men who were in the same situation.

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<sup>1</sup> OJ No. C 227, 8.9.1986

<sup>2</sup> OJ No. C 148, 16.6.1986

<sup>3</sup> as above

<sup>4</sup> see 'Progress of European Integration' - July 1985 - June 1986  
(PE 106.100)

<sup>5</sup> OJ No. C 322, 15.12.1986

<sup>6</sup> COM(84) 234

<sup>7</sup> Minutes of sitting of 18.6.1987 (PE 114.764)

BUDGETARY MATTERS

The financial crisis in the EC has now assumed such proportions that it is predicted that the Community will be insolvent by autumn 1987 if no radical solutions are found to the problem of future financing and the reform of the Common Agricultural Policy. Faced with a budget deficit for 1987 which the Commission now puts at a full 5 billion ECU<sup>1</sup>, Mr DELORS, President of the Commission, repeated to the European Parliament in May 1987 the statement he had already made in a letter to the Heads of Government and Finance Ministers of the Member States that, as of July 1987, the Commission intended to reduce farm spending by 30% and expenditure on the structural funds by 50%<sup>2</sup>. In order to resolve the crisis, the Commission has proposed a new finance system for the EC and put forward a package of proposals on the funding of agriculture.

The 1986 budget procedure was overshadowed by the judgment on the 1986 budget handed down by the Court of Justice of the European Communities on 3 July 1986. As briefly outlined in the last report, the Court of Justice had declared the final adoption of the 1986 budget null and void whereupon, under a rapid procedure, and after the Council had considerably increased payment appropriations, the 1986 budget was finally adopted on 10 July 1986. However, the consequences of the judgment immediately became clear during the procedure to draw up the 1987 budget, which was not adopted on schedule in December 1986, so that at the beginning of 1987 the Community was once again forced to work on the basis of provisional twelfths.

1. 1986 Budget - Judgment of the Court of Justice of the EEC

As already noted in the last report, the Council and several Member States brought an action before the Court of Justice of

the European Communities against the final adoption of the budget approved by Parliament on 13 December 1985 and signed, and thus established, by the President of Parliament on 18 December 1985. The main point at issue in the case was the application for the partial annulment of the budget on the grounds that in approving the budget on 13 December, Parliament had overstepped the powers conferred on it by the Treaty by including in the budget additional funds exceeding the maximum rate fixed under Article 203(9) of the EEC Treaty. The Council took the view that if no agreement could be reached on an increase in the maximum rate, then its own most recent stand on the budget must be final.

The Court of Justice did not endorse this view in its decision of 3 July 1986<sup>3</sup>. Instead, in Paragraph 34 of its decision it states, with reference to the fifth subparagraph of Article 203(9), that the Council and Parliament must come to an agreement on an increase in the maximum rate. This agreement must be explicit, because 'in view of the importance of such an agreement, which confers on the two institutions, acting in concert, the freedom to increase the appropriations in respect of non-compulsory expenditure in excess of the rate declared by the Commission, that agreement may not be inferred on the basis of the presumed intention of one or other of those institutions.'

As no such explicit agreement had been reached between the two arms of the budgetary authority in December, the Court of Justice comes to the conclusion in Paragraph 39 'that the act of the President of the Parliament of 18 December 1985 whereby he declared the budget for 1986 finally adopted occurred at a time when the budgetary procedure was not yet completed for want of an agreement between the two institutions concerned on the figures to be adopted for the new maximum rate of increase. That act is therefore vitiated by illegality.' On these grounds the Court of Justice declared the act of the President of Parliament in declaring the budget finally adopted null and void.

The grounds for the decision are centred around the basic tenet that the Council and Parliament constitute the two arms of the budgetary authority and that there can be no budget without agreement between the two. Thus, in Paragraph 38 the Court of Justice notes: 'the determination of the exigencies posed, for the budget of the Communities, by special situations ... is not a matter for the Court but for the Council and Parliament, acting in concert'. Likewise, in Paragraph 42 it observes that: 'although it is incumbent on the Court to ensure that the institutions which make up the budgetary authority keep within the limits of their powers, it may not intervene in the process of negotiation between the Council and the Parliament which must result, with due regard for those limits, in the establishment of the general budget of the Communities. Finally, the Court states in Paragraph 47 that it is for the Council and the Parliament to take the measures necessary to comply with this judgment and to resume the budgetary procedure at the very point at which the Parliament, at its second reading, increased the appropriations in respect of non-compulsory expenditure beyond the maximum rate of increase fixed by the Commission and without having come to an agreement with the Council on the figure for a new rate.

The final important point to be stressed in this judgment is that the Court confers independent and binding legal force on the legal act of the President of Parliament in declaring, pursuant to Article 203(7) of the EEC Treaty, that the budget is finally adopted. In Paragraph 8 it recognizes that: 'it is the President of the Parliament who formally declares that the budgetary procedure has been brought to a close by the final adoption of the budget and thus endows the budget with binding force vis-à-vis the institutions and the Member States. In exercising that function, the President of the Parliament intervenes by means of a separate legal act of an objective nature at the conclusion of a procedure characterized by the joint action of various institutions.'



- 1986 budget

As already noted in the last report, after the judgment had been handed down the Council declared itself willing to accept, on the basis of a letter of amendment by the Commission, a 2 400 billion ECU increase in payment appropriations (+ 1 800 billion by comparison with the budget adopted by Parliament in December 1985). As a result, Parliament was able to adopt the 1986 budget on 10 July 1986<sup>4</sup> with expenditure totalling 36 052 billion ECU in commitment appropriations and 35 174 billion ECU in payment appropriations.

- Supplementary budget for 1986

In view of the likely deficit in the 1986 budget resulting from lower revenue in the 1986 financial year and higher expenditure in the agricultural sector, in summer 1986 the Commission submitted preliminary draft supplementary and amending budget No. 1/86. This was, however, not approved by the Council, which instead adopted a declaration calling on the Commission to ensure that expenditure was reduced sufficiently to achieve a balanced budget. The European Parliament was requested to endorse this declaration. In response, on 24 October 1986 the European Parliament adopted a resolution<sup>5</sup> pointing out to the Commission that it is alone responsible for implementing the budget within the limit of the allotted appropriations and that even if invited to do so by one of the arms of the budgetary authority, it is not for the Commission to decide not to implement the budgetary decisions it is responsible for enforcing. In addition, Parliament refused to endorse the Council's unilateral declaration calling on the Commission not to implement the appropriations allotted in order to reduce expenditure. Instead, it called on the Council to draw up, on the basis of the preliminary draft submitted by the Commission, a draft amending budget, and called on the Commission to implement the budget as adopted. Parliament drew attention to the fact that at least since 1984, the Community has not had

the financial autonomy that own resources were intended to create and called, therefore, on the Commission and the Council to speed up their work on the future financing of the Community as much as possible.

As the Council could not reach agreement on the submission of a supplementary budget for 1986, a shortfall of 820 million ECU had to be carried forward from the 1986 financial year to the 1987 financial year. (For the budget deficit see below, point 3.)

## 2. 1987 budget

The Council submitted the draft 1987 budget on 9 September 1986. This provided for 36 944 million ECU in commitment appropriations and 35 945 million ECU in payment appropriations, thus 1 098 million ECU and 730 million ECU respectively less than the Commission's preliminary draft. In the very first debate in Parliament this departure from the Commission proposals was criticized, and particular stress was laid on the fact that these reductions primarily affected the areas of research and the development of high technology and development policy. During the first reading in Parliament the problems of financing Community agriculture policy immediately became a focus of debate, along with the promotion of research in accordance with the provisions of the Single European Act and the need for an ongoing development policy. As a result of the first reading, on 13 November 1986<sup>6</sup> Parliament increased commitment appropriations by 3 057 million ECU and payment appropriations by 2 512.8 million ECU, thus largely restoring the funds for the areas of research and development aid provided for in the Commission preliminary draft. With regard to the agricultural sector, Parliament proposed measures to rationalize certain agricultural markets, namely a 5% cut in milk quotas and a 15% reduction in the intervention price for beef and, as a measure designed to cut back agricultural surpluses, the establishment of a new budget heading 293 on the basis of Article 200 of the EEC

Treaty, with an appropriation of 2 500 million ECU to be financed by contributions from the ten Member States with the exception of Spain and Portugal.

The draft budget approved by the Council at its second reading thus contained appropriation commitments totalling 37 406 million ECU and payment appropriations totalling 36 247 million ECU. The Council had therefore introduced significant increases over its first draft, but they still fell well short of those proposed by Parliament. With regard to the proposed measures in the agricultural sector, the Council had done no more than agree to a new Article 293 'Measures to be taken following a re-examination, with a view to a reduction of production surpluses and accumulated stocks' with a token entry (p.m.). With regard to non-compulsory expenditure, during the second reading the problem of the classification of various budget items, on which the Council and Parliament had still not reached agreement, came to a head. According to Parliament's classification, the increases it had introduced fell within the pre-set maximum rate of increase. In the Council's view, however, Parliament had already exceeded this maximum rate at its first reading and at the second reading Parliament had no margin for manoeuvre left for commitment appropriations and one of only 62 million ECU for payment appropriations. Equally important in the conciliation negotiations between the Council and the Parliament delegation during the December part-session was Parliament's demand that the maximum rate, which was insufficient on the basis of the Council's calculations, be increased. The Council, however, could not agree to this. Parliament then decided, on 11 December 1986, to increase the commitment appropriations and payment appropriations by 186.3 million ECU and 151.1 million ECU respectively in comparison to the draft budget approved by the Council at second reading. These increases thus clearly exceeded the maximum rate calculated on the basis of the Council's views on classification. The draft budget passed in this form by Parliament contained expenditure

totalling 37 601 million ECU in commitment appropriations and 36 407 million ECU in payment appropriations. In its corresponding resolution<sup>7</sup>, Parliament stressed that:

- the provisions for the financing of EAGGF Guarantee expenditure in 1987 will be wholly inadequate in view of the certainty of a substantial deficit which is likely to run to 4 billion ECU for 1987, with the result that virtually all the increased own resources which would flow from an increase in the VAT ceiling from 1.4% to 1.6% would already be exhausted, even though these calculations do not even take into account the undepreciated burden of agricultural stocks, which cost around 4 billion ECU a year;
- that reform of the CAP, notably in the dairy sector, is essential as are quota cuts coupled with compensation for farmers, taking special account of the needs of farmers suffering particular disadvantage;
- that a positive judgment on the inclusion of a new Article 293 depends upon the Council's being prepared to make use of this line for meaningful stock disposal programmes in the draft supplementary budget for 1987 and securing the funds needed for the programmes;
- that it regards its amendments as being within the maximum rate but notes that there is disagreement between the two arms of the budgetary authority on this question; invites, therefore, the Council to agree, on the basis of its view on classification, to the increase in the maximum rate which corresponds to Parliament's amendments.

As a consequence of the Court judgment on the 1986 budget, the Council and Parliament now shared the view that the budgetary procedure for the 1987 financial year had to be regarded as incomplete as the two arms of the budgetary authority could not agree on an increase in the maximum rate for non-compulsory

expenditure. As on 1 January 1987 no budget for 1987 had been adopted and established, the system of provisional twelfths came into force.

In accordance with the joint declaration of 30 June 1982<sup>8</sup>, on 9 January 1987 the Commission presented a 'Rectifying Letter to enable the budgetary authority to complete the 1987 procedure'<sup>9</sup>. The document pointed out first of all that the decisions taken by the Council (Agriculture) at its meeting from 8 to 16 December 1986 would have a substantial impact on the foreseeable amount of the actual EAGGF Guarantee expenditure in 1987. However, the appropriations entered in the budget for this sector would not cover all requirements in 1987. The Commission then announced various measures to deal with the problem, such as the transfer of appropriations during the financial year, proposals to cover all requirements in 1987 and details on the new budget Article 293 on the reduction of production surpluses and accumulated stocks. With regard to non-compulsory expenditure, it proposed that a negative reserve of roughly 88.9 million ECU in payment appropriations be entered in Chapter 100 to cover the amount beyond the maximum rate of increase entered by Parliament. As regards commitment appropriations, on which Parliament, according to Council calculations, had exceeded the maximum rate of increase by 185 862 million ECU, the Commission proposed an increase in the maximum rate of increase to 8.75% (= 62.2 million ECU) and the inclusion of the balance of 21.67 million ECU in a negative reserve in Chapter 100.

Although the Council, at its meeting of 16/17 January, was still unable to reach agreement on a practical proposal for a solution, it did intimate that it was leaning towards a solution on the lines of the Commission's rectifying letter. Parliament reacted to this in its resolution of 21 January 1987<sup>10</sup>, welcoming the response of the Council to Parliament's initiatives and its decisions on measures for reducing agricultural surpluses and stocks. In this resolution Parliament indicated that this

progress enabled it to consider the Commission's rectifying letter as the basis of a settlement on the 1987 budget and invited the Council to submit corresponding proposals.

At a meeting of 13 February 1987 the Council was finally able to reach agreement on a compromise on the basis of the rectifying letter. In so doing it accepted the Commission proposals for the agricultural sector and promised, in particular, to come to a decision on the Commission proposals as soon as possible. With regard to non-compulsory expenditure, it accepted the inclusion of a negative reserve in payment appropriations of the amount proposed by the Commission, but not in the case of commitment appropriations, where it would accept no more than an additional 4.7 million ECU, the remaining 181.1 million ECU to be included in a negative reserve in Chapter 100. This enabled the Council to announce that the maximum rate, which is traditionally given only to the first decimal place, still remained at 8.1%. However, through the increase in commitment appropriations the arithmetical value of the maximum rate now stands at 8.1499%.

At its session of 19 February 1987 Parliament approved this proposal, for, in the words of the resolution<sup>11</sup> adopted on the same day, it considered it essential for the Community to be provided with a budget so as to prepare the way for the urgent debate on the future financing of the Community. At the same time, Parliament noted with satisfaction, in relation to non-compulsory expenditure, that the Council had endorsed the amendments adopted by the Parliament at its second reading in December and observed that the Council had increased the maximum rate for commitments according to its classification from 8.1% to 8.1499% and accepted this as a pragmatic means of reaching an agreed budget for 1987. With regard to the negative reserve, Parliament agreed with the understanding that all non-compulsory appropriations were eligible for the reserve and that the Parliament had the right to exercise control over the appropriations to be used to liquidate that reserve on the basis of monthly reports from the Commission.

At the same time, it expressed its opinion that the budgetary crisis facing the Community would not be solved by the use of such measures. The Council was invited to transfer adequate funds to Article 293 in order to pursue the efforts needed to reduce agricultural stocks and prevent their reaccumulation.

Finally, it insisted that the budget presented to Parliament was inadequate to cover the foreseeable needs of the Community in 1987 and underlined the duty of the Council to take steps in accordance with Article 199 of the Treaty to ensure that revenue and expenditure balanced in 1987.

Thus, in February 1987, the EC had a duly adopted budget for 1987 containing commitment appropriations totalling 37 414 m ECU and payment appropriations totalling 36 313 m ECU.

### 3. 1987 budget deficit - supplementary budget 1987

As was already clear when the 1987 budgetary procedure was concluded, and as stressed by the European Parliament in its resolution of 19 February 1987, the appropriations included in the 1987 budget are inadequate to meet the needs of the Community in 1987. As various Commission statements and Parliament calculations made during the budgetary procedure had concurred in putting this deficit at at least 4 bn ECU, on 13 April 1987 the Commission sent the budgetary authority and the Member States an aide-memoire on the 1987 Budget Situation<sup>12</sup>, in which the likely overall 1987 budget deficit is estimated at 5 080 m ECU. As stated in that document, on 14 May 1987 the Commission submitted the preliminary draft of supplementary and amending budget No. 1/1987<sup>13</sup>, which bases its calculations on a similar level of deficit in 1987. This deficit can be broken down as follows:

- a deficit of 820 m ECU carried forward from the 1986 financial year;

- a shortfall of more than 1 300 m ECU in resources for 1987 from customs duties and agricultural levies, mainly due to the sharp decline of the dollar;
- inadequate EAGGF Guarantee appropriations, the shortfall for 1987 being put at roughly 3 900 m ECU, 1 100 m ECU of which could be saved if the Council adopted the farm price package along with the accompanying measures concerning the tax on vegetable fats.

Under the terms of the Commission proposals, the deficit in the agricultural sector would now be met by switching from the advances system to one whereby the payments actually made by the Member States are reimbursed. This would save the Commission from having to finance in 1987 expenditure by the Member States in the last two months of the year. In addition, all the resources still available this year under the 1.4% VAT ceiling (67 m ECU) would have to be called in; the Commission would provide for the Member States to make a special contribution to cover the remainder of deficit (1 507 m ECU).

At its most recent meeting on 2 June 1987, the Council of Finance Ministers could not reach agreement on the drafting of a supplementary and amending budget, particularly as the Agriculture Ministers had yet to reach agreement on the Commission's farm price proposals. As regards the consequences of a failure to approve the proposed supplementary and amending budget, in its estimate the Commission puts the rate of cover of requirements, on the basis of available appropriations, at 71% for the EAGGF Guarantee and only 50% for the structural funds. If no decision is reached, therefore, by autumn at the latest the Community will no longer be in a position fully to meet its financial obligations.



#### 4. Own resources - future financing of the Community

In view of the deficit, which has widened more rapidly in recent years, between the Community's own resources on one hand and its actual expenditure commitments on the other, and which has been concealed since 1983 only by various emergency solutions (e.g. storage of agricultural products, transfer of appropriations, deferments between commitment appropriations and payment appropriations and additional contributions from the Member States), there is an ever more pressing need for a reform of the EC's own resources system, especially as the Community has taken on new commitments and tasks linked with the Single European Act and the aim of completing the internal market by 1992 which will have serious financial consequences.

As on many occasions in previous years, in a resolution of 23 October 1986 Parliament expressed its views on the future financing of the Community<sup>14</sup>. This resolution urged the Council to open new financial negotiations as soon as possible and called on the Commission to prepare a multiannual reference framework for the period laid down for the completion of the internal market (1987-1992). Parliament deplored the present unbalanced structure of expenditure on the agricultural guarantee policy and advocated a reform of the policy, in order to introduce direct support for small farmers' incomes. The Council was criticized for not having the courage to take the appropriate decisions to bring markets into surplus back into balance. The resolution condemns both the Commission and the Council for not having introduced a proper policy of stock depreciation. The imbalance should be reduced by a substantial increase in the structural funds and the adoption of special pluriannual programmes. The Commission was called upon to consider increasing the Community's own resources by transferring certain national excise taxes to the Community. At the same time, Parliament considers that the Treaties must be revised in order to increase the European Parliament's fiscal powers.

The Commission proposals on the reform of the EC's financing system were announced to Parliament during its February 1987 part-session by Mr DELORS, President of the Commission, and are set out in the Commission Communication of 15 February 1987 entitled 'Making a success of the Single Act: a new frontier for Europe'<sup>15</sup>. In this document the Commission points out:

- that a deficit has existed since 1983 between the budgets as adopted and actual expenditure and that each year the respective VAT ceilings have been exceeded;
  
- that the present own resources system has a key defect, as the basis of the resources is gradually being eroded, and that the decline in the resources available under the present ceiling has a structural character (multilateral tariff reductions, growing Community self-sufficiency in farm products with a corresponding reduction in traditional own resources, VAT base increasing more slowly than economic activity in the Community, because of a decline in the share of consumer expenditure in the GNP, reduction in resources available through the correction mechanism for budget imbalances).

Accordingly, and in order to stabilize and safeguard the financing of the EEC at least until the completion of the internal market in 1992, the Commission proposes the introduction of a new resource in addition to current traditional own resources and VAT to cover the whole of the budget. It is proposed that a ceiling should be set in the form of a 'maximum rate of the compulsory Community levy' fixed by reference to the Community GNP. The Commission proposes that the ceiling on available resources should be set at 1.4% of the Community's GNP, these resources breaking down as follows:

- customs duties;
  
- agricultural levies with certain adjustments;

- VAT revenues which would accrue by a 1% levy on the actual VAT revenues of the Member States;
- a levy on the 'supplementary basis' as additional resources to cover the whole of the budget. This would come from a financial contribution from the Member States obtained by applying a uniform call-in rate to a basis defined as being the difference between the GNP and the actual basis of VAT used for the 1% levy. Alongside this, the Commission proposes measures to strengthen budgetary discipline on the basis of the multiannual 1987-92 estimates and new rules for managing the budget.

In view of the importance of this reform plan, on 11 March 1987 <sup>16</sup> Parliament decided to set up a temporary committee under the chairmanship of its President to draw up a report on the above Commission Communication 'Making a success of the Single Act'. On the basis of the committee's report, on 13 May 1987 Parliament adopted a resolution <sup>17</sup> which sets out the following principles regarding the budget sector:

- the European Council should take full measure of the Community being at the brink of bankruptcy and recognize that the provision of extra own resources is also indispensable because of the new objectives enshrined in the Single European Act;
- the Commission proposal for a budget ceiling of 1.4% of aggregate GNP calculated on a common and controlled basis by 1992 is seen as the first step necessary to provide an adequate and durable basis for the funding of the Community's policies. The Commission is called upon to reflect further and to produce imaginative proposals on possible new resources for which the EC and Parliament, in particular, should have full responsibility;

- budgetary reform will require a multiannual forecasting approach and budgetary discipline. The Council is invited to negotiate with Parliament on a system of budgetary discipline with a view to agreeing annually on a financial envelope;
- Parliament does not accept the imposition of rigid annual ceilings on own resources proposed by the Commission because such a measure would constitute a return to the system of national contributions and would undo progress achieved by the introduction of the own resources system;
- special mechanisms to overcome 'unacceptable situations' (budgetary imbalances: repayments to the United Kingdom and Germany) can be tolerated on a temporary basis, only if they contribute positively to overcoming those situations. The principle of 'juste retour' is rejected because the Community budget only represents a part of the economic benefits derived, particularly by the more prosperous Member States, from economic integration.

#### 5. Budgetary guidelines for 1988

Unlike in previous years, the European Parliament established no guidelines for the 1988 budget, but rather adopted, on 7 April 1987, a 'resolution on the budgetary situation with a view to preparation of the 1988 Community budget'<sup>18</sup>. In this document it is pointed out that the Community has liabilities of the order of 17 billion ECU due mainly to the exhaustion of own resources, the growing financial burden of agricultural stocks and a cutback in payment appropriations for structural measures. It goes on to stress that 1988 will be the first year of effective implementation of the Single Act and the 1988 budget must necessarily reflect the will to make a success of the objectives enshrined therein and that these objectives will be seriously jeopardized even before the Act enters into force unless the budgetary situation, which has already been described as intolerable, is not regularized beforehand.

Parliament takes the view that exact information on a sector by sector basis about the amount of the deficit accumulated and about the means of financing it is a precondition for the proper functioning of the 1988 budgetary procedure and considers it irresponsible to commence that procedure before the Commission has submitted a preliminary draft supplementary budget for 1987.

The Commission is called upon to draw up a plan for clearing the accumulated liabilities and to supplement its multiannual financial forecasts for this purpose by indicating clearly the expenditure relating to the past deficit, that relating to the current financial year and that intended for implementation of the Single Act. Although it accepts the principle of a five-year forecast of Community expenditure submitted by the Commission, Parliament stresses that a budget covering the first year of effective implementation of the Single Act must make a significant contribution both in terms of structural measures and in terms of new policies.

The resolution concludes with the formal notice to the Council that Parliament will not be a party to adoption of a budget that is illegal under the terms of the Treaty and, in particular, Article 199 of that Treaty, under the terms of which the budget must balance in terms of revenue and expenditure.

- 1 Aide-Memoire on the 1987 Budget Situation, COM(87) 190 final
- 2 EP - Verbatim Report of Proceedings - 11-15 May 1987, OJ No. C 156, 15.6.1987
- 3 Case 34/86, Council of the EC against the European Parliament
- 4 OJ No. C 227, 8.9.1986
- 5 OJ No. C 297, 24.11.1986
- 6 OJ No. C 322, 15.12.1986
- 7 Resolution of 11.12.1986, OJ No. C 7, 12.1.1987
- 8 Joint Declaration of 30.6.1982 by the European Parliament, the Council and the Commission on various measures to improve the budgetary procedure, OJ No. C 194, 28.7.1982
- 9 COM(87) 5 final
- 10 OJ No. C 46, 23.2.1987
- 11 OJ No. C 76, 23.3.1987
- 12 See 1
- 13 COM(87) 234
- 14 OJ No. C 297, 24.11.1986
- 15 COM(87) 100 final = EC Bulletin, Supplement 1/87
- 16 OJ No. C 99, 13.4.1987
- 17 OJ No. C 156, 15.6.1987
- 18 OJ No. C 125, 11.5.1987



CONTROL OF THE COMMUNITY BUDGET

Introduction

1. As in previous years, Parliamentary control of the Community budget was effected through the annual discharge decision and through detailed consideration by the Committee on Budgetary Control of specific areas where the management and control of the Community funds might be improved. In addition the Committee on Budgetary Control completed its consideration of the topics raised during its public hearing in April 1986 on improving the efficiency of financing and monitoring in the EAGGF-Guarantee section and the own resources system.

The background to the 1985 discharge debate

2. Parliament adopted the decision and resolution granting discharge in respect of the general budget of the European Communities of 1984 on 18 April 1986<sup>1</sup>. The Resolution, of 52 paragraphs in all, commented in detail on the exhaustion of own resources and the imbalance between commitment appropriations and payment appropriations in the Community's budget. Parliament took the view that these problems were becoming more acute and that responsibility for this situation was shared by the Commission, the Council, the national Administrations and the Budgetary Authority. The Resolution also highlighted the problem of the existence of large stocks of various agricultural products and called for greater clarity of the aims and objectives of these structural funds.
3. On 17 April 1987 Parliament adopted an interim report, submitted on behalf of the Committee on Budgetary Control, on the action taken by the Commission in response to comments in the 1984 discharge decision<sup>2</sup>. The report noted the improvements introduced by the Commission following the offer of cooperation made by Parliament in the context of the 1984 discharge procedure, specifically in the areas of research programme



management, food aid management and medium-term multiannual financial forecasts. It was against this background of increasing cooperation and progress that the Committee on Budgetary Control came to consider the 1985 discharge decision.

#### Consideration of the 1985 Discharge Decision

4. During its consideration of the 1985 discharge decision the Committee on Budgetary Control was concerned to find that; the total volume of the Community's liabilities was continuing to increase; the book value of agricultural stocks was grossly overstated in the balance sheet; and that these problems had not been drawn to the Parliament's attention. In its interim report to Parliament, which was accompanied by the opinions of six other Committees, the Committee on Budgetary Control recommended deferral of the discharge decision. The Parliament adopted a Resolution deferring the discharge decision for the general budget for the European Community for 1985 on 7 April 1987<sup>3</sup>.

#### Reasons for deferring the 1985 Discharge Decision

5. The Parliament observed that the total volume of the Community's liabilities and potential expenditure to be financed in the future had, as at 31 December 1985, reached 20,000 million ECU. There was a 1,645 million ECU shortfall in the 1985 budget. The anticipated deficit for the 1987 financial year was 4,000 million ECU. In addition, 1,709 million ECU of the Community's commitments were not shown in the accounts and, of the 10,500 million ECU book value of agricultural stocks, only around 4,930 million ECU was covered by realisable assets.
6. The Parliament also considered recourse to national contributions as contrary to the Community's present financial system and found that the fundamental budgetary principles, such as annuality, financial autonomy and the balancing of revenue and expenditure had not been respected. Parliament considered that the structural funds were not sufficiently funded in order to allow them to obtain their objectives. For these reasons it decided to defer the discharge decision. In so doing, the Parliament took a longer term view of the damaging effects of using various expediences to defer budgetary crises from year to year.

7. Consequently, the Parliament determined that further detailed information was required from the Commission in order to allow it to arrive at its discharge decision for 1985. The Parliament therefore called upon the Commission to submit a complete and detailed survey of all of the Community's assets and liabilities as at 31 December 1985 and updated to 31 December 1986. The Commission has also been asked to draw up a comprehensive programme to achieve a balanced market in agricultural products; to submit proposals to simplify the provisions of the agricultural market organizations; to propose how the monitoring of revenue and expenditure and the prevention of fraud and irregularities might be improved; to describe the measures it is taking to improve the effectiveness of the structural funds in order to achieve greater convergence between the regions of Europe; to propose ways of avoiding frequent carry-overs of commitments and appropriations; and to face up to its responsibilities in respect of implementing the budget by making a clear and formal statement on the legality and practicality of the budget at the time it is adopted. Deferral of the discharge decision and calling for further information in order that a decision might be made is a departure from the discharge decisions for the 1983 and 1984 financial years for which Parliament granted discharge but made a series of binding recommendations.

**Discharge to ancillary bodies for 1985**

8. Parliament granted a discharge for 1985,
- i) to the Commission in respect of the financial management of the third, fourth and fifth European Development Funds in the financial year 1985<sup>4</sup>
  - ii) to the Administrative Board of the European Centre for the Development of Vocational Training in respect of the implementation of its appropriations for the 1985 financial year<sup>5</sup>
  - iii) to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its appropriations for the 1985 financial year<sup>5</sup>.

**Follow up to the public hearing on improving Community Financing and Budgetary Control procedures ; EAGGF-Guarantee section and Own Resources**

9. The Committee on Budgetary Control held a public hearing in April 1986 to examine ways of improving budgetary control in the key areas of own resources and the EAGGF-Guarantee section. A number of members of the Committee as well as academic and other experts presented learned papers for the Committee's consideration. Thereafter the Committee began work on evaluating the evidence presented at the hearing and making recommendations for improved budgetary control. This work was completed when the Parliament adopted reports on the financial system and control mechanisms in the EAGGF-Guarantee section<sup>6</sup> and on the consolidation of the own resources system on 7 April 1987<sup>7</sup>.

**Improving the financial system and mechanisms of control in the EAGGF-Guarantee section**

10. In the course of the public hearing the Committee heard evidence from academic experts which suggested that the level of irregularity and deliberate fraud in the area of customs transactions in the Community was much higher than was widely believed. Some experts went so far as to describe the more complex administrative arrangements for the CAP as an inducement to fraud. The resolution subsequently adopted by the Parliament on the possibilities for improving the financial system and mechanisms of control in the EAGGF called for a significant reduction in the production of regulations covering the agricultural sector. The Parliament considered that penalties commensurate with the degree of the offence, having both a preventive and deterrent effect, should be imposed on those guilty of deliberate fraud and called for establishment of flying brigades to help in the elimination of fraud.

**Consolidation of the own resources system**

11. During its hearing in April 1986 the Committee on Budgetary Control also gave consideration to problems in the Community's own resources system and ways in which the existing system might be consolidated. The Committee's principal finding was that the objectives of financial autonomy which the own resources system was intended to provide have been achieved only in part. Consequently the resolution adopted by the Parliament on 7 April

1986 on the consolidation of the own resources system made a series of recommendations intended to strengthen the existing system. The Parliament called for Community autonomy to create sources of revenue which would allow expenditure needs arising from the Communities duties to be met. The motion also called for improved monitoring of the effectiveness of Community financing; a clearer definition of the legal status of own resources; a simpler method for determining the basis of VAT assessment; and an increase in the Commission powers of monitoring and managing the own resources system. Whereas the motion for a resolution was prepared before the most recent proposals from the Commission for the future financing of the Community<sup>8</sup>, it is interesting to note that a number of the proposals in the Parliament's resolution have in effect been taken up in the Commission's proposals. For example, the change to a simpler method for determining the basis for VAT assessment.

#### The control of frauds

12. The Committee on Budgetary Control continued its regular consideration of specific cases of fraud reported to it by the Commission. In this context the Committee has looked, for example, at export subsidy frauds, the adulteration of butter sold from intervention, and fraud involving the forgery of third country customs documentation in order to obtain export restitutions. On occasion the Committee on Budgetary Control has called for and received further detailed information on specific cases from the Commission. The object of the regular reporting system is not only to inform the Committee of major cases of fraud which arise but also to allow the Committee to discern fraud/conducive weaknesses in the Community's systems of budgetary management and control.
  
13. This painstaking and systematic work underpinned the preparation of the resolution on stepping up measures to combat fraud specifically aimed at the Community budget adopted by the Parliament on 7 April 1987<sup>9</sup>. This Resolution recalled the Parliament's support for effective and uniform penalties for fraud and irregularities against the Community budget; improvement in the flow of information to the Commission on these matters; independent checks to be carried out by the Commission in the area of own resources; and improved cooperation between the Commission and the

national Administrations to uncover and eliminate irregularities. The Resolution also called on the Commission to make full use of all the legal instruments at its disposal in the fight against fraud; to undertake the appropriate reorganization of its administrative structures and, importantly, the adaptation of legislation to control requirements.

**The management of agricultural stocks under the EAGGF's common organization of the market**

14. The Parliament adopted a Resolution on the management of agricultural stocks under the EAGGF on 7 April 1987<sup>10</sup>. The draft resolution and report had been drawn up on behalf of the Committee on Budgetary Control. The steady increase in agricultural commodity stockholding in the CAP and the increasingly grave budgetary consequences which this entailed have been matters of growing concern. The resolution noted that the book value of agricultural stocks had reached 11 billion ECU and that the phenomenon of production for intervention had developed. The Parliament called for greater account to be taken in future of market forces and farm prices and related measures were fixed. It also called for stricter production controls and urged the Commission to submit a comprehensive plan for stock disposal. Parliament urged the Commission to consistently and regularly carry out the necessary adjustment of intervention stock value when the Community accounts are rendered. The Resolution severely criticized the serious failings of the Council and the Commission which had allowed the problem of overstocking to develop.

**Community subsidies to the European schools**

15. The Committee on Budgetary Control and the Parliament have shown a close interest in the financing and management of the European schools for some time. A number of problems have been highlighted in the past, including those brought to the Parliament's attention by the Court of Auditors in its annual reports. On 7 April 1987 Parliament adopted a resolution on the use of subsidies from the Community budget to the European schools<sup>11</sup>. This followed a hearing on the European schools held by the Parliament's Youth Committee in conjunction with the Committee on Budgetary Control in November 1986. The Resolution observed that the payment of subsidies was not based on any agreement with the Board of Governors of the schools. It

also considered that a disproportionate share of the financing of the European schools was falling on the Community budget because of the absence or incomplete observance of financing arrangements which the schools had entered into with other bodies. The Resolution called for the creation of an executive committee within the Board of Governors and the rationalization of administrative procedures and financial management.

#### The payment of refunds on agricultural exports

16. The Committee on Budgetary Control considered the Court of Auditors special report on the system for the payment of refunds on agricultural exports at some length<sup>12</sup>. Thereafter Parliament adopted the resolution prepared by the Committee on Budgetary Control on this subject on the 18 June 1987<sup>13</sup>. This resolution criticized the Commission for failing properly to coordinate and supervise Member States administrative and monitoring provisions for the payment of export refunds. The resolution called on the Council to establish a uniform, binding legislative framework for all Member States for the administration and supervision of these payments and took the view that for supervision to be effective there must be physical checks on actual exports.
  
17. At the same time the Parliament adopted a number of amendments to the Commission's proposal on the monitoring of the payment of the amount granted on export of agricultural products<sup>14</sup> which were intended to strengthen the system of physical checks and the provision of monitoring information to the Commission by Member States. The accompanying resolution<sup>15</sup> urged the Commission to examine ways of requiring Member States to apply heavy penalties where serious violations of the provisions occur.

