

Twenty-second
REVIEW
of the
COUNCIL'S WORK

1 January
31 December 1974

GENERAL SECRETARIAT OF THE COUNCIL
OF THE EUROPEAN COMMUNITIES

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TABLE OF CONTENTS

INTRODUCTION	1
CHAPTER I — The work of the Institutions	7
A — The Council	7
B — Parliamentary affairs	8
C — Institutional affairs	16
D — The Council and the Conference of the Ministers of Justice	18
E — Council — Court of Justice	20
F — Economic and Social Committee — ECSC Consultative Committee	21
CHAPTER II — Free movement and common rules	25
A — Customs Union, free movement of goods	25
B — Right of establishment and freedom to provide services	26
C — Common rules	28
CHAPTER III — Economic and social policy	31
A — Economic and financial policy	31
B — Social and regional policy	37
C — Energy	52
D — Industry	62
E — Transport	63
F — Research	68
G — Other matters	74

CHAPTER IV – External relations and relations with the Associated States	83
A – Community regulations on the Common Commercial Policy	83
B – Relations with the countries of the Mediterranean basin	86
C – Relations with the countries of Africa, the Caribbean and the Pacific Ocean	102
D – Multilateral and bilateral relations	104
E – Community action on aid to the developing countries	120
CHAPTER V – Agriculture	135
A – General problems concerning the Common Agricultural Policy	135
B – Basic adjustment and amendment of the regulations governing common market organizations	143
C – Management of the common organization of the markets	168
D – Trade arrangements	196
E – Agricultural surveys and statistics	198
F – Financing of the Common Agricultural Policy	198
G – Harmonization of provisions laid down by law, regulation and administrative action	199
CHAPTER VI – Administrative matters – Miscellaneous	209
A – Budgetary matters	209
B – Staff regulations	216
C – Information policy	217
Tables	219
Alphabetical table of contents	223

Introduction

During 1974 the Community has had to face a number of major problems. In certain Member States the effects of the alarming rise in oil prices and other imported raw materials were particularly serious. Inflationary tendencies and balance of payments deficits were considerably aggravated and the danger arose of a general recession raising many problems in several sectors, particularly concerning employment. These factors, together with the difficulties created by the British Government's request for renegotiation of the terms of its accession to the Community produced an uneasy atmosphere throughout 1974.

This was the situation when the Heads of Government and Ministers for Foreign Affairs met in Paris on 9/10 December 1974 at the invitation of the President of the French Republic. They took some measures of basic importance. The end of the year was thus in happy contrast to the beginning. In spite of the problems confronting the Community during 1974 the Council was able to continue its work in most of its fields of activity and adopt a large number of Decisions.

As regards economic and financial policy the Council has concentrated on questions concerning more specifically the economic situation within the Community, the establishment of a Community system for issuing loans and the implementation of medium term support measures for Italy. Various other questions on monetary and international relations have been examined within the Council.

The Council made a particularly sustained effort on external relations. As regards relations with the developing countries, negotiations were actively pursued with a view to determining the new

relations to be established, on the expiry of the Yaoundé Convention and the Arusha Agreement on 31 January 1975 with the African, Caribbean and Indian and Pacific Ocean states (ACP states).

1974 also marked an important stage in the establishment of an overall development cooperation policy which was embodied in a series of Resolutions and Recommendations adopted by the Council at its meetings on 30 April and 16 July 1974. One of these confirms the principle of financial and technical aid to the non-associated developing countries. For 1975 the Community has made substantial improvements in its generalized preferences scheme. The Council resolved to participate in the UN emergency action to help the countries most affected by the existing crisis and decided to make an initial contribution of \$ 150 000 000. The budget for food aid was fixed at 175 000 000 u.a. for 1974 and 200 000 000 u.a. for 1975. Lastly, the Community took an active part in the various meetings on the problems of development held by the United Nations, particularly during the sixth extraordinary session of the General Assembly, the World Food Conference and the Charter of Economic Rights and Duties of States.

The cooperation agreement with India entered into force on 1 April 1974 and the Council authorized the Commission to open negotiations with Bangladesh, Pakistan and Sri Lanka. The trade agreements with Brazil and Uruguay entered into force on 1 August 1974.

In the field of trade policy the Council made the decisions necessary to conclude the renegotiations under Article XXIV (6) of the GATT, following the enlargement of the Community, and began work on drafting directives for the Commission in its multilateral tariff negotiations (the Tokyo Round) on the basis of the overall policy adopted in 1973.

A decisive step was taken in the matter of common trade policy with state-trading countries, henceforth exclusively within the jurisdiction of the Community. Contacts with COMECON were strengthened and the Commission was invited to Moscow to begin talks on possible areas of cooperation.

Lastly, the Community was granted observer status at the General Assembly of the United Nations during its 29th session.

As regards relations with Mediterranean countries, the Council gave the Commission additional directives for negotiating overall agreements with Spain, Israel and the Maghreb countries and for extending the Association Agreement with Malta to cooperation and agriculture. The Council also extended the 1965 agreement on trade and technical cooperation with the Lebanon. As regards association agreements the Council showed a marked determination to resume without delay the process of developing the association with Greece and has already made a number of decision in this connection.

Several discussions have been held within the Council on relations with the EFTA countries and various decisions were made. Portugal submitted a reasoned application to the Community aimed at developing the relations established by the free trade agreement by extending them to fields not covered by the agreement and the Council instructed the EEC-Portugal Joint Committee to study this application. The Council and the ECSC Member States adopted two Decisions approving the lists of concessions drawn up at the end of negotiations under Article XXIV/6 of the GATT.

Agricultural prices which were fixed at the 281st meeting of the Council on 21–23 March 1974 were increased by 5% in October in view of rapid developments in the economic situation and their effects on income in the agricultural sector. The Council also paid particular attention to the situation in certain markets, viz. beef and veal, wine and sugar, and measures were taken to stabilize these markets. The conversion rates used under the Common Agricultural Policy for the Italian lira and the English and Irish pounds were adjusted to take account of the movement of these currencies on the exchange markets. Lastly the Council adopted the Directive on mountain and hill farming and farming in certain less favoured areas. This Directive will not enter into force until certain provisions relating to the list of regions concerned and the Community's financial contribution have been adopted.

The Council has made a series of major decisions on social policy stemming basically from the implementation of the social action programme adopted on 21 January 1974.

Two directives were adopted, one relating to the approximation of provisions already in force on collective redundancies, and the other on the implementation of the principle of equal pay for men and women. The Council also decided to set up a European

Centre for Vocational Training and a Foundation for improving living and working conditions. New categories of people, e. g. migrant workers and the disabled, were made eligible for payments from the Social Fund.

The Council endeavoured to ensure that both sides of industry participated more fully in the working of the Community by reinstating the work of the Standing Committee on Employment following the conference on future European social policy, held in December 1974, and also by recognizing in concrete terms the increased importance of the function of the Economic and Social Committee. On regional policy the Council has been mainly concerned with two political questions viz. how to finance the Regional Development Fund and how to allocate it. These questions were finally resolved by the Heads of Government at their Conference in Paris on 9/10 December 1974.

Appreciable progress was made on education, and a committee was set up to draft priority action programmes. Guidelines were adopted concerning mutual recognition of diplomas, certificates and other evidence of formal qualifications in connection with the right of establishment.

As regards energy policy, the 1985 objectives of the Community energy policy were determined and a Community action programme was adopted on the rational use of energy. A Community research programme was also adopted concerning the recycling of plutonium in light water reactors. An Energy Committee was set up.