#### The production of synthetic wine

18. On 18 June 1987 the Parliament adopted a resolution<sup>16</sup> which dealt in some detail with the production of synthetic wine to the detriment of the EAGGF-Guarantee Section. The motion pointed out that there had been an unexpected and unexplained increase in the volume of wine available for distillation in 1984 and suggested that Member States had supplied incorrect information to the Commission in order to manipulate the subsidy

system. The resolution urged the Council to adopt the Commission's proposals for an agency specialized in combating wine fraud to be set up in each Member State and urged the Commission to submit further proposals to the Council with a view for obtaining wider powers and greater resources for carrying out checks in Member States.

**Other motions for a resolution concerning budgetary control matters adopted by the Parliament**

19. Parliament also adopted resolutions on :
- the principles for implementing and monitoring Parliament's budgets<sup>17</sup>
  - certain aspects of the technical cooperation financed by the Community Development aid<sup>18</sup>
  - the common organization of the market on fisheries<sup>19</sup>
  - deferral of the discharge for the Parliament's budget for the 1983, 1984 and 1985 financial years<sup>20</sup>.

**The European Court of Auditors**

20. In addition to its regular reports on the Community accounts, the European Court of Auditors published a number of special reports, some of which dealt with topics which were the subject of a motion for a resolution adopted by Parliament:
- i) financial position of the ECSC as at the 31 December 1985<sup>21</sup>
  - ii) special report on specific Community measures (non-quota section) in the European Regional Development Fund<sup>22</sup>
  - iii) special report on technical and financial cooperation with India<sup>23</sup>.

## REFERENCES

- 1 OJ No. C120 of 20 May 1986, page 141 ex ante
- 2 Doc A2-253/86
- 3 Doc A2-7/87
- 4 Doc A2-9/87
- 5 Doc A2-6/87
- 6 Doc A2-8/87
- 7 Doc A2-256/87
- 8 COM(87)100 final and COM(87)101 final
- 9 Doc A2-251/86
- 10 Doc A2-104/86
- 11 Doc A2-180/86
- 12 OJ No. C215 of 26 August 1985
- 13 Doc A2-50/87
- 14 COM(87)9 final - Doc C2-205/86
- 15 Doc A2-49/87
- 16 Doc A2-45/87
- 17 Doc A2-106/86
- 18 Doc A2-231/86
- 19 Doc A2-186/86
- 20 Doc A2-254/86
- 21 OJ No C208 of 19 August 1986
- 22 OJ No C262 of 26 October 1986
- 23 OJ No C75 of 23 March 1987





ECONOMIC SITUATION OF THE COMMUNITY

A. Figures and forecasts

1. Economic growth

	<u>Growth in the volume of GDP<sup>(*)</sup></u>	<u>Increase in productivity per person employed in the whole economy<sup>(*)</sup></u>
1981	-0.1%	1.2%
1982	0.6%	1.7%
1983	1.2%	1.5%
1984	2.0%	1.9%
1985	2.3%	1.9%
1986 (forecast)	2.7%	1.9%
1987 (forecast)	2.8%	2.0%

2. Employment<sup>(\*\*)</sup>

The unemployment rate for the EC-12 was 11.4% at the end of 1986 against 11.6% at the end of 1985. A further slight reduction to 11.2% for 1987 is forecast.

3. Balance of payments (EC 10)<sup>(\*)</sup>

The balance of payments has developed as follows:

1981:	-0.6% of GDP
1982:	-0.6% of GDP
1983:	0.0% of GDP
1984:	0.1% of GDP
1985:	0.5% of GDP
1986:	1.1% of GDP
1987:	0.9% of GDP (forecast)

4. Price and income changes

	<u>Consumer prices<sup>(*)</sup></u>	<u>Unit labour cost<sup>(*)</sup> total economy</u>
1981	+12.1%	+12.8%
1982	+10.4%	+10.9%
1983	+8.4%	+9.9%
1984	+7.0%	+7.6%
1985	+5.8%	+6.9%
1986	+3.5% (forecast)	+6.1% (forecast)
1987	+3.1% (forecast)	+4.7% (forecast)

(\*) European Economy, No 29, 1986

(\*\*) Unemployment, No 4, 1986, EUROSTAT

## B. Economic developments

The period June 1986 to June 1987 has been one of growth for Europe, combined with falling inflation in all Member States, although inflation differentials still remain high (22.5% in Greece, 12% in Portugal, 0% in Germany and the Netherlands for the consumer price index for 1986).

Falling oil prices stimulated growth in 1986 but their stabilisation and slight increase during 1987 will no longer do so in the present period.

In the international area the period was marked by further devaluations of the dollar and some coordinated interventions by the FED, the Bundesbank, other European central banks and the Bank of Japan of an ad hoc nature in order to stabilise the dollar's exchange rate.

On 22 December 1986, the Council adopted the annual report on the economic situation in the Community<sup>1</sup>.

In the report the Commission suggests the outline of a cooperative growth strategy, aiming at a decisive improvement in the Community's economic performance between now and 1990, that would reduce unemployment without rekindling inflation.

At the macroeconomic level, this means that these must for some time to come be continued moderation in the growth of real wages, but at the same time there must be an appropriate evolution of demand conforming to stability requirements. This combination will strengthen profitability, investment and employment. At the microeconomic level, paying due regard to the social aspects, the adaptability of markets for goods, services, capital and labour must be improved, and, in particular, the establishment of new firms, the development of vocational training and the introduction of new technologies must be promoted. The strategy is designed to realise a sustainable growth rate of 3.5% over the period 1986 to 1990, achieving a 1.5% growth per year in employment. This again would reduce unemployment to 7% by 1990.

The main elements of the policy are the following:

1. Business investment should be one element of increased internal demand. This is why it is important to pursue efforts to improve profitability, reduce real interest rates on a sound basis and promote the use of risk capital.

2. Public and infrastructure investment should likewise form a dynamic component of demand.
3. Concerning public finance policy the goal of medium-term consolidation of public finances should be further pursued. At the same time, it is important that all existing and future room for manoeuvre should be exploited in a determined fashion and as quickly as possible in order to improve the conditions governing supply and demand through the lowering of taxes and social security contributions and by stepping up public investment. This margin comes from supplementary receipts and lower expenditures resulting from more vigorous growth and the increase in employment.
4. The aim of monetary policy should continue to be appropriate financing of the available scope for real growth and, at the same time, consolidating, and where necessary, extending the successes that have already been achieved in regard to the reduction in inflation rates.
5. The measures to improve market adaptability and the business environment, to foster the establishment of new and, in particular, small and medium-sized businesses, to promote vocational training as well as to encourage the development and application of new technologies, must be advanced as a matter of priority. Completion of the internal market is an essential element for reinforcing competition and improving markets. Labour market policy is especially important for the achievement of employment-creating growth. The social partners should continue to pursue moderate real wage increases conducive to employment until such time as employment-creating investment becomes sufficiently profitable and the unemployment rate shows a continuing marked decline from one year to the next.

The European Parliament in the Cassidy Report<sup>2</sup> agreed in general with the Commission's proposals, but stressed that economic convergence within the Community in real terms does not seem to be in sight, that unemployment has hardly decreased, that job-creating initiatives must be given absolute priority and the need for more vigorous and intensified implementation of the cooperative strategy together with a balanced combination of supply and demand policies and the importance of improving profitability.

The European Parliament has further shown its great interest in these matters through numerous motions for resolution and questions on economic policy, convergence and coordination of economic policies<sup>3</sup>.

At the end of 1986 the Council adopted the proposal for a decision empowering the Commission to borrow under the New Community Instrument for the purposes of promoting investment within the Community, according to which an amount of 1500 Mio ECU should be made available to small and medium sized undertakings in the form of loans. 750 Mio ECU will be provided through NIC-4 and 750 Mio ECU through the EIB's own funds<sup>4</sup>.

Following its proposal on the liberalization of capital flows<sup>5</sup>, the Commission submitted to the Council a new proposal<sup>6</sup>, the purpose of which is to extend the obligations for liberalizing capital movements to cover the following operations: (a) long-term commercial credits; (b) transactions in securities and (c) the admission of securities to the capital market.

In the motion for a resolution contained in the Bueno Vicente report<sup>7</sup> the Commission's efforts are welcomed and approved in principle: The resolution stresses the desirability of avoiding safeguard clauses and encouraging instead Community measures and points out the necessity of reducing restrictions in the admission of securities to the capital market. Furthermore, it wishes ECU denominated securities to be excluded from safeguard clauses.

The European Parliament also showed its interest in this field through other motions for resolution<sup>8</sup>.

On 17 November 1986 the Council adopted, for the first time since 1962, an amendment to the 1st directive of 11 May 1960 on the liberalization of capital movements<sup>9</sup>. The amendment obliges Member States (with the exception of Spain and Portugal that will benefit from a derogation for a certain period of time) to grant every authorisation concerning foreign exchange that is needed for financial assets (bonds and stock) whether or not these assets are introduced in the exchange. To the operations already liberalised are added: 1) Buying operations of stock that is not quoted in the stock exchange; 2) The admission on the capital markets of Member States of assets that have been emitted by non-Community enterprises; 3) The acquisition of parts (shares) of collective investment undertakings

(e.g. holdings), whatever the nature of their portfolios. A derogation for the application of the amendment has been granted to Italy and Ireland (valid to the end of 1987) and Greece (valid to the end of 1988).

C. Convergence of the economies of the Member States

Convergence and growth are the main elements that increase the Community's economic and social cohesion. The Community has achieved modest growth recently, but concerning convergence the results have been disappointing. Nominal convergence (convergence of inflation rates and prices) has been achieved in general but real convergence (real GDP per head and unemployment) has not, a fact deplored by the EP in the Cassidy report and in the annual economic report. As can be seen from tables 1 and 2 the incomes per head of the poorest Member States, Ireland, Greece and Portugal increased as a percentage of the incomes per head of the richest Member States to the beginning of the 80s, but then remained stationary or even diminished and this both using current exchange rates for the calculation of GDPs per head (Table 1) or purchasing power parities (Table 2).

Table 1

Year	G <sub>1</sub>	G <sub>2</sub>	G <sub>3</sub>	G <sub>4</sub>	G <sub>5</sub>
1960	44.5	56.7	48.0	32.4	21.1
1973	50.0	49.3	37.7	31.6	22.4
1981	59.9	56.0	47.5	34.0	21.5
1987*	65.2	57.0	46.9	23.0	17.3

G<sub>1</sub> = Italy/Luxembourg  
 G<sub>2</sub> = Italy/Denmark  
 G<sub>3</sub> = Ireland/Denmark  
 G<sub>4</sub> = Greece/Denmark  
 G<sub>5</sub> = Portugal/Denmark

\* 1987 numbers are estimates

Source: Data from European Economy No 29, July 1986

Table 2

Year	P <sub>1</sub>	P <sub>2</sub>	P <sub>3</sub>	P <sub>4</sub>	P <sub>5</sub>	P <sub>6</sub>
1960	52.3	--	--	--	--	24.5
1970	--	74.4	53.0	42.4	35.3	--
1973	62.0	74.4	53.4	47.5	41.3	39.4
1981	76.4	81.2	62.1	50.9	43.5	47.9
1984	69.8	74.9	58.2	46.9	--	43.8

P<sub>1</sub> = Italy/Luxembourg  
 P<sub>2</sub> = Italy/Denmark  
 P<sub>3</sub> = Ireland/Denmark  
 P<sub>4</sub> = Greece/Denmark  
 P<sub>5</sub> = Portugal/Denmark  
 P<sub>6</sub> = Greece/Luxembourg

PPP statistics not yet available after 1984.

Source: Data from European Economy No 29, July 1986

Real economic convergence can be achieved through the implementation of the European cooperative strategy for growth, the internal market, better economic policies in some of the Member States, increased financial support through the doubling of the resources of the structural funds, as proposed by the Commission and the development of investment financing instruments.

#### D. European Monetary System

During the period under consideration, one realignment of the central rates of the EMS took place, induced by tensions generated by the further devaluations of the dollar and to some degree diverging economic developments among the Member States.

In June 1987, Germany has at last permitted the use of the ECU by residents without restrictions, repealing thus the validity of the currency law of 1947. The ECU has thus attained full foreign currency status also in Germany, whose residents will be able to use it in every possible way, including in the form of ECU accounts which were not permitted before.

This is a positive step that will permit the increased use of the ECU, in particular for trade. The increased use of the private ECU will promote European financial and monetary integration.

The EP showed its continuing keen interest and worry for the development of the EMS and monetary issues in general through numerous motions for resolution on the EMS and the international monetary order, the realignment of currencies, the adoption of a single format for all coins and banknotes of the currencies of the Member States, currency agreements, the showing of the price of goods and services in ECU as well as in national currencies, a symbol for the ECU, the IMF and the use of the ECU as a yardstick for social security benefits and to denominate wages in intra-Community transfers<sup>10</sup>.



Table 3

Changes in exchange rates within the EMS

Realignments in central rates, percentage change against the group  
of currencies whose bilateral parities were not changed

Dates of realignments

	24 September 1979	30 November 1979	22 March 1981	5 October 1981	22 February 1982	14 June 1982	21 March 1983	20 July 1985	6 April 1986	12 January 1987
BFR/ LFR	-	-	-	-	-8.5	-	+1.5	+2	+1	+2
DKR	-2.9	-4.8	-	-	-3	-	+2.5	+2	+1	--
DM	+2	-	-	+5.5	-	+4.25	+5.5	+2	+3	+3
FF	-	-	-	-3	-	-5.75	-2.5	+2	-3	--
IRL	-	-	-	-	-	-	-3.5	+2	--	--
LIT	-	-	-6	-3	-	-2.75	-2.5	-6	--	--
HFL	-	-	-	+5.5	-	+4.25	+3.5	+2	+3	+3

Table 4

ECU exchange rates

(national units per ECU, annual average)

	BLEU	DK	D	GR	E	F	IRL	I	NL	P	UK	US	Japan
1960	52.810	7.2953	4.4360	31.686	63.37	5.2145	0.37721	660.1	4.0136	30.37	0.37721	1.0562	380.23
1961	53.367	7.3722	4.3074	32.020	64.04	5.2695	0.38119	667.1	3.8985	30.69	0.38119	1.0673	384.24
1962	53.490	7.3893	4.2792	32.094	64.13	5.2817	0.38207	668.6	3.8727	30.76	0.38207	1.0698	385.13
1963	53.490	7.3893	4.2792	32.094	64.13	5.2817	0.38207	668.6	3.8727	30.76	0.38207	1.0698	385.13
1964	53.490	7.3893	4.2792	32.094	64.13	5.2817	0.38207	668.6	3.8727	30.76	0.38207	1.0698	385.13
1965	53.490	7.3893	4.2792	32.094	64.13	5.2817	0.38207	668.6	3.8727	30.76	0.38207	1.0698	385.13
1966	53.490	7.3893	4.2792	32.094	64.13	5.2817	0.38207	668.6	3.8727	30.76	0.38207	1.0698	385.13
1967	53.240	7.4229	4.2592	31.945	65.11	5.2570	0.38765	665.5	3.8546	30.61	0.38765	1.0648	383.33
1968	51.444	7.7166	4.1155	30.867	72.02	5.0797	0.42870	643.1	3.7246	29.58	0.42870	1.0289	370.40
1969	51.109	7.6664	4.0262	30.666	71.55	5.2903	0.42591	638.9	3.7003	29.39	0.42591	1.0222	367.99
1970	51.112	7.6668	3.7414	30.667	71.36	5.6777	0.42593	638.9	3.7005	29.38	0.42593	1.0222	368.00
1971	50.866	7.7526	3.6457	31.433	72.57	5.7721	0.42858	647.4	3.6575	29.64	0.42858	1.0478	363.83
1972	49.361	7.7891	3.5768	33.653	72.00	5.6572	0.44894	654.3	3.5999	30.48	0.44894	1.1218	339.72
1973	47.801	7.4160	3.2764	36.952	71.81	5.4677	0.50232	716.5	3.4285	30.27	0.50232	1.2317	333.17
1974	46.399	7.2593	3.0835	35.781	68.82	5.7339	0.50980	775.7	3.2022	30.25	0.50980	1.1927	347.47
1975	45.569	7.1227	3.0494	39.994	71.16	5.3192	0.56003	809.5	3.1349	31.50	0.56003	1.2408	367.68
1976	43.165	6.7618	2.8154	40.884	74.74	5.3449	0.62158	930.1	2.9551	33.62	0.62158	1.1181	331.21
1977	40.883	6.8557	2.6483	42.035	86.85	5.6061	0.65370	1 006.8	2.8001	43.59	0.65370	1.1411	305.81
1978	40.061	7.0194	2.5561	46.783	97.43	5.7398	0.66389	1 080.2	2.7541	55.86	0.66391	1.2741	267.08
1979	40.165	7.2091	2.5109	50.774	91.97	5.8295	0.66948	1 138.5	2.7486	67.04	0.64639	1.3706	300.47
1980	40.598	7.8274	2.5242	59.323	99.70	5.8690	0.67600	1 189.2	2.7603	69.55	0.59849	1.3923	315.04
1981	41.295	7.9226	2.5139	61.62	102.68	6.0399	0.69102	1 263.2	2.7751	688.50	0.55311	1.1164	245.38
1982	44.711	8.1569	2.3760	65.34	107.56	6.4312	0.68960	1 323.8	2.6139	78.01	0.56045	0.9797	243.54
1983	45.438	8.1319	2.2705	78.09	127.50	6.7708	0.71496	1 349.9	2.5372	98.69	0.58701	0.8902	211.35
1984	45.442	8.1465	2.2381	88.34	126.57	6.8717	0.72594	1 381.4	2.5233	115.67	0.59063	0.7893	187.10
1985	44.918	8.0185	2.2264	104.75	129.03	6.7954	0.71524	1 446.6	2.5111	130.08	0.58879	0.7610	180.56
1986	43.990	7.9404	2.1559	142.25	137.87	6.8259	0.71091	1 477.9	2.4311	148.81	0.63421	0.9347	170.80
1987	43.948	7.8944	2.1369	155.37	144.26	6.9164	0.70952	1 488.3	2.4086	166.16	0.63668	0.9453	162.87

Source: Eurostat and Commission departments, European Economy No 29, July 1986.

<sup>1</sup> Council Decision No 86/667 EEC of 22.12.86 in OJ L 385 of 31.12.86.

<sup>2</sup> Cassidy Report, Doc. A2-128/86/A of 4.11.1986.

<sup>3</sup> For example motions for resolution by Mr Maher and Mrs Larive (Doc. B2-358/87 of 11.5.87) by Mr de la Malene (Doc. B2-20/87 of 5.3.87 and Doc. B2-1426/86 of 19.1.87) and oral questions by Mr Bonaccini, Cassidy and Herman (Doc. B2-395/87 of 12.5.87 and Doc. B2-394/87 of 12.5.87).

<sup>4</sup> Doc. C2-181/86 of 19.1.87.

<sup>5</sup> COM(86)292 final of 21.5.86.

<sup>6</sup> COM(86)326 final of 11.6.86.

<sup>7</sup> Doc. A2-110/86 of 10.5.86.

<sup>8</sup> For example by Mr Fourçans and Delorozoy on stock exchanges (Doc. B2-1621/86 of 23.2.87) and on capital movements by Mr Wedekind (Doc. B2-683/86 of 29.7.86) and Mr de la Malene et al. (Doc. B2-1278/86 of 8.12.86).

<sup>9</sup> In OJ L332 of 26.11.86.

<sup>10</sup> For example by Messrs Papoutsis, Bueno Vicente et al. (Doc. B2-1330/86 of 15.12.86), Messrs Bonaccini, Cervetti et al. (Doc. B2-1448/86 of 19.1.87), Messrs d'Ormesson and de Camaret (Doc. B2-1446/86 of 19.1.87), Mr Devèze (Doc. B2-1444/86 of 19.1.87) Messrs Fourçans et al. (Doc. B2-1414/86 of 19.1.87) Messrs Herman, Christodoulou et al. (Doc. B2-1412/86 of 19.1.87), Mr Bueno Vicente (Doc. B2-1363/86 of 19.1.87), Messrs Kuijpers and Vandemeulebroucke (Doc. B2-1667/86 of 4.3.87), Mr Fourçans (Doc. B2-70/87 of 16.3.87), Mr Sutra de Germa (Doc. B2-1661/86 of 4.3.87), Messrs Muhlen, von Wogau et al. (Doc. B2-1629/86 of 25.2.87), Messrs Collinot, Petronio et al. (Doc. B2-1064/86 of 20.10.86), Mr Bueno Vicente (Doc. B2-969/86 of 10.10.86), Messrs de la Malene, Lataillade et al. (Doc. B2-933/86 of 6.10.86) and Mrs Lizin (Doc. B2-706/86 of 29.8.86).

INDUSTRIAL POLICYSHIPBUILDING

The fifth Directive on state aids to the shipbuilding sector expired on 31 December 1986 and the Commission put forward a proposal for a sixth Directive (COM(86) 531 final) for which the European Parliament delivered its opinion in the resolution of 12 December 1986, contained in the report presented by Ms Quin on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy<sup>1</sup>.

At the Council meeting on 22 December 1986, the Council adopted the proposal for a Directive<sup>2</sup> in which some of the European Parliament's amendments to the draft text were incorporated in the text of the sixth Directive. Parliament had asked for a higher (compared with the original Commission proposal) and differential aid ceiling of 26% to 35% depending on the type of ship. The European Parliament had also asked for regular reporting by the Commission to the Parliament after the Directive has been in force for two years. The European Parliament resolution welcomed the fact that the sixth Directive improves the transparency of State aid. However, it regretted that the accompanying proposals on social matters came after and not before the sixth Directive.

The final arrangements instituted in the Directive are for a period of four years and allow Member States to grant aid up to a ceiling of 28% (ceiling adjustable annually) of the sale price of a ship; the ceiling is reduced to 20% for vessels costing less than 6 million ECU. Aid for restructuring shipyards and ship repair facilities may also be granted. Finally, there are special transitional measures for Spain and Portugal. The Commission will report to the Council and the European Parliament on the operation of the Directive and will propose any necessary adjustments. The Commission has been working on a proposal for flanking measures to take account of the socio-regional and industrial aspects of the situation of the shipbuilding industry.

## MOTOR INDUSTRY

On 23 January 1987 the European Parliament adopted a resolution on the automobile industry which was contained in the own-initiative report by Mr Beazley on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy<sup>3</sup>. The P is asking for :

- a) the creation in the shortest possible time of a single automobile common market by the elimination of national provisions protecting the markets of the Member States (Community certification which would include limits to Japanese imports on a European rather than national basis; the transformation of optional standards into mandatory ones; a reduction of the heavy taxation of vehicles in Greece, Denmark, Ireland, Portugal and the Netherlands; a review of national price controls);
- b) measures completing the proposals on "clean cars";
- c) greater cooperation in research and development;
- d) a limitation in time and amount of national state aids, as well as greater transparency;
- e) improvement of relations with social partners, notably through better information and consultation procedures
- f) the elimination of the national controls of Japanese imports only when Japan has fulfilled its trade obligations; quantitative limits on imports of Japanese cars in some Member States are still justified, but national measures should eventually be replaced by Community ones.

The surge of Japanese car exports to the Community in 1986 and the first months of 1987 has provoked additional strain in trade relations between the Community and Japan. Japanese car sales in the Community increased by 19% during 1986 and reached a market share of almost 12%. The Commission has asked Japanese producers (via MITI) to moderate their exports to Europe. It is difficult, however, for the Community to take action in the face of existing national bilateral arrangements in some Member States which have not been replaced by a comprehensive Community policy in the automobile sector.

Although eleven Member States have reaffirmed their willingness to apply the "Luxembourg compromise"<sup>4</sup> fixing a time-table and standards for reduced emissions from petrol-driven vehicles, during the April 1987 meeting of the "Environment" Council Denmark maintained its opposition by asking for more

stringent measures and insisting on following the path being taken by Sweden, Norway, Switzerland and Austria towards the adoption of United States style emission controls for cars.

On 19 June 1987, the European Parliament gave opinions on a number of proposals for directives related to the automobile sector:

a) Simplification of EEC-type approval procedures<sup>5</sup>

The European Parliament approved the proposals of the Commission; it asked the Commission to inform the European Parliament as soon as possible and insisted that a solution be found to the problem of cars originating in third countries.

b) Polluting gases from diesel engines<sup>6</sup>

The European Parliament called for certain amendments to the measures proposed by the Commission; these concern the particle emission thresholds on automobile vehicles and a single method of control in the Community.

c) Lead in petrol<sup>7</sup>

The European Parliament approved the Commission proposal, which makes the implementation of the previous directive more flexible and gives the Member States the possibility of banning leaded petrol from their national markets. The European Parliament said that tax incentives for consumers are the most efficient way to guarantee the rapid transition to a generalised use of unleaded petrol and urged the countries which have not yet done so to introduce such measures.

## TEXTILES

Based upon an oral report by Mr Nordman, the Parliament approved the Council's draft decision on the conclusion of the protocol extending the agreement on the international textile trade (Multifibre Arrangement MFA) on 14 November 1986<sup>8</sup>. In the framework of the Luns Westerterp Procedure, the Council sent an information memorandum on the contents of the bilateral agreements with 26 third countries which were contained within the framework of the new MFA. These negotiations were concluded on 10 November 1986.

During the discussion on the Protocol extending the MFA on 14 November 1986 the European Parliament had already expressed its fears about remaining obstacles, in particular over the United States and future multilateral negotiations. On 9 April 1987 the Parliament adopted a resolution on the international economic situation, in which it regretted once again the United States protectionism in the Textile and Apparel Act, which violates the rules of the new MFA. It emphasised the necessity of maintaining the MFA, which over the last 25 years has proved itself to be an effective instrument for regulating the world textile trade.

### NEW TECHNOLOGIES

#### EUREKA

On 10 July 1986 the European Parliament adopted three resolutions<sup>9</sup> on the European Research Policy, stating in particular its desire that credits intended for this policy be increased and taking rather a critical position on EUREKA. It stated that the complementary nature of the Community research programmes and EUREKA must be maintained. EUREKA and the Community programmes have different objectives and use quite different procedures. EUREKA projects are nearer the market place than precompetitive Community R&D activities. The Parliament asked that the national financial contributions to EUREKA will not result in a reduction of national contributions to the Community programmes which the Parliament is able to control and which necessitates continuation in the New Framework Programme (1987-1991). The European Parliament called upon the Commission - a participant in EUREKA - to report to the Parliament on a regular basis on the aims of individual EUREKA projects.

The Commission prepared a Communication on the relationship between EUREKA and the European Technological Community at the end of 1986<sup>10</sup> describing the complementary features, interactions and cooperation between EUREKA and Community programmes.

In its resolution of 17 June 1987, contained in the Poniatoski second report<sup>11</sup> on Europe's response to the modern technological challenge, the European Parliament expressed its concern about the problem of overlap between the EUREKA projects and the Community's specific research programmes; it called on the Commission to draw up an annual status report on European technology and urged the Council to adopt forthwith the second multiannual

Community framework programme of technological research and development in accordance with the provisions of the Single European Act in order to enhance the industrial competitive position of all the Member States.

### TELECOMMUNICATIONS

Community actions in the field of telecommunications have accelerated in the period July 1986-June 1987.

Firstly, on 24 July 1986, the Council adopted a Directive on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment<sup>12</sup> on which the Parliament had been consulted and on which Parliament had adopted its resolution of 14 January 1986. The Directive sets out programmes for work on common technical specifications for terminals by the European Conference of Postal and Telecommunications Administrations (CEPT) in consultation with the European standardization organisms CEN and CENELEC.

Secondly, the Council Decision of 22 December 1986<sup>13</sup> on standardization in the field of information technology and telecommunications lays down a Community standardization policy for the entire area of telecommunications and information technology where the increasing amount of technical overlap necessitates close cooperation between standards institutions.

Thirdly, on 27 October 1986 the Council adopted the STAR programme<sup>14</sup>, part-financed by the ERDF, which is to improve access to advanced telecommunications services in the least-favoured areas of the Community. Parliament had wholeheartedly welcomed the STAR programme - with an allocation of 780 million ECU - in its resolution of 1 June 1986.

On 12 December 1986 the European Parliament adopted a resolution<sup>15</sup> concerning a proposal for a recommendation on the coordinated introduction on the Integrated Services Digital Network (ISDN) in the European Community. ISDN, evolving from the traditional telecommunications networks (telephone, telex, data) will offer many additional services to corporate and business subscribers. The European Parliament urged the Member States' telecommunications administrations to collaborate more closely and to enlist the support of the Commission in this process. The Council formally adopted the Recommendation on 22 December 1986.



On 10 April 1987 the European Parliament approved a resolution contained in the report of Mrs Braun Moser<sup>16</sup> on the coordinated introduction of public pan European digital mobile telecommunications (mobile telephone) and the frequency bands to be reserved for them which should be the same in all the Member States. The Parliament, which had been consulted by the Commission according to the emergency procedure, considers that this proposal answers a political requirement and that its concept is clear and well-founded. The European Parliament also approved the additional preparatory actions that the Commission will undertake in close cooperation with telecommunications administrations and with the European Conference of Post and Telecommunications Administrations to meet the specific needs of certain users. In May 1987 four Member States (the FRG, UK, France and Italy) reached agreement on the standardization of mobile telecommunications systems - based upon a narrow band system - which will replace existing national overburdened and incompatible systems and which will allow users to use mobile telephones outside their own countries by 1991. It is expected that 20 European countries will be using this system, thus creating a common market for mobile telephone systems. The Internal Market Council of 11 June 1987, reached agreement on the Recommendation on mobile telephones.

In its resolution of 17 June 1987, contained in the Toksvig report on European Space Policy<sup>17</sup>, the European Parliament called for a Community plan coordinating the space activities, in which the Community is already active in such fields as telecommunications and remote-sensing. It asked the Commission to ensure that PTT tariffs for satellite communications allow for fair competition between satellites and terrestrial communication systems, thereby requesting the Commission also to report on its policy in this area in the next Annual report on Competition Policy. The European Parliament asked the Commission to act against monopoly provisions of new satellite services by national PTTs, notably in the sector of Very Small Aperture Terminal (VSAT) systems.

The Commission adopted on 10 June 1987 its "Green Paper" (COM (290) final) on the development of the Common Market for Telecommunications services and Equipment which is intended to launch a broad debate on the future of telecommunications regulation in the Community. The European Parliament will be involved in this forthcoming discussion, fundamental for the various reorganizations in West European telecommunications.

Parliament has so far withheld its opinion on the RACE programme as it became obvious that the Council could not reach unanimous agreement on the Framework Programme which Parliament had welcomed in its opinion of 8 December 1986<sup>18</sup>. RACE (and other constituent parts, e.g. ESPRIT, BRITE) is an essential part of this framework programme and the real possibility of substantial cuts on intended expenditures in the framework programme would jeopardize the RACE programme as well. Given the uncertain situation in the Council, Parliament has stood by its prerogative to withhold its opinion on the RACE programme.

### Television Satellites and Media Policy

The Council approved a Directive on 3 November 1986<sup>19</sup> concerning the adoption of common technical specifications of the MAC/packet family of standards for direct satellite television broadcasting. The MAC standard plays an important role in the Community initiatives for a Community media policy ("TV without frontiers" and the support for the European media (programme making) industry). The MAC family of standards offer the possibility of several sound channels, a better picture; it avoids a repetition of the PAL/SECAM division of the European market; and will allow an evolution towards High Definition Television. Although the European Parliament approved the draft Directive by its resolution of 22 October 1986, it underlined the more important issue of a standard for High Definition Television which not only involves transmission standards (via DBS satellites), but also standards for the production of programmes (studio) and for TV sets (consumer electronics). The European Parliament considered the MAC family as a second best solution, as the existence of C-MAC and D2-MAC prevents the adoption of a single standard. It called for a comprehensive Community strategy in order to avoid the possibility that the European electronics industry and European consumers will lose out against the Japanese industry in the world-wide battle for audio-visual technology standards and markets. Through a diplomatic offensive, the Commission succeeded in fending off the Japanese proposal for a world standard at the CCIR meeting in Dubrovnik in May 1986. A EUREKA project was set up to enable Thomson, Phillips, Thorn/EMI and Bosch to develop an operational High Definition Television system (i.e. production standards for HDTV programmes which can be exchanged/converted world-wide; transmission standards evolving from MAC towards HDTV and standards for reception and display at the consumers' end).

The European Parliament has been the initiator not only of Community legislation concerning satellite television transmission standards, which had been called for by the Parliament in its resolution of 28 October 1983, but also of other fields of Community media policy, such as:

- the removal of legal obstacles for European TV (the "Green Paper" on TV without frontiers of 1984 and the Draft Directive on TV without frontiers have been brought forward by the Commission at the instigation of the European Parliament; Parliament's opinions on the "Green Paper" have substantially influenced the Draft Directive; the Parliament has formed an inter-Group "Media", which intends to establish a broad platform for a Community media policy not only within the European Parliament but also in working with all the interest groups involved in formulating a media policy on a Community basis; the Parliament will shortly give its opinion on the draft Directive "TV without frontiers" which has attracted much interest from the interested parties, e.g. broadcasters, national governments, advertisers, programme industry, etc);
  
- the support for European audio-visual production (programmes) given:
  - a) the need to increase European programmes competitiveness based upon a continental home market;
  - b) the increased consumer demand for programmes particularly when satellite TV will increase the number of TV channels available - including their programming - which necessitate the replacement of divergent national regulations by a European (Community) regulatory framework;
  - c) the increased competition among broadcasters (public and private) or multi-media groups on a European market with consequences for their revenue and cost (particularly for their programmes) structure.

The European Parliament has always insisted on integrating the aspect of support for a European programme industry into a comprehensive package of Community media policy.

### Shipbuilding

1. Resolution in OJ C7 of 21.1.1987, p 320. Committee report Doc A2-181/86.
2. Council Directive on aid to shipbuilding (87/167/EEC) in OJ L69 of 12.3.1987, p 55.

### Motor Industry

3. Resolution in OJ C46 of 23.2.1987, p 111. Committee report Doc A2-171/86
4. Environment Council meeting of 27 and 28 June 1985. Press Release.
5. Resolution of 19.6.87; Beazley report, Doc A2-84/87, consultation on proposals for directives COM (87) 26 final and COM (87) 109 final.
6. Resolution of 19.6.87; Vittinghoff report, Doc A2-88/87, consultation on proposals for directives COM (86) 261 final and COM (86) 273 final.
7. Resolution of 19.6.87; Collins report, Doc A2-89/87, consultation on COM (87) 33 final, amending Directive 85/210/EEC on the approximation of the laws of the Member States concerning the lead content of petrol.

### Textiles

8. OJ C322 of 15.12.1986, p 466. Opinion of EP on COM(86) 565 final.

### EUREKA

9. Resolutions of 10.7.1986 on European Research Policy in OJ C227 of 8.9.1986, p 101. Docs B2-519/521/525/86.
10. COM(86) 664 final.
11. Resolution of 17.6.87; Doc A2-14/87 Report on behalf of the Committee on Energy, Research and Technology.

### Telecommunications

12. Council Directive of 24.7.1986 (86/361/EEC) in OJ L217 of 5.8.1986. EP Resolution of 14.1.1986 in OJ C36 of 17.2.1986, p 55.
13. Council Decision of 22.12.1986 in OJ L36 of 7.2.1987, p 31. Parliament's opinion contained in the resolution of 14.1.1986 (OJ C36/1986, p 55).
14. Council Regulation published in OJ L305 of 31.10.1986. EP Resolution of 13.6.1986 on STAR in OJ C176 of 14.7.1986, p 189. EP report Doc A2-60/86.
15. Resolution of 12.12.1986 on the coordinated introduction of the Integrated Services Digital Network (ISDN), Doc A2-178/86, consultation of COM(86) 205 final.

16. Resolution of 10.4.1987, EP report Doc A2-13/87, consultation on COM (87) 35 final concerning:
  - i) proposal for a Council recommendation on the coordinated introduction of public pan-European digital mobile communications in the Community,
  - ii) proposal for a Council Directive on the frequency bands to be made available for the coordinated introduction of public pan-European digital mobile communications in the Community.
17. Resolution of 17.6.1987; Doc A2-66/87, Report on behalf of the Committee on Energy, Research and Technology.
18. Resolution of 8.12.1986 on a Regulation on Community activities in the field of research and technological development (OJ C7 of 12.1.1987, p 19); Doc A2-155/86.

#### Satellites and Media policy

19. Council Directive of 3.11.1986 (86/529/EEC) on the adoption of common technical specifications of the MAC/packet family of standards for direct television transmission in OJ L311 of 6.11.1986, p 28. EP Resolution of 22.10.1986 in OJ C297 of 24.11.1986, p 50. De Vries report (Doc A2-108/86) on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy. EP Resolution published in OJ C7 of 12.1.1987, p 332. EP report Doc A2-178/86, consultation on COM(86) 205 final. Council recommendation (86/659/EEC) published in OJ L382 of 31.12.1986, p 36.

THE STEEL INDUSTRY

In 1986 the Steel industry's position in the Community deteriorated : consumption remained stagnant (101 million tonnes), output fell sharply from 120 million tonnes in 1985 to 112 million tonnes in 1986 due to a decline in exports to countries where the adverse impact of the low dollar was immediately felt. Excess capacity in 1986 exceeded 24 million tonnes.

In the period between July 1986 and June 1987, the Committee on Economic and Monetary Affairs and Industrial Policy had a number of discussions with commissioner Narjes, who has been invited on various occasions by the Committee to report on the state of affairs in the Community steel market and on the policies which the Commission is executing for this sector. Particularly the new liberalization measures in the Community's steel market have been subject to scrutiny and criticism by the EP.

In its resolution of 23.10.1986<sup>1</sup>, the European Parliament opposed strongly the new liberalization measures that were proposed by the Commission<sup>2</sup> in autumn 1986 and called for the extension beyond 31 December 1986 of transitional arrangements introduced at the end of 1985<sup>3</sup> to follow up the emergency measures adopted by the Commission in 1980 when the collapse in demand had created a state of manifest crisis<sup>4</sup>. The Commission intended to introduce a progressive liberalization of the quota system, as from 1 January 1987, for several product categories. The European Parliament argued that the market is still too depressed to survive a fully liberalized system, scrapping the régime of fixed production quotas which help to support prices. The European Parliament called for the implementation of stronger accompanying measures and regional development measures. Furthermore, the European Parliament asked the Commission and the Council to check the steep rise in steel imports from third countries and to conclude forthwith with other third countries supply agreements including provision for the necessary quantitative restrictions.

The Commission Decision of 5.12.1986<sup>5</sup>, after the Council's Assent in its

meeting of 18 November 1986, removed category I c) (hot rolled galvanized sheet) from the list of mandatory quota products in addition to the two categories already liberalized from 1 January 1986 (reinforcing rods and sheets coated in other material). The Commission's Decision also removed a complaint procedure which permitted Member States to complain formally to the Commission, if significant changes occur in the pattern of traditional flows of trade for certain steel products. These changes were effective from 1 January 1987. The Council decided to postpone further consideration of the Commission's proposals to liberalize other product categories until its meeting in March 1987 after examining the industry's (the large integrated steel producers organized in EUROFER) proposed restructuring plans. However, it became clear in May 1987 that the European Community steel makers had not been able to agree upon voluntary capacity cuts.

The Council examined the organization of the iron and steel market in 1987 in the industry Council meetings of 19 March and 1 June 1987.

In its resolution of 14 May 1987<sup>6</sup>, which was debated as an urgency in view of the Industry Council meeting on 1 June 1987, the European Parliament urged the Council and Commission to continue with the existing Community crisis system for three or four more years accompanied by an improvement in the quota system. The European Parliament opposed further liberalization in the steel market. The European Parliament called upon the Commission and Council to speed up the anti-dumping procedures, given rocketing steel imports from third countries, and it demanded immediate allocation of the funds to finance the measures to provide social and regional support in those areas of the Community which are most affected by the steel crisis.

Given the differences in the Member States' positions, the issues facing the Industry Council of June 1st 1987<sup>7</sup> (quota system, accompanying social and regional assistance) were put on the Council meeting's agenda of 21 September 1987.

The Socialist Group of the European Parliament organized its third European Steel Conference on 21 and 22 May 1987 in Luxembourg which focused on the worsened situation in the Community steel industry. Previous conferences took place in 1983 and 1985.

<sup>1</sup>Resolution of 23.10.1986 on the worsening of the situation in the European iron and steel industry and the liberalization measures which the Commission intends to introduce in the steel sector (Doc.B2-1089/86) in OJ C 297 of 24.11.1986 pp.124.

<sup>2</sup>Commission Communication in Bull. EC 9-1986, p.1.2.1 concerning progressive liberalization of the quota system starting on 1 Jan. 1987, for dispatch to the Council for assent, to the Consultative Committee for its opinion and to Parliament.

<sup>3</sup>OJ L 340 of 18.12.1985

<sup>4</sup>OJ L 290 and OJ L 291 of 31.10.1980.

<sup>5</sup>OJ L 348 of 10.12.1986.

<sup>6</sup>Resolution of 14 May 1987, joint resolution replacing motions for resolutions Docs. B2-333, 362 and 371/87.

<sup>7</sup>Press Release 1170th Council Meeting - Industry - Luxembourg, June 1st 1987





INTERNAL MARKET

The period July 1986 - June 1987 has been highlighted by the first assessments of the implementation of the White Paper on completing the internal market and the considerable delay by all the Member States in ratifying the Single European Act<sup>1</sup>.

The implications of the Single Act for the White Paper programme are immense. The Single Act represents the first substantive revision of the Treaty of Rome, undertaken primarily to ensure the completion of the internal market. To achieve this objective, it significantly improves the Community's institutional procedure by extending qualified majority voting to some two thirds of the proposals listed in the White Paper programme and by enabling Parliament, through the cooperation procedure, to play a larger and more active role in the decision-making process, particularly on internal market proposals<sup>2</sup>.

During this period, Parliament has on several occasions voiced concern at the slow progress towards the completion of the internal market and demonstrated its commitment to the success of the Single Act and its principal objective of a European market without frontiers.

Progress in implementing the White Paper programme

Under the Single Act (Article 8B), the Commission must report to the Council before the end of 1988 on the progress made towards achieving the internal market by the target date of 31 December 1992. It has, moreover, already published two reports, as requested by Parliament<sup>3</sup>.

- In its first report, of 26 May 1986<sup>4</sup>, the Commission notes that the first phase of the programme has fallen behind schedule. It also assesses the various institutions' achievements, paying tribute to the European Parliament for the speed with which it delivered opinions during 1985 on the White Paper proposals. It stresses, moreover, that it has been greatly encouraged by Parliament's goodwill and its full support for the White Paper programme.
  
- The second report, of 18 May 1987<sup>5</sup>, observes that progress is falling further behind the timetable in the White Paper and is particularly disappointing in the Council. Nonetheless, these delays do not seem to be due to any fundamental opposition from the Member States. The report again underlines the important part played by Parliament in the decision-making procedure, which will be further enhanced by the entry into force of the Single Act, particularly where the rate at which Parliament delivers its opinions and its influence on proceedings in the Council are concerned.

The resolutions on the internal market adopted by the European Parliament in this period all illustrate the importance Parliament attaches to its completion.

- In its resolution of 9 July 1986 on the European Council Meeting in The Hague on 26 and 27 June 1986<sup>6</sup>, Parliament noted with concern that the timetable for achieving the internal market was not being respected and called on the Commission and the Council to adopt the necessary measures to make up the delay and to keep to the part programme to July 1987 adopted at the Internal Market Council meeting on 23 June 1986. It also set out the priorities to be met in implementing the programme to complete the internal market.

Parliament accepts the task of mobilizing public opinion behind the goal of achieving a market free of all barriers by 1992 and undertakes to organize its own work so as to ensure that the proposals for the internal market are dealt with as a top-priority programme.

- During the second part-session in October 1986, Parliament adopted two resolutions on the internal market. In the first, it restated its views on the completion of the internal market and its implications and fully endorsed the Commission's proposals contained in the White Paper<sup>7</sup>. The second concerned the difficulties encountered in implementing the White Paper<sup>8</sup>. Parliament regretted that the Council's progress in catching up on the 1985/86 programme as well as on the 1986/87 programme, had been very modest. It expressly asked the European Council to ensure that every specialized Council, every minister responsible and all ministerial services concerned were instructed to fulfil their consequent obligations within the agreed timetable.

### The Single Act and the establishment of the internal market

The European Parliament has never displayed a great deal of enthusiasm for the Single European Act. In its resolution of 16 January 1986 on its position on the Single Act, it had already concluded that the Single Act in no way constituted a genuine reform of the Community<sup>9</sup>. Nonetheless, it would exploit to the very limit the possibilities offered by this instrument. It has since repeated this position several times, while stressing that implementation of the Single Act is an essential condition for the establishment of the internal market<sup>10</sup>.

In its resolution on the Single European Act, adopted on 11 December 1986, Parliament expressed its views on its application, particularly where the implementation of the programme for completing the internal market was concerned<sup>11</sup>. It asked to be fully involved in the measures taken at each stage in the achievement of the internal market and considered it essential to observe the time limits set out in the Annex to the Commission's White Paper.

During the part-session in February 1987, the President of the Commission, Mr DELORS, presented to the European Parliament an important document entitled 'Making a success of the Single Act - A

new frontier for Europe'<sup>12</sup>. This document constitutes a work programme for the present Commission's remaining two years. In view of the document's political importance, Parliament set up a temporary committee to examine this text very carefully and draw up an opinion on it. The resultant resolution adopted on 13 May 1987<sup>13</sup> contains a detailed and structured summary of Parliament's views on the strategy for creating a European union, while reaffirming its position on the limitations of the Single Act for achieving this goal. Nonetheless, Parliament recognizes the Single Act as a means of consolidating the integration of the Community.

On the subject of creating a Europe without internal frontiers, the European Parliament asked the Commission and the Council to work with it to adopt measures, in accordance with the White Paper, to achieve the goal of the internal market by 1992. It also agreed with the Commission's priorities for completing the internal market. It underlined the vital importance of the social dimension in this process and expressed surprise at the absence in the Commission communication of a package of social measures.

#### Implementation of the White Paper and other initiatives

As well as considering the major issue of completing the internal market, with the Single Act as the institutional instrument for achieving this, the European Parliament has been examining Commission proposals under the White Paper.

#### Public contracts

In 1986, the Commission sent the Council two proposals aimed at substantially improving the transparency of public supplies and works contracts in order to create the conditions for a genuine opening-up of public procurement to Community competition<sup>14</sup>.

Since its resolution of 13 June 1985<sup>15</sup>, Parliament has stressed the economic importance of Community-wide access to public supply contracts and has invited the Commission to include in its proposal the sectors hitherto excluded<sup>16</sup> from the scope of the existing directive<sup>17</sup>. In the resolution on the proposal for a directive amending Directive 77/62/EEC and deleting certain provisions of Directive 80/767/EEC, adopted on 9 July 1987, Parliament illustrates its point of view on the matter by amending the text proposed by the Commission<sup>18</sup>. A deadline of 1 July 1990 is laid down for adopting measures to open up public contracting in the sectors excluded from intra-Community competition, failing which the directive will also apply to these sectors.

### Services sector

On 23 January 1987 the European Parliament adopted a resolution on the economic aspects of the achievement of the internal market in services<sup>19</sup>. It regretted the delays in liberalizing services, especially insurance, called on the Commission to draw up a study on the importance of the services sector for the Community's economy, and trusted that the Commission would submit the legislative proposals necessary to achieve the internal market in this sector. Parliament also called for the adoption of measures in the financial services and banking sectors concerning, in particular, the harmonization of the principle of own resources, the introduction of a deposit guarantee system and control of large loans.

### Technical harmonization

On 8 April 1987<sup>20</sup>, the EP adopted a resolution on Technical Harmonization and Standards, contained in the von Wogau report on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy. This resolution and the report outline the EP's attitude towards the Community's New Approach to Technical Harmonization and Standardization which is one of the fundamental parts of the White Paper Programme on completing the internal market

(removal of technical barriers). In the past, the EP has on several occasions refused to deliver opinions on Commission proposals for technical directives, since it takes the view that the Commission, Council and Parliament are certainly not the right bodies to be considering such detailed technical matters. The Community's legislative task should rather be to establish a framework within which that task can be performed, so as best to meet the needs of manufacturers, users and consumers. It considered the Commission's traditional procedures as excessively bureaucratic, clumsy and generally unsuited for producing common European rules for the development of new products.

A new approach has been devised and consists of the following elements<sup>21</sup> :

- (a) a procedure for the provision of information on draft technical standards and regulations ('mutual information directive' 83/189/EEC<sup>22</sup>)
- (b) the principle of reference to standards in which directives would lay down the essential safety requirements for certain (large) product categories, while the standards institutions would be entrusted with the task of drawing up technical specifications, taking into account the current stage of technology<sup>23</sup>.

Already in its resolution of 16 October 1980 on the removal of technical barriers to trade in the European Community, the European Parliament had called for a substantial increase in cooperation between the Commission, the CEN and CENELEC and the standards institutions of the Community Member States in order to initiate a new procedure governing technical approval requirements. It referred to the 'low voltage' directive of 19 February 1973 which even at that stage contained a reference to standards and a requirement to keep standards in step with technical progress.

The April 1987 resolution called again for the legislative procedure of reference to standards to be applied in future, under which the European standards institutions are entrusted with the task of drawing up technical specifications. The legislative institutions of the Community would reserve the right to define certain safety requirements :

The EP asked that all the new products of the high technology sector be subject in the first-phase, to European and not national standards and, in a second stage, international standards. Moreover, interested parties (producers, users, consumers and workers) should be associated in an appropriate way in the formulation of European standards, when the products in question directly affect their health and safety. The EP requested the Commission and Council to strengthen the European standardization bodies such as CEN and CENELEC. It also drew attention to the fact that establishing common standards is not sufficient to remove existing barriers to trade. In addition, the mutual recognition of certificates of conformity (testing and certification), which are issued by widely varying bodies in the different Member States, has to be established<sup>24</sup>.

Many proposals for directives on technical harmonization and standards have been discussed by the EP in the period July 1986 - June 1987 (see e.g. chapter 11 on Industrial Policy). A test-case on the interpretation of the Council resolution on 7 May 1987 concerning the new approach to technical harmonization and standards, was the proposal for a directive on Simple Pressure Vessels<sup>25</sup>, on which the EP has been consulted. In its resolution of 19 June 1987<sup>26</sup> on this subject, contained in the Visser report on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, the EP approved the Commission's proposal, but it regarded the draft directive not as representative of the new approach because it contained - even after Parliament's pressure to simplify the text - too many technical details. It called on the Commission, therefore, when it submits future proposals in accordance with the new approach, to respect Parliament's views and



not include any technical details. The EP emphasized also that the cooperation procedure set out in the Single European Act (Art. 100A for harmonization) can only function properly if it is applied in a spirit of cooperation between Community institutions, with the role and views of Parliament similarly respected.

- 1 Twentieth General Report on the Activities of the European Communities 1986, paragraph 1 ff.  
The Single Act was signed in Luxembourg on 17.2.1986. It was then presented for ratification in all the Member States. Ireland's deposition of its instrument of ratification was suspended because of a High Court action brought by a private citizen alleging that the ratification procedure followed by the Irish Government was unconstitutional. Ratification by the other Member States also took a long time. At the end of October 1986 several national parliaments had still not signed. The European Parliament deemed it necessary to call on them to ratify as quickly as possible (Doc. B 1-1098/86; resolution of 23.10.1986, OJ No. C 297, 24.11.1986). The Single Act finally entered into force on 1.7.1987, six months after the date envisaged at the European Council meeting in The Hague in June 1986.
- 2 Supplement 2/86 - EC Bulletin : Single European Act; see No. 1 A
- 3 Doc. A 2-180/85, resolution of 14.1.1986, OJ No. C 36, 17.2.1986
- 4 COM(86) 300 final
- 5 COM(87) 203 final
- 6 Doc. B 2-516/86, resolution of 9.7.1986, OJ No. C 227, 8.9.1986
- 7 Doc. B 2-1019/86, resolution of 23.10.1986, OJ No. C 297, 24.11.1986
- 8 Doc. B 2-1023/86, resolution of 23.10.1986, OJ No. C 297, 24.11.1986
- 9 Resolution of 16.1.1986, OJ No. C 36, 17.2.1986
- 10 Doc. B 2-1023/86, resolution of 23.10.1986, OJ No. C 297, 24.11.1986; resolution of 11.3.1987, OJ No. C 99, 13.4.1987
- 11 Doc. A 2-169/86, resolution of 11.12.1986, OJ No. C 7, 12.1.1987
- 12 Supplement 1/87 - EC Bulletin
- 13 Resolution of 13.5.1987, OJ No. C 156, 15.6.1987
- 14 Public Supply Contracts, OJ No. C 173, 11.7.1986 and EC Bulletin 6-1986, para. 1.2.1 Public Works Contracts, COM(86) 679 final, EC Bulletin 12-1986, para. 2.1.35
- 15 Resolution of 13.6.1985, OJ No. C 175, 1985
- 16 Sectors excluded : transport, water and energy supplies, telecommunications and defence
- 17 Council Directive 77/62/EEC of 21.12.1976, OJ No. L 13, 15.1.1977

- 18 Resolution of 9.7.1987, minutes of sitting of 9.7.1987
- 19 Report Doc. A 2-167/86, by Mr D. Rogalla, resolution of 23.1.1987, OJ No. C 46 of 23.2.1987
- 20 Resolution of 8.4.1984; report Doc. A 2-54/86 by Mr von Wogau
- 21 For a detailed discussion on the new vs. traditional approach to technical harmonization and standardization see J. Pelkmans, 'The New Approach to Technical Harmonization and Standardization', Journal of Common Market Studies, March 1987, pp. 249; and Opheffing van Technische Handelsbelemmeringen in de EG (Elimination of technical barriers to trade in the EC), a pilot study for the Dutch Confederation of Industry, VNO, The Hague, 1986.
- 22 Directive 83/189/EEC in OJ No. L 109 of 26.4.1983, p. 8
- 23 See Communication from the Commission to the Council and the EP of 31.1.1985 concerning technical harmonization and standards (COM(85) 19 final); Council Resolution of 7.5.1985 on a new approach to technical harmonization and standards (OJ C 136, 4.5.1985, p. 1)
- 24 See also Written Questions 1095, 1096, 1097/86 on certification bodies in the Community in OJ C 100 of 13.4.1987, p. 9
- 25 COM(86) 112 final
- 26 Resolution of 19.6.1987; Visser report Doc. A 2-81/87

COMPETITION POLICYA. General observations

1. Article 3(f) of the EEC Treaty provides that the activities of the Community aimed at establishing a common market shall include the institution of a system ensuring that competition in the common market is not distorted. Broadly speaking, competition policy is concerned with state monopolies (Art. 37), agreements and abuses of dominant positions (Arts. 85 and 86, which are also applicable to public undertakings by virtue of Art. 90) and state aid (Arts. 92 to 94).

2. The policy is implemented by the Commission, subject to the judicial control of the Court of Justice, and by the national courts to the extent that the abovementioned articles have a direct effect. It should be noted in this connection that the Commission and the European Parliament called for a two-tier system of judicial review and for more frequent recourse to the national courts for the purpose of applying Article 85<sup>1</sup>. The Commission drew up specific proposals for the creation of a two-tier judicial procedure and the representatives of the governments of the Member States agreed to amplify Article 168 of the Treaty, which concerns the organization of the Court of Justice. As for the role of the national courts in applying the competition rules, the European Parliament drew attention to the vital need for Community law to be uniformly applied in the Member States. It acknowledged that there were substantial differences between the States on such matters as availability of injunctions and the award of damages and interest, and called on the Commission to carry out a thorough study of those differences and to report back on the advisability of a directive harmonizing the relevant national practices<sup>2</sup>.

3. As matters stand at present, Parliament's control over competition policy is effectively confined to a single debate. In its last report, it sought to identify more practical methods of control which would ensure that it was constantly in touch with developments affecting competition policy. It also demanded a formal and effective role in the examination of all proposals and in the preparation of block exemption regulations<sup>3</sup>.

With a view to establishing a closer dialogue with the Commission, Parliament instructed its rapporteur on competition policy to monitor the action taken on its resolution for the rest of the year and to report periodically to the Committee on Economic and Monetary Affairs and Industrial Policy. This procedure has already borne fruit in that an initial exchange of views was held with the Commissioner responsible on the basis of a questionnaire on the problems raised in the resolution<sup>4</sup>.

4. Parliament also insisted that the Commission's annual reports on competition policy should in future be submitted before the end of April to enable Parliament to study them in depth. It should be noted that, as in the case of its 15th report, the Commission failed to publish its 16th report within the prescribed time limit<sup>5</sup>.

## **B. Agreements and abuses of dominant positions**

### **(a) Procedure**

5. Effective implementation of the competition policy is a matter to which Parliament attaches much importance<sup>6</sup>. It believes it essential for the Directorate-General for Competition to be guaranteed the requisite funds, access to the information needed for an appraisal of Community and national situations that might run counter to the Community's competition principles, and a rapid, reliable and legally foolproof procedure for tackling competition-related issues.

6. For the very first time, an undertaking (Hoechst) refused to submit to an investigation ordered by the Commission and applied to the Court for a suspension of execution of the relevant decision. By order of 26 March 1987, the President of the Court rejected this application<sup>7</sup>. The Commission's power to investigate undertakings, subject only to the control of the Court of Justice, is an essential power, without which the Directorate-General for Competition would be powerless to ascertain whether the competition rules were being applied in specific cases.

7. In recent years, the Commission has endeavoured to improve its procedures for implementing the competition rules with the aim of safeguarding the rights of defence of the undertakings concerned and simplifying and expediting the various processes involved<sup>8</sup>.

8. On the subject of rights of defence, Parliament expressed its concern about the serious shortcomings in the Commission's treatment of confidential information that had been shown up by the judgments handed down by the Court of Justice in the Adams and AKZO cases<sup>9</sup>. By its judgment of 24 June 1986 in Case 53/85 (AKZO), the Court quashed a decision taken by the Commission in December 1984 to transmit to a third party (the firm ECS) documents which, in the submission of AKZO, contained business secrets<sup>10</sup>. The point of the case was to determine the extent to which the Commission was entitled to forward the documents in question to the firm ECS to enable it to exercise its rights to be heard in the investigation procedure initiated by the Commission. The Court ruled that the Commission ought not to have transmitted documents, whose confidential nature had been invoked by AKZO, to a rival undertaking without first having given AKZO the opportunity of having the Court pronounce on the validity of the Commission's refusal to treat them as confidential.

9. On the question of the need to simplify and accelerate the relevant procedure, Parliament welcomed the improvements outlined in the 15th report, but expressed the view that further improvement was essential. To enable it to examine the main problem areas, it called for precise details of cases that were still open to be included in the annual reports<sup>11</sup>.

10. In the recent block exemption regulations (patent licences, R & D agreements), the Commission introduced a new 'opposition procedure' in order that individual exemptions might be speedily authorized for certain agreements which failed to satisfy all the conditions for the granting of a block exemption<sup>12</sup>. Parliament requested the Commission to state whether this procedure was applied frequently and whether it was proving effective<sup>13</sup>.

11. The Commission continued its studies of other forms of collaboration between undertakings which were not covered by the existing exemption regulations or for which it was thought desirable to clarify the manner in which the competition rules were applied<sup>14</sup>. Its efforts culminated in the adoption of draft exemption regulations for certain categories of franchise and know-how agreements and of a notice on joint ventures<sup>15</sup>.

12. The aim of the draft exemption regulation for certain categories of franchising agreements is to increase the legal security of undertakings in what is a fast expanding sector by consolidating the Court of Justice's ruling on franchising agreements in the light of European competition law (Pronuptia judgment) and defining the conditions under which such agreements may be authorized pursuant to Article 85(3)<sup>16</sup>. Parliament called on the Commission to report on its plans as soon as possible<sup>17</sup>.

13. The notice on joint ventures will enable the Commission to clarify its policy for industrial collaboration and closer cooperation between European businesses. This policy consists in applying the rules of competition while taking account of conditions on the world market in high technology sectors and encouraging technology transfers by joint ventures under conditions of competition which satisfy the requirements of the common market<sup>18</sup>. The completion of a policy framework for shared risk undertakings will, however, depend on the progress made by the Council in its deliberations on the Commission's proposals on amalgamation and merger controls<sup>19</sup>. In this connection, Parliament urged the Commission to end the 13-year-old deadlock

within the Council by withdrawing its proposals forthwith, in order that a fresh start might be made on filling such a serious gap in the Community's competition policy<sup>20</sup>.

14. Parliament called for a special report to be drawn up on Commission competition policy procedures and repeated its demand that a public hearing be held on the application of those procedures<sup>21</sup>.

(b) Substance

1. Fixing prices, sharing markets and allocating quotas

15. The Commission continued its policy of imposing heavy fines for traditional infringements of the competition rules<sup>22</sup>. Fines totalling 57.85 m ECU were imposed on 15 petrochemical producers, mainly multinationals, which had operated a market-sharing and price-fixing cartel in the polypropylene market since 1977<sup>23</sup>. The Commission also imposed large fines on seven Belgian producers of roofing felt (Belasco case) in view of the seriousness of the ways in which they had restricted competition over a period of more than five years<sup>24</sup>. By its decision in the latter case, the Commission reaffirmed its view, and the view expressed by the Court of Justice in earlier cases, that the competition rules are applicable to 'national' agreements which compartmentalize the common market on a national basis and thus run counter to the objective of the Treaty, which is to guarantee free and undistorted competition within a unified internal market<sup>25</sup>.

2. Cooperation agreements on research and development

16. The competition policy pursued by the Commission has sought to ensure that Community research and development are able to make the most effective possible contribution to growth and employment<sup>26</sup>. However, Parliament noted that economic research on research and development agreements within the Community had shown that the average turnover of the participants was extremely high. There was



thus a very real danger of such agreements being used for anti-competitive purposes. It therefore called for vigilance by the Commission in applying the block exemptions to such agreements<sup>27</sup>.

### 3. Distribution agreements

17. In order to ensure successful implementation of Title II (beer supply agreements) of the block exemption on exclusive purchasing agreements, Parliament called on the Commission to produce a comprehensive study of the state of competition in the beer sector, including consideration of the internal market aspects<sup>28</sup>.

On 22 October 1986, the Court delivered a judgment rejecting an appeal for the annulment of the Commission's decision renewing the exemption from the ban on restrictive competition agreements (Art. 85 of the Treaty) for the selective distribution system of SABA (a firm producing consumer electronics equipment). The appeal was lodged by METRO (a 'cash-and-carry' wholesaler), which found itself excluded from SABA's selective distribution system<sup>29</sup>. The judgment is important for the way in which it clarifies the Court's previous case-law, which provides that 'simple' selective distribution systems may constitute a form of competition that is compatible with Article 85(1) of the EEC Treaty<sup>30</sup>.

#### (c) Field of application

18. Parliament expressed its full support for the action taken by the Commission to ensure that the competition rules were observed by the traditionally regulated service sectors<sup>31</sup>. Such action included the taking of decisions on certain agreements between associated banks and on the rules of certain futures markets associations<sup>32</sup>. Parliament called on the Commission to produce a more exhaustive study of the state of competition in the banking and insurance sectors<sup>33</sup>.

19. Opening up markets hitherto subject to the direct constraints of free and fair competition is a major problem for the Commission. In

the light of the Court's judgment in the 'Nouvelles Frontières' case<sup>34</sup>, which confirmed the applicability of the Community's competition rules to air transport in the absence of a common air transport policy, the Commission continued the action it had initiated in July 1986 by sending letters, in accordance with Article 89 of the Treaty, to ten Community airlines<sup>35</sup>. The Council's deliberations on the Commission's proposals on competition rules in the air transport sector have so far failed to yield any concrete results. Consequently, the Commission has given notice of its intention to withdraw its proposal for a regulation authorizing it to grant block exemptions for agreements between airlines in accordance with Article 85(3) of the EEC Treaty<sup>36</sup>. In its resolution on the 15th report on competition policy, Parliament expressed support for the Commission's proposals on the conclusion of an agreement on liberalization measures. It also expressed the belief that the Commission should be given the full powers necessary to conduct investigations in the air transport sector<sup>37</sup>.

20. Parliament called on the Commission to examine carefully the serious potential problems for competition posed by sectors which were not traditionally analysed, e.g. the media, the retail trade and certain services<sup>38</sup>.

(d) State aid and public enterprises

(a) General policy objectives

1. Transparency of aid

21. Parliament has more than once expressed concern about the problem of concealed public aid and the resulting distortions of competition<sup>39</sup>. It welcomed the Commission's decision to draw up an inventory of state aid schemes in operation in the Member States<sup>40</sup> and expressed the hope that this inventory would help to improve Community information-gathering systems concerning such aid<sup>41</sup>.

## 2. Making the procedures more effective and transparent

22. The maintenance of strict control and the transparency of the procedures applied are the principal criteria to which Parliament refers in evaluating the Commission's competition policy as it relates to the granting of aid to undertakings.

23. The Commission decided to strengthen its policy for the recovery of aid paid unlawfully<sup>42</sup>. However, Parliament took the view that the Commission's supervisory powers were insufficient and would therefore prevent it from pursuing a tough recovery policy. It noted that this situation was clearly causing the incidence of hidden aid to rise<sup>43</sup>.

24. The Commission introduced a special notification procedure for significant cases of multiple aid awards under different schemes and declared its intention of providing more information on the procedures laid down by Article 93(2). In this context, Parliament suggested that the Commission should consider publishing a series of special guides to Commission practice as regards the granting of state aid to particular sectors<sup>44</sup>.

The Commission took steps to remind the Member States of its policy on the accumulation of aid for different purposes, on the acquisition by the state of shares in the capital of undertakings and on export subsidies<sup>45</sup>.

25. State aid to agriculture and to fisheries was covered for the first time by the Commission in its 15th report on competition policy. This was welcomed by Parliament<sup>46</sup>.

### (b) Details of legislative developments

26. The Commission adopted a new framework for state aid for research and development. Parliament pointed out<sup>47</sup> that this aid was one of the most important forms of state intervention in support of industry. It considered that the criteria contained in the

Commission's new guidelines would need to be applied most rigorously and carefully reviewed in a few years' time. Follow-up studies of the extent to which the results of authorized research and development aid programmes achieved the stated objectives would also have to be undertaken<sup>48</sup>.

27. It should also be noted that Parliament attaches considerable importance to the liberalization of state monopolies in the telecommunications sector. It welcomed the fact that in both the BT case and the Telemarketing case, the Court of Justice made a clear distinction between the official functions of a public company and its commercial activities; as far as the latter were concerned, the competition rules should be applied in their entirety<sup>49</sup>.

- 1 15th Commission report on competition policy (1985), points 38 - 43, 45; Resolution on the 15th report, adopted on 14.11.1986 following the debate on the GASOLIBA I BOHM (Doc. A 2-136/86), OJ No. C 322, 15.12.1986, paras. 5(vii) and (viii), 11, 57.
- 2 Resolution on 15th report, paras. 50 - 52.
- 3 Resolution on 15th report, para. 12.
- 4 Meeting of the Committee on Economic and Monetary Affairs and Industrial Policy of 24, 25 and 26.2.1987.
- 5 The report had still not appeared at the beginning of July 1987.
- 6 Resolution on 15th report, paras. 11, 54 - 58.
- 7 Order of 26.3.1987 in Case 46/87, Hoechst v. Commission; see Bull. EC 2/87, point 2.1.52.
- 8 See 12th report, paras. 29 - 37; 13th report, paras. 70 - 73; 14th report, paras. 46 - 48; 15th report, paras. 38 - 51.
- 9 Resolution on 15th report, para. 58.
- 10 Judgment of 24.6.1986 in Case 53/85, AKZO v. Commission.
- 11 Resolution on 15th report, para. 54.
- 12 15th report, points 21 - 22.
- 13 Resolution on 15th report, para. 56.
- 14 20th general report on the activities of the European Communities (1986), point 421 et seq.
- 15 Press briefing, IP(87)255 and 282.
- 16 Judgment of 28.1.1986 in Case 161/84, Pronuptia of Paris; see Bull. EC 1/1986, point 2.1.48; Bull. EC 12/1986, point 2.1.100; see also press briefing IP(87)292 for the recent decision (15.7.1986) of the Commission to grant an individual exemption to the firm Computerland Europe. For the first time, the exemption granted did not relate to a franchising agreement directly linked to the production and marketing of a particular brand.
- 17 Resolution on 15th report, para. 27.
- 18 20th general report, points 434 - 437.
- 19 OJ C 92, 31.10.1973, OJ C 36, 12.2.1982, and OJ C 51, of 23.2.1984.
- 20 Resolution on 15th report, para. 29.

- 21 Resolution on 15th report, para. 12.
- 22 20th general report, point 430.
- 23 Decision of 23.4.1986, OJ L 230, 18.8.1986.
- 24 Decision of 10.7.1986, OJ L 232, 19.8.1986.
- 25 Bull. EC 7/8-1986, point 2.1.62.
- 26 See symposium held by the Commission on 17.6.1986 in Brussels to discuss these matters.
- 27 Resolution on 15th report, para. 24.
- 28 Resolution on 15th report, para. 23; Commission Regulation (EEC) No. 1984/83 of 22 June 1983.
- 29 Judgment of 22.10.1986 in Case 75/84, Metro v. Commission.
- 30 Bull. EC 1/1987, point 2.4.19.
- 31 Resolution on 15th report, paras. 13 - 21.
- 32 20th general report, points 439 - 440. As regards the banking sector, the Commission decided to reserve its position on agreements covering interest rates.
- 33 Resolution on 15th report, para. 20.
- 34 Judgment of 30.4.1986 in Joined Cases 209 to 213/84, Ministère public v. Asjes and others. Bull. EC 7/8-1986, point 2.4.21.
- 35 Bull. EC 7/8-1986, point 2.1.60. In these letters, which set out formally the infringements established, the Commission requested the airlines to submit their comments and to inform it within two months of the measures they envisaged to eliminate the restrictions on competition and terminate the infringements.  
Bull. EC 3/1987, point 2.1.70, and Bull. EC 4/1987, point 2.1.57. All the airlines have now confirmed that they are ready to make all the changes to agreements and restrictive practices that are needed to eliminate, as a first step and in accordance with Community requirements, the most serious distortions of competition.
- 36 Bull. EC 3/1987, point 2.1.70, OJ C 182, 9.7.1984; COM(86) 328 final.
- 37 Resolution on 15th report, paras. 13 - 18. See also the resolution of 19.6.1987, Doc. A 2-73/87.
- 38 Resolution on 15th report, paras. 32 - 35.