The Council's work on industrial policy continued with the adoption of 13 Directives on the abolition of technical barriers to trade in industrial products and two Resolutions concerning data-processing and aeronautics. The Council's work in the Customs sector also continued in connection with tariffs and was more particularly centred on international conventions — witness the Council's decision to open a series of negotiations on behalf of the Community, and the conclusion and signature, again on behalf of the Community, of an important Customs Convention.

Provisions concerning transport were approved in connection with the admission to the occupation of road haulage and road passenger transport operator at both national and international level, the establishment of common rules for certain combined rail/road

goods haulage schemes and the bracket rates system and Community quota for road haulage of goods. The Council also adopted a series of measures concerning rationalization of railway undertakings, relations between them and the States as regards finance and the negotiation of an agreement on the temporary laying up of boats used for goods haulage on the Rhine.

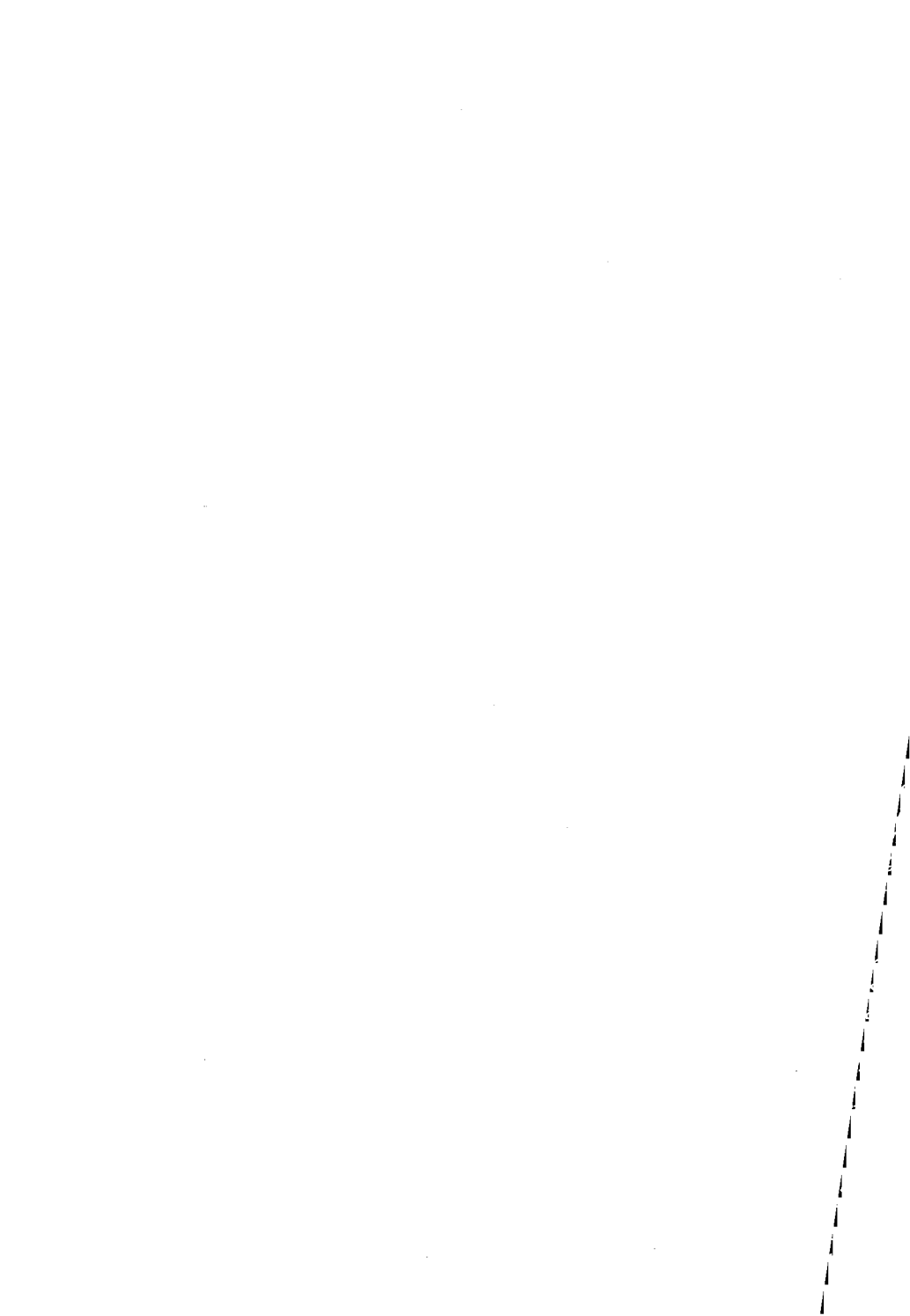
At a meeting attended by the Ministers of Justice the Council adopted a Decision amending certain provisions of the Treaties in order to make changes in the jurisdiction of the Chambers of the Court and approved the Court's Rules of Procedure as amended to take account of the enlargement of the Community. The Ministers took note of the progress made on several proposals or drafts in hand at the time.

As regards the environment the Council adopted the recommendation to Member States concerning the allocation of costs and the intervention of official bodies in the environment sector, known as the 'polluter pays' principle. It also adopted the Directive on the disposal of waste oils, the Directive on quality requirements for surface waters to be used for the production of drinking water in Member States, and the Resolution on energy and the environment.

As regards the Institutions, the Council continued its efforts to strengthen its ties with Parliament and much of its works was devoted to the problem of increasing that Institution's budgetary powers. The Council attended each session and took part in the work of several Parliamentary bodies and committees.

Lastly the adoption of Resolutions and Directives on the right of establishment and freedom to provide services and on scientific and technical policy reflects the Council's will to continue its activity in these sectors.

The General Secretariat of the Council accepts no liability for this Review, which—like those preceding it—has been prepared for documentation purposes.



CHAPTER 1

The work of the Institutions

A — The Council

1. The presidency of the Council was held by the Federal Republic of Germany in the first half of the year and by France in the second half. The meetings in the first half of the year were chaired successively by Mr Scheel, Minister for Foreign Affairs, Mr Ertl, Minister for Agriculture, Mr Schmidt, Minister for Finance, Dr Eppler, Minister for Economic Cooperation, Mr Friderichs, Minister for the Economy, Mr Genscher, Minister for Foreign Affairs, Mr Arendt, Minister for Labour and Social Affairs, Mr Gscheidle, Minister for Transport, Mr Rohde, Minister for Education and Mr Apel, Parliamentary Secretary of State for Foreign Affairs. The meetings in the second half of the year were chaired successively by Mr Fourcade, Minister for Economy and Finance, Mr Bonnet, Minister for Agriculture, Mr Abelin, Minister for Cooperation, Mr Sauvagnargues, Minister for Foreign Affairs, Mr Poncelet, Secretary of State to the Minister for Economy and Finance, Mr Jarrot, Minister for the Quality of Life, Mr Lecanuet, Guardian of the Seals, Minister of Justice, Mr Cavaille, Secretary of State for Transport, Mr Durafour, Minister for Labour and Mr D'Ornano, Minister for Industry.

Seventeen meetings were held in Luxembourg.

The Council devoted 13 meetings to external relations, 5 to development cooperation, 14 to agricultural matters, 7 exclusively to economic and financial problems, 2 to social affairs and transport and one each to justice, energy, education, and the environment.

B — Parliamentary affairs

2. The Council devoted a large part of its activities to Parliamentary affairs, both in its internal work which covered a lengthy examination of the problem of increasing the European Parliament's budgetary powers, and as regards its relations with Parliament: the Council took part in all the sittings of Parliament and also in the work of several Parliamentary committees and other bodies.