- 39 Resolution on the 14th report on competition policy, adopted following the debate on the FRANZ report (Doc. A 2-128/85), OJ C 345, 31.12.1985, para. 56.  
Resolution on 15th report, paras. 36 - 41.
- 40 20th general report, point 442.
- 41 Resolution on 15th report, para. 37.
- 42 20th general report, point 442.
- 43 Resolution on 15th report, para. 45.
- 44 Resolution on 15th report, paras. 39 - 40.
- 45 See judgment of 15.1.1986 in Case 52/84 (Boch). A good illustration of the policy pursued by the Commission is provided by the Tubemeuse case, in which the Commission decided that aid paid by the Belgian Government in the form of capital subsidies should be discontinued. Bull. EC 2/1987, point 2.1.61.
- 46 Resolution on 15th report, para. 43.
- 47 OJ No. C 83, 11.4.1986.
- 48 Resolution on 15th report, para. 41.
- 49 Resolution on 15th report, paras. 47 - 49.

MULTINATIONAL UNDERTAKINGSIndustrial relations

- Amended proposal for a directive on procedures for informing and consulting employees (Vredeling Directive)<sup>1</sup>.

Little progress has been made since the ad hoc working group proposed to the Council of Ministers for Social Affairs, meeting on 13 December 1984, a 'new approach' to take into account existing industrial relations practices and legislation in many Member States<sup>2</sup>. This 'new approach' is based upon the idea of establishing the right of employees to receive information and to be consulted on matters affecting their interests rather than establishing the duty of an undertaking to provide information and consult employees. Virtually all the Member States endorse the 'new approach', although the United Kingdom and Denmark have expressed general reservations.

In an attempt to prevent the directive running out of steam completely, in June 1986 the Presidency of the Council (the Netherlands) proposed the tabling of a resolution in which the Council would note the impossibility of reaching agreement at present, would acknowledge the importance of the draft directive and would invite the Commission to continue its close monitoring of developments in national legislation concerning social relations. The debate could be resumed at the beginning of 1989 on the basis of the reports by the Commission<sup>3</sup>.

In answer to several written questions the Commission recently confirmed that it regards its amended proposal for the directive referred to above as still being before the Council<sup>4</sup>.



- Closure of the Michelin factory

The sudden and unexpected closure of the Michelin factory in Belgium, however, prompted renewed discussion of the VREDELING Directive in Parliament<sup>5</sup>.

In the resolution which it adopted on the closure of the Belgian Michelin factory and the crisis in the tyre industry<sup>6</sup>, Parliament roundly condemned the methods used by the multinational company, which gave neither the Belgian authorities nor the trade unions any notice of the closure (two-thirds of the staff were on holiday) and the resulting collective redundancies (1 034 workers). Parliament also expressed its solidarity with the workers concerned and called for the strict implementation of Directive 75/129/EEC<sup>7</sup> on collective redundancies; it urged the Commission to take the necessary steps to supplement the directive, particularly by incorporating appropriate sanctions.

Parliament went on to call for the conclusions of the Council of 21 July 1986<sup>8</sup> on the information and consultation of workers in undertakings with complex structures to be reviewed and called upon the Commission to take fresh initiatives in consultation with both sides of industry in order to ensure that a directive is adopted as soon as possible. Lastly, Parliament called on the Commission to draw up a comprehensive report on the situation in the sector in question.

In the debate preceding the adoption of the resolution<sup>9</sup>, the Commission had given its view of the case. It felt that it was up to the Council to shoulder its responsibilities and said that the Michelin case would be the subject of the first in a series of reports which the Commission intended to submit to the Council as soon as possible. It considered that the case had pointed up the loopholes in the existing legal instruments, especially in the directive on collective redundancies and in the OECD Code of Conduct.

- In the reference period the Council has continued its consideration of the proposal for a fifth directive on the structure of limited liability companies and employee participation<sup>10</sup>. As with the Vredeling Directive, some Member States are continuing to express reservations about this proposal. In its White Paper, however, the Commission has set 1988 as the date for adoption by the Council. It recently confirmed that its amended proposal for a directive (sent to the Council in August 1983) is still under consideration by the Council's working party on economic questions<sup>11</sup>.

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As regards the EEC Code of Conduct for companies with subsidiaries in South Africa, Parliament keeps a close watch for any infringements<sup>12</sup>.

- 1 Initial proposal COM(80) 423 final, OJ No. C 297 of 15.11.1980  
Parliament's opinion of 14.12.1982, OJ No. C 13 of 17.1.1983  
Amended proposal COM(83) 292 final, OJ No. C 217 of 12.8.1983
- 2 See 'Progress towards European Integration', (PE 90.700,  
PE 98.500 and PE 106.100)
- 3 On 21 July the Council formally adopted its conclusions on the  
proposal for a directive - OJ No. C 203 of 12.8.1986 - EC  
Bulletin 7/8-1986, item 2.1.102 - EC Bulletin 6-1986, item  
2.1.115
- 4 Answer given by Mr MARIN on 5.2.1987 on behalf of the  
Commission to Question No. 1921/86 (OJ No. C 124 of 11.5.1987);  
see also the Council's answers to Written Questions Nos. 221/86  
(OJ No. C 256 of 13.10.1986) and 907/86 (OJ No. 314 of  
8.12.1986)
- 5 Written Questions Nos. 1281/86 and 1334/86 (OJ No. C 124 of  
11.5.1987), 1282/86 (OJ No. C 117 of 4.5.1987) and 23  
(H-411/86) (Debates of the EP, 1986-87 session, No. 2-343)
- 6 Resolution of 11.9.1986, OJ No. C 255 of 13.10.1986
- 7 OJ No. L 48 of 22.2.1975
- 8 See footnote 3
- 9 Debates of the EP, 1986-87 session, No. 2-342, sitting of  
11.9.1986
- 10 OJ No. C 240 of 9.9.1983
- 11 Written Question No. 1921/86 (OJ No. C 124 of 11.5.1987)
- 12 Written Questions Nos. 203/86 and 204/86 (OJ No. C 214/86,  
p. 39)

SMALL AND MEDIUM SIZED UNDERTAKINGS  
(SMUs)

Definition

SMU's are generally defined as independent undertakings with fewer than 500 employees, and for NIC-IV loan purposes, with assets less than 14 m. ECUs. They are extremely important because they create absolutely many and proportionately to assets more jobs than big enterprises, being in general more labour intensive. Furthermore, they are flexible and play their part in innovation and the diversification of the economy. SMUs are found in manufacturing, commercial and service sectors.

Developments

The Commission's programme for SMUs for 1986<sup>1</sup> was approved by the Council on 3 November 1986. Following this, the Commission will concentrate on the following key aspects:

- Creation of a task force on SMUs, whose role is essentially the coordination of Community action with regard to SMUs;
- venture capital: apart from NCI the task force will also provide seed capital to SMUs;
- information: Community business information centres already function. They are incorporated in existing advisory organisations in Member States;
- controlling bureaucracy and administrative burdens on industry: since June 1986 each proposal of the Commission is subjected to an impact assessment for industry. From December 1986 it is sent to the Council.

- follow-up of the action programme: an annual report (from 1988) will be published by the Commission (requested by the EMI Committee). The Council is planning to hold a special meeting once a year on the subject of SMUs.
- business environment and taxation: regular exchange of information on the improvement of business environment will be organised by means of the establishment of a working party composed of representatives of the Commission and the Member States. Furthermore, efforts will be made to encourage a favourable fixed climate by simplifying administrative procedures and reducing tax rates (cf. USA).

In the motion for a resolution included in the NIELSEN report<sup>2</sup> the EP asks the Commission to recommend to the Member States several measures, as regards direct taxation, to encourage the establishment, development and transfer of SMUs (e.g. tax credits equivalent to the amount invested in research, incentives for the reinvestment of profits, the use of accelerated-depreciation methods for purchases of buildings, equipment etc.). It stresses also, among others, the importance for SMUs of the programme to complete the internal market by 1992; for SMUs this programme should mean simpler, clearer rules and genuine easing of current administrative constraints and regulations and the need for measures to open all public contracts in the EC.

The European Parliament proposes the development of science parks open to SMUs, encouragement for transnational technological cooperation between SMUs, maximum use of information held by patent offices and the development of innovation and business establishment centres.

The European Parliament has showed its abiding interest in this sector through its proposals set out in Motions for Resolutions and Written Questions<sup>3</sup>.

#### The creation of a favourable environment

With regard to the creation of a favourable environment for SMUs, the EP has already endorsed the measures proposed by the Commission in connection with the completion of the internal market<sup>4</sup>.

At the European Council in Luxembourg, the Commission undertook to draw up an 'impact study'<sup>5</sup>, to accompany every new proposal for a regulation or directive affecting SMUs, and it has already started to consider measures for legislative and administrative deregulation which would be of great help in improving the general environment of SMUs<sup>6</sup>.

#### Increasing financial capacity

The Council approved on 4 December 1986 the renewal of NIC (NIC IV) which will provide 750 m. ECU for SMUs investment<sup>7</sup>.

In the Friedrich report<sup>8</sup> on the proposal for a directive on the harmonisation of the laws of the Member States relating to turnover taxes in respect of the common value added tax scheme applicable to SMU's, the EP approved the Commission's proposal with some amendments.

Concerning the assistance for SMUs the situation has not changed since the previous year<sup>9</sup>.

- 1 See previous issue of "Progress towards European integration", July 1985 - June 1986, PE 106.100.
- 2 Doc A2-27/87 of 13.4.87.
- 3 i.e. Motions for Resolution by Mr Gangoiti Llaguno, Doc. B2-1105/86 of 27.10.86, by Mr J. Alvarez de Eulate Penaranda, Doc. B2-1371/86 and Doc. B2-1370/86 of 6.1.87, and Written Questions by Mr Ray MacSharry, No 2142/86 in OJ C 143 of 1.6.87, Mr Manuel Cantanero del Castillo, No 1129/86 in OJ C 133 of 18.5.87, Mr Carlos Robles Piquer, No 1732/86 in OJ C 124 of 11.5.87, Mr. Jaak Vandemeulebroucke, No 2540/86 in OJ C 112 of 27.4.87, Mr Fr. Tuckman, No 1994/86 in OJ C 112 of 27.4.87, Mrs. A. André, No 1659/86 of 13.4.87, Mr. J. Alvarez de Eulate Penaranda, No C 82 of 30.3.87 and Mrs M. N. Lienemann, No 936/86 in OJ C 72 of 20.3.87.
- 4 Doc. A2-180/85 and the Resolution on the Commission's 'White Paper' (COM(85) 310 final, OJ No C 36, 17.2.1986); the Resolution of 13 June 1985 on consolidating the internal market (OJ No C 175, 15.7.85).
- 5 Bulletin of the EC 11-1985, points 1.1.1. et seq.
- 6 Written Question No 1385/85 (OJ No C 29, 10.2.86).
- 7 Commission of the EC "Twentieth General Report on the activities of the EC 1986".
- 8 Doc. A2-46/87 of 18.5.87.
- 9 See previous issue, PE 106.100.

FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES  
FOR SELF-EMPLOYED PERSONS

Articles 52 to 66 of the EEC Treaty govern, as regards both freedom of establishment and freedom to provide services, the free movement of self-employed persons, in other words persons pursuing, without any contract of employment, an activity of an industrial or commercial character, or that of a craftsman or of a profession, these activities being described as a whole in the Treaty as 'activities of self-employed persons'. The right of establishment and of freedom to provide services are to be achieved in several stages laid down in the Treaty. Since 1967, the Commission has submitted to the Council many proposals for directives concerning self-employed persons. As regards the professions of doctor, lawyer, nurse, dentist, veterinary surgeon, midwife, pharmacist, architect, hairdresser and commercial agents, the Council has already adopted directives following lengthy negotiations between experts from the Member States, representatives of the Commission and representatives of occupational groups, and after consulting the European Parliament and the Economic and Social Committee.

These positive developments have been furthered by the decisions of the Court of Justice which, in its judgments in the Reyners case<sup>1</sup> and the van Binsbergen case<sup>2</sup>, stated that Articles 52 and 59 of the EEC Treaty came into force immediately after the expiry of the transitional period, on 1 January 1970, which means that self-employed foreigners, self-employed nationals and self-employed nationals of other Member States are put on the same footing within the Community. Since 1985 significant progress has been made as regards the right of establishment and the freedom to provide services.



On 10 June 1985 freedom of establishment was finally achieved for architects by means of Directive 85/384 on the mutual recognition of qualifications in architecture<sup>3</sup>. The Commission's proposal dated back to 1967<sup>4</sup> and Parliament had to draw the Council's attention several times to the need for a decision<sup>5</sup>.

Freedom of establishment for pharmacists was finally achieved by means of Directives 85/432 and 85/433 of 16 September 1985 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the field of pharmacy and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy<sup>6</sup>. After two previous, unsuccessful, attempts - in 1969 and 1972 - the Commission had submitted new proposals in 1981 which did not, however, affect the varying conditions of establishment from one Member State to another<sup>7</sup>. In its opinion of 16 September 1983 the European Parliament had proposed that Member States should be authorized to restrict freedom of establishment to existing pharmacies in order to avoid emigration to Member States which have no geographical allocation<sup>8</sup>. This idea was incorporated by the Commission in its amended proposal and acknowledged by the Council in its Directive. Directive 86/653 of 18 December 1986 introduced freedom of movement and establishment for self-employed commercial agents<sup>9</sup>. However, the proposals for directives laying down the implementing provisions for freedom of establishment and freedom to provide services in respect of engineers, which date back to 1969, are still before the Council<sup>10</sup>.

Nevertheless, the fact that the difficulties regarding the profession of architect have been overcome inspires hope that the Council will soon reach a decision on the profession of engineer as well.

A decisive extra impetus for the full implementation of freedom of establishment and freedom to provide services in respect of self-employed persons will certainly come from the adoption of the proposal for a directive on a generalized system of recognition of higher education diplomas, which the European Parliament approved on

14 November 1985<sup>11</sup>. This proposal is intended to introduce far-reaching innovations in the existing procedure, in that it will no longer be necessary, except in special cases, to have recourse to specific directives in order to harmonize legislation concerning qualifications and conditions of access to individual professions, since the proposed directive will establish a system of recognition of qualifications based on mutual trust and cooperation between Member States.

The Council has not yet formally adopted this proposal. However, since the European Council in Fontainebleau on 25 and 26 June 1984 advocated such a simplification of procedures in order to allow self-employed persons freedom of movement, it is reasonable to expect that the Council will reach a favourable decision on this quite soon.

In these circumstances the Commission has hesitated to submit further proposals. During the period under consideration (July 1986 - June 1987) the European Parliament has therefore had no opportunity to express its opinion in this sphere.

On the other hand, it has continued to encourage new initiatives on the part of the Commission and to ascertain that Community rules are being correctly applied by the Member States.

Some examples of its active involvement in this sphere are: Written Question No. 1463/86 to the Commission on freedom of establishment for dentists<sup>12</sup>, Written Question No. 1530/86 to the Commission on mobility of European Community citizens in Greece<sup>13</sup>, Written Question No. 1577/86 to the Commission on training in midwifery<sup>14</sup> and Written Question No. 1938/86 to the Commission on the training of pharmacists<sup>15</sup>.

The Fourth Annual Report to the European Parliament on Commission monitoring of the application of Community law, which mentions infringements of Community directives by Member States, is not yet available. It is therefore not possible at present to give any details of non-observance by Member States of legislation concerning self-employed persons.

We should, however, mention the Judgment of the Court of Justice of 15 October 1986 in Case 168/85, whereby Italy was acknowledged to have failed to fulfil its obligations, in that at present Italian law: (a) makes reciprocity a condition for the treatment of foreign nationals in the same manner as Italian nationals with regard to access to certain occupations in the field of tourism; (b) makes Italian nationality a condition for registration as a trainee journalist or as a regular contributor to publications and makes reciprocity a condition for the inclusion of professional journalists who are citizens of other Member States on the special register of foreign journalists; (c) permits only Italian nationals to take part in competitions for the award of licences to operate pharmacies<sup>16</sup>.

- <sup>1</sup>Case 2/74, Reyners, Court of Justice EC 1974 p. 631
- <sup>2</sup>Case 33/74, van Binsbergen Court of Justice 1974, p. 1299
- <sup>3</sup>OJ No. L 223 of 21.8.1985, p. 15
- <sup>4</sup>OJ No. 239/1967, p. 15
- <sup>5</sup>OJ No. C 291 of 10.10.1980, p. 96
- <sup>6</sup>OJ No. L 253 of 24.9.1985, pp. 34 & 37
- <sup>7</sup>OJ No. C 35 of 18.2.1981, p.3
- <sup>8</sup>OJ No. C 277, 17.10.1983, p. 160
- <sup>9</sup>OJ No. L 382, 31.12.1986, p. 17
- <sup>10</sup>OJ No. C 99, 30.7.1969
- <sup>11</sup>OJ No. C 345, 31.12.1985, p. 63
- <sup>12</sup>OJ No. C 133, 18.5.1987, p. 18
- <sup>13</sup>OJ No. C 133, 18.5.1987, p. 24
- <sup>14</sup>OJ No. C 117, 4.5.1987, p. 24
- <sup>15</sup>OJ No. C 133, 18.5.1987, p. 47
- <sup>16</sup>OJ No. C 286, 13.11.1986, p. 5



TAX HARMONIZATION

A. Background

Article 99 of the EEC Treaty makes the EEC institutions responsible for harmonizing national legislation on indirect taxation. Although the Treaty does not contain any equivalent article on direct taxation, Articles 100 and 102, which lay down the general basis for approximating legislation, may also serve as a legal basis for harmonizing direct taxation.

The Court of Justice has ruled that the application of Article 99 does not constitute a precondition for applying Articles 95 and 96; whatever the disparities between national tax systems, Articles 95 and 96, which apply directly, are designed to remove, prior to any harmonization, any national tax measure liable to lead to discrimination between imported or exported products and similar national products. Article 99 is designed to reduce the barriers to free movement caused by differences between national tax systems, even if those systems are applied in a non-discriminatory way<sup>1</sup>.

B. Indirect taxation

Until now, harmonization has been concerned with the ways in which VAT is collected and with setting up a common basis for VAT assessment.

As regards excise duties, a degree of harmonization has already been achieved in the case of tobacco. However, for alcoholic beverages and mineral oils, matters have advanced no farther than the proposal stage.

In connection with its programme to achieve a single internal market by 1992, as outlined in the white paper published in June 1985, the Commission proposes certain substantial measures to approximate VAT and excise duties<sup>2</sup>.

The Council has adopted the Commission's plan for removing tax frontiers. It has called on the Commission to submit detailed proposals on the rates and structure of indirect taxation and on the compensatory mechanism necessary to determine the distribution of receipts among the Member States<sup>3</sup>. Meanwhile, the Council would examine the proposals submitted to it concerning the common basis of VAT assessment and the common structures for excise duty. Despite this, little actual progress on tax matters was achieved in 1986<sup>4</sup>.

In November 1985, in tandem with the implementing programme based on the agreed schedule, the Commission submitted a proposal for a directive imposing a standstill on VAT and excise duties in order to harmonize the number and level of rates<sup>5</sup>. Following the European Parliament's opinion of 9 October 1986<sup>6</sup>, the Commission amended its proposal only as regards the number of rates that may be applied by those states currently applying a single rate. They may charge either two or three rates<sup>7</sup>.

The importance which the European Parliament attaches to the removal of tax barriers within the Community is shown by the fact that it is drawing up a report on this subject<sup>8</sup> which will reflect Parliament's point of view on the Commission's proposals as contained in its white paper on taxation. It will shortly be discussed at a plenary sitting.

#### 1. Value Added Tax (VAT)

It should be mentioned that VAT was introduced in Greece on 1 January 1987. This system of indirect taxation is now applied throughout the Community<sup>9</sup>.

The situation as regards VAT underwent practically no change during the period under review: several long-standing proposals are still awaiting adoption by the Council. The Thirteenth Directive on the arrangements for the refund of value added tax to taxable persons not established in Community territory was finally adopted by the Council<sup>10</sup>. It will be recalled that, in its resolution on June 1983, Parliament had approved the Commission proposal while voicing its concern that the Member States should not abuse certain derogations contained in it.

At present, the following proposals are under consideration:

- proposal for a directive in respect of the common value added tax scheme applicable to small and medium-sized businesses<sup>11</sup>.

This directive proposes both a new definition of tax exemption and new procedures to simplify the collection and recovery of VAT from small and medium-sized businesses. The proposed system aims to help businesses avoid excessively high administrative overheads. By adopting the resolution contained in the Friedrich report, Parliament adopted the Commission's proposal, although it did propose some amendments. The application of the tax exemption system to taxable persons should be considered by the Commission during the first three years after the directive's entry into force. The Commission should also draw up a report on the effect of the optional discretionary exemption on competition and on the Community's own resources. The Commission may then propose a possible extension of the system.

- Proposal for a directive amending for the third time Council Directive 83/181/EEC<sup>13</sup> determining the scope of Article 14(1)(d) of the Sixth VAT Directive as regards exemption from value added tax on the final importation of certain goods<sup>14</sup>.

The Commission took into consideration the European Parliament's opinion when drafting this proposal. The amendments included are intended to facilitate the import into one Member State from another of goods of low value, printed publicity material, unused postage stamps, official publications and printed election material.



- Commission proposals for an Eighteenth and a Nineteenth Council Directive on the harmonization of the laws of the Member States relating to turnover taxes<sup>15</sup>.

In respect of the proposal for an Eighteenth Council Directive (concerning the abolition of certain derogations from the common VAT system) Parliament maintained that some proposed derogations should be modified so as to avoid distorting competition between public and private companies. Furthermore, it emphasized that the transitional period had expired and asked the Commission to respond to this by adopting a proposal for a directive removing all transitional arrangements with effect from 1 January 1990 (except with regard to Spain and Portugal)<sup>16</sup>.

Parliament adopted the proposal for a Nineteenth Council Directive but stressed the need to adapt it to the computerization of transactions and to adopt the deferred payment arrangement (proposal for a Fourteenth VAT Directive)<sup>17</sup>. It also called on the Commission to draw up proposals concerning the approximation of VAT rates which would, inter alia, make it possible to introduce a clearing system and on the Council also to adopt the proposal for the Seventh VAT Directive<sup>18</sup>.

## 2. Duty-free allowances

Parliament gave its opinion on the proposal for a directive, amending Directive 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles<sup>19</sup>. The purpose of this proposal was to raise from 200 to 600 litres the amount of duty-free fuel contained in the standard-sized tanks of commercial motor vehicles<sup>20</sup>. Parliament stressed that it was essential to permit the duty-free admission of all the fuel contained in the tanks of such vehicles, thereby cutting down on checks and formalities when passing from one Community country to another.

On 14 May 1987, the European Parliament adopted a motion for a resolution on the decisions of the Danish and Irish Governments concerning reductions in personal franchise amounts for their citizens crossing Community borders and other restrictions on their rights<sup>21</sup>. The European Parliament regretted these unilateral steps which, in its opinion, indicated a total disregard of the needs and wishes of European citizens, especially since the two countries in question enjoyed many derogations from the regulation on duty-free allowances for travellers. The European Parliament has therefore called on the Commission to apply the procedure under Article 169 of the EEC Treaty if Denmark and Ireland do not lift their restrictions.

### 3. Excise duties

There were no new developments in this area during the period under review. The proposals submitted by the Commission are still under consideration.

### Direct taxation

No measures were adopted in respect of direct taxation.

- <sup>1</sup>Case No. 171/78, Commission v Denmark, 27.2.1980, ECR 1980, 447 and Case No. 55/79 Commission v Ireland, 27.2.1980, ECR 1980, 481
- <sup>2</sup>COM(85) 310 final, Completing the internal market, White Paper from the Commission to the European Council
- <sup>3</sup>Twentieth General Report, 1986, paragraph 263
- <sup>4</sup>Second Commission report on the implementation of the Commission White Paper on completing the internal market COM(87) 203 final, paragraphs 76-79
- <sup>5</sup>Forwarded to the Council on 21.11.1975, COM(85) 506 final, OJ No. C 313, 4.12.1985
- <sup>6</sup>Oppenheim report, Doc. A 2-90/86; resolution of 9.10.1986, OJ No. C 283, 10.11.1986
- <sup>7</sup>Forwarded to the Council on 23.1.1987, OJ No. C 30, 7.2.1987
- <sup>8</sup>De Gucht report, Doc. A 2-63/87
- <sup>9</sup>Bulletin of the EC No. 11 - 1986, point 1.3.5.
- <sup>10</sup>Directive 86/560 EEC - OJ No. L 326, 21.11.1986
- <sup>11</sup>COM(86) 444 final, OJ No. C 272, 28.10.1986
- <sup>12</sup>Friedrich report, Doc. A 2-46/87; resolution of 18.6.1987, minutes of 18.6.1987
- <sup>13</sup>Directive of 28.3.1983, OJ No. L 105, 23.4.1983
- <sup>14</sup>COM(87) 21; OJ No. C 53, 28.2.1987
- <sup>15</sup>OJ No. C 347, 29.12.1984
- <sup>16</sup>Resolution of 6.4.1987, OJ No. C 125, 11.5.1987
- <sup>17</sup>As above
- <sup>18</sup>OJ No. C 26, 1.2.1978, OJ No. C 136, 31.5.1979
- <sup>19</sup>Resolution of 10.10.1986, OJ No. C 283, 10.11.1986
- <sup>20</sup>OJ No. C 183, 22.7.1986
- <sup>21</sup>Doc. B 2-330/87, resolution of 14.5.1987

SOCIAL POLICYIntroduction

Despite the cooperation strategy for growth and employment inaugurated in 1986, the object of which is to reduce the unemployment rate by four percentage points by 1990, it has once again proven impossible to reduce unemployment in the Community to any significant and lasting degree in the period under consideration. Even though there was again a moderate upturn in growth and job creation in 1986, there were 16.3 million registered unemployed in the Community as a whole at the end of April, a rise of 300 000 on the figure for April of last year. To some extent this increase was due to demographic factors, though it mainly reflects a change in the structure of employment. Women have been particularly hard hit, with the number of women out of work rising by 5% since April 1986, while male unemployment fell by 1.2%. There has, moreover, been an increase in long-term unemployment : of the 16 million unemployed, some 8 million have been out of work for a year or more.

The tendency shown by the Council to adopt only non-binding recommendations in the social and labour market spheres has once again been evident in the period under consideration. The attitude adopted by some Member States is that such questions can best be regulated by employers and labour or at national level. This approach is reflected in the initiatives adopted by the Commission during the period in question. These have consisted essentially of progress reports, communications or proposals for Council decisions. Thus, for example, in September 1986 the Commission sent the Council a communication concerning problems of social security - areas of common interest<sup>1</sup>. The Committee on Social Affairs is currently drawing up a report on this subject. In February 1987 the Commission published an interim progress report and proposals for

further measures to encourage local employment initiatives<sup>2</sup> (see I.2. below, concerning Parliament's resolution). In March 1987 the Commission submitted a proposal for a Council decision adopting an action programme relating to vocational training and the preparation of young people for adult and working life<sup>3</sup>. In May 1987 it issued a communication on the internal and external adaptation of firms<sup>4</sup> and a memorandum on action to combat long-term unemployment<sup>5</sup>. The Commission also submitted proposals to amend the regulations governing the social security of migrant workers (1408/71 and 574/72), intended, among other things, to adjust the regulations to Spanish and Portuguese entry into the Community. The two working parties set up on a Commission initiative in 1985 to promote social dialogue at Community level adopted both their joint opinions in the period under consideration. On 6 November 1986 the 'macro-economic' working party adopted an opinion in which it backed the cooperative growth strategy for more employment launched by the Commission at the beginning of 1986. The working party on new technology and social dialogue adopted an opinion in March 1987 in which it emphasised that informing and consulting workers was a fundamental precondition for the introduction of new technology. This process of information and consultation should be carried out in accordance with the laws and collective agreements applying at national level.

At its meeting of 11 December 1986, the Council of Ministers of Labour and Social Security decided to allocate an additional 4 m ECU to the programme to combat poverty in response to Spanish and Portuguese accession. The Council also adopted a resolution on an action programme on employment growth (formally adopted on 22 December 1986)<sup>6</sup>. This resolution, which refers to Parliament's opinions of 11 November 1986 on the restructuring of the European labour market (see I.1. below), was adopted on a joint proposal by the Irish, Italian and British Ministers of Labour. Under this action programme the Commission is to take steps and put forward specific proposals in the following four main areas : 1. promoting new business and employment growth, 2. more efficient labour markets, 3. training and 4. long term unemployment. At its meeting

of 26 May 1987, the Council adopted the conclusions on developments in the area of adult training in firms (see I.3. below, concerning Parliament's resolution).

In the period under consideration Parliament considered 14 reports, by far the majority of which were own-initiative or Rule 63 reports. Overall, the prevailing message in these reports is that the establishment of the common internal market must run in tandem with the creation of a European social area and greater convergence in the social field.

## I. EMPLOYMENT AND CONDITIONS ON THE LABOUR MARKET

### 1. The restructuring of the European labour market

The part-session in November 1986 focussed on one major topic of discussion : the restructuring of the European labour market. The underlying reason for discussing this subject was that unemployment is still one of the most serious problems facing the Community. The macro-economic measures set in motion in the Member States over the last few years, although they have led to higher growth, have not succeeded in stemming unemployment. The Committee on Social Affairs and Employment therefore felt there was a need for the Community to draw up plans for a coherent policy on the labour market, a policy which would, at the same time, allow for the changes which the establishment of the internal market will bring about on the European labour market. Thorough preparations had been made for the debate for a year. In December 1985 the Committee on Social Affairs had had talks with UNICE and the ETUC on the subjects to be discussed in the debate. In April 1986 the rapporteurs had a meeting with experts from the OECD, who were engaged on a similar project. In July 1986 the committee held a two-day symposium attended by the following : the Vice-President of the Commission, Mr Marin, a wide range of experts invited by the rapporteur, representatives from the ILO, the ETUC, UNICE, the European Foundation for the Improvement of Living and Working Conditions,

CEDEFOP, CEEP, the American Chamber of Commerce for Europe, COFACE, the European Social Research Institute, the Economic and Social Committee and members of the Permanent Representations of the Member States.

The Committee on Social Affairs had drawn up six reports for this debate, the Committee on Regional Policy and Regional Planning one and the Committee on Women's Rights three reports, summed up in one motion for a resolution. On 11 November 1986 Parliament adopted eight resolutions on the basis of these reports<sup>7</sup>. The section below discusses only the six resolutions adopted on the basis of the reports by the Committee on Social Affairs.

#### A. Flexibility in the labour market

The resolution on flexibility in the labour market adopted on the basis of the BACHY report<sup>8</sup> noted that there were both positive and negative sides to flexibility. The negative aspect was the tendency towards the compartmentalization of the labour market, which exacerbated the difference between, on the one hand, those in work and the unemployed in receipt of benefit and, on other other, other social categories affected by the new poverty, either because they were excluded from gainful employment or, if working, were not fully protected by the relevant labour legislation because they worked on special types of employment contract (home work, work on call, minimum-maximum contracts, etc.). Parliament therefore called on the Commission to submit a framework directive to protect employees subject to such contracts. The Commission was urged to investigate the possibility of incorporating the directives on temporary and part-time work into a general directive covering special employment contracts. It was also felt that there were still a great many obstacles preventing the implementation of worker mobility, particularly the fact that there was no reciprocal recognition of diplomas and qualifications and that there were wide variations in the safeguards provided under labour law in the various Member States. Parliament therefore called on the

Commission to convene a joint conference on ways of solving these problems and to draw up a list of the obstacles to the free movement of workers. As regards working time, Parliament regretted the artificial distinction made between the objective of flexibility and reorganization of working time and that of shorter working hours as a way of reorganizing working time. The fundamental consideration must be the need to share out the available work more fairly, avoid redundancies and create new jobs. The resolution therefore called on both sides of the labour market to include these questions in the dialogue on social questions now under way at Community level (the Val Duchesse meetings).

**B. A European social area**

The resolution on the European social area adopted on the basis of the CHANTERIE report<sup>9</sup> stressed that the establishment of the internal market had a vital bearing on the Community's competitiveness and on whether there could once again be vigorous development in the economic sphere. The establishment of the internal market would, however, require structural adjustments on the labour market and a redistribution of work. The establishment of the common internal market would therefore have to go hand-in-hand with the establishment of a European social area and greater convergence in the social sphere. Parliament therefore urged the Commission to draw up plans catering for these objectives. It warned, too, against an over-restrictive interpretation of the new Article 118 A of the Single Act, and considered that the qualified majority, as defined in Article 100 A(1) with regard to 'the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market', should also be applied to decisions involving integration in the social area.



### C. Social dialogue

A resolution on the role of the social partners in the labour market was adopted on the basis of the RAGGIO report<sup>10</sup>. In it, Parliament maintained that dialogue between the social partners was part and parcel of the European identity, an essential precondition for European integration and an important precondition for increased productivity, effectiveness, renewal and industrial progress. Parliament noted that the new technologies required not only a high level of skill but also greater involvement on the part of the workers in the production process, and therefore considered that the right to be informed, to be consulted and to be involved in negotiation before technological innovations were introduced was an essential requirement. It therefore called on the social partners to reach European and national framework agreements on the introduction of technological changes. The Commission was called on, lastly, to draw up a proposal for a directive on the role of the social partners in establishing the common internal market. This directive, which must be consistent with the experience of collective bargaining in the various countries and must respect the autonomy of the partners, should promote :

- the safeguarding of trade union rights and freedoms,
- the right of individuals to join a recognized union of their choice,
- European framework collective agreements,
- the rights of workers to be informed and consulted beforehand about rationalization plans, working methods, production processes and health and safety at work,
- the implementation of the Vredeling Directive and the Fifth Directive on company law in the version prepared by the European Parliament,
- the creation of a Community company law.

#### D. Training in new technologies

There will very soon be no field in which the new technologies are not used. Parliament therefore considered that education and training in new technologies must be effectively incorporated into all the Community countries' educational systems, from primary level through secondary education to vocational training and further education. In the resolution adopted on the basis of the LARIVE-GROENENDAAL report<sup>11</sup>, Parliament called on the Member States to include a general introduction to new technologies in their educational syllabuses. The training should be given as part of existing subjects and provide the student with a broad practical grounding in basic skills.

In this context Parliament asked the Commission, in close cooperation with the Member States, to draw up a 'NEPTUNE' (New European Programme for Technology Utilization in Education) programme to promote education and vocational training in new technologies in schools and carry out pilot projects throughout the Community. Parliament proposed that the programme should run for five years and place particular emphasis on :

- training of teaching staff and instructors,
- training of girls and women,
- training of sectors of the population with specific problems such as the disabled, migrant workers, ethnic minorities and the long-term unemployed.

The NEPTUNE programme should include the setting up of a European Technology Institute linked to existing institutions, so that a network of European technological centres of excellence was established. In conclusion, Parliament considered that a COMETT II programme should be drafted with a view to giving greater breadth and depth to the measures contained in COMETT I and to stepping up Community support for cooperation between education and industry.

## E. Employment at regional level

Since the economic crisis in 1973 unemployment has risen sharply in all 12 Member States. However, the distribution of unemployment among the various regions has been very uneven, with peripheral regions on the edges of the Community, declining industrial regions and less-developed agricultural regions being the worst affected. The resolution adopted on the basis of the FITZGERALD report on employment at regional level<sup>12</sup> therefore set the stage for a special effort to promote employment in the Community's less-favoured regions.

Parliament called on the Commission to put forward proposals at an early date encouraging integrated use of all three financial instruments in less-developed regions, by means, for example, of major public infrastructure projects. Stress was also placed on stimulating local job-creation initiatives, with the Commission being recommended to put forward further, and more wide-ranging, proposals concerning local employment initiatives, a suggestion on which the Commission has in fact acted, publishing a status report in February 1987 on the results achieved so far (see I.2. below).

Parliament also called for local growth potential to be stimulated by means of support for small and medium-sized undertakings (SMUs). In conclusion, it urged the Commission to encourage technological development at regional and local level.

In January 1987 the Commission submitted a proposal for a Council decision concerning a Community programme to create and develop business and innovation centres<sup>13</sup>. This programme, which provides for support for SMUs in less-developed regions, thereby responds to Parliament's wish that local growth potential should be stimulated.

## F. Social security

In its resolution on social security in the European Community, based on the MAIJ-WEGGEN report<sup>14</sup>, Parliament pointed out that there were considerable differences between the social security systems in the individual Member States. This applied both to the method of financing (financed out of tax or from employers' and employees' contributions) and to the degree of cover and the types of benefits provided. These differences could lead to distortion of competition. A European internal market could only function effectively in conjunction with a European social security area, and Parliament therefore proposed that there should be an approximation of the national social security systems. The resolution also maintained that social security systems had failed to adapt to changes on the labour market and in demographic trends, and that thorough reform was therefore necessary.

### 2. Local employment initiatives

The Council resolution of 7 June 1984<sup>15</sup> recognized the importance of the contribution which local employment initiatives could make to combating unemployment, since the employment situation depended not only on the macro-economic policy being pursued but also on micro-economic conditions. In February 1987 the Commission issued an interim progress report on the measures being taken at Community level and in the Member States, together with proposals for further action<sup>16</sup>. On the basis of a report by Mr PAPAKYRIAZIS<sup>17</sup> Parliament adopted a resolution on this communication on 15 May 1987<sup>18</sup>. It stressed that local employment initiatives could play a considerable part in creating jobs at local and regional level. Even though the attitude of the Member States to such initiatives was a positive one, Parliament regretted, nonetheless, that this stance had not always resulted in concrete action. It therefore proposed that the progress made in implementing this policy be monitored and recorded, with particular reference to the number of jobs created by local employment

initiatives. Parliament also backed the Commission's proposal that central, regional and local authorities be asked to facilitate the setting-up of local employment initiatives by establishing information agencies and improving the opportunities for securing finance for such projects. In conclusion, management and labour should be more involved in such initiatives.

### 3. Adult training in firms

The establishment of the internal market as the necessary spur to economic growth and employment must go hand-in-hand with a coordinated labour market policy of which adult training in firms forms an important component. This was what prompted the Commission, in March 1987, to publish a communication on adult training in firms<sup>19</sup>, a communication which the Commission hopes will serve as a basis for discussion in the Council, Parliament and the Economic and Social Committee. On the basis of the conclusions reached by these institutions, the Commission, after consulting employers and labour, will take the initiative of putting forward a proposal for an action programme in the area in question. Parliament gave its opinion on the communication on 15 May 1987<sup>20</sup> in the form of a report by Mrs MAIJ-WEGGEN<sup>21</sup>. Parliament welcomed the Commission initiative and pointed out that a Community initiative was one of the wishes expressed in Parliament's resolution of 11 November 1986 on education and training in new technologies (see I.1.D. above). It supported the Commission's idea of providing financial support for special regional offices which set up partnership programmes between small and medium-sized undertakings and institutes of secondary and higher vocational training. It emphasised, however, that in addition to regional partnership programmes there was also a need for a number of individual, parallel training schemes to train employees, for example, to work on other projects. Parliament therefore proposed the establishment of a European data bank to register individual, parallel training schemes organized by companies involved in advanced technologies, so that the experience gained could be put to use elsewhere. Lastly, Parliament considered that adult training

projects should concentrate on unskilled and female employees, in the light of their weak position in the employment sphere.

## II. THE EUROPEAN SOCIAL FUND

In a number of resolutions over recent years the European Parliament has expressed the view that the European Social Fund is not functioning satisfactorily and that the review of the Fund carried out in 1983 meets neither the present requirements of the labour market nor the needs of the enlarged Community since Spanish and Portuguese accession. The Committee on Social Affairs therefore considered it vital, both in the light of experience of the workings of the Fund since it was reformed and with regard to the provisions in the Single Act relating to the adjustment of the structural Funds, that the Commission and the Council should review the workings of the ESF as soon as possible. Mrs SALISCH therefore drew up an own-initiative report on the future of the European Social Fund<sup>22</sup>, which Parliament considered on 9 September 1986<sup>23</sup>. The debate on the FITZGERALD report on the guidelines for the Social Fund in the years 1988 to 1990<sup>24</sup>, which Parliament adopted on 13 March 1987<sup>25</sup>, also gave an opportunity for consideration of the Fund's future. These two resolutions will therefore be considered together.

Parliament's objective is to see the Fund, together with the other structural Funds, playing a specific rather than just a marginal part in combating unemployment, and to ensure that the task of the Fund is to serve the aims set by the Community, not to take over national responsibilities in the areas of training and employment. Parliament found that the geographical and horizontal criteria had not to date been sufficiently clearly defined, and felt that the Commission should lay down unambiguous criteria in respect of regional concentration. It called on the Council and the Commission to abolish the specific age requirements (75% of resources go to young people under 25) in the interests of greater flexibility, which would give priority to the long-term unemployed. Parliament

considered that priority should go to multi-annual projects, so as to introduce a greater degree of continuity into the measures taken. As for the shortcomings in the administration of the Fund, Parliament had repeatedly drawn attention to these. One of the underlying causes of this problem was the fact that the guidelines for the Fund were too vague and too imprecise. If the Fund was to be effective, therefore, more selective, qualitative and uniform guidelines needed to be set. As regards the guidelines for 1988 to 1990, Parliament insisted that they should place greater emphasis on supporting vocational training schemes in small and medium-sized undertakings, and cooperative ventures involving women. Parliament also considered that the downward trend in the proportion of the Fund applied to projects to aid the disabled should be halted. It called on the Commission to submit proposals for a decentralization of the structural Funds so as to simplify them and make them more democratic.

The Commission has not yet put forward any specific proposals for reforming the ESF, so that it is still too early to comment on whether Parliament's views have been listened to. During the negotiations in September neither the Council nor the Commission gave any specific pledges. However, in its communication on 'Making a Success of the Single Act'<sup>26</sup> the Commission has stated that 'One side of the ESF's activities will follow regional eligibility rules and thus contribute towards achieving growth and adaptation in regions showing structural backwardness. The second side, of a horizontal nature, will give priority to two main aims : combating long-term unemployment and integration into employment of young people.'

In its resolutions Parliament also repeated its demand for a substantial increase in ESF resources. The Commission communication referred to above says that 'the budget funds committed via the structural Funds to the achievement of (the stated) objectives should be doubled in real terms by 1992' ... 'in particular ... the main objective of enabling the less-favoured regions to catch up.'

### III. IMPROVEMENT OF LIVING AND WORKING CONDITIONS

#### 1. The European Foundation for the Improvement of Living and Working Conditions (the Dublin Foundation)

On 16 December 1983 Parliament adopted a resolution based on a report by Mr EISMA<sup>27</sup> criticizing the shortcomings in the Dublin Foundation's work, which were attributed to its administrative structure. Parliament asked the Commission to draw up a proposal amending the Regulation governing the Foundation. In response to this request, the Commission submitted a proposal in January 1986 to amend its management structure<sup>28</sup>. The DIDO report<sup>29</sup> rejected the Commission's proposals for restructuring the Foundation. The report declared that the reasons for the earlier criticism should be sought in the lack of experience on the part of the directors and the administrative board in the first years of the Foundation's existence. It was, however, agreed that there had been a considerable improvement in the work and the management of the Foundation since the changes in the director's office. The Commission was consequently asked to withdraw its proposal, as the proposed changes would have had adverse effects on the functioning of the Foundation. At its sitting of 13 March 1987 Parliament gave its backing to the DIDO report, rejecting the Commission proposal<sup>30</sup>, whereupon Mr VARFIS, Member of the Commission, announced that the Commission was withdrawing its proposal. It can therefore be concluded that Parliament has had a not inconsiderable influence in the area of defining the Foundation's work and organization.

#### 2. International labour standards : EC-ILO

The International Labour Organization, the ILO, was set up in 1919 and recognized in 1946 as the UN's first specialized agency. One of the ILO's most important tasks is drawing up proposals for international labour standards. Annual conferences since 1919 have adopted 159 conventions relating to employment and working conditions.



On 9 March 1987 Parliament, on the basis of an own-initiative report by Mrs DURY<sup>31</sup>, adopted a resolution on compliance with and the consolidation of international labour standards<sup>32</sup>. The resolution declared the need for concerted Community action to define a coordinated policy with regard to the ratification of and compliance with ILO conventions, since there were considerable discrepancies in the numbers of conventions ratified by the different Member States. A consistent policy in the area in question would make a major contribution to the creation of the European social area, which must go hand-in-hand with the development of the internal market. The Commission was urged to draw up periodical reports on the progress made by the Community and its Member States as regards ratification, and Parliament requested the Commission in the future to report to Parliament on the outcome of the ILO's annual conferences. It called on the Community, in relation to its trade agreements with third countries, including the ACP countries, to encourage compliance with international standards relating to working conditions. In conclusion, Parliament repeated an earlier demand that a new GATT article should be negotiated during the 'Uruguay Round' to cover 'Fair Labour Standards', so as to require all GATT Contracting Parties to respect the basic conventions of the ILO.

### 3. The homeless

In a resolution on shelter for the homeless in the European Community adopted on 16 June 1987<sup>33</sup> on the basis of an own-initiative report by Mr LACERDA DE QUEIROZ<sup>34</sup>, Parliament noted that there were more than a million homeless people in the Community and that the phenomenon was becoming more and more widespread. The UN had declared 1987 International Year of Shelter for the Homeless, and Parliament called on the Commission, the Council and the Member States to bring forward specific proposals aimed initially at alleviating the conditions endured by the homeless and, in the long term, eliminating homelessness. Thus, Parliament called for the right to a home to be recognized as a fundamental right under the Member States' legislation and, in the event of eviction, for there to be an obligation to rehouse those affected. Parliament

recommended that the public funds allocated to housing at the present time should be redirected to the construction of subsidized housing, and called for better management of the public sector housing stock and a guarantee that the least-favoured sections of the population should have first claim on such housing and that rents would be made dependent on tenants' income. It also proposed setting up information services for the homeless and establishing day and night reception centres. The Commission was asked to submit a recommendation for a Community housing policy concerning the right to a home, and to carry out a survey of housing conditions in the Community. In an opinion delivered on 25 October 1984 concerning the proposal to carry out the second programme to combat poverty, Parliament had asked the Commission to ensure that the programme covered the problems of the homeless. In the resolution of 16 June 1987 Parliament deplored the very modest amount of aid allocated to the homeless, and called on the Member States to establish independent action programmes in that sphere.

#### 4. Child labour

Child labour affects a child's health, physical and intellectual development and education and must be abolished. This was the view of the European Parliament in a resolution of 16 June 1987<sup>35</sup> based on a report by Mr SUAREZ GONZALEZ<sup>36</sup>. It rejected all policies aimed at lowering labour costs through the use of child labour. It therefore called on the Commission to submit a proposal for a directive harmonizing national legislation on child labour. Such a directive should, as a general rule, ban all employment of young persons under 16 years of age and obligatory schooling should continue until that age. An exception should, however, be made for light work compatible with schooling, particularly in the context of the family or a family business. For young persons between 16 and 18 years of age nightwork, underground work and the working of overtime should be prohibited. Parliament called on the appropriate authorities in the Member States to ensure that the provisions governing child labour were complied with, and urged those Member States which had not yet done so to ratify the ILO conventions on child labour.

#### IV. THE EUROPEAN COURT OF JUSTICE

##### 1. The exercise by the European Parliament of its right to be consulted

The Court of Justice has been asked to give a preliminary ruling on Case 20/85 (Mario Roviello v. Landesversicherungsanstalt). As this is a question of fundamental importance in relation to the exercise of the right to be consulted, it is discussed in Chapter 1D.

##### 2. The Community's powers in the area of social policy

In September 1985 the Federal Republic of Germany, France, the Netherlands, Denmark and the United Kingdom took five cases before the Court of Justice for annulment of a Commission decision establishing a prior notification and consultation procedure in respect of the Member States' policies towards third countries with regard to migrants.

The European Parliament intervened in the cases on the Commission's side to support the defendant. The Court of Justice delivered its judgment on the cases on 9 July 1987 (cf. Chapter 1.D of this document).

- 1 COM(86) 410
- 2 COM(86) 784
- 3 COM(87) 90
- 4 COM(87) 229
- 5 COM(87) 231
- 6 OJ No. C 340/86, p. 2
- 7 OJ No. C 322/86, pp. 45 ff.
- 8 Doc. A 2-132/86
- 9 Doc. A 2-141/86
- 10 Doc. A 2-144/86
- 11 Doc. A 2-142/86
- 12 Doc. A 2-130/86
- 13 COM(86) 785
- 14 Doc. A 2-137/86
- 15 OJ No. C 161/84
- 16 COM(86) 784
- 17 Doc. A 2-70/87
- 18 OJ No. C 156/87, 15.6.1987
- 19 COM(86) 780
- 20 OJ No. C 156/87, 15.6.1987
- 21 Doc. A 2-71/87
- 22 Doc. A 2-80/86
- 23 OJ No. C 255/86, p. 65
- 24 Doc. A 2-230/86
- 25 OJ No. C 99/87, p. 195
- 26 COM(87) 100
- 27 OJ No. C 10/84, p. 295
- 28 COM(86) 14
- 29 Doc. A 2-200/86
- 30 OJ No. C 99/87, p. 199
- 31 Doc. A 2-177/86
- 32 OJ No. C 99/87, p. 11
- 33 OJ No. C 190, 20.7.87
- 34 Doc. A 2-246/86
- 35 OJ No. C 190, 20.7.1987
- 36 Doc. A 2-67/87



PUBLIC HEALTH AND CONSUMER PROTECTIONA PUBLIC HEALTH

A great deal of parliamentary time and debate was devoted to the consequences of the nuclear accident at Chernobyl in the Soviet Union.

On 11 September 1986, Parliament considered the question of nuclear safety and adopted two further resolutions (two already having been adopted in May 1986) on the aftermath of the accident of 26 April 1986 at the CHERNOBYL nuclear power station<sup>1</sup>. In the first resolution, Parliament noted that much of the Community had been affected by radioactive fallout and called on the Commission to organise an information campaign on the effects of radiation and to submit a multiannual epidemiological research programme on the effects on the population of long-lasting radioactive contamination.

In its second Resolution, Parliament deplored the inadequacy of the international response to such accidents, but welcomed progress made at the earlier IAEA meeting in Vienna. It requested the Member States to ensure a Community presence in future multilateral talks and called upon the Commission to propose common safety standards for nuclear reactors and to establish uniform limits for radioactivity levels in foodstuffs as well as checking food imports for radioactivity levels.

On 9 October 1986 Parliament adopted another Resolution on nuclear safety<sup>2</sup>, following on from the Chernobyl accident, urging a European conference on nuclear safety and calling on the Commission to propose amendments to the EAEC Treaty (Euratom) to increase the Community's co-ordinating and controlling role in the field of nuclear energy.

On 8 April 1987, Parliament adopted a Resolution on the problem of food contamination in the aftermath of the Chernobyl accident<sup>3</sup> following a report of the Committee on Environment, Consumer Protection and Public Health<sup>4</sup>. In

its resolution, Parliament noted that parts of the FRG, Italy and Greece suffered particular contamination, and called for stringent controls on contaminated foodstuffs and animal feed to be pursued. Parliament also called upon the Soviet Union to pay compensation to producers and dealers affected, and condemned strongly the attempt by certain Member States to export contaminated milk products to third countries. Parliament also called upon the Commission and Council to set definitive limits for radioactive contamination of foodstuffs.

On the same day, Parliament adopted two further resolutions on the reaction of the Community to Chernobyl and on the safety of nuclear power stations and the questions of mutual assistance and compensation<sup>5</sup>. Both resolutions followed reports of the Committee on Environment, Consumer Protection and Public Health<sup>6, 7</sup>.

The first resolution, having regard to numerous motions for resolution tabled by members, emphasized the need to organize Community measures to cope effectively with a nuclear disaster and highlighted the total lack of co-ordination between the Member States in their reaction to the accident which, in Parliament's view, showed more concern for political and economic interests than for consumer health. The resolution condemned the fact that, in Parliament's view, the Commission's reaction was dilatory and considered that the Council should look beyond the adoption of basic legislation and ensure that relevant EC Directives are enforced in the Member States. Finally, Parliament called on the Commission to conduct an exhaustive study of the short and long-term effects of the accident on public health in the EC and to introduce a proposal that the Community should take environmental protection measures after nuclear disasters, pursuant to Article 130S of the Single European Act<sup>8</sup>.

The second resolution, again having regard to numerous motions for resolution tabled by members, concerned itself more with intrinsic reactor safety and geographical siting. Deploring the lack of binding international safety standards for nuclear power stations, the resolution called, at the very least, for such standards to be added to the EC Euratom Treaty. In addition, the Resolution called for binding rules to ensure that no power plant may be operated in a 100 kilometre zone from the frontier of a Member State, and in

the case of existing power plants within this zone, that the neighbouring Member State(s) participate with equal rights in safety monitoring and controls.

In addition to calling for specific technical safety principles to be applied for the construction and operation of all nuclear plants, the resolution called for an enlarged role for the IAEA in Vienna and for mutual exchange of information, experience and assistance. The resolution also called for measures to be introduced regarding liability.

A further Resolution on the consequences of the Chernobyl accident and on the outline communications from the Commission to the Council on the consequences of the accident and on Community action to be taken in response to the accident<sup>9</sup> was adopted on 8 April 1987 subsequent to a report of the Committee on Energy, Research and Technology<sup>10</sup>. This resolution criticized the provisions of the Euratom Treaty and the lack of adequate powers of the Commission in the event of such an accident. The resolution called for a revision of the Euratom Treaty and the establishment of a Community Nuclear Inspectorate.

Following the contamination of foodstuffs after the Chernobyl accident, and its consequent effect upon intra-Community trade and imports from third countries, the Council activated a Regulation governing imports of agricultural products. This Regulation was extended for a last time to 31 October 1987 with the proviso that the Commission present to Council a permanent system in the case of radioactive contamination of foodstuffs. The Commission organized a "Scientific Seminar on foodstuff intervention levels after a nuclear accident", which was held in Luxembourg from 27-30 April 1987. As a result of this work, the Commission, on 16 June 1987, finally published a proposal for a Council Regulation (Euratom) laying down maximum permitted radioactivity levels for foodstuffs, feedingstuffs and drinking water in the case of abnormal levels of radioactivity or of a nuclear accident<sup>11</sup>.

As a postscript to a parliamentary year to some extent overshadowed by Chernobyl and the nuclear power issue, Parliament, considering the Euratom Treaty to be inadequate in this regard, may contest the basis (Article 30 Euratom) of the Commission proposal and take steps to have the proposal based



on Article 100A of the Single European Act (which entered into force on 1 July 1987) which deals with approximating legislation to complete the EC internal market and requires only a qualified majority vote of the Council to be brought into effect.

On 11 September 1986 Parliament adopted two Resolutions on the CATTENOM nuclear power station<sup>12</sup>. The first of these concerned an accident which took place on 23 August, before the plant's final commissioning. Parliament, echoing strong reservations regarding the plant's safety on the part of the populations of neighbouring Luxembourg, Rheinland-Pfalz and Saarland, condemned the late provision of information about the accident by the French authorities and called upon the Commission to use all means at its disposal to prevent the commissioning of Cattenom, supporting the decision by the 'Landtag' of the Saarland to also oppose its commissioning. Lastly, Parliament called for neighbouring states to have joint consultative and decision-making rights concerning all nuclear plants built near borders.

In its second resolution, Parliament went further, after a second accident had been notified and the results of inspections by the French EDF and German TUV revealed weaknesses in the construction. Parliament called upon the Commission to obtain and to incorporate the two safety studies abovementioned into its opinion pursuant to Article 37 of the Euratom Treaty and to insist upon its participation in the new Franco-German safety inspection. Parliament also called upon the Commission to support legal steps being taken by Saarland and other regional bodies regarding liquid radioactive discharges into the River Moselle.

On 10 October 1986, Parliament adopted a Resolution on woodland rabies<sup>13</sup>, following a report by the Committee on Environment, Consumer Protection and Public Health<sup>14</sup>. In this Resolution, Parliament expressed its concern about the spread of this invariably fatal disease by foxes throughout much of continental Europe, particularly towards the South-West, noting that in the first half of 1985 alone, reported rabies cases in the EC totalled 4331. Parliament expressed the hope that the Commission would produce a proposal for a Directive on rabies and a programme for common preventive measures for both humans and animals. Parliament hoped that the Commission would include in its proposals the inoculation of foxes with oral vaccine contained in bait, common

health standards for transfer of animals in the EC Member States, registration of vaccinated animals, designation of infected areas and forensic examination of dead wild animals. Finally, Parliament expressed the hope that, if rabies could be eradicated by concerted action, the stringent quarantine requirements of some Member States might ultimately be repealed.

On 9 October 1986 Parliament adopted a Resolution on the problem of drug abuse<sup>15</sup>, following an own-initiative inquiry and report<sup>16</sup> by the Committee on Environment, Consumer Protection and Public Health. The resolution, expressing Parliament's shock at the extent of the problem as revealed by its 12-month enquiry, called upon the Council to adopt a draft Resolution on concerted action to tackle the drugs problem<sup>17</sup>, according to which the Council would undertake, having regard to Parliament's Committee of Enquiry and its report, to develop new EC policies to tackle all the links in the illegal drug marketing chain. The topic of drug abuse is dealt with more fully in a separate chapter devoted to the Parliament's own-initiative report<sup>18</sup>.

On 16 February 1987, Parliament adopted a Resolution on biotechnology in Europe and the need for an integrated policy<sup>19</sup>. The resolution dealt with many aspects of biotechnology, but included certain provisions with particular reference to public health. Parliament suggested that the Commission give priority in its Biotechnology Action Programme to health research activities concentrating on the main causes of death in Europe (cardiovascular diseases and cancer). In addition, Parliament considered that human medical research must exclude the manipulation of human genes and human germ-cells. Lastly, Parliament (noting that experiments on the release into the environment of genetically manipulated plant organisms had already occurred for the first time in Europe) encouraged the Commission to give priority to projects studying the problems which could be posed by such intentional releases, and demanded that such releases be banned until binding EC safety Directives be drawn up.

On 19 February 1987, Parliament adopted its Opinion<sup>20</sup> on the Commission proposal for a Directive amending Directive 82/501/EEC (the 'Seveso' Directive) on major-accident hazards of certain industrial activities<sup>21</sup>. The proposal had been the object of an important report by Parliament's Committee on Environment, Consumer Protection and Public Health<sup>22</sup>. The original

Directive 82/501/EEC was enacted after the accident at Seveso in Italy, which resulted in the release of large quantities of highly toxic Dioxin gas. In the light of accidents resulting in contamination of the Rhine (particularly the Sandoz chemical accident in Basel), Parliament, in its Resolution, demanded a strengthening of the provisions of the proposed Directive and condemned the eight out of twelve Member States which have not yet applied the 'Seveso' Directive. On 19 March 1987 the Council of Ministers adopted a Directive amending Directive 82/501/EEC<sup>23</sup>.

On 9 March 1987, Parliament adopted an Opinion<sup>24</sup> on a Commission proposal for a Directive on the prevention of environmental pollution by asbestos<sup>25</sup>. Parliament, conscious of the highly carcinogenic nature of certain types of asbestos, voted to strengthen the Commission's proposals. On 19 March 1987 the Council of Ministers adopted a Directive 87/217/EEC on the prevention and reduction of environmental pollution by asbestos<sup>26</sup>.

On 13 March 1987, Parliament adopted a Resolution on AIDS<sup>27</sup> in which, fearful of the consequences of adverse public opinion in the face of an epidemic leading to deterioration of the humanitarian values on which free democratic societies are based, called upon the Commission and Member States to step up research programmes into the virus, to set up anonymous test facilities and to establish a European AIDS Foundation with a co-ordinating rôle.

On 15 May 1987, Parliament approved<sup>28</sup> a Commission proposal for a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of chemicals (Good Laboratory Practice)<sup>29</sup>, following a report by the Committee on Environment, Consumer Protection and Public Health<sup>30</sup>.

## Public Health

1. OJ C255 13.10.86 p 136-137
2. OJ C283 10.11.86 p 77-78
3. OJ C125 11.05.87
4. Doc A2-5/87 Mrs U von Blottnitz
5. OJ C125 11.05.87
6. Doc A2-4/87 Mr Schmit
7. Doc A2-11/87 Mr Alber
8. Single European Act, sub-section VI Environment
9. OJ C125 11.05.87
10. Doc A2-243/86 Mr Späth
11. COM(87)281 final 16.06.87
12. OJ C255 13.10.86 p 138-139
13. OJ C283 10.11.86 p 111-112
14. Doc A2-92/86 Mrs V Squarcialupi
15. OJ C283 10.11.86 p 79-80
16. Doc A2-114/86 Sir J Stewart-Clark
17. OJ C283 10.11.86 P 81
18. Chapter 4D
19. OJ C76 23.03.87 p 25-29
20. OJ C76 23.03.87 p 136-139
21. OJ C305 26.11.85 p 9
22. Doc A2-224/86 Mr A Sherlock
23. OJ L85 28.03.87 p 36
24. OJ C99 13.04.87
25. COM(85)632 final 29.11.85
26. OJ L85 28.03.87 P 40
27. OJ C99 13.04.87
28. OJ C156 15.06.87
29. COM(86)698 final
30. Doc A2-51/87 Mrs B Weber

## B CONSUMER PROTECTION

On 12 December 1986, Parliament adopted an Opinion<sup>1</sup> on a Commission proposal for a Regulation on health conditions in slaughterhouses in Belgium<sup>2</sup> following a report of the Committee on Environment, Consumer Protection and Public Health<sup>3</sup>. In its Opinion, Parliament amended the Commission proposal to widen its scope from rationalization and improvement of health conditions in Belgian slaughterhouses, to that of a multiannual action programme for 1988-92 to bring all EC slaughterhouses into line with Directive 64/433/EEC. Parliament's Resolution also called upon the Belgian government to act on the implementation of the Commission's proposals.

On 23 January 1987, Parliament approved<sup>4</sup> a Commission proposal for a Directive amending Directive 77/99/EEC on health problems affecting intra-Community trade in meat products<sup>5</sup>, following a report of the Committee on Environment, Consumer Protection and Public Health<sup>6</sup>. In its Resolution closing the procedure, Parliament welcomed the extension of the rules governing fresh meat products to all meat products, but believed that melted-down animal fats should also come under the scope of the proposed Directive. In addition, Parliament asked for Community resources to be allocated to those states unable to fully implement the Directive owing to economic and technical difficulties, and called for regular inspection of approved establishments by Commission veterinary experts. A further important point was made regarding the highly-complex field of trade in fresh meat or meat products which is the object of a plethora of Directives and amendments. This complexity makes Parliament's work of control difficult and Parliament therefore demanded the full text of the Directive(s) to be amended and a summary of all pertinent implementing Directives each time proposals on this subject are to be considered.

On 16 February 1987, Parliament adopted a Resolution on the effects of the use of biotechnology on the European farming industry<sup>7</sup>. Although this resolution was principally an agricultural matter, consumer protection questions were involved, and Parliament in particular urged that the EC ban on the use of growth hormones in livestock (in which the Committee on Environment, Consumer

Protection and Public Health had been the prime mover) be used as a basis for international negotiation via organisations such as WHO and FAO, on rules governing trade and the use of hormones in stockbreeding worldwide.

The March 1987 Plenary Session was particularly devoted to questions of foodstuffs legislation and the consumer protection issues thereby raised. The stimulus for a plethora of Commission proposals in this field came from the Community's target of completion of the Internal Market by 1992, and the consequent need for harmonization of the legislation of the Member States regarding food additives, treatment, transport, packaging, labelling and presentation, all of which are highly relevant to the consumer.

On 10 March 1987, Parliament adopted a Resolution on the completion of the Internal Market : Community legislation on foodstuffs<sup>8</sup>, following a report of the Committee on Environment, Consumer Protection and Public Health<sup>9</sup> on the Commission's Communication to the Council and the European Parliament<sup>10</sup> on this subject. In this Resolution, Parliament expressed grave misgivings regarding the protection of consumers in the face of the drive for mutual recognition of standards and a horizontal, rather than vertical, approach to harmonization at Community level. It expressed its wish for greater involvement in the foodstuffs sector and for the Scientific Committee for Food to be made more independent of the Commission.

In particular, Parliament rejected the Commission's intention, based on the Single European Act, of using a non-voting procedure in the Standing Committee on Foodstuffs. Parliament also drew attention to the fundamental paradox affecting all aspects of the creation of the Internal Market and the provisions of the Single European Act, whose new Article 100A states that Community proposals should be based on a 'high level of protection', whereas the 'mutual recognition' approach to the removal of obstacles to the Internal Market could be interpreted as a reduction to the lowest common denominator of protection.

In the context of foodstuffs legislation, Parliament, on 10 March 1987, adopted an Opinion<sup>11</sup> on the Commission proposal for a Directive on the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption<sup>12</sup>, following a

report of the Committee on Environment, Consumer Protection and Public Health<sup>13</sup>. In its resolution, Parliament disagreed fundamentally with the Commission's approach, regarding it as too complex and piecemeal. Parliament demanded a comprehensive additives Directive rather than a multitude of specific ones, and wanted a general tightening-up of additive use. Particular emphasis was laid by Parliament on the need to ban additives which alone, or in synergistic effect, could be responsible for hypersensitive or allergic reactions in some people.

On the same day, Parliament adopted an Opinion<sup>14</sup> on the Commission proposal for a directive amending Directive 79/112/EEC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer<sup>15</sup>. In this case, the main thrust of Parliament's amendments, apart from making labelling requirements more stringent, was to require a ban on irradiated foodstuffs and/or constituent ingredients, the authorization of which is envisaged on an EC basis. Parliament went on to adopt a Resolution on the irradiation of foodstuffs<sup>16</sup>, following a report on the subject by the Committee on Environment, Consumer Protection and Public Health<sup>17</sup>. In its resolution, Parliament rejected, on precautionary grounds, the general authorization of irradiation of foodstuffs and called for a ban on the import of irradiated food from non-Member States. In addition, given that some Member States permit irradiation and others not, Parliament believed that before irradiated foods could be freely traded in the Community, clarification on means of detection of irradiated food must be obtained, further studies on the long-term effects of irradiation carried out, and a clear and unequivocal system of labelling devised and made compulsory.

Parliament went on to adopt an Opinion and Resolution<sup>18</sup> on a Commission proposal for a Directive on the approximation of the laws of the Member States relating to foodstuffs intended for particular nutritional uses<sup>19</sup>, and on a Commission proposal for a Directive on the approximation of the laws of the Member States related to materials and articles intended to come into contact with foodstuffs<sup>20</sup>. Parliament's resolution, having regard to the report<sup>21</sup> of the Committee on Environment, Consumer Protection and Public Health, concerned itself specifically with the broad question of the Commission's approach regarding the achievement of free circulation of foodstuffs in the internal

market. Regarding the approximation of laws of the Member States, the method proposed by the Commission comprises the adoption of a 'framework' directive by the Council on a proposal of the Commission after consultation of the Parliament. This would be followed by the promulgation of specific Commission Directives laying down detailed provisions within the framework, after consultation of the Standing Committee on Foodstuffs alone. Parliament regarded this proposal as unsound, short-circuiting full democratic control and basing itself on consultation with, in Parliament's view, a body with no external, public or consumer element represented. As well as amending the Commission's proposals for directives, Parliament expressed strong reservations regarding the Commission's intended course of action and voiced its fear of harmonization to a lower level of consumer protection in the subsequent 'specific' Commission Directives.

On 11 March 1987, Parliament approved<sup>22</sup> a Commission proposal for a directive amending for the eighth time the Directive of 23 October 1962 concerning colouring matters authorized for use in foodstuffs<sup>23</sup>. On the same day, Parliament adopted three own-initiative resolutions on food-related matters. A Resolution on the transport of foodstuffs in containers and tankers<sup>24</sup>, following a report by the Committee on Environment, Consumer Protection and Public Health<sup>25</sup>, expressed Parliament's concern over the transport in tankers of consumable liquids, where the tanker may have previously contained a non-compatible substance. Parliament called upon the Commission to publish a list of compatible products in order to permit dual-use under strict surveillance and to increase the frequency and effectiveness of checks carried out.

A Resolution on the adulteration of Community wine with ethylene glycol and other poisons<sup>26</sup>, following a report by the Committee on Environment, consumer Protection and Public Health<sup>27</sup> voiced Parliament's concern at the scandal of the adulteration of certain Italian wines with ethylene glycol, which had resulted in a number of cases of poisoning and death. Parliament's resolution condemned the criminal fraud that had been perpetrated and called upon the Council to introduce compulsory labelling of alcohol content throughout the EC and to introduce a systematic vineyard register. The resolution called upon the Commission to bring forward proposals to more fully regulate the wine



market and ensure systematic checks and suppression of fraud. Parliament also called for legislation making it easier for consumers to sue producers of adulterated wine for damages.

A third Resolution was adopted on the mass poisoning in Spain in 1981<sup>28</sup>, following a report on the subject by the Committee on Environment, Consumer Protection and Public Health<sup>29</sup>. This Resolution, concerning the outbreak of Toxic Syndrome among some 20,000 people allegedly as a result of the consumption of contaminated cooking oil sold on a door-to-door basis in Spain, called upon the Commission to introduce EC-wide food inspection procedures at all stages of production and transport and EC-wide systems for rapid information exchange and withdrawal from the market of dangerous foodstuffs. Parliament also called upon the Spanish government to apply the recommendations of the World Health Organization Expert Committee on Toxic Oil Syndrome. Given the fact that the incident occurred before the entry of Spain into the Community, this particular initiative is interesting because of the effect that EC membership has in encouraging new Member States to raise their standards of consumer protection and public health to approach those of the more advanced EC Member States.

On 15 May 1987, Parliament approved<sup>30</sup> a Commission proposal for a directive amending Directive 75/106/EEC on the approximation of the laws of the Member States relating to the making-up by volume of certain pre-packaged liquids<sup>31</sup>, and a Commission proposal for a Directive amending Directive 80/232/EEC on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain pre-packaged products<sup>32</sup>. Parliament's approval followed acceptance of a report by the Committee on Environment, Consumer Protection and Public Health<sup>33</sup>.

On the same day, Parliament approved<sup>34</sup> a Commission proposal for a directive on the approximation of the laws of the Member States concerning products which, appearing to be other than they are, endanger the health and safety of consumers<sup>35</sup>. Parliament's resolution, based on a report fo the Committee on Environment, Consumer Protection and Public Health<sup>36</sup>, made reference to the 47 million injuries and 37,000 deaths reported each year in the 12 Member States from accidents in private life and the home. Parliament laid emphasis on child safety in particular (40% of the accidents affecting children) and,

although supporting the Commission proposal, regretted that the Commission has not so far put forward proposals for a comprehensive safety policy. Parliament called upon the Commission to draw up a framework directive placing a general duty on manufacturers and importers to trade safely, making compliance with EC-wide health and safety standards a prerequisite for free movement of goods. Parliament also called on the Commission to implement in full the Community system for recording accidents in the home, and to improve the Rapid Notification System for dangerous products to include medicines as well as foodstuffs. Finally, Parliament wanted greater powers of co-ordination of enforcement officers for the inspection of suspect goods.