1. INCREASE OF BUDGETARY POWERS

3. The Council began its work on this matter on receipt of the Opinion adopted by Parliament on 5 October 1973 and the revised Communication from the Commission. This enabled the Council first of all to evolve a common position on a large number of issues at its 276th meeting, held on 4/5 February 1974. Outstanding issues were resolved at the 288th meeting. This common position concerns three points.

The first point is the revision of the articles of the Treaties concerning budgetary procedure. Parliament's powers in this field are strengthened on three fronts: in the first instance any proposed amendment by Parliament to the draft budget which would not result in an increase in the overall expenditure of an Institution must be accepted unless the Council, acting by a qualified majority, rejects it. Furthermore the Council recognizes Parliament's right to reject the draft budget in its entirety if there is good reason. Finally, it will be Parliament's responsibility, on the Council's recommendation, to give a discharge to the Commission in respect of the implementation of the budgets.

The second point is the establishment of a Board of Auditors of the European Communities which will be responsible for external control of the financial administration of the Community.

Finally, the third point of this guideline is a draft joint statement by Parliament, the Council and the Commission. This draft joint statement envisages the institution of a conciliation procedure between the Council and Parliament with the participation of the Commission. The aim of this procedure is to enable agreement to be reached between the Council and Parliament on Community legal instruments of general scope which have considerable financial implications and which are not bound to be approved on the basis of existing legal instruments.

4. At the Parliament sitting of 11 June 1974, Mr Wischnewsky, Secretary of State for Foreign Affairs of the Federal Republic of Germany, and President-in-Office of the Council, informed Parliament of these joint guidelines. He was concerned to emphasize that the Council realized how important it was for the development of the Community and the increasingly democratic operation of its institutions that Parliament should have a greater say in the procedure for approving the budget and acknowledged that the two Institutions must cooperate more and more closely in the drafting of legal instruments which had a bearing on matters of finance and, by reason of their nature, a direct effect on budgetary decisions.

In accordance with the undertaking made by the President-in-Office and the wishes expressed by Parliament, two meetings were held, on 25 June and 14 October 1974, between a Parliamentary delegation and the Council, in the course of which the delegation expressed its opinion on various points in the guidelines and the Council explained how it had reached its position.

5. Finally, at its 317th meeting on 2 December 1974 the Council agreed on the content of the amendments to be made to the Treaties establishing the European Communities and on the draft joint statement by Parliament, the Council and the Commission on the institution of a conciliation procedure.

The Council formally adopted the text of this draft statement at its 322nd meeting on 19 December 1974 and at the same time requested the agreement of Parliament and the Commission on this draft.

2. PARTICIPATION OF THE COUNCIL IN THE WORK OF PARLIAMENT

6. The regularity of the Council's attendance at the sittings of Parliament is now accepted by virtue of its participation in question time in the course of each session. In addition the Council took part in Parliament's work when important debates were held and also through oral question with or without debate. The importance of relations between the Council and Parliament in connection with the adoption of the Communities' budget in 1974 must also be noted, since the provisions of Article 203 of the EEC Treaty and the corresponding

Articles of the other Treaties were implemented for the first time. Lastly the Council also participated in the work of various Parliamentary committees and other bodies.

(a) *Participation of the Council in the plenary sessions of the European Parliament*

(i) Budgetary procedure

7. At the sitting of 16 October 1974 Mr Poncelet, Secretary of State to the Minister for Economy and Finance (Budget) of the French Republic, and President-in-Office of the Council, presented the draft budget of the European Communities for the financial year 1975. He observed that the draft budget contained some new elements compared with previous years. This was a reference to the fact that the provisions of Article 203 of the Treaty establishing the European Economic Community would come into effect for the first time.

8. Mr Poncelet participated in a meeting of the Budgets Committee on 21 October and subsequently spoke during the budget debate on 12 November. He was concerned to emphasize the fundamental importance which he attached to the quality of the dialogue at present being held between the two Institutions. In his view this was an essential condition for applying the provisions of the Treaty to give Parliament a more important rôle. Parliament subsequently voted on the draft budget on 14 November.

The Council received a delegation from Parliament and subsequently, on 28 November 1974, gave a ruling on the amended draft budget together with Parliament's proposed amendments. On 10 December Mr Poncelet informed Parliament that the Council had accepted most of the amendments which Parliament had approved, without proposing any alterations. After the vote in the draft budget on 14 December Mr Poncelet emphasized the importance of this, the first occasion in which the budget had been adopted by Parliament.

(ii) Present situation in the Community

9. In the sitting of Wednesday, 24 April, a general debate was held in the course of which Members of Parliament expressed their concern at what they considered to be a serious crisis within the Community.

In reply to an oral question from Mr Durieux, Mr Apel, Secretary of State for Foreign Affairs of the Federal Republic of Germany, President-in-Office of the Council, said, 'I strongly believe that . . . the workings of the Council can only be effectively improved if a minimum consensus is first reached in the nine capitals as to the kind of Europe we want'.

The debate on the present situation in the Community was continued in the session of 13—15 May and later in that of July 1974. Speaking in the session of 9 July, Mr Sauvagnargues, Minister for Foreign Affairs of the French Republic, President of the Council, said, 'I consider it a very positive sign that despite these difficulties and the particularly critical situation of several countries, the political will to continue our joint task and to find Community solutions has been clearly confirmed and expressed'.

10. Mr Sauvagnargues addressed Parliament on 16 October 1974 on the subject of the political situation in the Community. He spoke of the progress made by the Community in several fields but nevertheless emphasized that this progress was, 'far from adequate to the current situation'. Mr Brinkhorst, Secretary of State for Foreign Affairs of the Netherlands, Member of the Council, also took part in this debate.

11. In the session of 11 December 1974, Mr FitzGerald, Minister for Foreign Affairs of Ireland, representing the President of the Council, reported to Parliament on the results of the conference of Heads of State or Government held on 9/10 December 1974 in Paris. He said that the meeting had seen 'considerable progress', since there had been progress towards an overall approach to the internal and external, political and economic problems of Europe. He also said, 'there has been a commitment, albeit for the moment confined to seven countries, to earlier direct elections and to extending the legislative powers of Parliament'.

The debate on the results of the Paris conference followed a series of debates on the present situation in the Community which had been held in the course of 1974.

(iii) Institutional matters

12. In the sitting of 13 November 1974, Mr Destremau, Secretary of State for Foreign Affairs of the French Republic, President-in-Office of the Council, replied to an oral question concerning the setting up

of a political secretariat. Mr Destremau also replied, on 9 July 1974, to an oral question in which the proposal was put forward that political cooperation be integrated with the Community Institutions. In this connection he said, 'changes can be expected in the present situation but only in the framework of work carried out by all the Institutions with a view to establishing European Union'.

(iv) Development of the Economic Community

13. Replying on 13 March 1974 to oral question No 197/74, Mr Apel recalled that at its meeting on 18 February 1974 the Council had taken decisions on economic and monetary policy. He emphasized the necessity for the national governments to implement these decisions, since there was a danger that high and varied rates of inflation might hinder progress towards economic integration.

In the context of the debates on economic problems, Mr Apel replied on 14 May 1974 to an oral question concerning the measures taken by the Italian government on trade.

On 13 November 1974, Mr Destremau, in his reply to an oral question, gave Parliament the subject matter of the Regulation on Community loans which the Council had adopted on 21 October.