## Consumer Protection

1. OJ C7 12.01.87 p 312-316
2. OJ C329 19.12.85 p 11
3. Doc A2-164/86 Mrs B Weber
4. OJ C46 23.02.87 p 125
5. OJ C349 31.12.85 p 43
6. Doc A2-189/86 Mrs Lenz-Cornette
7. OJ C76 23.03.87 p 25
8. OJ C99 13.04.87
9. Doc A2-195/86 Mrs C Jackson
10. COM(85)603 final
11. OJ C99 13.04.87
12. COM(86)89 final
13. Doc A2-235/86 Mrs U Schleicher
14. OJ C99 13.04.87
15. COM(86)89 final
16. OJ C99 13.04.87
17. Doc A2-216/86 Mrs U von Blottnitz
18. OJ C99 13.04.87
19. COM(86)91 final
20. COM(86)90 final
21. Doc A2-240/86 Mrs M Jepsen
22. OJ C99 13.04.87
23. COM(85)474 final
24. OJ C99 13.04.87
25. Doc A2-149/86 Mr V Pereira
26. OJ C99 13.04.87
27. Doc A2-188/86 Mrs Peus
28. OJ C99 13.04.87
29. Doc A2-248/86 Mr Duarte Cendan
30. OJ C156 15.06.87
31. COM(86)653 final III
32. COM(86)653 final IV
33. Doc A2-52/87 Mrs B Weber

- 34. OJ C156 15.06.87
- 35. COM(86)499
- 36. Doc A2-64/87 Mr K Collins



ENVIRONMENTAL POLICYIntroduction

1. During the period under consideration, two series of events left their mark on Community activities in the environmental field. The first concerned major accidents which occurred at high risk-plants. Firstly, there was the ecological disaster at Chernobyl which was studied more from the point of view of energy and public health policies than from that of its environmental effects, and, secondly, the fire at the chemical works in Basle. Although these two accidents took place outside the Community they seem to have stirred the emotions of Community citizens as much, if not more, than the nationals of the states in which they took place.

2. The second series concerned measures adopted by the Community.

The first measure which should be mentioned is the beginning of the Year of the Environment (March 1987 - March 1988). It was not possible for the European Parliament to mark this by a part-session devoted mainly to the many dossiers drawn up by its Committee on the Environment for that purpose. Owing to the demands of the parliamentary timetable, consideration of the reports was spread over several part-sessions, particularly that of September 1987.

The second measure was the ratification of the Single European Act which, after 12 years' experience, confirmed the need for an environmental policy by inserting in the EEC Treaty three articles which Parliament has decided to exploit to the full although they seem to fall rather short of its expectations.

The third important event was the consideration of the new 1987-1992 environmental programme. The opinion delivered by Parliament on this new programme and the opinions delivered on the proposals referred to it during the period under consideration, classified by sector, will be discussed below.

(a) The draft Fourth Programme 1986-1992

3. Parliament considered the draft Fourth Environmental Action Programme from the specific angle of Article 130S, inserted in the EEC Treaty by the Single European Act. The resolution which it adopted on 13 May 1987 stresses the importance of defining a number of actions to be taken rather than drawing up a very wide programme, the results of which are then difficult to assess. Parliament mentioned seven topics for the fourth programme:

- a policy of education and information;
- an overall policy on wastes;
- rules on chemical substances;
- new approaches to the balance of nature;
- development of 'clean' technology;
- application of Community legislation; and
- international cooperation with other European countries and the developing countries.

4. In order to attain this policy, Parliament called in particular for the institution of a special environment fund, monitoring of the measures adopted, development of Community research and the application of the 'polluter pays' principle. It recalled that the Single European Act introduced into the EEC Treaty new concepts such as the appraisal of the advantages and disadvantages which may be the result of action or failure to act as well as taking into account in other common policies the requirements of environmental protection<sup>1</sup>.

(b) Water pollution

- Rivers

5. The accident which occurred on 1 November 1986 at the Sandoz plant (Switzerland) and which led to the discharge of agrochemical products into the Rhine, followed by other instances of the dumping of toxic substances by companies operating along the banks of the Rhine, was the subject matter of five resolutions adopted by the European Parliament on 11 December 1986<sup>2</sup>.

The European Parliament called for the honouring of international commitments given with regard to chemical pollution, the supplementing of international regulations by adopting the Council of Europe's draft convention on the protection of international waterways and by extending to non-Community European countries the so-called Seveso directive on major-accident hazards. It requested the Commission of the European Communities to draw up a report on the state of implementation of the legal acts already signed in this field, to consolidate and complete the harmonization of laws on chemical products, to consider setting up a management body for each international water basin in the Community, to put forward proposals for a system of strict civil liability (not linked to the concept of fault) for high-risk chemical activities, a tax scheme for chemical products to finance an international fund for the environment and an economic policy to stimulate the introduction and use of alternative products to replace toxic products.

The European Parliament called on the Commission of the European Communities to establish an effective safety and warning system and called for the 'Seveso' directive to be supplemented by measures relating to the storage of waste produced by the chemical industries and the monitoring of those products. It therefore requested the Council to review its decision of 12 June 1986 in which the latter adopted values lower than those laid down by the Commission in its amendment to the 'Seveso' directive. It also called on the Commission of the European Communities to draw up a directive supplementing the existing legal provisions so as to include the dumping of waste in rivers.

The European Parliament asked for the publication of the results of tests on samples of Rhine water and for similar analyses to be carried out in all Community rivers at risk. It called for the bed of the Rhine to be cleaned up, for those responsible for the pollution to pay the cost of depollution and damages and for an extraordinary meeting of the EEC-Switzerland delegation to be convened so as to examine the means of preventing the recurrence of such a disaster.



6. As long ago as 1976, the Community drew up two lists of dangerous products which are capable of seriously affecting the quality of inland water. The first list consists of products in the case of which no pollution should be permitted and with regard to which limit values must be laid down which the emission standards may not exceed (source of pollution). The second list relates to products with regard to which pollution must be reduced and in the case of which quality objectives will be laid down in programmes to be adopted by the Member States (impact on the environment). For the first time, the Commission submitted a proposal relating to a product in List II, chromium, in view of the fact that the Member States had not established the expected programmes to reduce water pollution or had established them in widely differing ways so that they could not be harmonized.

In its opinion delivered on 19 June 1987, Parliament supported the Commission's initiative, whilst calling on it to pursue its efforts with regard to zinc, copper, nickel and lead, and other products in List II. It put forward amendments aiming to apply not only environmental quality objectives but also emission standards to industrial waste<sup>3</sup>.

- The sea

7. In December 1984, the Community signed the United Nations Convention on the Law of the Sea of 10 December 1982, which is the direct consequence of the transfer by the Member States of certain of their powers to the Community in various important fields, including the conservation and use of the biological resources of the sea and the protection and preservation of the marine environment. In delivering its opinion on 11 September 1986 on a proposal for a directive on the dumping and incineration of waste at sea, Parliament considered, firstly, that the Community should create its own powers as regards the protection and conservation of the marine environment. It regretted, moreover, the excessive caution on the part of the authors of the Single European Act, which betrayed a limitative concept in this respect. In its opinion, in order to be credible and applicable to third states, a Community policy for the protection of the marine environment must first of all satisfy the conditions of internal consistency and legal certainty. Pursuant to these principles, Parliament submitted a series of amendments to the proposal for a directive and to the annexes with the aim of strengthening and clarifying the provisions aiming to reduce or even eliminate the opportunities for the dumping and incineration of waste at sea<sup>4</sup>.

8. The Commission immediately stated at the sitting that it could not agree with the amendments proposed by Parliament. The report was therefore withdrawn and the the Committee on the Environment submitted a new report during the June 1987 part-session based on the same original Commission text. The new amendments proposed by Parliament related chiefly to the following:

- a general ban on the dumping of radioactive waste, whereas the Commission excluded such waste from the scope of the directive;
- as the formal presentation of the directive is particularly complex, the Commission agreed to add an Annex XI analysing the concordances and discrepancies between the annexes of the general and regional conventions. By comparison with those conventions, the aim of the directive is to ensure the uniform application and monitoring of those conventions in the Community;
- the enlargement of the scope of the directive. All ships registered in a Member State fall within the scope of the directive, regardless of where the dumping operations take place. The geographical restriction is retained only in the case of ships which are not registered in a Member State;
- as this directive applies in the main to dumping operations from ships, the Commission was requested to submit other directives on pollution from land-based sources and operational discharges of waste from ships<sup>5</sup>.

9. Two accidents at sea should also be mentioned.

The wreck of the iron ore carrier 'Kowloon Bridge' and the damage to the oil tanker 'Capo Emma' on the southern coast of Ireland were referred to in two resolutions adopted by the European Parliament on 11 December 1986 in which it called for Community action to ensure the 'safety' of vessels using Community waters and to ensure that shipowners could not escape liability for accidents involving their ships<sup>6</sup>.

The capsizing of the 'Herald of Free Enterprise' just outside Zeebrugge harbour was, of course, the subject of a resolution adopted on 12 March 1987 in which Parliament expressed its surprise that ferries were allowed to carry passengers and vehicles laden with toxic substances at the same time and called for rules to be drawn up on that matter<sup>7</sup>.

(c) Air pollution

10. In its resolution of 12 September 1986 on measures to counteract the rising concentration of carbon dioxide in the atmosphere, the European Parliament expressed its concern at the fact that the earth's average temperature is rising as a result of non-natural releases into the atmosphere of carbon dioxide and propellants from fossil-fuel burning, farming and industrial activities and deforestation. It called upon the Commission to introduce measures to reduce carbon dioxide in the atmosphere, requested a worldwide policy of reforestation and appropriate measures to put an end to deforestation in Third World countries, and asked for more resources to be allocated to 'climatology'. Parliament also called for the public to be properly informed about the implications of the human activities in question<sup>8</sup>.

11. On 10 October 1986, Parliament delivered its opinion on the proposal for a directive amending Directive 75/716/EEC on the sulphur content of certain liquid fuels. It took the view, in particular, that the reduction in the sulphur content of gas oils was clearly inadequate. It therefore called on the Commission to adopt the amendments which it had tabled to the directive and to reconsult it if necessary<sup>9</sup>.

12. As regards air pollution by motor vehicle exhaust gases, Parliament, in its resolution on the Community automobile industry, took the view that there was an urgent need for all Member States to sign the Agreement of 28 June 1985 and for concerted action to be taken to prevent fragmentation of the automobile market where this would be the result of differences between the national regulations.

That resolution, which was adopted on the initiative of the Committee on Economic and Monetary Affairs and Industry Policy, stressed the need to fit vehicles with three-way catalytic converters, without drawing attention away from the further development of lean-burn technology. It recalled that the widespread availability of unleaded petrol should be ensured as soon as possible and that for this purpose it would be advisable for the Member States to introduce tax incentives to accelerate compliance with the new standards<sup>10</sup>.

13. During the June 1987 part-session, Parliament delivered a favourable opinion on a Commission proposal aiming to amend the obligation on retailers to make available to consumers leaded petrol in order to take account both of older vehicles which can only run on leaded petrol and of the concern of certain Member States to go over to unleaded petrol as rapidly as possible. In its resolution, Parliament pointed out the advantages of tax incentives to promote the transition to unleaded petrol<sup>11</sup>.

14. During the same part-session, Parliament gave its opinion on two proposals for directives on air pollution by gases from diesel engines of motor vehicles. Those proposals, although approved as a whole, gave rise to the adoption of several amendments relating in particular to the alteration of the timetable for the implementation of the directives and the limit values for particulate emissions from passenger cars. Parliament also insisted on a reduction in the sulphur content of diesel fuel, the introduction of a uniform European test procedure for particulate emissions, the need to adopt another directive relating to marine, rail, and construction machinery engines and the need for the various directives on motor vehicle emissions to be made clear by consolidating and simplifying the texts<sup>12</sup>.

15. The Council of Ministers (Environment) took two important decisions, by a qualified majority, on the basis of the Single European Act, which had just come into force on 1 July 1987.

It reached a common position on measures to combat air pollution:

- by exhaust gases from private motor vehicles (this decision was adopted by a qualified majority with Denmark voting against, all Member States except Denmark having approved it as long ago as 27/28 June 1985);
- by exhaust gases from heavy utility vehicles (emissions of hydrocarbons, on the one hand, and nitrogen oxide and carbon monoxide, on the other, from new vehicles such as buses, lorries and so forth sold from 1 April 1988 onwards must be reduced by 30% and 20% respectively).

Pursuant to the cooperation procedure laid down in the Single Act, Parliament must, within three months, give its views at second reading on this common position of the Council.

(d) Protection of the soil - flora and fauna

16. In its resolution adopted on 19 February 1987 on desertification due to the deforestation of tropical rain forests in order to extend the area of land under cultivation and the use of wood for domestic purposes, Parliament proposed concerted action by the Community, the countries involved and international organizations in order to find effective solutions to this problem, which affects the equilibrium of the whole planet<sup>13</sup>.

17. During the sitting of 11 December 1986, Parliament approved a proposal for a regulation on the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. This related in particular to the protection of certain species of butterfly in Papua New Guinea but also in general to programmes for controlled trade in endangered species and the ranching of those species. In addition, the European Parliament called on the Commission of the European Communities to investigate ways of providing financial aid for small-scale commercial butterfly farming programmes and to give aid to projects within the Community aimed at improving the natural habitats and protection of endangered species of butterfly<sup>14</sup>.

18. The increase in cases of woodland rabies recorded in Community countries was the subject matter of a resolution adopted by the European Parliament on 10 October 1986 calling on the Commission of the European Communities to submit to it a directive in this field so as to eradicate rabies and contain by all possible means the spread of the disease amongst domestic animals<sup>15</sup>.

19. The Commission's proposal on the protection of vertebrate animals used for experimental and other scientific purposes received particular attention from Parliament, precisely because the latter initiated that proposal. Whilst approving the proposal, it found many lacunae in it and adopted a large number of amendments. Parliament wished to emphasize not only the odious and immoral nature of those experiments, especially when they were useless because they involved duplication, but also that they were unacceptable where they involved the testing of weapons and medical research connected with the use of weapons or where research could be carried out by other means<sup>16</sup>. On 24 November 1986 the Council adopted the text of that proposal<sup>17</sup>.

The main points of the resolution adopted by Parliament on 20 February 1987 on animal welfare policy will be found in the section on agriculture.

(e) Major-accident hazards

20. The major accidents which have occurred during the past few years and their ecological impact prompted the Commission to review the contents of the annexes listing particularly dangerous substances used by industrial undertakings, as in fact laid down by the 1982 directive on major-accident hazards. This review enabled Parliament to stress the fact that, by 19 February 1987, the date on which it adopted its opinion on the Commission proposal, only four Member States had transposed the provisions of the directive into their national law. It noted with indignation that the Commission had not fulfilled its control functions with regard to this transposition process. It called immediately for a further strengthening of the directive by lowering certain limit values applicable to dangerous substances. It also called upon the Commission to submit proposals for the creation of a European law on liability and compensation<sup>18</sup>.

(f) Wastes

21. According to the waste oil balance, a high percentage of the 2.5 million tonnes of waste oil produced annually in the various Member States of the Community is still being disposed of in an uncontrolled or inappropriate manner.

22. On 24 January 1985, the Commission submitted a proposal aiming to strengthen Directive 275/439/EEC on the disposal of waste oils, particularly by making not only the disposal but also the collection of waste oils subject from now on to the grant of a permit. Despite this, Parliament continued to have doubts as to the effectiveness of the measures proposed by the Commission. It therefore called, in its resolution of 12 September 1986, for a clear distinction to be drawn between legislation concerning the recycling of waste oil and legislation concerning the disposal of hazardous waste by fixing maximum levels of contaminants (PCB/PCT and chlorides) which may be found in reusable waste oil.

It emphasized the continuing danger of the unauthorized disposal of waste oil and mixtures of relatively uncontaminated waste oils with heavily contaminated waste oils. It approved the emission values proposed by the Commission for certain substances emitted as a result of the combustion of waste oils, whilst stating that they could be adjusted in the light of the latest scientific findings and technical possibilities. Finally, it called for the application of the 'polluter pays' principle to undertakings distributing oil in respect of the collection of used oil and to producers in respect of the disposal thereof<sup>19</sup>.

23. The Council adopted that proposal on 22 December 1986. The new directive followed the lines proposed by Parliament as regards the approval of undertakings for the collection of waste oil. It did not however adopt either the concept of waste oil which is not reusable because it is too contaminated or the provisions proposed by Parliament with regard to the special processing thereof<sup>20</sup>.

24. The Community directives on waste and dangerous waste go back to 1975 and 1978 and were one of the first projects undertaken to achieve an environmental policy. Despite the time which has elapsed, the situation still leaves much to be desired. Parliament drew up a list of instances of failure to act and adopted, on 19 June 1987, a resolution on the initiative of several members of the Committee on the Environment. We can point out here only the salient points of that resolution:

- the creation of a corps of Community inspectors responsible for monitoring the proper practical implementation of European law on the environment;
- the strengthening of the monitoring of international movements of waste by measures to harmonize the standards applicable to the waste disposal facilities which exist in the various Member States;
- the introduction of financial procedures implementing the 'polluter pays' principle and the generalization of the strict liability of the producer of dangerous waste;
- the extent and seriousness of the problems arising from old waste dumps and the disparity of the national responses to the problem of contaminated sites, leading to many cases of contaminated soil being exported from one country to another;
- the need for a survey of all old waste dumps and disused industrial sites where dangerous substances were employed or produced<sup>21</sup>;
- the alarm caused, with regard to the preservation of surface water and ground water, by contamination due to waste which may contain heavy metals.

(g) Community environmental projects

25. As long ago as 1984, the Commission issued a regulation on action by the Community relating to the environment. Financial support was granted in three priority areas, new 'clean' technologies, measuring and monitoring techniques and the maintenance and re-establishment of seriously threatened biotopes. The Commission proposed to extend the scope of the directive by adding in particular the study of techniques for locating and restoring sites contaminated by hazardous wastes or hazardous substances and the study of techniques for recycling and re-using waste.



In the opinion which it delivered on 15 May 1987, Parliament proposed to increase the rate of the Community's contribution to Community action and the amount of commitment appropriations from 24 to 31 million ECU for the years 1988-1990. As a whole, it strongly supported the Commission's intention to develop Community action and requested it to submit to Parliament an annual report on the implementation of the new regulation<sup>22</sup>. The Council took a decision on that proposal on 21-22 May 1987 but did not comply with Parliament's opinion with regard to the appropriations and the Community's financial contribution.

- 1COM(86) 485 final - Doc. A 2-22/87 - OJ No. C 156, 15.6.1987
- 2Docs. B 2-1259/86, B 2-1264/86, B 2-1269/86, B 2-1280/86,  
B 2-1307/86 - OJ No. C 7, 12.1.1987
- 3Docs. C 2-163/86, A 2-29/87 - OJ No. C 190, 20.7.1987
- 4Docs. C 2-80/85, A 2-98/86 - OJ No. C 255, 13.10.1986
- 5Doc. A 2-19/87 - OJ No. C 190, 20.7.1987
- 6Doc. B 2-1268/86 - OJ No. C 7, 12.1.1987
- 7Doc. B 2-1276/86 - OJ No. C 7, 12.1.1987
- 8Doc. A 2-68/87 - OJ No. C 255, 13.10.1986
- 9Docs. C 2-73/85, A 2-99/86 - OJ No. C 283, 10.11.1986
- 10Doc. A 2-171/86 - OJ No. C 46, 23.2.1987
- 11Docs. C 2-21/87, A 2-89/87 - OJ No. C 190, 20.7.1987
- 12Docs. C 2-63/84, A 2-88/87 - OJ No. C 190. 20.7.1987
- 13Doc. A 2-192/86 - OJ No. C 76, 23.3.1987
- 14Doc. C 2-21/86, A 2-153/86 - OJ No. C 7, 12.1.1987
- 15Doc. A 2-92/86 - OJ No. C 283, 10.11.1986
- 16Docs. C 2-160/85, A 2-94/86 - OJ No. C 255, 13.10.1986
- 17OJ No. L 358, 18.12.1986
- 18Docs. C 2-125/85, A 2-224/86 - OJ No. C 76, 23.3.1987
- 19Docs. C 2-1744/84, A 2-97/86 - OJ No. C 255, 13.10.1986
- 20OJ No. L 42, 12.2.1987
- 21OJ No. C 190, 20.7.1987
- 22OJ No. L 207, 29.7.1987



REGIONAL POLICY

1. In the latter part of the period under consideration, interest in regional policy has grown considerably within the European Parliament because of the provisions in the Single European Act concerning cohesion and the new Title V that is to be added to the EEC Treaty on this subject. Thus, the European Regional Development Fund now figures for the first time as a formal component of the Treaty. The requirement for the Commission to propose amendments to the structure and operational rules of the structural funds have resulted in certain proposals of a general nature<sup>1</sup>, including a doubling of the budget funds allocated in real terms by 1992. Further detailed proposals are to follow.
  
2. The Parliament's first reaction to the Commission's proposals was given in the resolution adopted on 13 May 1987 on the basis of the report prepared by the Temporary Committee for the Success of the Single Act by Mr Baron Crespo and Mr Von Wogau<sup>2</sup>. In the section of this resolution concerning solidarity and cohesion, Parliament considered that immediate Community action to diminish regional disparities was required and that the proposed doubling of the structural funds was the absolute minimum. It underlined that it was vital to alter intervention under the structural funds to make them genuine instruments of economic development, supporting the system of production through a better allocation of resources, it also called for the funds to be made more effective and for measures to be concentrated in the least developed regions and in the declining industrial regions with a genuine additionality of effect.
  
3. For its part the Committee on Regional Policy and Regional Planning drew up a preliminary report on the revision of the ERDF regulation which was adopted in Committee in June 1987<sup>3</sup>. The motion for resolution was not however approved by Parliament's plenary during the period under review.

4. Other reports prepared by the Parliament's Committee on Regional Policy and adopted in this period include: an examination of the efficiency of national regional policy<sup>4</sup>, which made various criticisms of the nature of regional policy as implemented by the Member States and lamented in particular the absence of a comparative analysis of the effectiveness of regional aid; a report on action taken on EP resolutions in this field since 1979<sup>5</sup>, drawing attention to some areas where further action was required; an examination of the tenth annual report on the ERDF<sup>6</sup>; a report on the traditional industrial regions<sup>7</sup>, drawing attention to their problems and possible solutions to these; a report on the contribution of the ERDF to the creation of jobs<sup>8</sup>, which also examined various problems to do with cost-per-job limitations in ERDF funding; a report on an integrated rural development programme for Northern Ireland<sup>9</sup>, involving the diversification of agricultural production and improvements to rural infrastructure, assistance for forestry planting, direct income support for small farmers and encouragement of tourism and craft industries; a report on regional development, education and training<sup>10</sup>, which emphasised the crucial importance of training for the economic progress of less-favoured regions; and a report on transfrontier cooperation at the internal borders of the EC<sup>11</sup>, which inter alia called for more joint transfrontier planning and cooperation in regard to use of health service facilities, education and employment policy, as well as the elimination of congestion points at borders; Parliament also voted a resolution on the implementation of the Integrated Mediterranean Programmes<sup>12</sup>, following an oral question with debate introduced to the plenary on behalf of the Committee.

5. In the last sessions of this period the motions for resolution from two further reports were adopted: on the regional problems of the French overseas departments<sup>13</sup> and on the eleventh ERDF annual report, covering the first year (1985) of application of the new ERDF regulation<sup>14</sup>. The first of these resolutions drew attention to the priority status accorded to these French departments within the ERDF and made many recommendations for their future economic development; the second drew attention in particular to deficiencies connected with the monitoring and assessment of ERDF interventions, as well as criticising the lack of transparency and additionality in the use of ERDF resources, as previous such EP reports have also done.

6. In regard to the implementation of earlier EP resolutions, it should be mentioned that the proposals from the Commission for Council Regulations on the first two Community Programmes under the terms of the new ERDF regulation<sup>15</sup> were adopted by Council on 27 October 1986<sup>16</sup>. Parliament had given its opinions on these proposals (for the STAR programme to improve access to advanced telecommunication services in the least-favoured regions and for VALOREN, which aims to increase exploitation of indigenous energy potential in these regions) on 13 June 1986 (see last annual report). The Council accepted a few of Parliament's amendments but by no means all. Integrated Mediterranean Programmes, for which the regulation was only approved after strong Parliament pressure (see last annual report), are also now coming into operation. The first IMP, for the island of Crete, was approved by the Commission on 29 July 1986 and the other Greek programmes are in an advanced stage of preparation. The seven French programmes have also been adopted (Aquitaine, Languedoc-Roussillon and Midi-Pyrénées in February 1987; Provence-Alpes-Côte d'Azur, Ardeche, Corsica and Drôme in April 1987). Some Italian programmes are likely to be approved shortly, but others will not be in force until the second quarter of 1988.

Appropriations for commitment under Chapter 50 and 51 (ERDF Operations and Specific Community Measures) of the Budget of the European Community for 1987 amount to 3341.9 million ECU; appropriations for payments to 2497.3 million ECU. These figures represent increases of 7.9% and 5.2% respectively on 1986.

- <sup>1</sup>Com (87)100 - Making success of the Single Act : A new frontier for Europe, 15 February 1987.
- <sup>2</sup>EP Doc.A2-42/87; OJ C156 of 15 June 1987.
- <sup>3</sup>PE 111.353, Lambrias report.
- <sup>4</sup>Resolution of 11 July 1986, OJ C227 of 8.9.86, Schreiber report (A2-66/86).
- <sup>5</sup>Resolution of 11 July 1986, OJ C227 of 8.9.86; Gadioux report (A2-65/86).
- <sup>6</sup>Resolution of 8 September 1986, OJ C255 of 13.10.86, Musso report (A2-76/86).
- <sup>7</sup>Resolution of 9 September 1986, OJ C255 of 13.10.86; Martin report (A2-77/86).
- <sup>8</sup>Resolution of 11 November 1986, OJ C322 of 15.12.86; Beazley report (A2-120/86).
- <sup>9</sup>Resolution of 14 November 1986, OJ C322 of 15.12.86; Maher report (A2-105/86)
- <sup>10</sup>Resolution of 9 March 1987, OJ C99 of 14.4.1987; Gadioux report (A2-133/86).
- <sup>11</sup>Resolution of 12 March 1987, OJ C99 of 14.4.1987, Poetschki report (A2-170/86).
- <sup>12</sup>Resolution of 13 March 1987; OJ C99 of 14.4.1987.
- <sup>13</sup>Resolution of 11 May 1987, OJ C156 of 15 June 1987; Ligios report (A2-250/86).
- <sup>14</sup>Resolution of 18 June 1987, OJ C190 of 20 July 1987; Brito Apolonia report (A2-41/87).
- <sup>15</sup>Council Regulation 1787/84; OJ L169 of 28.6.1984.
- <sup>16</sup>Council Regulations 3300 and 3301/86; OJ L305 of 31.10.1986.

THE COMMON AGRICULTURAL POLICY

It was inevitable, in view of the considerable budgetary deficit, the exceptional expenditure for the elimination of surpluses, the pressure on market prices inside and outside the Community caused by the sales of surpluses and the sharp increase in costs for some COMs, that the intensive discussions on the future of the CAP were continued on the basis of the principles outlined in the Commission's 1985 Green Paper, 'Perspectives for the EEC'. Indeed, almost every part-session featured agricultural problems on the agenda. A resolution was adopted in July 1986<sup>1</sup> concerning the adaptation of structures policy with a view to the new market situation. The document adopted by the European Parliament considered in detail all the Community's agricultural structures problems, particularly in view of the increasing discrepancies with regard to structures and farmers' incomes in the various regions of the Community, not least as a result of the accession of Spain and Portugal.

Starting from the assumption that an efficient family farm should form the basic unit of European agriculture and that, in the current economic situation, support should be focused on farms where incomes were below comparable incomes, the European Parliament expressed the view that structural policy must complement a healthy pricing and marketing policy, but not replace it.

The resolution stressed that socio-structural measures should be differentiated on the basis of regions and products, but should also include ceilings. The practical objectives of this policy were listed in detail in the resolution.

With reference to mountain regions and disadvantaged areas, the European Parliament called on the Commission to lay down objective criteria to identify such regions and also priority areas for the EAGGF.



Parliament stressed that it was absolutely essential to take action against excessive intensification and concentration in agriculture.

Parliament took the general view that if these measures were to be effective, Community co-financing would have to be more substantial for the less-favoured regions and uplands and more constrained with regard to extensification in regions with high added value. It reiterated its request that funds should be allocated according to a set of established criteria, the amount allocated being inversely proportional to the relative wealth of the regions. (The Commission is to incorporate this idea in the follow-up proposals for the socio-structural policy.) The need for the differentiation of measures according to region, which Parliament had already stressed, was again highlighted and the resolution stated that each Member State should be allowed to adopt legislative provisions on the basis of Community criteria and taking account of the country's specific features.

After Parliament had expressed its views on a number of agricultural disasters and forest fires, it adopted a resolution on Community action in the forestry sector<sup>2</sup>. The resolution proposed, as one of the main incentives, giving farmers Community and national financial aid for each hectare of agricultural land converted to woodland. Parliament also called for a specific forestry fund for the Mediterranean regions and for the special forestry measures, in force for those regions until 1985, to be reapplied and extended.

Another key area of concern was the management of agricultural stocks. In 1987 Parliament set up a special Committee of Inquiry to consider this problem (see elsewhere in this publication). In its resolution<sup>3</sup> the European Parliament criticized both the Council and Commission for management of the agricultural markets that was economically indefensible and which the tax payer could not be expected to accept. In the short term it wished to see the limitation of intervention buying-in and considered that rapid disposal of stocks, even with substantial losses, was acceptable if greater spending was thereby avoided in the longer term. It advocated far-reaching changes in intervention policy and more stringent monitoring of intervention both in respect of management and quality criteria.

In another resolution<sup>4</sup>, adopted at the same part-session, Parliament expressed its views on the superlevy system and the quota arrangements for milk, which it considered unavoidable in view of the continuing increase in overproduction. The resolution suggested improvements, inter alia in relation to competing products.

The European Parliament gave particular consideration to smaller undertakings experiencing difficulties, which it did not wish to see at an even greater disadvantage. During the November part-session the European Parliament adopted a resolution<sup>5</sup> in which it advocated the setting-up of a joint trade organization for the egg and poultry sector.

At the February part-session<sup>6</sup> Parliament adopted a text in which it expressed its position on biotechnology. It took the view that at present biotechnology should be directed towards improving the quality of agricultural products with a high added value rather than towards increasing production capacity and yields.

It was during the May part-session that debates were held on implementation of the Single European Act<sup>7</sup> and on the fixing of agricultural prices for 1987-1988 and 61 related measures. The approach in drawing up the resolutions on these two subjects, which are of great importance for the future of the Community, was not the same and the differences are apparent.

The one document advocated that price support in the CAP should gradually be replaced by income support for small family undertakings, the deficiency payment system which Britain dropped when it joined the European Community and which has been applied for some products in the CAP. Aid for structural improvements in agriculture, which now only accounted for 5% of the total agricultural spending under the EAGGF, should be increased to 25% and to 50% by the time the internal market was completed, i.e. by 1992.

The resolution on prices for 1987/1988, however, was not as far-reaching. In it the European Parliament drew attention to the fact that market and pricing policy had to play the most important role, in terms of orientation of the market, in order to guarantee a reasonable income for family farms and to safeguard for the consumer a reasonable choice of foodstuffs at acceptable prices. In the case of the former, Parliament accepted the adjustment of the intervention mechanism to restore it to its original purpose.

Restrictions on production were also acceptable in certain sectors, provided that the total guaranteed quantity was reviewed each year and that discussions were held at international level to ensure that other large producers of agricultural products also contributed to a better balance on the world market.

With regard to milk and dairy products, the European Parliament expressed its dissatisfaction with the co-responsibility levy, which it therefore wished to see abolished as compensation for the further reduction of production quotas. With regard to cereals, Parliament called for an effective programme to cut cereal production by way of set-aside programmes, extensification of production and encouragement for alternative crops. Small farmers had to be protected by means of specific measures. It was the first time in its history that the European Parliament had agreed to a reduction in cereal prices and to the shortening of the intervention period to six months. In an amendment to the appropriate Council regulation, the European Parliament proposed that the co-responsibility levy should be imposed on quantities in excess of 25 tonnes per farm. In line with its views on the disruptive effect on the Community's cereals market of substitute products, Parliament called in another amendment for the levy in question to be applied both to imported cereals and substitute products. With regard to the proposals on socio-structural measures which are combined with the price package, the European Parliament hoped that direct income support would be adopted at the same time as the prices for 1987/1988.

Following various statements in the Council that agricultural incomes had been falling behind for some time, the Commission made a study of trends in incomes and the agricultural economy in general.

This study was submitted to the Council during the price negotiations. The document, which covered the period 1979 to 1986 and took the average over the years 1979, 1980 and 1981 as the reference point, showed that some northern countries had experienced a higher growth in agricultural income than the southern countries (except for Spain). In real terms and per labour unit, agricultural incomes had increased sharply in Denmark and also in Spain and had risen more moderately in Greece, Luxembourg and the Netherlands. There had been little increase in France, Germany, Ireland, Belgium and the United Kingdom and a fall in Italy.

Lastly, Parliament supported the Commission proposal to control production and costs of oils and fats and oil and protein seeds<sup>9</sup> and considered that a price regulating mechanism for oils and fats was necessary. In a separate resolution<sup>10</sup> on reform of the overall oils and fats policy, it approved a price stabilization mechanism by means of a tax on the consumption of mainly vegetable oils and fats intended for human consumption. The proposed 'mechanism', formerly a levy, was intended to deal with the rising costs of the Community's olive oil policy.

The European Parliament took the view that budgetary revenue should be used to provide aid for the production of oil seeds, for structural improvements and the promotion of olive oil consumption. In view of the new situation which had arisen as a result of the accession of Spain, the European Parliament gave its views on future policy. It hoped to see an expansion of intervention, a moderate price policy, the maintenance of aid to encourage consumption and differentiation of production support.

Consideration of the Commission proposals on socio-structural policy<sup>11</sup>, which Parliament thought should be adopted in the Council together with the decision on prices, was somewhat delayed. The proposals contained three parts: one establishing a Community system of aids to agricultural income, one establishing a system for national aids to agricultural income and one for a Community scheme to encourage the cessation of farming. The last part met with some scepticism in the Council and is to be detached from the remaining proposals.

Parliament attached considerable importance to the proposals for aids to agricultural income but, according to the Commission, the system was to be applied very selectively on budgetary grounds.

Lastly, the European Parliament, the Council and the Commission signed a joint declaration on 16 June 1987<sup>12</sup> on the restoration of the balance of supply and demand and the role of the structures policy in complementing pricing policy.

According to this declaration, overproduction was to be reduced by better control of production factors which had an adverse effect on health and the environment, for example the excessive use of chemicals. In the declaration, the three political partners also recognized the importance of the family farm in European agriculture and the need to use appropriate means to maintain it.

- <sup>1</sup>Resolution on agricultural structures of 10.7.1986, OJ No. C 227/86
- <sup>2</sup>Resolution on Community action in the forestry sector of 23.10.1986, OJ No. C 297/86
- <sup>3</sup>Resolution on the management of agricultural stocks of 23.10.1986, OJ No. C 297/86
- <sup>4</sup>Resolution on the common organization of the market in milk and milk products of 23.10.1986, OJ No. C 297/86
- <sup>5</sup>Resolution on problems in the market in poultrymeat and eggs of 14.11.1986, OJ No. C 322/86
- <sup>6</sup>Resolution on the effects of the use of biotechnology on the European farming industry of 16.2.1987, OJ No. C 76/87
- <sup>7</sup>Resolution on the communication entitled 'Making a success of the Single Act' of 13.5.1987, OJ No. C 156/87
- <sup>8</sup>Resolution on the fixing of agricultural prices and certain related measures of 14.5.1987, OJ No. C 156/87
- <sup>9</sup>Resolution on reform of the overall oils and fats policy of 14.5.1987, OJ No. C 156/87
- <sup>10</sup>Resolution on the olive oil sector of 14.5.1987, OJ No. C 156/87
- <sup>11</sup>COM(87) 166 final/3
- <sup>12</sup>Joint declaration by the European Parliament, Council and Commission of 16.6.1987, in the framework of the negotiations on agricultural prices 1987/88



THE COMMON FISHERIES POLICY

During the parliamentary year under consideration, the common fisheries policy made considerable progress in a number of spheres. To begin with, the new regulation on structural policy, No. 4028/86<sup>1</sup>, adopted by the Council in December 1986, confirms the philosophy of the preceding regulation in the light of the positive experience of previous years. Some adjustments, however, had to be made to accommodate the profound changes in Community fisheries since Spain and Portugal joined the Community.

The new policy covers a period of ten years to allow for proper medium-term planning, in response, that is, to one of the demands advanced by the European Parliament. As far as Parliament's influence over the content of the regulation is concerned, it should be pointed out that the Council also agreed to abolish the upper limit on vessel length in respect of the granting of structural aid. Parliament also called for the structural policy to be made more effective by concentrating grants to prevent their being dispersed. This suggestion was taken up and led to a 50% rise in the minimum amounts eligible for financing.

Parliament's criticism was also heeded when it came to adjusting the measures relating to the cessation of fishing.

Formally speaking, the text was in the form of a regulation replacing the directive in force hitherto. National implementing legislation will no longer be necessary; this in itself was an obstacle in some countries.

Apart from the specific opinion on the structural regulations, an area in which the European Parliament played a very constructive part, during the period under consideration Parliament adopted a considerable number of resolutions deriving from own-initiative reports which were an opportunity for it to monitor day-to-day management in a real sense and to act as an originator of ideas on fisheries policy.



In February 1987 a large number of reports was adopted; these are listed below. Overall, Parliament has tried to play a more active part in the future of fisheries, by proposing a review of the TAC (Total Allowable Catch) and quota systems as a way of keeping a more effective check on the size of catches, and strengthening producers' organizations for market management as well as calling for a new resources conservation policy tailored to fit conditions in the Mediterranean, by way of an international conference of the countries bordering on it.

The European Parliament has also proposed that the Community adopt a code of practice and a new procedure for concluding fisheries agreements. Parliament's practical contribution in this field may be summed up by the vote on the 1987 budget, in which, as a budgetary authority, it made provision for 60 m ECU to be entered as payment appropriations for agricultural structures, despite the Council's negative attitude towards that item.

It is to be hoped that in the years to come, where fisheries are concerned, progress can be made on the basis of Parliament's proposals and that it will continue to display a constructive and realistic attitude.

List of reports

Doc. A 2-158/86, by Mr STAVROU, on Mediterranean fishing (OJ No. C 76, 23.3.1987)

Doc. A 2-160/86, by Mr DE PASQUALE, on fisheries agreements between the Community and third countries (OJ No. C 76, 23.3.1987)

Doc. A 2-184/86, by Ms QUIN, on the protection and management of salmon stocks in the North Atlantic (OJ No. C 76, 23.3.1987)

Doc. A 2-186/86, by Mr BATTERSBY, on the common organization of the market in fisheries products (OJ No. C 76, 23.3.1987)

Doc. A 2-204/86, by Mr GUERMEUR, on fishing agreements with developing countries (adopted on 19 February 1987)

Doc. A 2-209/86, by Mr GAUTIER, on the estimation and management of fish stocks (OJ No. C 76, 23.3.1987)

Doc. A 2-210/86, by Mr BORGIO, on the revision of the common organization of the market in fisheries products (OJ No. C 76, 23.3.1987)

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<sup>1</sup>OJ No. L 376/86, 31.12.1986, p.7



TRANSPORT POLICY

During the period covered by this document (July 1986 to June 1987), several important reports dealing with aspects of transport policy were adopted by the European Parliament.

Transport policy was often a focus of debate. Following the judgment handed down by the Court of Justice on 22 May 1985 (Case 13/83), and in accordance with the provisions of the Treaty, the Council launched a number of initiatives in this field.

Once again, the discussion centred around the importance of liberalization and harmonization in the transport sector. A resolution on this topic, based on the report drawn up by the chairman of the Committee on Transport, Mr ANASTASSOPOULOS, was adopted on 12 September 1986<sup>1</sup>. The rapporteur stressed that if the internal market was to be completed by 1992, there was a need for harmonization and liberalization measures in the transport sector, in particular the total abolition of internal border controls within the Community, the freedom to provide transport services beyond national frontiers, the harmonization of national tax schemes, etc.

He also stressed the importance of the Court's judgment, and the role played by transport in the Community economy. In his opinion, harmonization and liberalization should be given equal priority.

Mr ANASTASSOPOULOS also tabled a report on the Commission proposals on maritime transport<sup>2</sup>, in which he laid stress on the crisis affecting the Community fleet since the 1970s. Whilst approving the measures put forward by the Commission, he proposed to supplement them by measures covering the shipbuilding sector, professional training, etc.

During the same September part-session, Parliament adopted resolutions on the conditions under which non-resident carriers may operate national road haulage services<sup>3</sup> (Mrs BRAUN-MOSER) or may transport goods or passengers by inland waterway<sup>4</sup> (Mr van der WAAL) within a Member State.

The freedom to provide services envisaged by the Commission proposal with effect from 1 January 1987 should, in the opinion of the rapporteurs, be accompanied by the abolition of all restrictions based on the nationality or place of residence of the carrier. However, the rapporteurs called on the Council to set an 'appropriate deadline' for the liberalization of the market, by which time the economic measures on which the harmonization of national legislation is contingent, particularly in view of the wide disparities between the tax systems of the Member States, would have been taken.

Mr TOPMANN tabled an interim report on the Community's relations with certain third countries in the transport sector<sup>5</sup>. This report outlined the situation regarding transport links through third countries, which are particularly important for those Member States which have common frontiers with third countries, and above all for Greece, which has no common frontier with any other Member State. In the case of countries such as Austria, Switzerland and Yugoslavia, the issue of transit traffic has always been a subject of discord between Parliament and the Council, the latter body failing to give the Commission a sufficiently broad mandate for negotiation in respect of financial aid.

In the field of the integration of services, Mrs BRAUN-MOSER tabled a report on the coordinated introduction of the Integrated Services Digital Network (ISDN) in the European Community<sup>6</sup>. It deals with the exploitation of the possibilities offered by fibre optics technology as regards the introduction of a single European network and the establishment of uniform technical standards for the numerical transmission of data.

Mr CAROSSINO tabled a report on roadworthiness tests for motor vehicles and their trailers<sup>7</sup>. Such tests are essential for both road safety and environmental protection. In addition, the report proposes a regulation covering both the roadworthiness tests themselves and the vocational training of those carrying out the tests.

In the field of road transport, Mr WIJSENBEEK tabled a report on the bicycle as a means of transport<sup>8</sup>. This document stresses the important role which the bicycle can play in improving road safety, protecting the environment and solving the problem of traffic jams currently shared by almost all towns in the Community. It calls for the infrastructure improvements needed to enable bicycles to be used in safety.

Mr HOFFMANN tabled a report on the European Community's transport infrastructure policy<sup>9</sup>. The adoption of a medium-term for transport infrastructure programme is an event of major importance in the history of the efforts made by Parliament and the Committee on Transport to this end.

The judgment of the Court of Justice of May 1985, which condemned the Council for failing to act in an area covered by the Treaties, did much to ensure that this programme was established.

According to the report adopted, the Commission should allocate funds from the Community budget for the implementation of certain infrastructure projects of Community interest. In addition, the proposal for a regulation submitted by the Commission and approved by Parliament should serve as the legal basis for the transport infrastructure projects which Parliament, through its budgetary powers, has succeeded in promoting since 1982.

Mrs BRAUN-MOSER tabled a report on the subject of pan-European digital mobile communications<sup>10</sup>. It deals with the establishment of a uniform system to enable digital techniques to be used in the transmission of data, news, etc., from vehicles, planes, ships, etc. It also covers the determination of frequency bands and certain technical specifications used in this field.

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Mr CABEZON ALONSO tabled a report on the hijacking and destruction of lorries<sup>11</sup>. The report examines this new phenomenon, which can be explained in various ways (political motives, purely criminal acts, etc. ...).

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In the field of road safety, Parliament adopted a report by Mr SEEFELD<sup>12</sup>. This report assesses the progress made in 1986 (European Road Safety Year) and discusses the prospects in this sensitive area. Among other measures, it calls once again for the introduction of a European driving licence and the harmonization of speed limits and for the wearing of seat belts to be made compulsory.

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Mr SAPENA GRANELL tabled a report<sup>13</sup> on the carriage of goods by road. Through this report, Parliament amended the Commission's proposal for a regulation fixing the number of authorizations granted on the basis of bilateral agreements between the Member States, which is being reduced as the Community quota increases.

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A report by Mr WIJSENBEEK<sup>14</sup> deals with certain exemptions from the application, in the field of civil aviation, of the competition rules laid down in the Treaty. These exemptions are designed to allow airlines to come to certain practical arrangements among themselves without, however, distorting free competition.

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During the period covered by this report, Members also tabled numerous oral and written questions, and motions for resolutions dealing with particular aspects of transport policy.

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During the period of reference (July 1986 - June 1987), the Council met on six occasions:

- 10/11 November 1986 and 15/16 December 1986, under the presidency of the British Minister, Mr MOORE;
- on four occasions, 23/24 March 1987, 9 June, 24/25 June and 30 June 1987, under the presidency of the Belgian Minister, Mr DE CROO.

During the period covered by this report, the Council's legislative activity led to the adoption of the following twelve provisions:

- a directive on the weight and dimensions of vehicles per driving axle (lorries),
- a directive relating to proof of compliance of vehicles with the above directive,
- a directive amending the directive on the combined transport of goods,
- a regulation on transport infrastructure - appropriations for 1985,
- four regulations covering maritime transport:
  - (a) on the freedom to provide services,
  - (b) on the rules for the application of competition rules to maritime transport,
  - (c) on unfair pricing practices (anti-dumping measures),
  - (d) on coordinated action to safeguard free access to cargoes in ocean trades,



- a decision on Community authorizations for the carriage of goods by road,
- a decision on a data collection system,
- a directive on the increase in the Community quota for the remainder of 1987,
- a directive on the facilitation of frontier checks for the carriage of goods.

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The Council considered a number of Commission proposals on the conditions under which non-resident carriers may operate national road haulage services (three proposals), roadworthiness tests for vehicles, a medium-term infrastructure programme, a proposal on air fares, on the application of competition rules, etc. No agreement has yet been reached on these proposals.

In conclusion, it can be stated that the period covered by this report has been marked by the first moves to implement the provisions covered by the 1985 judgment of the Court of Justice, and by the prospect of the opening up of the internal market in 1992. Above all, stress should be laid on the progress achieved in the field of sea transport.

- 1 ANASTASSOPOULOS (Doc. A 2-96/86), OJ No. C 255, 13.10.1986  
Liberalization and harmonization in the field of transport  
Adoption in plenary: 12.9.1986
- 2 ANASTASSOPOULOS (Doc. A 2-95/86), OJ No. C 255, 13.10.1986  
Memorandum on maritime transport  
Adoption in plenary: 11.9.1986
- 3 Mrs BRAUN-MOSER (Doc. A 2-72/86), OJ No. C 255, 13.10.1986  
Conditions under which non-resident carriers may operate  
national road haulage services within a Member State  
Adoption in plenary: 12.9.1986
- 4 van der WAAL (Doc. A 2-75/86), OJ No. C 255, 13.10.1986  
Conditions under which non-resident carriers may transport  
goods or passengers by inland waterway within a Member State  
Adoption in plenary: 12.9.1986
- 5 TOPMANN (Doc. A 2-69/86) (interim report), OJ No. C 283,  
10.11.1986  
Community's relations with certain third countries in the  
transport sector  
Adoption in plenary: 10.10.1986
- 6 Mrs BRAUN-MOSER (Doc. A 2-178/86), OJ No. C 7, 12.01.1987  
Coordinated introduction of the Integrated Services Digital  
Network (ISDN) in the European Community  
Adoption in plenary: 12.12.1986
- 7 CAROSSINO (Doc. A 2-214/86), OJ No. C 76, 23.3.1987  
Roadworthiness tests for motor vehicles and their trailers  
Adoption in plenary: 20.2.1987
- 8 WIJSENBEEK (Doc. A 2-183/86), OJ No. C 99, 13.4.1987  
The bicycle as a means of transport  
Adoption in plenary: 13.3.1987
- 9 HOFFMANN (Doc. A 2-252/86), OJ No. C 125, 11.5.1987  
European Community's transport infrastructure policy  
Adoption in plenary: 6.4.1987
- 10 Mrs BRAUN-MOSER (Doc. A 2-13/87), OJ No. C 125, 11.5.1987  
Public pan-European digital mobile communications  
Adoption in plenary: 10.4.1987
- 11 CABEZON ALONSO (Doc. A 2-25/87), OJ No. C 156, 15.6.1987  
Hijacking and destruction of lorries  
Adoption in plenary: 15.5.1987
- 12 SEEFELD (Doc. A 2-48/87), OJ No. C 190, 20.7.1987  
Road safety  
Adoption in plenary: 15.6.1987

- 13 SAPENA GRANELL (Doc. A 2-39/87), OJ No. C 190, 20.7.1987  
Carriage of goods by road  
Adoption in plenary: 15.6.1987
- 14 WIJSENBEEK (Doc. A 2-73/87), OJ No. C 190, 20.7.1987  
Exemption from competition rules in the field of civil aviation  
Adoption in plenary: 19.6.1987

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REPORT REJECTED IN OCTOBER 1986

VISSER (Doc. A 2-115/86)  
Speed limits  
REJECTED in plenary: 21.10.1986

COMMUNITY ENERGY POLICY<sup>1</sup>

The huge increases in the price of crude oil in 1979-80 and the serious repercussions they had on the economies of all the Member States of the Community gave a new impetus to the development of a Community energy policy. However, the tangible progress made between July 1986 and June 1987 can only be described as modest. As was pointed out in last year's report on the most important aspects of European integration, this is not - contrary to a widely-held view - due to any lack of will or initiative on the part of the Commission or Parliament, but simply to the fact that the limits set by Member States in the Council for their acceptance of a common energy policy had largely been reached. Moreover, the glut on the oil markets and sharply reduced prices recently had strengthened the impression that a common energy policy was less urgently needed.

**The Community's energy objectives, energy saving and the rational use of energy, and new and renewable energy sources**

Energy saving and the rational use of energy are two of the priority objectives of the Community's energy policy, as was stressed in the Council resolution of 9 June 1980<sup>2</sup> concerning Community energy policy objectives for 1990 and convergence of the policies of the Member States. Parliament has emphasized these objectives on several occasions in the past.

On 16 September 1986 the Council<sup>3</sup> adopted its new resolution concerning new Community energy policy objectives for 1995 and convergence of the policies of the Member States, in which the Member States were committed to pursuing the process of

restructuring energy policy. Despite present trends towards a relaxation on the energy and oil markets, the long-term objectives of the Community's energy policy are to be maintained, including in particular:

- even greater energy efficiency in all sectors, and action to highlight specific energy-saving possibilities; in particular the efficiency of final energy demand (ratio of final energy demand to GDP) to be improved by at least 20% by 1995;
- oil consumption to be kept down to about 40% of energy consumption and net oil imports thus maintained at less than one-third of total energy consumption in the Community in 1995;
- continued efforts to promote consumption of solid fuels and improve the competitiveness of their production capacity;
- to maintain the share of natural gas in the energy balance on the basis of stable and diversified supplies and intensified natural gas exploration and production in the Community;
- to reduce the proportion of electricity generated from hydrocarbons to less than 15%;
- on the basis of the highest standards of safety, to ensure that all aspects of planning, construction and operation of nuclear installations fulfil optimum safety conditions;
- substantially to increase the output from new and renewable energy sources in place of conventional fields.
- to achieve these goals the Commission is requested to examine how national energy policies comply with Community goals and to report to the Council on the matter at regular intervals.

An assessment of the Community's progress in these areas reveals undeniable success in curbing energy consumption and particularly in reducing dependence on oil by making more rational use of energy and broadening the sources of supply. In 1986, for instance, the Community<sup>4</sup> of Ten's total primary energy production rose to 570.5 m tonnes oil equivalent (toe), as against 368.1 m toe in 1975 (for the Community plus Spain and Portugal (EUR 12) the figure for 1986 was 599.5 m toe). Over the whole of the Community (EUR 10) energy dependence (the relationship between total net energy imports and total gross domestic consumption of energy), was reduced from 61.4% in 1975 to 43.2% in 1986. The Community (EUR 10) was even more successful in reducing oil dependence (relationship between total oil imports and total gross domestic consumption of oil) from 55.2% in 1975 to 31.3% in 1986; (by comparison energy and oil dependence for EUR 12 were 44.9% and 33.1% respectively for 1986). However, it must be admitted that these notable successes in reducing the Community's energy and oil dependence over the last 10 years have been achieved largely thanks to the increase in energy prices and the low rate of economic growth in the Member States. At the moment there is a risk that energy saving and the rational use of energy will be regarded as less urgent objectives; for current price indications and the general softening of the oil and energy markets are often wrongly interpreted as a long-term phenomenon and are deluding people into slackening their efforts to save energy and find substitute energy sources.

The European Parliament and, in particular, the Committee on Energy, Research and Technology, are convinced that two factors which have completely changed the energy situation call for a review of the Community's energy objectives:

first the drastic fall in oil prices since early 1986 combined with a rapid decline in the value of the dollar, and secondly, the Chernobyl disaster which has had considerable influence on public attitudes towards nuclear energy. The above-mentioned Council resolution on energy objectives for 1995 gives no specific targets

for nuclear energy, but the Council did stress the 'substantial part played by nuclear power in the Community's energy supply'. The Committee on Energy, Research and Technology considered that these events justified a reassessment of the Community's strategy and decided to draw up its follow-up report on the energy objectives for 1995<sup>5</sup>. In April 1987, in the corresponding resolution,<sup>6</sup> the main objectives of the Community energy strategy are reaffirmed but demands for the future energy strategy are set out with much greater detail and discernment (e.g. environmental aspects, assistance for third world countries, greater flexibility through the development of inter-connected grids, more ambitious targets for the improvement of energy efficiency, and stepped up research into new and renewable sources of energy)<sup>7</sup> than in the Council resolution.

The important role to be played by new and renewable sources of energy in the future energy strategy of the Community has again been emphasized in a report<sup>8</sup> and the corresponding resolution<sup>9</sup> by the European Parliament and the Council resolution<sup>10</sup> of November 1986.

In a report<sup>11</sup> and the corresponding resolution<sup>12</sup>, the European Parliament called for specific action in favour of energy saving in buildings. The Council, too, in its resolution<sup>13</sup> of 15 September 1986 on improving energy efficiency in industrial firms and at the meeting of the Council of Energy Ministers of 26 November 1986 on the rational use of energy in transport, stressed the importance of energy saving in the Community.

The Community's progress towards the energy objectives for 1995 is being continuously analysed by the Commission. The Commission recently warned against the great danger that with energy and oil prices as low as they are at the present, the energy objectives, and especially the energy saving targets, will be neglected<sup>14</sup>; if present trends continued the improvement of energy efficiency by 1995 might only reach 15% or even less instead of the 20% target set by the Council of Ministers in its resolution. Vigorous action is therefore needed to bring the present policy back on course.

## **Community policy on solid fuels**

The above-mentioned Community energy policy objectives for 1990 and 1995 include, in addition to energy saving objectives and a reduction in energy dependence, a clear priority for the use of coal as a substitute for oil. In the past the European Parliament has repeatedly stressed the importance of coal and called for the retention of an efficient coal industry in the Community as an important factor in the security of supply.

On 1 July 1986 a controversial new set of Community rules for state aids to the coal industry came into force<sup>15</sup>, to run for a period of seven and a half years, i.e. until 31 December 1993; from 1 January 1987 these rules also apply to aid for coking coal for the iron and steel industry. The Commission decision<sup>16</sup> of 30 July 1986 laid down the procedures for implementing the new rules.

The purpose of these new Community rules is to ensure that details of planned aid to the coal industry, which the Member States and undertakings involved have to submit to the Commission for approval, are comparable and clearly set out. As the European Parliament has repeatedly stressed in the past, the principle of these Community rules is that coal policy should not depend solely on considerations of profitability and competition, but that social, employment and regional factors should play an equally important part.

## **Hydrocarbons**

The European Parliament has many times in the past, most recently in the above-mentioned resolution on the Community's energy objectives for 1995, advocated a reduction in the Community's energy dependence, in particular on oil, and called for increased exploration and exploitation of the Community's own hydrocarbon (oil and gas) resources. We have already referred to the importance and role of oil in the Community's energy strategy and energy objectives.



At the meeting of the Council of Energy Ministers of 2 June 1987 the Council welcomed the communication from the Commission<sup>17</sup> on natural gas. In 1986 natural gas met 18.1% (EUR 12) or 19.4% (EUR 10) of energy consumption in the Community, a clear increase on its share in the seventies. Natural gas supplies seem to be sufficiently diversified, but, as the Council stressed, security of supply should be increased by further integration of the natural gas grids, with the separate systems in the United Kingdom, Spain and Ireland linked to a Community grid (and with consideration being given to integration of gas grids in Greece and Portugal).

In this respect we would also refer to the current Community multiannual programme<sup>18</sup> (1986-1989) for technological development in the hydrocarbons sector (especially aid for offshore exploration etc.).

#### **The role of nuclear energy**

In the development of a Community energy strategy aimed largely at reducing dependence on oil, nuclear energy, alongside coal, is of particular importance, especially for those countries which, like the Member States of the Community, have a high energy consumption but do not have adequate hydrocarbon resources. As mentioned above in relation to the 1995 energy objectives, the European Parliament has never opposed the development of nuclear energy, but has always stressed safety and the protection of human health and the environment.

After the Chernobyl accident in late April 1986 a fresh debate began in the European Parliament on the future role of nuclear energy; the question whether nuclear energy was to retain its important role in achieving future energy objectives (as indicated above) was hotly disputed. After two initial resolutions<sup>19</sup> adopted in May 1986, calling primarily for greater efforts to raise safety standards in nuclear plant, there ensued a vigorous and wide-ranging debate in the European Parliament on the role of nuclear energy. In a joint

debate held in April 1987 on the Community's future nuclear energy policy, various reports and the corresponding resolutions were adopted<sup>20</sup>. By small majorities overall the European Parliament expressed the view that electricity generated from nuclear energy would have an important role to play in meeting the Community's energy needs for many years to come. It rejected calls to stop work on new nuclear power stations, to prevent the Kalkar fast-breeder from being linked to the grid, to close spent fuel reprocessing plant and to instruct the Commission to draw up a scenario for abandoning nuclear power.

The European Parliament also called for the International Atomic Energy Agency (IAEA) in Vienna to be empowered by all countries (including non-Community countries) to establish safety standards for nuclear power stations by use of treaties or conventions; all countries would have to have their nuclear plant assessed by IAEA experts.

Parliament regretted that in the event of an accident such as occurred at Chernobyl, the competent authority in the Community, the Commission, did not have adequate powers despite the EURATOM Treaty; it therefore called for a revision of the EURATOM Treaty and for a governmental conference to that end; in the course of this review, common safety standards for nuclear installations should be laid down, according to the most up-to-date technical norms common standards should be laid down for radioactive emissions, a common consultation procedure was called for for nuclear power stations in frontier regions; operating licences for nuclear plants should be granted only where there was suitable capacity for handling and storing nuclear waste; basic radiation protection standards should be improved and incorporated directly in the legislation of the Member States; and the establishment of Community information and control systems for the event of nuclear accidents and the harmonization of emergency plans were called for.

This comprehensive debate on nuclear energy in April revealed a wide consensus within the European Parliament on nuclear safety, while views on the future of nuclear energy, of which a majority were still in favour, were divided<sup>21</sup>.

### **Energy pricing policy**

Energy pricing is one of the most important instruments for coherent and rational progress towards the Community's energy demand and supply targets. In the past, most recently in the above-mentioned resolution on energy policy objectives for 1995, the European Parliament has repeatedly stressed the great importance of energy pricing to the implementation of the Community energy policy.

A special report and the corresponding resolution<sup>22</sup> adopted in April 1987 on the consequences of the sharp drop in the price of oilroleum products stressed once again the particular importance of pricing policy within a coherent energy policy in the achievement of the Community's energy objectives; it warned against the danger of misinterpreting the present low price of oil and of being diverted from the long-term goals of energy-saving and the development of new sources of energy.

### **International Dialogue**

The steep drop in the price of oil were a major topic in all the Community's contacts with energy-producing or energy-importing third countries; of the many international contacts undertaken by the Commission on behalf of the Community we need only mention the talks within the International Energy Agency and the OECD, cooperation on energy policy with the developing countries and contacts with the oil and gas producing countries, (including member states of the Gulf Cooperation Council and the Organization of Arab Oil Exporting Countries).

The Chernobyl accident has provided a further pressing argument for greater international dialogue. We would refer here in particular to the contacts with the International Atomic Energy Agency (IAEA) in Vienna, and the additional tasks Parliament suggested for that body in the resolutions on nuclear energy policy mentioned above (establishing and reviewing safety standards and safety inspection of nuclear plant, etc.).

#### **Research, development and demonstration**

The Community's role in this field is universally recognized; Community-wide action is justified on grounds both of economies of scale (e.g. the JET programme) and of industrial policy interests.

It is true that Community research represents barely 2% of total public research expenditure in Member States at present, but this modest figure gives a false idea of the real importance of the Community, which, in the period under consideration, made increased and well-directed efforts in the fields of energy saving, alternative energy sources and new energy technologies - mainly the gasification and liquefaction of coal - fields of significance for the future in which the activities launched or encouraged by the Community occupy a prime position. (For further details see Chapter 25 on developments in Community research and technology policy.)

#### **The role of the European Parliament**

Despite the efforts described above to develop a common energy policy, actual progress can only be described as modest. A common policy worthy of the name will require even greater effort, in large measure because national circumstances resist the implementation of a common policy.

In this situation, the European Parliament has always considered one of its main tasks to be to persuade the Member States that long-term common interests are more important than short-term national interests which give priority to different solutions. Parliament

has several times expressed its concern at the lack of a real common energy policy and has called on the Council finally to achieve tangible progress in this field. As during the period under consideration Parliament has clearly placed emphasis in its resolutions and opinions (some of which have been mentioned above) on its concern to prompt action in the important field of energy policy.

It is clear that some progress was made during the July 1986-June 1987 period. This should not, however, obscure the fact that there is no real common energy policy because of the great disparities between the situations of the Member States and the reluctance of some to relinquish national powers, nor indeed the fact that it will be difficult to establish a common policy in the near future. It is clear that much still stands in the way of any progress, beyond the minimal consensus so far achieved on the need for energy saving and the replacement of oil, towards a coherent overall strategy for the Community involving the transfer of resources between Member States and the partial abandonment of national powers.

- 1 A number of Community projects in the field of research and technology are concerned with energy. See also the next chapter (No.25) 'Research and Technology'
- 2 Council Resolution of 9.6.1980, OJ No. C 149/80
- 3 Council Resolution of 16.9.1986, OJ No. C 241/86; see also COM(85)245 final; Doc. A2-223/85 (ADAM Report) and EP resolution of 14.3.1986, OJ No. C 88/86
- 4 For details see EUROSTAT, Rapid Reports. Energy, 7/1987
- 5 Doc. A2-242/86 (ADAM report)
- 6 EP resolution of 8.4.1987, OJ No. C 125/87
- 7 The role of nuclear energy in these demands on the Community energy strategy is considered in the general section on nuclear energy below
- 8 Doc. A2-63/86 (BLOCH VON BLOTTNITZ report); see also COM(86) 12 final
- 9 EP resolution of 8.7.1986, OJ No. C 227/86
- 10 Council Resolution of 26.11.1986, OJ No. C 316/86
- 11 Doc. A2-232/86 (STAES report)
- 12 EP resolution, 13.3.1987, OJ No. C 99/86
- 13 Council Resolution of 15.9.1986, OJ No. C 240/86
- 14 See Communication from the Commission, COM(87) 223 final
- 15 Commission Decision No. 2064/86/ECSC of 30.6.1986 establishing Community rules for State aid to the coal industry, OJ No. L 177/86; this Commission Decision was adopted after Parliament delivered its Opinion (Doc. A2-224/85, CROUX report; resolution of 13.3.1986, OJ No. C 88/86) and approval of the Council on 25.6.1986
- 16 Commission Decision 2645/86/ECSC, 30.7.1986 implementing Decision No. 2064/86/ECSC (see footnote 15), OJ No. L 242/86
- 17 COM(86) 518 final
- 18 On the basis of Council Regulation (EEC) No. 3639/85 of 20.12.1985, OJ No. L 350, 27.12.1985
- 19 EP Resolutions of 15.5.1986, OJ No. C 148/86
- 20 The reports and resolutions are as follows:
  - Doc. A2-242/86 (ADAM report) on the 1995 EC energy objectives; EP Resolution of 8.4.1987, OJ No. C 125/87;

- Doc. A2-1/87 (SELIGMAN report) on the future of nuclear energy;  
EP resolution of 8.4.1987, OJ No. C 125/87;
- Doc. A2-243/86 (SPATH report) on the Communications from the Commission on the consequences of the Chernobyl accident (COM(86)327) final and on Community action to be taken in response to the Chernobyl accident (COM(86)276 final);  
EP Resolution of 8.4.1987, OJ No. C 125/87

There were also reports concerned principally with environmental and health protection (see also chapter 19 'Environmental policy')

- Doc. A2-5/87 (BLOCH von BLOTTNITZ report)  
on the problem of the contamination of foodstuffs following the Chernobyl disaster;  
EP Resolution of 8.4.1987, OJ No. C 125/87;
- Doc. A2-4/87 (SCHMID report)  
on the reaction of the Community to Chernobyl;  
EP Resolution of 8.4.1987, OJ No. C 125/87;
- Doc. A2-11/87 (ALBER report)  
on the safety of nuclear power stations and the question of mutual assistance and compensation  
EP Resolution of 8.4.1987, OJ No. C 125/87;

21 See also the most recent Commission report on the technological problems of nuclear safety, COM(87) 96 final

22 Doc. A2-245/86 (BONACCINI report) and  
EP Resolution of 10.4.1987, OJ No. C 125/87

- 1 A number of Community projects in the field of research and technology are concerned with energy. See also the next chapter (No.25) 'Research and Technology'
- 2 Council Resolution of 9.6.1980, OJ No. C 149/80
- 3 Council Resolution of 16.9.1986, OJ No. C 241/86; see also COM(85) 245 final; Doc. A 2-223/85 (ADAM Report) and EP resolution of 14.3.1986, OJ No. C 88/86
- 4 For details see EUROSTAT, Rapid Reports. Energy, 7/1987
- 5 Doc. A 2-242/86 (ADAM report)
- 6 EP resolution of 8.4.1987, OJ No. C 125/87
- 7 The role of nuclear energy in these demands on the Community energy strategy is considered in the general section on nuclear energy below
- 8 Doc. A 2-63/86 (BLOCH VON BLOTTNITZ report); see also COM(86) 12 final
- 9 EP resolution of 8.7.1986, OJ No. C 227/86
- 10 Council Resolution of 26.11.1986, OJ No. C 316/86
- 11 Doc. A 2-232/86 (STAES report)
- 12 EP resolution, 13.3.1987, OJ No. C 99/86
- 13 Council Resolution of 15.9.1986, OJ No. C 240/86
- 14 See Communication from the Commission, COM(87) 223 final
- 15 Commission Decision No. 2064/86/ECSC of 30.6.1986 establishing Community rules for State aid to the coal industry, OJ No. L 177/86; this Commission Decision was adopted after Parliament delivered its Opinion (Doc. A 2-224/85, CROUX report; resolution of 13.3.1986, OJ No. C 88/86) and approval of the Council of 25.6.1986
- 16 Commission Decision 2645/86/ECSC, 30.7.1986 implementing Decision No. 2064/86/ECSC (see footnote 15), OJ No. L 242/86
- 17 COM(86) 518 final
- 18 On the basis of Council Regulation (EEC) No. 3639/85 of 20.12.1985, OJ No. L 350, 27.12.1985
- 19 EP Resolutions of 15.5.1986, OJ No. C 148/86
- 20 The reports and resolutions are as follows:
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EP Resolution of 8.4.1987, OJ No. C 125/87;



- Doc. A 2-1/87 (SELIGMAN report) on the future of nuclear energy;  
EP resolution of 8.4.1987, OJ No. C 125/87;
- Doc. A 2-243/86 (SPATH report) on the Communications from the Commission on the consequences of the Chernobyl accident (COM(86) 327 final) and on Community action to be taken in response to the Chernobyl accident (COM(86) 276 final);  
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on the safety of nuclear power stations and the question of mutual assistance and compensation  
EP Resolution of 8.4.1987, OJ No. C 125/87;

21 See also the most recent Commission report on the technological problems of nuclear safety, COM(87) 96 final

22 Doc. A 2-245/86 (BONACCINI report) and  
EP Resolution of 10.4.1987, OJ No. C 125/87

COMMUNITY RESEARCH AND TECHNOLOGY POLICY

A formal basis for a Community research policy, based on Article 235 of the EEC Treaty and transcending the areas covered by the ECSC and EURATOM Treaties, was created only in 1974, in a Council resolution<sup>1</sup> on the coordination of national policies and the definition of projects of interest to the Community in the field of science and technology.

The 'Single European Act' provides for a new, explicit contractual basis for the Community's research and technology policy. A Title VI, 'Research and technological development', has been added to Part Three of the EEC Treaty (Articles 130 f to 130 q) which explicitly states that the Community's aim shall be 'to strengthen the scientific and technological basis of European industry and to encourage it to become more competitive at international level'. It also calls for the Community to adopt a multiannual framework programme setting out all its research and development (R & D) activities.

Implementation of the Community's R & D programme

In referring to the Community's research and development policy, a distinction should be made in the matter of implementation and funding between the following types of research:

- direct action carried out by the Joint Research Centre (JRC) - where over 2 000 people are currently employed (mainly in Ispra in Italy, but also in Geel in Belgium, Karlsruhe in Germany and Petten in the Netherlands) - and financed entirely by the Community;

- indirect action carried out by research groups, laboratories and universities in the Member States and partly financed by the Community;
- concerted action - also carried out by research groups, laboratories and universities in the Member States, the Community providing funds for coordination only.