(v) Other debates

Agricultural matters

14. On 16 September Parliament held a special sitting to examine the exceptional measures to help the agricultural sector proposed by the Commission to the Council. In his speech, Mr Bonnet, Minister for Agriculture of the French Republic, President-in-Office of the Council, recalled that the Council, at its meeting of 3 September, had emphasized the serious nature of the agricultural situation in the Community.

During this debate Mr Bonnet also replied to oral questions from Mr Gibbons and Mr Mertens on agricultural problems.

Overall Mediterranean approach

15. Replying to an oral question from Mr Memmel on 27 June, Mr Wischnewski informed Parliament that the Council, at its meeting on 25 June, had been able to record substantial progress on the new

directives to be given to the Commission for resuming negotiations with Algeria, Israel, Malta, Morocco, Spain and Tunisia.

Situation in the Eastern Mediterranean

16. On 26 September Parliament held a political debate on the rôle of the Nine in finding a political solution to the Cyprus problem and on the Community's association with Cyprus, Greece and Turkey. Mr Destremau, Secretary of State for Foreign Affairs of the French Republic, President-in-Office of the Council, emphasized the Nine's impartial attitude towards the Cyprus problem. He also informed Parliament of the Council's favourable attitude to reviving the association with Greece.

Conference on Security and Cooperation in Europe

17. On 16 January 1974 Parliament examined two oral questions, viz. 101/73 and 138/73, mainly concerning the question of Community representation at the Conference. In reply to these questions Mr Scheel, Minister for Foreign Affairs of the Federal Republic of Germany, President-in-Office of the Council, recalled the steps taken to define the common attitude of the Community representatives in the second committee of the Conference. He emphasized that he was convinced that the application of the procedures agreed on by the Nine ensured that the Member States in such questions took up a common position and would continue to do so.

During the sitting on 13 February 1974 Mr Apel replied to an oral question concerning the WEU Assembly's recommendation on European security.

Common Trade Policy

18. At its sitting on 9 July 1974 Parliament held a debate on the basis of oral question No 144/74 from Mr Patijn, in the course of which Members expressed their opinions on the application of the Common Trade Policy to Eastern European countries and also to oil-producing countries.

Mr Destremau recalled that on 20 June 1974 the Council had in principle approved the decision setting up a consultation procedure for cooperation agreements and agreed that this procedure should apply to agreements with these two groups of countries.

Social policy

19. At the sitting on 26 September 1974 Mr Destremau replied to an oral question on the calling of a tripartite conference on the impact of the energy crisis on the employment situation. On 11 June 1974 Mr Wischneswki replied to an oral question concerning the political rights of migrant workers.

Regional policy

20. During the sitting on 13 February 1974 Parliament held a debate on the basis of oral question No 194/73 from Mr Delmotte. Members expressed regret that the Council had taken no decision in this matter. In his reply to this question Mr Apel stated that agreement had been more difficult than could have been envisaged, but that the Council was naturally aware of the importance of setting up the European Regional Development Fund.

On 13 November 1974 Mr Destremau replied to an oral question proposing the establishment of a development programme for the areas adjoining the border between the United Kingdom and Ireland.

Conference on the Law of the Sea

21. In the sitting of 27 June Parliament debated the oral question from Mr Brewis on the Conference on the Law of the Sea which was being held during this period at Caracas. Mr Wischneswki described the steps taken by the Council to arrive at a joint position at the time of this Conference.

Protection of the Environment

22. In the sitting of 13 March 1974 Mr Apel replied to an oral question on the measures for protecting the environment proposed by the Commission. On 13 November Mr Destremau replied to an oral question concerning the effects on the local environment of extending the European Community buildings in Brussels.

Protection of privacy

23. On 13 March 1974 Mr Apel replied to an oral question on the protection of Community citizens' privacy.

(b) *Participation of the Council in the proceedings of Parliamentary committees and other bodies*

(i) Participation of the Council in the Parliamentary Association bodies

24. Mr Walther Scheel took part in the proceedings of the EEC-AAMS Joint Committee and Parliamentary Conference which took place in Rome on 28 January — 1 February 1974.

25. Mr Wischnewski took part in the meeting of the Joint Committee of the Parliamentary Conference of the Association which was held in Dinard, France, on 27—30 May 1974.

26. The Joint Committee of the Parliamentary Conference of the Association also held a meeting on 23—25 October 1974 in Mauritius. Mr Destremau took part in this meeting.

27. Mr Apel participated in the XVIIth meeting of the EEC-Turkey Joint Parliamentary Committee held in Berlin on 24—28 March 1974.

28. The EEC-Turkey Joint Parliamentary Committee held its XVIIIth meeting on 6—11 October 1974 in Istanbul. Mr Destremau took part in the proceedings of this committee.

(ii) Participation of the Council in the proceedings of other Parliamentary Bodies

29. Mr Scheel took part in the proceedings of the Political Committee when it met on 31 January and 1 February in Rome. The Committee examined in particular the question of European Union.

30. Mr Eppler, Minister of State for Economic Cooperation of the Federal Republic of Germany and President-in-Office of the Council addressed the Committee for Cooperation and Development on the proceedings of the working party which the Council had set up to examine an overall policy of cooperation on development. This meeting was held in Brussels on 21 March 1974.

(c) *Replies to questions*

31. During the year under review 36 questions were put to the Council at question time. During the same period the Council received 27 oral questions, some with and some without debate. Lastly, 125 written questions were put to the Council.

(d) *Consultation of Parliament*

32. During 1974, the Council consulted Parliament on 154 proposals.

C – Institutional affairs

33. During 1974 the Council devoted its attention in this field to a problem of immediate import, i.e. that of improving the decision-making procedure of the Communities, and a problem of wider import, i.e. European Union.

1. IMPROVEMENT OF DECISION-MAKING PROCEDURES

34. Following a statement by the Minister for Foreign Affairs of the Kingdom of Belgium and a communication from the Commission on the situation in the Community, the Council decided to resume at an early date the recent exchange of views on the situation in the Community, on the basis of any considerations which its own President and the President of the Commission might submit.

At its 282nd meeting the Council heard a statement from Mr Scheel, Minister for Foreign Affairs of the Federal Republic of Germany, made in his capacity as President-in-Office of the Council and on behalf of the Commission. This statement contained suggestions for action in several fields as well as suggestions for improving the decision-making procedures of the Communities.

35. The Council examined these suggestions and on 4 June adopted the following provisions.

Each general Council meeting would begin with a discussion in restricted session attended by Ministers and Secretaries of State and also, as a rule, the Permanent Representatives and the President of the Commission. This would enable the President to report on progress and have a frank and open political discussion.

During the week before each Council meeting, the Permanent Representatives Committee should hold a working meeting with the President of the Commission to prepare the agenda and specify the political questions on which the Council should concentrate.

The Governments of all the Member States should give their Permanent Representatives instructions which would leave them wider scope for negotiation, so that agreement might be reached as often as possible at that level.

36. The Council resumed the examination of this problem at its meeting of 25 June 1974, when it adopted a declaration of intent seeking to improve the decision-making procedure within the Council and to make greater use in future of Article 155 of the EEC Treaty, aimed at conferring on the Commission the powers to implement the rules which it laid down. The Council felt that in both cases the President of the Council had a special part to play and that, with this end in view, the restricted sessions provided for at the beginning of each meeting should be continued.

At the same meeting the Council adopted the following provision: in order to ensure the coherence of Community action, it was agreed that the most important problems which fell within the jurisdiction of several administrations would, as a rule, be considered together within the Council. This formula will not alter the provision for specialized meetings of the Council.

37. All these measures were concerned with the decision-making procedures of the Communities in general, but during the year the Council also gave its attention to improve its own working methods. In addition to the decisions already taken in July 1973 a second series of practical measures concerning its working methods was adopted.

In order to ensure, therefore, that positions taken up and decision made by the various bodies of the Community in various fields were sufficiently coordinated to avoid any contradictions, the Minister who usually presides over the Council should take the widest possible view of his rôle as coordinator. With this end in view there should in particular be regular contact between the President of the Council and the President of the Commission.

At the beginning of each half year, the Chairman should submit to the Council a working programme accompanied by a timetable for its implementation. In general the Member State which will hold the Presidency of the Council should make known the dates envisaged for Council meetings 7 months before the President enters upon his term of office. Items on the agenda which are interrelated

in some way should be grouped together so that they can be dealt with together.

If the Council considers it advisable after discussion of an item on the agenda, a working party will be instructed to summarize the Council's conclusions during the meeting itself, thus enabling the Council to solve any relevant problems and to avoid lengthy discussions on implementation.

The Council reaffirmed its readiness to speed up decision-making within the Community by seeking solutions taking into account the necessity for progress in the various fields in which the Community was working. For this purpose, the Member States will give their representatives, at meetings at all levels within the Council, instructions which will enable decisions to be taken within reasonable periods of time.

2. EUROPEAN UNION

38. The Heads of State or Government at the October 1972 Paris Conference had instructed the Community Institutions to draw up a report on European Union before the end of 1975, to be submitted to a future Summit conference. The Council therefore instructed the Permanent Representatives Committee immediately to begin on preparing the Council's section of a draft report.

At the time of giving this instruction the Council agreed that the Permanent Representatives Committee could arrange to be assisted by an *ad hoc* working party, the members of which would be nominated by the Governments of the Member States.

This document took the form of a questionnaire which was submitted to the Governments of the Member States and to the other Community Institutions.

D – The Council and the Conference of the Ministers of Justice

39. The Ministers of Justice of the Member States held a meeting on 26 November 1974. Meeting in Council, they studied a series of dossiers relating to Community law.

1. THE SANCTIONS WHICH THE INSTITUTIONS CAN APPLY IN THE FIELDS OF COMPETITION AND TRANSPORT

40. The Council adopted a Regulation concerning limitation periods in proceedings and the enforcement of sanctions in these fields. ¹

The Council also instructed the Commission to examine whether Community Regulations on other aspects of legal proceedings would be appropriate.

2. RULES OF PROCEDURE AND OPERATION OF THE COURT OF JUSTICE

41. Firstly the Council approved the Rules of Procedure of the Court of Justice as amended following the accession of the new Member States. ²

It also adopted a Decision adjusting the Treaties establishing the ECSC, the EEC and the EAEC so as to allow preliminary rulings to be referred to the Chambers of the Court. ³

Lastly the Council considered it advisable, in order to relieve the pressure of work on the Court, to set up a tribunal of first instance for litigation between the Institutions and their staff. The Commission was requested to submit a proposal on this subject.

3. CONSOLIDATION AND PRESENTATION OF COMMUNITY LAW AND AUTOMATION OF LEGAL DOCUMENTATION

42. The Council adopted a Resolution on this matter emphasizing the desirability of grouping in a single text those Acts of the Council which have been amended several times, and invited the Commission to submit appropriate proposals. ⁴

It also invited the Management Committee of the Office for Official Publications of the European Communities to study ways and means of improving the presentation and accessibility of this publication.

¹ Regulation (EEC) No 2988/74, OJ No L 319 of 29. 11. 1974.

² OJ No L 350 of 28. 12. 1974.

³ OJ No L 318 of 28. 11. 1974.

⁴ OJ No C 20 of 28. 1. 1975.

Lastly it adopted a Resolution on automation of legal documentation¹ emphasizing the necessity for an inter-institutional system of computerized documentation and recommending that this documentation be placed at the disposal of Member States. A working party was set up to achieve these objectives.

Subsequently the Council noted what progress had been made on several proposals under consideration relating, in particular, to company law and the liberalization of services provided in the legal profession.

Lastly, when they met as a conference of the representatives of their respective governments within the framework of the Council, the Ministers of Justice noted what progress had been made on work carried out under the *aegis* of the Commission in connection with the drafting of conventions both as regards criminal aspects of economic law and in the field of private international law. They expressed the hope that this work would soon be completed.

E — Council — Court of Justice

43. During 1974 the Council appeared before the Court of Justice of the European Communities in 15 cases.

Three of these cases were actions brought by officials.

Two actions, one brought against the Council by the Commission and the other by the Trade Union, concerned the salaries of officials of the Communities.

Five identical cases concerned actions for damages. In four joined cases damages were claimed by private firms.

The last case was a request to declare a Community Act void.

In addition the Council was involved in two cases concerning requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty.

¹ OJ No C 20 of 28. 1. 1975.

F — Economic and Social Committee — ECSC Consultative Committee

1. IMPROVEMENT OF RELATIONS BETWEEN THE COUNCIL AND THE ESC

44. At its meeting on 11 and 12 February 1974 the Council drew up a number of practical measures to improve its procedures.

One of the Council's decisions was that at least once a year its President would attend a meeting of the Committee, when he would make a speech on the activities of the Council. The President of the Council (at that time Mr Durafour, Minister for Social Affairs of the French Government) inaugurated this tradition by participating in the Committee's meeting of 17 and 18 July 1974.

Furthermore, with the object of achieving better coordination between the work of the two organizations and more frequent exchanges of information, the Council agreed to institute a system of regular meetings between the President of the Permanent Representatives Committee and the President of the ESC. The first of these meetings took place on 18 July 1974 and the second on 8 October 1974.

With the same object in view, contacts were maintained between the two secretariats and improvements in procedure have been made so as to give the opinions of the ESC a wider hearing within the sphere of government bodies.

2. REVISION OF THE ECONOMIC AND SOCIAL COMMITTEE'S INTERNAL REGULATIONS

45. The revision of the internal regulations of the Committee, which began in December 1972,¹ was finalized, after several exchanges of views between the two bodies, at the Council's meeting on 13 June 1974.

The right to deliver opinions on its own initiative was inserted into the provisions of the Committee's new internal regulations by the

¹ See paragraph 589 of 21st Review.

Council, thus giving it legal form. This right had been ascribed to the Committee by the Summit Conference held in Paris in October 1972, and the Committee had already begun to exercise it during 1973. ¹

In addition the Economic and Social Committee was given the power to publish autonomously in the Official Journal of the Communities all the opinions which it delivered.

3. RENEWAL OF THE ECONOMIC AND SOCIAL COMMITTEE

46. By its decision of 17 September 1974 the Council renewed the Economic and Social Committee for the period 17 September 1974 to 16 September 1978, since the term of office of its members expired on 23 August 1974.

The session to elect new members was held in the presence of Mrs Françoise Giroud, President-in-Office of the Council and Mr P. Hillery, Vice-President of the Commission, on 7, 8 and 9 October 1974. The Committee elected Mr Canonge (France, Miscellaneous Activities Group) as President.

4. RENEWAL OF THE ECSC CONSULTATIVE COMMITTEE

47. On 15 and 22 January 1973 the Council had appointed a number of additional members of the ECSC Consultative Committee (and also an observer) by reason of the enlargement of the Communities, without prejudice to the allocation which was to follow the restructuring of the Committee with a view to its renewal in March 1974. ²

On 4 March 1974 the Council approved the new allocation of the seats of the ECSC Consultative Committee members, as set out below. It abolished the category of observer but did not radically call into question the balance so far attained so as not to create difficulties which would cause considerable delay in the replacement of the Committee members.