The Community framework programme for research and technological development (1984-1987 and 1987-1991)

As provided for in the Single European Act, the Community framework programme for research, as its name suggests, is intended as a framework for the Community's many R & D activities. So far (June 1987), the Council of Ministers has still not reached agreement on a new framework programme. As a result, the Community's entire R & D policy is left without a basis and its future prospects currently appear extremely uncertain. To help understand the present serious conflict over the Community's research policy, a brief outline of its development so far may be useful.

The Community's R & D projects are summarized first and foremost in the first framework research programme<sup>2</sup> (1984-1987). Adoption of this framework programme provided a basis for agreement at Community level to increase expenditure on research and development and demonstration activities in both absolute and relative terms. This framework programme was to be the first step in a continuous process of examination and global decision-taking, which was to make for greater qualitative and quantitative accuracy over the next few years. The period 1984-1987 was thus to lay the foundations for a strategy of action to be followed in the '90s. This required, first of all, the gradual development of an adaptation strategy under which the Community's activities, currently based on the three Treaties, would be reorientated, expanded and complemented. With these objectives this framework programme answered the European Parliament's repeated demand for an independent Community research policy which would enable Europe to meet the economic, industrial and technological challenges of our time.

The Commission of the European Communities produced extensive proposals for the revision of this first framework programme at an early stage. In the spring of 1986 the Commission submitted its guidelines<sup>3</sup> for a new 5-year framework programme (1987-1991), which the European Parliament explicitly welcomed<sup>4</sup>.

Whereas a total of approx. 3.75 bn ECU (at 1982 values) was allocated to the first framework programme (1984-1987), a total of 10.35 bn ECU (including a 15% contingency reserve for new projects) was allocated to the new framework programme (1987-1991).

Following the abovementioned opinion of the European Parliament and after the Council repeatedly rejected the original estimates as being too high to secure agreement, the Commission submitted a revised proposal to the Council in the autumn of 1986 for a regulation on the new framework programme<sup>5</sup>, to which total funds of only 7.735 bn ECU were allocated (compared to the original plans for 10.35 bn ECU). This Commission proposal for a new framework programme, which received the European Parliament's full support in December 1986<sup>6</sup>, comprises the following eight activities: (the percentage of total funds allocated to each activity is shown in brackets; individual R & D projects are described in more detail later):

1. Quality of Life (7.43%)

The Community's R & D efforts are to be concentrated on health care (preventive medicine and early diagnosis, the consequences of ageing, AIDS and cancer research and radiation protection) and the environment (environmental protection, climatology, natural hazards and major technological hazards);

2. Information technologies (26.50%)

The development of microelectronics and peripherals, information processing systems and associated application technologies is to be speeded up (see below for a description of the ESPRIT programme);

3. Advanced telecommunications and new services (14.47%)

The development and implementation of integrated broadband communications (IBC), IBC technologies and the integration of telecommunications technologies into new applications and services and into transport (see RACE programme);

4. Application of the new technologies to the modernization of industrial sectors (14.35%)

Technologies for manufacturing industry; the science and technology of materials and raw materials, technical standards, measurement methods and reference materials (e.g. BRITE programme);

5. Continuation and updating of activities in the energy sector (24.43%)

Nuclear fission (reactor safety, radioactive waste management and fuel control); nuclear fusion (JET, NET); non-nuclear energies (continuation of the action begun after 1973 as a contribution to the Community's energy strategy);

6. Biotechnology (5.81%)

Biotechnology, management of agricultural resources, agro-industrial technologies, science and technology for development;

7. Exploitation of the seabed and use of marine resources (1.03%)

Basic marine research and technologies; supporting activities (standardization/reference materials); management of fishing resources, catching techniques, aquaculture and processing of produce;

#### 8. A Europe for research workers (5.94%)

Improvement of the training, integration and research conditions of European scientists; optimization of the use of major research installations by providing access for all Community researchers.

The planned breakdown of resources shows that industrial competitiveness (especially activities 2, 3 and 4) has top priority with a total of over 55% of the funds allocated; energy, on the other hand, (see activity 5) which until very recently was clearly a key Community R & D sector, has been cut back with approx. 24% of the funding. This concentration of resources on a few particular high-priority areas is perhaps the best way to achieve significant results rather than spreading the resources over a large number of relatively insignificant programmes - even though they would then cover almost all areas in which Community research activity could prove useful.

Although the European Parliament and its Committee on Energy, Research and Technology in particular has repeatedly pressed the Council to adopt the framework programme - witness the various Parliament resolutions<sup>7</sup> and numerous individual initiatives by the committee itself or its members! - it has not yet (June 1987) been adopted and is not certain to be in the near future. Whereas to begin with its adoption was opposed jointly in the Council by the three largest Community countries (the United Kingdom, France and the Federal Republic of Germany) it is now being blocked in the Council solely by the United Kingdom. The reasons for the three major countries' opposition were complex: alongside the fundamental opposition to an extension of the Community's overall financial framework, there was above all the - albeit tacit - belief that each country could manage better on its own (e.g. with its own large R & D budget which it could spend in accordance with specific national interests, and by blocking the necessary transfer of R & D resources and fundings within the Community, etc.). Even the Belgian Council President's current compromise proposal for funding of only

5.62 bn ECU for the framework programme has so far proved unacceptable to the United Kingdom. The European Parliament and its Committee on Energy, Research and Technology have described this compromise financial framework as the absolute minimum required for the proper implementation of Community R & D programmes which are under way or planned. Even with this level of funding, there can be no question of substantially increasing the Community's research budget as originally planned (at present Community R & D spending totals a mere 2% approx. of the Community's total budget!). The failure to date to adopt the framework research programme presents a particular threat to the Community's R & D policy since various individual research programmes (particularly ESPRIT, RACE, medical and health research including AIDS research, and the R & D programme for development) cannot be continued or begun as they have no legal basis (the framework programme is a prerequisite for the adoption of individual programmes!).

#### Europe's response to the modern technological challenge

The European Parliament has repeatedly called in the past for efforts to be stepped up in the common research and technology policy, in particular to halt the declining competitiveness of European industry - most palpably apparent in the case of high-technology products - and respond to the increasingly fierce challenge from Japan and the USA in the advanced technology sector. The European Parliament's insistence on a more vigorous Community research and technology policy came out especially clearly in its first report and attached resolution<sup>8</sup> on Europe's response to the modern technological challenge and at a symposium held on the subject in October 1985. A second report has since been drawn up and was adopted by the European Parliament<sup>9</sup> in June 1987. It stresses that the past two years have confirmed the anxiety expressed by the European Parliament that Europe had to assert itself in the field of technology if it wished to ensure its political and economic independence and its social and cultural identity. It also emphasizes that Europe is lagging technologically not because of lack of creativity, inventiveness or basic research,

but because of its inability to produce and sell competitive technological products that can bear comparison on the world market. It also insists again on the immediate adoption of the second multiannual Community framework programme in accordance with the provisions of the Single European Act. It comments that the EUREKA projects<sup>10</sup> (EUREKA = European Research Coordination Agency; its participants, in addition to the 12 EEC States and the EEC Commission are Finland, Norway, Austria, Sweden, Switzerland and Turkey) form no part of any global strategy so that EUREKA's potential role in strengthening Europe's technological capacity has been weakened.

With regard to the outline and content of the Community's R & D policy, the report also stresses that

- once the framework programme is adopted, priority should be given to adopting programmes to promote information technologies (ESPRIT), telecommunications (RACE), biotechnology and advanced materials;
- energy research (alternative energy sources, the rational use of energy and improved use of existing resources) should be given priority in view of the scale of the energy problem;
- the benefits of scientific and technological cooperation in Europe must be more fully exploited;
- the establishment of a network of technology centres and pools should be supported by the Community;
- the establishment of a European risk capital market should be speeded up;
- a European research and innovation programme for small and medium-sized undertakings should be set in train.



Survey of the most important research programmes and activities at  
Community level

As explained in detail above, the failure so far (June 1987) to adopt the Community framework research programme is a major obstacle to the continuation of the Community's R & D policy. As this framework programme is required before individual programmes can be adopted, these individual programmes cannot be continued or begun because they have no legal basis (in particular ESPRIT, RACE, medical and health research and the R & D programme for development).

The following is a brief outline of some of the Community's chief R & D programmes and activities:

- R & D in information technologies (ESPRIT)

The ESPRIT Programme<sup>11</sup> (= European Strategic Programme for Research and Development in Information Technology), which has now been running since 1984, is intended to ensure the international competitiveness of European industry in the rapidly expanding information and communication technologies sector which now occupies a position comparable to that of the car industry or the steel industry. This ESPRIT programme, which covers five sectors (advanced microelectronics, advanced information processing, software technology, office systems and computer-integrated manufacture), is designed to create an information system accessible to all interested parties in order to ensure the widest possible dissemination of research findings. The continuation of this R & D programme, which has won the constant support of industry and recognition from all sides, is threatened by the failure to adopt the framework research programme.

- Telecommunications

The so-called RACE programme (= research and development programme in the field of telecommunication technologies, communication technologies for Europe) is also intended to promote industrial

competitiveness and lay down a general framework for the development of advanced communications systems. Following the completion of the RACE Definition Phase<sup>12</sup> the start of the RACE Main Phase<sup>13</sup> is uncertain owing to the failure so far to adopt the framework research programme.

- Industrial technologies

The current BRITE programme<sup>14</sup> (Basic Research in Industrial Technologies for Europe) seeks to encourage the application and/or development of new technologies in the 'traditional' industries, which still account for approximately three quarters of all industrial employment in the Community. The programme covers basic technological research and development, laser technology, new testing methods and new materials.

- Biotechnology action programme

The research action programme in the field of biotechnology (1985-1989)<sup>15</sup> is currently under way. It covers a vitally important market that is, in all probability, destined to expand greatly in the future. In February, Parliament adopted a report<sup>16</sup> on the need to review the current programme and to pursue an integrated policy in this field. The report and attached resolution<sup>17</sup> on ethanol from renewable raw materials calls for an economically viable and environmentally sustainable symbiosis between agriculture and biotechnology.

- Research programme on materials (raw materials and advanced materials) (1986-1989)

This research programme<sup>18</sup>, which is currently under way, is intended to promote advanced materials which will in future play an important part in technological and economic development.

- R & D research coordination programme in the field of medical and health research (1987-1989)

Here again, the start of this R & D programme<sup>19</sup>, which was planned as the continuation of other programmes in operation since 1978, is uncertain owing to the failure to adopt the framework research programme. This is all the more regrettable as major parts of the programme were concerned with the urgent problem of fighting cancer and AIDS.

- R & D programmes in the field of science and technology for development (1987-1990)

The start of this programme<sup>20</sup>, which is directed particularly towards scientific cooperation and the countries of the Third World, is also uncertain because of the failure to reach a decision on the research framework programme.

- Cooperation between the universities and enterprises in the field of technology

The COMETT programme<sup>21</sup> (= Action programme of the Community in education and training for technology), which was launched on 1 January 1987, seeks to increase cooperation between enterprises and universities and promote plans for training in technology across borders.

- Research and development programme in the field of the environment (1986-1990)

A comprehensive R & D programme<sup>22</sup> in the field of the environment (environmental protection, climatology and major technological hazards) is currently under way. The importance attached by the European Parliament to the environment is also reflected in the report adopted in September 1986<sup>23</sup> on the rising concentration of carbon dioxide in the atmosphere ('greenhouse effect').

- European space policy

In June 1987 Parliament adopted a report<sup>24</sup> on European space policy which emphasizes the increasing economic and social importance of space projects and the related goods and services (e.g. telecommunications and remote sensing) and of the resulting technological innovations.

- EEC marine research institute

In October 1986 Parliament adopted a report<sup>25</sup> on the establishment of an EEC marine research institute which stresses the importance of this area of research.

- Framework agreements for scientific and technical cooperation with third countries

In December 1986 Parliament adopted a report<sup>26</sup> on scientific cooperation with third countries (Sweden, Switzerland, Finland, Norway and Austria). The Council decision on the subject followed in February 1987<sup>27</sup>.

- Machine translation system (EUROTRA)

The accession of Spain and Portugal, which increased the number of official Community languages from 7 to 9, again highlighted the importance of the current R & D programme for a machine translation system. As a result of the Parliament report and resolution<sup>28</sup> and the Council decision<sup>29</sup>, the EUROTRA project was extended on account of the accession of Spain and Portugal<sup>30</sup>.

- JET and nuclear fusion

One of the most important areas of Community direct R & D action and hence in the abovementioned framework research programme, concerns research into nuclear fusion. The European research effort in this area is currently concentrated on the JET (Joint

European Torus) project at the European nuclear fusion research centre at Culham, in the United Kingdom. The next phase of the fusion project, the NET project (Next European Torus), has reached the pilot project stage. The Community is currently holding exploratory discussions, under the auspices of the IAEA in Vienna, with Japan, the USA and the USSR on a joint pilot project for a prototype nuclear fusion reactor.

#### - Energy research

Energy research is the second major component of the Community's framework research programme, after the promotion of industrial competitiveness. In addition to the nuclear fusion research described above, the bulk of the Community's current energy research (see also the preceding chapter on Community energy policy) is covered in two coordinated research programmes for the period 1985-1988<sup>31</sup>. One programme deals with renewable sources of energy and their development: solar energy in buildings, photovoltaic power generation, development and recovery of biomass for energy purposes, assessment of wind energy resources and feasible technologies and technical improvements in the use of geothermal energy. Grouped together in the second programme, whose main theme is the rational use of energy, are projects relating to energy conservation in buildings, industry and transport, the utilization of solid fuels (improving efficiency, elimination of noxious substances, etc.), and the development of new energy vectors (coal liquefaction and gasification, synthetic fuels, etc.) and energy supply and demand management<sup>32</sup>.

#### - Joint Research Centre (JRC)

The most important topics covered in the current multiannual research programme (1984-1987) being carried out by the JRC, which implements the Community's direct R & D action, are industrial technologies, nuclear fusion, nuclear fission, non-nuclear energy sources and the environment. Under the Community's new research policy two essential tasks are assigned to the JRC: to pool a

fund of independent knowledge prior to the definition of the common norms and standards to be used on the large single market and to guarantee that technological development in sensitive sectors (e.g. nuclear energy) proceeds under uniform conditions of safety. Parliament adopted a report on the revision of the JRC's research programme in December<sup>33</sup>.

Sharp criticism is currently being levelled at the JRC (waste of resources and poor management). The European Parliament's Committee on Energy, Research and Technology, which recently voiced similar doubts about the JRC, has set up a three-man working party to investigate this criticism.

#### Role of the European Parliament

Despite all the abovementioned efforts aimed at intensifying expansion of the Community research policy, and despite the tight budget situation, further increased efforts are crucial for the attainment of greater independence especially in the area of energy policy, and for the safeguarding of European industry's competitiveness in the new-technologies sector, which is at present under threat.

As it has most effectively demonstrated through its repeated efforts and constant pressure to have the framework research programme adopted, the European Parliament has always considered one of its most important tasks to be that of ensuring an increase in Community research policy activities, knowing them to be vital for the Community's future place in the world, and of bringing home to the Member States the fact that Community research activities are, in the long term, of more use to them than isolated national research programmes.

- 1 Council resolution of 14.1.1974, OJ No. C 7/74
- 2 Adopted by Council resolution of 25.7.1983, OJ No. C 208/83
- 3 COM(86) 129 final
- 4 Doc. A 2-49/86 (SALZER report) and resolution of 9.6.1986, OJ No. C 176/86
- 5 OJ No. C 275/86
- 6 Doc. A 2-155/86 (SALZER report) and resolution of 8.12.1986, OJ No. C 7/87
- 7 In addition to resolutions mentioned in Nos. 4 and 6, see also resolutions of 22.1.1987, OJ No. C 46/87 and of 9.4.1987, OJ No. C 125/87
- 8 Doc. A 2-109/85 (PONIATOWSKI report), resolution of 8.10.1985, OJ No. C 288/85
- 9 Doc. A 2-14/87 (PONIATOWSKI report), resolution of 17.6.1987, OJ No. C 190/87
- 10 See also resolution on European research policy of 10.7.1986, OJ No. C 227/86 (and Doc. B 2-525/86); see also Commission communication on EUREKA: COM(86) 664 final
- 11 See Council Decision 85/558/EEC of 10.12.1985, OJ No. L 365/85 on the ESPRIT work programme; see also the Commission proposals for the continuation of the programme: COM(86)269 final and COM(86) 687 final
- 12 See Council Decision 85/372/EEC of 25.7.1985, OJ No. L 210/85
- 13 See COM(86) 547 final and the report still pending before Parliament (TURNER report) PE 109.392/rev.; see also resolution of 12.12.1986 on the introduction of the Integrated Services Digital Network (ISDN) (Doc. A 2-178/86 and OJ No. C 7/87 and the corresponding Council Decision of 22.12.1986 (OJ No. 382/86); see also resolution of 10.4.1987 on the introduction of digital mobile communications (Doc. A 2-13/87 and OJ No. C 125/87)
- 14 See Council Decision 85/196/EEC of 25.3.1985, OJ No. L 83/85
- 15 See Council Decision 85/195/EEC of 25.3.1985, OJ No. L 83/85
- 16 Doc. A 2-134/86 (VIEHOFF report) and resolution of 16.2.1987, OJ No. C 76/87
- 17 Doc. A 2-64/86 (LINKOHR report) and resolution of 8.7.1986, OJ No. C 227/86
- 18 See Council Decisions of 14.6.1986 (OJ No. L 159/86) and 23.9.1986 (OJ No. L 271/86)

- 19 See future Commission proposal (COM(86) 549 final and the report still pending before Parliament (PE 112.052)
- 20 See corresponding Commission communication (COM(86) 550 final) and the report still pending before Parliament (PE 111.143)
- 21 Council Decision 86/365/EEC of 24.7.1986, OJ No. L 222/86
- 22 See Council Decision 86/234/EEC of 10.6.1986, OJ No. L 159/86
- 23 Doc. A 2-68/86 (FITZSIMONS report) and resolution of 12.9.1986, OJ No. C 255/86
- 24 Doc. A 2-66/87 (TOKSVIG report) and resolution of 17.6.1987, OJ No. C 190/87
- 25 Doc. A 2-93/86 (LIENEMANN report) and resolution of 10.10.1986, OJ No. C 283/86
- 26 Doc. A 2-179/86 (STAVROU report) and resolution of 12.12.1986, OJ No. C 7/87
- 27 Council Decision 87/177/EEC of 9.2.1987, OJ No. L 71/87
- 28 Doc. A 2-127/86 (PINTO report) and resolution of 14.11.1986, OJ No. C 322/86
- 29 Council Decision 86/591/EEC of 26.11.1986, OJ No. L 341/86
- 30 See also Third Annual Report from the Commission on EUROTRA (COM(87) 143 final)
- 31 Adopted by Council Decision 85/198/EEC of 12.3.1985, OJ No. L 83/85
- 32 See also the Community's demonstration projects for the development of energy technologies (see OJ No. L 350/85)
- 33 Doc. A 2-174/86 (LINKOHR report) and resolution of 12.12.1986, OJ No. C 7/87





POLICY ON EDUCATION, CULTURE AND TOURISMI. EDUCATION POLICY

The problems inherent in education affect millions of Europeans, whether pupils, students, parents or teachers. Despite a slight fall in numbers in the early 1980s, the Community countries' educational systems encompass 58 million young people and approximately 3.5 million teachers.

Cooperation between the Community countries in the field of education is an integral part of the process of European integration, contributing to greater mutual understanding between them and the improvement of living and working conditions. This type of cooperation has become essential as a result of the economic crisis and the high unemployment level, which have given a new dimension to education policy, with particular regard to economic and socio-cultural conditions. The Community institutions are actively involved in this development, even though the Treaties establishing the Community do not refer specifically to these sectors.

However, if the spirit as well as the letter of these Treaties is to be honoured, Community action in this area is amply justified since the Community is responsible for the economic and social development of its Member States. Specific Community action is at all events justified under Article 57.

The policy of Community cooperation in the educational sector goes back just over ten years to 1974 when the first action programme presented by the Commission was drawn up. On that occasion, the Commission stated that its policy sought to preserve the special character of educational traditions and policies in each country; it

did not seek to bring about the standardization of educational structures, methods or syllabuses. In the same year, a committee on education was set up comprising representatives from the Member States and the Commission with responsibility for drawing up an action programme and coordinating its operation.

As a result of its budgetary powers and the impact of its resolutions, the European Parliament undoubtedly played a primary role in the importance given to education.

The resolution of 16 May 1986<sup>1</sup> embodying the opinion of the European Parliament on the proposal for a decision adopting an action programme of the Community in student mobility - ERASMUS has certainly produced results. Indeed, at the last meeting of the Council of Ministers for Education held in Brussels on 14 May 1987<sup>2</sup>, the action programme of the European Community in student mobility (ERASMUS), containing the following points, was adopted:

- ERASMUS will be implemented from 1 July 1987. The amount estimated as necessary for implementing the programme during the period 1 July 1987 to 30 June 1990 is 85 m ECU;
- before 31 December 1989, the Commission will submit a report to the European Parliament and the Council on the experience acquired in the application of the programme as also, if appropriate, a proposal to adapt it. The Council will decide on this proposal by 30 June 1990 at the latest;
- the Community will introduce a European network for university cooperation composed of universities which have concluded agreements with universities in other Member States for the purpose of organizing student exchanges for periods of study fully recognized for the award of the final diploma. Universities participating in the scheme will be entitled to receive annual support from the Community. Support will also be provided to encourage greater mobility among university teaching staff;

- an ERASMUS grants scheme is being introduced for students who complete a period of study under the ERASMUS programme in another Member State. These grants, awarded by the Community on the basis of an amount allocated to each Member State, will be administered through the appropriate authorities in the Member States;
- steps will also be taken to improve mobility through the academic recognition of diplomas and periods of study.

The European Parliament also adopted on 24 October 1986 a resolution<sup>3</sup> on mobility for teachers in which it calls for the principle of the freedom of movement of persons provided for in the Treaty to be applied to teachers together with the introduction of Community status for teachers.

Furthermore, on 7 April 1987, Parliament adopted a resolution on the European schools<sup>4</sup> in which it urges, *inter alia*, that steps be taken to introduce the new data-processing technologies in these schools and that the necessary financial resources be made available at an early date.

The Committee on Youth, Culture, Education, Information and Sport is drawing up a report, soon to be completed, on the question of open universities in the European Community, as well as reports on the European dimension of school and the situation of minority languages in the European Community.

## II. CULTURAL POLICY

Given the complexity of European culture and the legitimate concern for protecting every aspect of it, the European Community has a special role to play.

In the first place, the Treaties entrust the Community with responsibility for uniting peoples and promoting social and economic development. Secondly, the cultural sector consists, on the one hand, of works and services, or rather goods and services, to which Community standards must be applied; on the other hand, it consists of artists, creators or performers who are entitled to benefit - like other groups of workers - from Community help in tackling their economic and social problems.

Since 1969, the Heads of State and Government of the Community have emphasized on several occasions the need for joint action in the cultural sector. The European Parliament has also taken an active and continual interest in this sector, which, more than any other, unites the peoples of the Community. In response to Parliament's pressing demands, the Commission set up in 1973 an administrative unit with responsibility for cultural matters. Furthermore, in 1982 the first informal meeting of Community ministers was held followed by official meetings from 1984 onwards.

This united approach has been productive and promising developments are now under way particularly in four areas: movement of cultural goods (radio-television programmes, films, works of art, artists' working instruments and books); improvement of artists' living and working conditions (freedom of movement and right of establishment, social security, protection of copyright, taxes, training of cultural workers, artist exchanges and support for artistic and cultural events); strengthening of means of communication (radio, television, cinema, concerts, theatre performances) in order to widen the circle of persons interested in cultural activities; and conservation of the architectural heritage.

However, it is obviously not sufficient merely to initiate practical measures. For this reason, the European Parliament adopted a number of important positions in the period in question.

The Committee on Youth, Culture, Education, Information and Sport is therefore preparing reports dealing with extremely important issues such as:

- the conservation of the architectural and archaeological heritage of the Community in which, inter alia, it calls on the Commission to enter in the budget an appropriation, such as the European Monuments and Sites Fund, with adequate financial resources for the restoration of historic monuments that are among the most prestigious in Europe;
- the restitution of cultural assets to their countries of origin, which implies the recognition of a country's moral right to recover or maintain works that express its cultural identity;
- Community action in the book sector, where, inter alia, it calls on the Commission to draw up a European statute on copyright, introduce a Community regulation to harmonize VAT on literature, and establish a Community fund for translation that provides financial support for the translation of books of recognized importance and undoubted value into the different Community languages.

During the period in question, the Council of Ministers for Culture meeting in Brussels on 13 November 1986<sup>5</sup> took important measures in this sector and adopted a resolution on the European year of the cinema and television (1988) in which it stresses the need to take action at Community level to guarantee the freedom of movement of persons and goods connected with audio-visual activities and encourage the Commission and Member States to provide adequate funding for this sector.

The Commission also intends to continue and intensify its cultural measures within the Community; it believes that a programme could be established in four main areas:

- creation of a European cultural area within the framework of the Community-wide market

The aim here would be to achieve greater integration of the cultural dimension in Community measures in preparing the way for the opening in 1992 of a common economic area.

- promotion of the European audio-visual industry

The rate at which the socio-economic importance and cultural impact of the audio-visual industry is increasing reflects Europe's need to develop competitive production and distribution capacity, while preserving its cultural identity.

- access to cultural resources

With a view to making available to all European citizens every aspect of their cultural heritage, this involves high-priority measures to develop the various aspects, including linguistic aspects, of Europe's cultural potential.

- cultural training

Opportunities for cultural training should be open to everybody in every sector. Cultural training should be available not only as a guarantee for the maintenance of our traditions and support for artistic creativity, but also as the essential basic investment in human resources that will enable new generations of Europeans to adapt to the new technologies, particularly in the fields of information and communication.

### III. POLICY ON TOURISM

The European Parliament has shown a keen interest in the implementation of a Community policy on tourism. It is aware of the

economic and social consequences of the expected growth in the tourist sector and of its increasing impact on the national economy. It also realizes that tourism helps to develop a sense of common European identity. MEPs are aware of the difficulties and problems that their constituents may encounter while travelling within the Community, since these problems are often brought directly to their attention.

The first completely European report on tourism was drawn up by the Committee on Youth, Culture, Education, Information and Sport and, on the basis of this report, the European Parliament adopted a resolution on the subject on 16 December 1983<sup>6</sup>. This resolution provided an important stimulus for the first concrete proposals for Community legislation on tourism. Indeed, the communication from the Commission entitled 'Community action in the field of tourism'<sup>7</sup> that accompanied these first proposals contained several points from Parliament's first report.

Parliament amended the budget for the 1986 financial year with a view to entering an appropriation of 340 000 ECU for measures in the field of tourism. In the draft preliminary budget for that year, no appropriation had been provided for expenditure under this heading. These appropriations were used by the Commission to finance, inter alia, a publicity campaign in the United States to promote Europe's image as a holiday destination.

The initial proposals for Community legislation were adopted by the Council in December 1986 after Parliament had delivered a favourable opinion<sup>8</sup>. This legislation established a harmonized information system on existing hotels, introduced a coordination and consultation process in the field of tourism, and helped bring about a more effective geographical and seasonal distribution of tourism.

In April 1987, Parliament's Committee on Youth, Culture, Education, Information and Sport held a public hearing with several experts on tourism including representatives of national tourist authorities, representatives of the tourist industry and spokesmen for consumer



organizations. The public hearing cleared up several aspects of problems currently under discussion in the tourist industry and enabled the members of the Committee on Youth, Culture, Education, Information and Sport to increase their understanding of matters connected with the development of a key industry for the future of Europe.

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<sup>1</sup>OJ No. C 148/86

<sup>2</sup>Press release 6502/87 (Press 72)

<sup>3</sup>OJ No. C 297/86

<sup>4</sup>OJ No. C 88/86

<sup>5</sup>Press release 10483/86 (Press 173)

<sup>6</sup>OJ No. C 10, 16.1.1984; Doc. 1-816/83

<sup>7</sup>Bulletin of the European Communities, supplement 4/86

<sup>8</sup>Doc. A 2-172/86

A PEOPLE'S EUROPE1. General comments

The European Council, meeting at Fontainebleau on 25 and 26 June 1984, considered it essential that the Community should adopt measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world. An ad hoc committee, composed of representatives of the Heads of State or Government of the Member States was set up to prepare and coordinate this action. The committee, chaired by Mr P. Adonnino, has issued two reports<sup>1</sup>.

The first report deals with immediate measures: freedom of movement for Community citizens, freedom of movement of goods, wider opportunities for employment and residence and administrative formalities for border-area traffic.

The second (and final) report submitted to the Milan European Council on 28 and 29 June 1985 deals both with specific proposals to be implemented without delay and with longer-term objectives which would make the Community more of a reality for its citizens. These proposals concern the special rights of citizens, culture and communication, information, youth, education and sport, health, social security and drugs, and measures to strengthen the Community's image and identity.

Throughout the Communities' history, the European Parliament has drawn the attention of the Council, the Commission and the Member States to the need to define a political process which involved the citizen in the construction of a living European Community. It has stressed the need to put the proposals of the ad hoc Committee on a People's Europe into practice<sup>2</sup>.

During his introduction of the Commission's work programme for 1987<sup>3</sup>, President Delors emphasized that the people of Europe should be able to feel that Europe was relevant to them in their daily lives and in matters of immediate concern to them and to society today. As the Commission noted in its report to the European Council in The Hague<sup>4</sup>, the Council's decisions have been disappointing.

In 1986 the Council adopted a directive complementing the directive of 10 June 1985 aimed at facilitating freedom of movement and the recognition of qualifications in the field of architecture<sup>5</sup> and a directive on specific training in general medical practice<sup>6</sup>.

In the field of taxation, the Commission has published a communication intended to draw the European public's attention to the benefits they could expect to gain from the removal of the double levying of VAT. Measures have also been adopted to harmonize tax and social security - see Nos. 16 and 17 of the above-mentioned report.

On 9 October 1986<sup>7</sup> the European Parliament adopted a resolution on measures to strengthen cooperation between the institutions in the examination of petitions submitted to it. The European Parliament wishes to reinforce the citizen's right of petition.

In 1986, in order to strengthen its image and identity, the Community adopted a European flag (twelve yellow stars on a blue background) and an anthem (Beethoven's Ode to Joy) to be played at official ceremonies.

## 2. Current measures

### (a) Removal of physical frontiers

On 14 July 1986 the representatives of the Governments of the Member States meeting within the Council adopted a resolution, complementing those of 23 June 1981 and 30 June 1982 on the

introduction of a uniform passport, aimed at extending the application of these measures to Spain and Portugal<sup>8</sup>. These states must issue this passport by 1 January 1989 at the latest.

On 13 November 1986 the Council and the representatives of the Governments of the Member States adopted a resolution on the introduction of appropriate signboards at the Community's external frontiers and internal borders<sup>9</sup>.

This measure is intended to strengthen the Community's identity and image. It will be implemented from 1 January 1988 and will replace existing installations and signs (for instance 'customs').

(b) Freedom of movement for persons

On 24 November 1986 the Commission sent the Council a proposal for a recommendation relating to ratification by Member States of the Convention of 25 October 1980 designed to facilitate international access to the courts. The purpose of this Convention is to grant the nationals of a contracting State legal aid for civil and commercial proceedings on the same conditions as if they were nationals of that State.

(c) Tourism

On 22 December 1986 the Council adopted three Commission proposals attached to the Communication of 31 January 1986 on Community action in the field of tourism<sup>10</sup>. The European Parliament approved these proposals<sup>11</sup>. The Commission proposed a better seasonal and geographical distribution of tourism. The European Parliament believes that alternative forms and new formulas of tourism would facilitate a better distribution and would encourage business and administrations to promote the staging of holidays.

With regard to standardized information on existing hotels, the European Parliament believes that it is in the interest of tourists to classify hotels at Community level. The European Parliament

approved the third proposal, namely to establish an advisory Tourism Committee chaired by the Commission.

(d) Special rights

Parliament adopted a resolution on migration policy at its October 1986 part-session<sup>12</sup>.

It called on the Commission to apply and publicize more widely the current regulations on migration, to promote the integration of Community workers into the country where they have come to work and to adapt Community rules on social security.

On 17 September 1986 the Commission adopted a report<sup>13</sup> for the European Parliament on voting rights in local elections for Community nationals residing in another Member State.

The creation of a People's Europe argues in favour of granting these rights. In its resolution of 9 October 1986 the European Parliament asked the Commission to make proposals on the exercise of the right to vote in local elections for workers.

(e) Education

In May 1986 Parliament gave its opinion on the adoption of the Erasmus programme for the mobility of students. It considered that Erasmus would ensure the gradual harmonization of teaching content and methods in Europe.

On 10 December 1986 the European Parliament adopted a resolution roundly condemning the Council's failure to adopt the Erasmus programme. It had called for its full adoption and implementation as quickly as possible. The programme will enter into force on 1 July 1987 (see chapter 26).

On 13 November 1986 Parliament adopted an opinion on the decision establishing the YES for Europe action programme<sup>14</sup>. Parliament supported the Commission's proposal and asked that the age limit applied to young people taking part in the programme be raised and the budgetary resources increased.

### 3. Health - drugs

#### (a) Health

In May 1986 the European Parliament adopted a resolution on a programme of action against cancer. It stressed the impact that this sort of initiative can have at Community level. All cancer prevention programmes must be supported by European and national legislation, local education authorities and individuals themselves. A resolution on a programme of action against cancer was adopted by the Council and the representatives of the Governments of the Member States on 7 July 1986<sup>15</sup>.

In December 1986 the Commission adopted an action plan (1987-1989) containing 75 proposals in the fields of prevention, public information, training for health workers and research into cancer<sup>16</sup>.

#### (b) Drugs

In October 1986 the European Parliament adopted a resolution on the drugs problem. It asked the Council to take all the necessary measures to halt the rising use of drugs e.g. measures to control exports and imports of chemicals with similar effects, to provide for penalties for drugs traffickers and to provide preventive education at all levels of society (see chapter 4D).

On 26 November 1986 the Commission adopted a communication to the Council and Parliament concerning Community actions to combat the use of drugs<sup>17</sup>.

- <sup>1</sup>Supplement 7/85 - EC Bulletin
- <sup>2</sup>OJ No. C 345, 31.12.1985
- <sup>3</sup>Supplement 1/87 - EC Bulletin
- <sup>4</sup>EC Bulletin - 6/86
- <sup>5</sup>OJ No. L 87, 2.4.1986
- <sup>6</sup>OJ No. L 267, 19.9.1986
- <sup>7</sup>OJ No. C 283, 10.11.1986
- <sup>8</sup>OJ No. C 185, 24.7.1986
- <sup>9</sup>OJ No. C 303, 27.11.1986
- <sup>1</sup>OJ No. C 114, 14.5.1986
- <sup>11</sup>OJ No. C 7, 12.1.1987
- <sup>12</sup>OJ No. C 283, 10.11.1986
- <sup>13</sup>COM(86) 487 final
- <sup>14</sup>OJ No. C 322, 15.12.1986
- <sup>15</sup>OJ No. C 184, 23.7.1986
- <sup>16</sup>EC Bulletin - 12/85
- <sup>17</sup>COM(86) 601 final.