¹ See paragraph 589 of 21st Review.

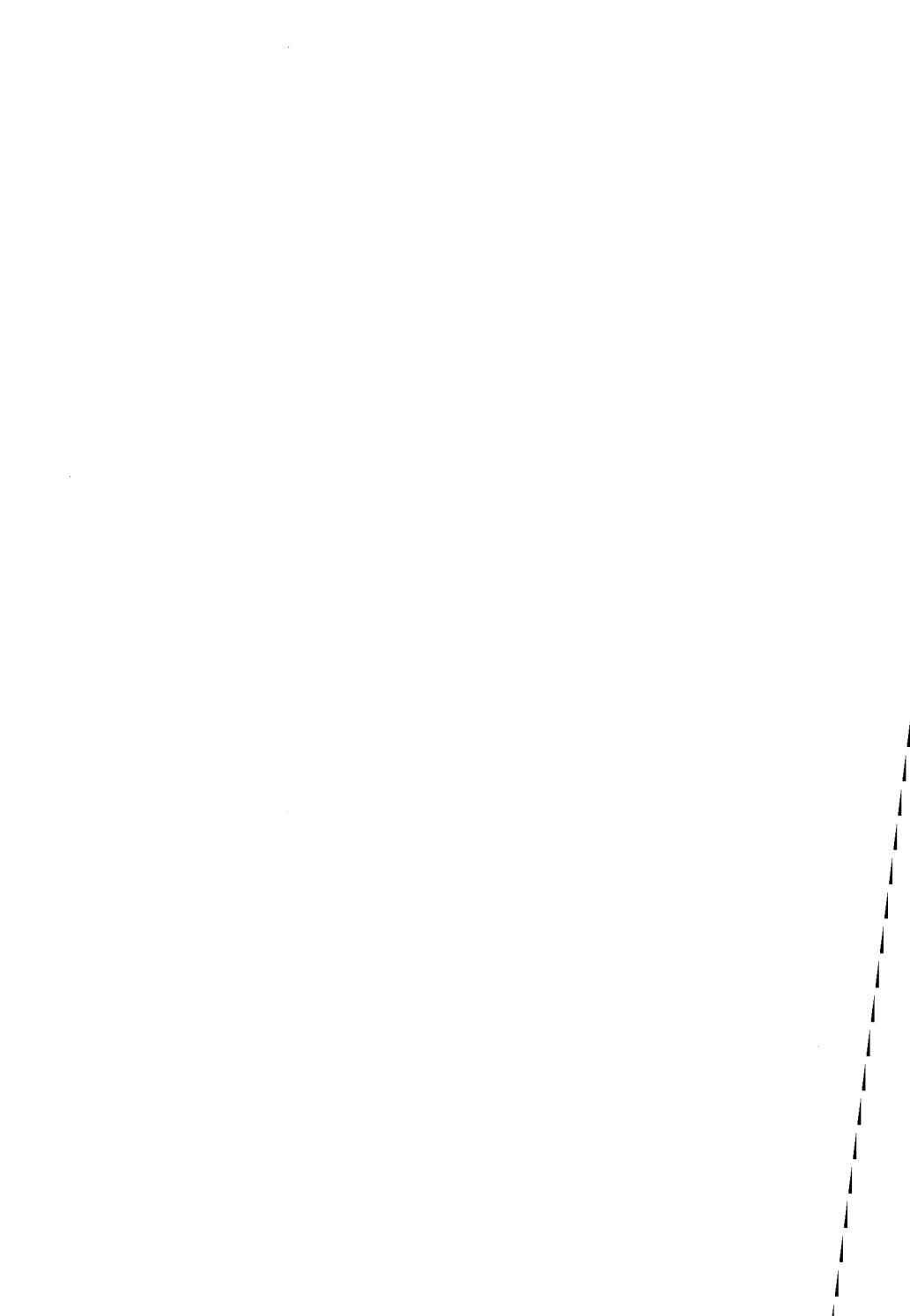
² See paragraph 591 of 21st Review.

Country	Producers	Workers	Consumers and Dealers	Total
Belgium	3	3	2	8
Denmark	1	1	1	3
Germany	7	6	6	19
France	4	4	5	13
Ireland	1	1	1	3
Italy	2	3	3	8
Luxembourg	2	1	1	4
Netherlands	1	2	2	5
United Kingdom	6	6	6	18
Total	27	27	27	81

On 7 May 1974 the Council designated the representative organizations for the categories of producers and workers.

On 25 June 1974 the Council appointed the members of the Committee, following a proposal from the representative organizations for the categories of producers and workers, and a proposal from the governments for the category of consumers and dealers, for the period 25 June 1974 to 24 June 1976.

The Committee held the session to elect members for the new period on 11 July 1974 and elected Mr Arnaud (France — Consumers and dealers) as President.



CHAPTER II

Free movement and common rules

A — Customs Union, free movement of goods

1. COMMON CUSTOMS TARIFF

48. The Council adopted two Regulations amending the Common Customs Tariff, thirteen Regulations temporarily suspending the autonomous duties in the Common Customs Tariff on a certain number of products and twenty-four Regulations on the opening, allocation and administration of Community tariff quotas for certain products or increasing quotas decided on by the Council in 1973.

49. In addition, on 27 June 1974 the Council adopted a Resolution on measures to simplify the tasks of the Customs administrations.

In adopting this Resolution the Council sought to ease the difficult situation facing the national Customs administrations, caused by the magnitude and complexity of the tasks to be accomplished in connection with trade both within the Community and between the Community and third countries.

One of the provisions of the Resolution is that the Council will take care to draw up all provisions on tariff matters — of an autonomous nature or resulting from conventions — so as to ensure that they are published in the Official Journal of the European Communities at least six weeks before the date proposed for their implementation.

This resolution has already had major practical applications. In particular, the new Common Customs Tariff which entered into force on 1 January 1975 was published in the Official Journal of 1 November 1974.

2. INTERNATIONAL CUSTOMS CONVENTIONS

50. On 4 June 1974 the Council approved the conclusion and signature, in the name of the Community, of an International Convention for simplifying and harmonizing customs procedures. The Council also decided to approve, in the name of the Community, an annex to this Convention.

In fact the Convention has several annexes which will be negotiated and approved separately by the contracting parties. The Council has already adopted several Decisions authorizing the Commission to negotiate certain annexes to the Convention, in the name of the Community, according to an *ad hoc* procedure of coordination with the Member States.

51. On 4 June 1974 the Council also adopted two Decisions authorizing the Commission, in the name of the Community and in accordance with an *ad hoc* procedure of coordination with the Member States, to begin negotiations to revise the Customs Convention on International Transport of goods under cover of TIR carnets, of 15 January 1959, and negotiations on a harmonized commodity description and coding system, to be drafted by the Customs Cooperation Council.

B — Right of establishment and freedom to provide services

52. During the period under review the Council adopted only four Directives on this matter. This is because some fundamental questions concerning the right of establishment and freedom to provide services were brought before the Court of Justice of the Communities.¹ Work on these matters had to be suspended.

¹ This refers to cases 2/74 *Reyners v The Belgian State* and 33/74 *van Binsbergen v Administration de la fédération des Industries de construction métallurgique*.

1. DIRECTIVES ADOPTED

53. On 4 June 1974 the Council adopted a Directive¹ on the attainment of freedom of establishment and freedom to provide services in respect of activities of self-employed persons engaging in the trade and distribution of toxic products and the activities of intermediaries in the same field, which seeks to fill the existing gap on this point in the Directives concerning wholesale trade, retail trade and the activities of intermediaries in commerce, industry and small craft industries.² This Directive is accompanied by a Directive concerning transitional measures which cover a wider field because it includes professional use.

54. At its 320th Meeting on 17 December 1974 the Council adopted two Directives, one concerning the right of nationals of a Member State to remain in the territory of another Member State after engaging in an activity as self-employed persons, and the other extending the scope of Directive No 64/221/EEC on coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health, to nationals of a Member State who exercise their right to remain in the territory of another Member State after engaging in an activity as self-employed persons in that State. The first Directive extends to self-employed workers the benefits of the provisions already granted³ to employees and extends the right of permanent residence granted to nationals of another Member State by granting them the right to remain in the territory after ceasing to engage in activity as self-employed persons.

2. THE LIBERAL PROFESSIONS

55. The Council has concentrated on the Directives concerning the medical profession, where appreciable progress has been made.

3. OTHER DIRECTIVES

56. In the field of company law, the proposed second Directive on the constitution of the Company, the maintenance of its capital and any changes in it was given a second reading during the period

¹ OJ No L 307 of 18. 11. 1974.

² Directives No 64/223/EEC, 68/363/EEC and 64/224/EEC.

³ Regulation No 1251 of the Commission (OJ No L 142 of 30. 6. 1970).

under review. However, mainly because of the technical difficulties in coordinating the 'continental' and the United Kingdom and Ireland systems, it seems that the deadline of 1 January 1975 laid down in item 4 of the Council Resolution of 17 December 1973 on Industrial Policy will not be met.

57. Towards the end of the period under review the first reading was begun of the amended proposal for a fourth Directive on the Structure and Content of the Annual Accounts.

58. Considerable progress has been made by the Council on the proposed Directive on public supply contracts.

The Council Resolution on Industrial Policy¹ laid down a deadline of 1 January 1975 for this Directive. It will not be possible to meet this deadline and provision must be made for its adoption during 1975.

59. Thirdly, during the period under review the Council undertook the examination of a Directive concerning direct life insurance which aims at extending the coordination procedure and abolishing restrictions in the field of direct insurance.

C -- Common rules

1. RULES OF COMPETITION

Aid granted by Member States

60. The Council extended to 30 June 1975 the period of validity of the second Directive on aid to ship-building.

2. APPROXIMATION OF LAWS

(a) Harmonization of Customs law

61. On 4 March 1974 the Council adopted a Directive on the implementation of Article 5 of Directive No 69/73/EEC on the harmonization of provisions laid down by law, regulation or administrative

¹ See paragraph 56 of this Review.

action in respect of inward processing. On 4 June 1974 it adopted a Regulation on the tariff treatment applicable to goods imported for free circulation in the event of disasters occurring in the territory of one or more Member States. To allow Member States to provide effective aid to the victims of such disasters, this Regulation lays down that goods imported from third countries by approved organizations may be distributed free of charge to the population of the areas concerned and be exempt from Customs duties, charges having equivalent effect, agricultural levies and other import charges, the granting of this exemption to be subject to a decision by the Commission acting in accordance with an emergency procedure.

(b) *Elimination of technical barriers to trade in industrial products*

62. Activities aimed at eliminating technical barriers to trade in industrial products have been vigorously pursued by the Council, account being taken of the programme specified in the Council Resolution of 17 December 1973 on industrial policy.

So far more than 46 directives have already been adopted' 13 of these during 1974. These are: four directives in the field of motor vehicles relating to measures to be taken against air pollution by gases from positive-ignition engines, interior fittings (behaviour of steering mechanism in the event of an impact), resistance of seats and their anchorages, and protruding exterior fittings; five Directives in the field of wheeled agricultural or forestry tractors relating to type-approval, maximum design speed and load platforms, certain parts and characteristics, rear-view mirrors, field of vision and windscreen wipers; four Directives on measuring instruments relating to weights of from 1 mg to 50 kg of above-medium accuracy, cold water counters, packaging of certain prepacked liquids, and bottles used as measuring containers.

3. INDUSTRIAL PROPERTY

(a) *European Patent Convention*

63. The Interim Committee of the European Patent Organization, which is assisted by the Secretariat of the Council, held its inaugural meeting in Munich on 15 and 16 January 1974. The Interim Committee comprises the representatives of the 16 States which have signed the

European Patent Convention up to the present time (the nine EEC States and Austria, Greece, Liechtenstein, Monaco, Norway, Sweden and Switzerland). Its task is to take all preparatory measures to enable the European Patent Office to begin its activities as soon as possible.

The Committee drew up a programme of the work to be completed by the end of 1976 to prepare for the opening of the European Patent Office. An Executive Committee and seven Working Parties were set up to carry out this work. The Working Parties are responsible for the organization of the European Patent Office, preparation of the various procedures of the European Patent Office, staff, finance, legal matters, the construction of the building to be used by the European Patent Office in Munich, the construction of a European School in Munich and questions relating to the accommodation requirements of the employees of the European Patent Office.

The work of these Working Parties, which held 33 meetings during 1974, has proceeded steadily.

(b) *Community Patent Convention*

64. The Conference on the Community Patent which was due to be held in Luxembourg from 6 to 28 May 1974 was postponed at the request of the Government of the United Kingdom.

According to Her Majesty's Government, some main problems concerning the obligation of joint designation of the Contracting States and the provisions governing litigation on Community patents needed to be resolved before the Convention could be signed by that Government.

Specific proposals in this respect were submitted by the United Kingdom and a wide-ranging exchange of views on these was held by the 'Community Patent' Working Party in December 1974. It was not however possible for the delegations to adopt a firm standpoint with regard to the United Kingdom's proposals, and a further meeting will be held in February 1975 for the purpose of reaching overall agreement on the problems raised by these proposals.

If a sufficient level of agreement is reached in February 1975 a recommendation will be forwarded to the Permanent Representatives Committee to convene the final Conference in either September or November 1975.

CHAPTER III

Economic and social policy

A — Economic and financial policy

65. During 1974 seven Council meetings were entirely devoted to economic and financial matters. These matters concerned more particularly the economic situation in the Community, the setting up of a Community procedure for granting loans, the implementation of medium-term financial assistance to Italy and miscellaneous financial and monetary matters. During the year under review the Council also gave its attention to matters relating to export credit insurance and fiscal harmonization.

1. THE ECONOMIC SITUATION IN THE COMMUNITY AND COORDINATION OF MEMBER STATES' ECONOMIC POLICIES

66. In accordance with the Council Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States,¹ the Council examined the economic situation in the Community at each meeting devoted to economic and financial questions, and evolved the guidelines to be followed by each Member State.

In particular, on 6 June 1974 the Council approved a Decision adjusting the guidelines for economic policy for 1974 as defined in autumn of the previous year, to the new exigencies of economic trends.²

¹ OJ No L 63 of 5. 3. 1974.

² OJ No L 199 of 22. 7. 1974.

67. On 15 July 1974 the Council gave its attention to priority political and economic actions and took note of the quantitative guidelines for the draft 1975 public budgets as submitted by the Commission after consultation with the Economic Policy Committee.

On 21 October 1974, in accordance with Article 4 of the Decision mentioned above, on a proposal from the Commission and after noting the Opinions of Parliament and the Economic and Social Committee, the Council approved the Annual Report on the Economic Situation in the Community.¹ This report lays down the guidelines to be followed by each Member State in its economic policy for 1975. These guidelines may be adjusted to the exigencies of economic trends when the Council examines these matters at a later date. The national governments were notified of the Report to enable them to bring it to the attention of their respective parliaments as part of their budgetary discussions.

2. SETTING UP A COMMUNITY PROCEDURE FOR GRANTING LOANS

68. On 21 October 1974, on a proposal from the Commission and having regard to the opinion of Parliament, the Council approved the Regulation concerning Community loans.

Under the terms of this Regulation, the Community may undertake a series of operations to raise funds, either directly from third countries and financial institutions or in the capital markets, with the sole aim of re-lending those funds to one or more Member States in balance of payments difficulties caused by the increased prices of petroleum products.

The loan operations authorized by this Regulation are limited to the equivalent in European monetary units of account of US \$ 3 000 million (principal and interest). The guarantees ensuring that in all circumstances the lending and borrowing facilities are serviced may not exceed twice the contribution of any Member State to the Community system of short-term monetary support expressed as a percentage and applied to the overall amount of the loan (principal and interest).

¹ OJ No C 149 of 28. 11. 1974.

The maximum guarantees from the Member States expressed as percentages are as follows: Germany, France and United Kingdom — 44.04% each; Italy — 29.36%; Belgium and Luxembourg, and the Netherlands — 14.68% each; Denmark — 6.60%; Ireland — 2.56%.

Any Member State in receipt of a loan must undertake to adopt certain measures of economic and monetary policy aimed at rectifying their balance of payments. These measures must be approved by the Council.

69. The Council also approved the first of the implementing Regulations concerning Community loans. This implementing Regulation lays down the procedures and terms applicable to any further financing operation in the event of a Member State in receipt of a Community loan not being in a position to provide all or part of the currency necessary to meet its obligations.

This Regulation also lays down a monitoring procedure making it possible to verify that the conditions regarding economic policy specified by the Council when granting the loan are in fact being observed by the beneficiary Member State. Lastly, the task of administering the loans was assigned to the European Monetary Cooperation Fund.

3. IMPLEMENTATION OF MEDIUM-TERM FINANCIAL ASSISTANCE TO ITALY

70. The Council decided that the Community should contribute to the medium-term financial assistance of Italy, and on 18 November 1974 approved a directive granting that country medium-term financial assistance amounting to 1,159.20 million units of account for an average term of three and a half years.¹ This directive, which implemented for the first time the machinery for medium-term financial assistance laid down by the Council on 22 March 1971,² enabled the short-term monetary support which had already been granted to Italy as from 18 March 1974 to be consolidated. The United Kingdom, in view of its present and foreseeable balance of payments difficulties, considered itself unable to contribute towards financing the medium-

¹ OJ No L 341 of 20. 12. 1974.

² OJ No L 73 of 27. 3. 1971.

term assistance, but declared that it was nevertheless ready to continue renewable credits in favour of the Banca d'Italia of the same amount as those granted under the system of short-term monetary support.

The Italian government undertook to apply certain measures of monetary and economic policy aimed at redressing the country's internal and external economic situation. The Commission was instructed to check regularly, in collaboration with the Monetary Committee, that the economic policy conditions laid down by the Council were being observed.

4. MISCELLANEOUS FINANCIAL AND MONETARY MATTERS

71. On 16 September 1974 the French delegation submitted to the Council a 'communication on new initiatives in the European monetary field'. This communication suggested a number of practical actions concerning the issuing of a Community loan, the units of account and loan units used by the Community, the adaptation of the intra-Community exchange mechanism and coordinated action on Euro-markets. The Council invited the Commission, the Monetary Committee and the Committee of the Governors of the Central Banks to carry out the necessary studies on these matters — excluding the Community loan, since the Council had already adopted a Decision on this matter on 21 October 1974 — and to formulate some proposals for Decisions.

72. At its meeting on 19 December 1974 the Commission submitted a communication to the Council concerning the European unit of account, a proposal concerning checks on credit institutions, a proposal for a Regulation aimed at strengthening the European Monetary Cooperation Fund and a draft Resolution on recycling.

At the same meeting the Council took note of the decisions taken by the Heads of Government at their Conference on 9 and 10 December 1974, particularly those under items 14 - 21 of the final communiqué.

73. Matters relating to the reform of the international monetary system were examined by the Council on 6 June 1974 on the basis of a report submitted by the Monetary Committee in preparation for the Ministerial Meeting of the Group of Twenty held on 12/13 June 1974 in Washington.

74. On 7 May 1974 the Council examined the measures taken by the Italian government to re-establish the equilibrium of its balance of payments (temporary import guarantees).

75. Following the statement made by the head of the United Kingdom delegation on 4 June 1974 the Council instructed the Commission to present a survey of the economic and financial situation in the Community following its enlargement, and a review of future trends, in relation to budgetary problems. On 12 November 1974 and on 2/3 December 1974 an exchange of views took place within the Council on the document which the Commission submitted in response to this instruction.

5. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS

76. During 1974 and without prejudice either to the Council Decision of 22 July 1974 setting up a consultation procedure for cooperation agreements between Member States and third countries and comprising a section relating to export credits, or to the pursuit of internal activities concerning the harmonization of export credit insurance methods, particular attention was given to the problems of adopting converging practices among the industrialized countries with market economies who supplied export credit. However, these endeavours are being made in a context of balance of payments difficulties in international trade and their aim is to avoid further harmful increases in the matter of export credits.

77. One of the first items to be dealt with concerned sectoral agreements negotiated within the OECD. On 4 February 1974 the Council of the Communities adopted two Decisions concerning the position of the Community within the OECD with regard to sectoral agreements on nuclear power stations and on ground stations for telecommunications satellites. Negotiations on the first of these agreements have not yet been concluded, but the agreement on the ground stations entered into force on 1 July 1974.

It should be noted that, without prejudice to the participation of the Member States of the Community in this arrangement, this second agreement, in accordance with the decision reached by the Council of the Communities on 27 June 1974, includes a footnote to the effect that reference in the agreement to 'Member Countries' or 'Governments participating in the Agreement', should be taken to

cover the EEC too. Also in connection with the sectoral agreements, it will be recalled that general standard rules were adopted under the OECD for sectoral agreements which, since they contain several standard clauses, should facilitate and expedite the negotiation of these agreements and also the amendments made with effect from 1 July 1974, tightening the conditions for obtaining credit previously defined in the sectoral agreement on ships. Lastly, negotiations on a sectoral agreement on new subsonic aircraft and helicopters intended for civil air transport are in progress. The Council of the Communities defined the Community's standpoint in its Decision of 18 June 1973.

78. A second item concerns the negotiation, initially between the nine Member Countries of the EEC on the one hand, and the United States and Japan on the other, of a gentleman's agreement on the conditions for commercial export credits. Once adopted, this agreement would be open to any other country wishing to subscribe to it. During the four successive stages through which the negotiations between these countries have passed so far the task of explaining their coordinated standpoints was assigned to the delegation of the country providing the Presidency of the Council and to the Representative of the Commission of the Communities. These negotiations are obviously all the more important since their success would represent a considerable improvement on the present situation by establishing among a large number of credit-supplying countries an overall framework for the conditions for granting commercial export credits. So far, on the other hand, it has been possible to seek convergent practices only to a limited extent either in respect of a small number of products through the medium of sectoral agreements, or in connection with specific trading operations.

6. FISCAL HARMONIZATION

79. On 25 June 1974 the Council adopted a Directive amending Directive No 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco.¹ This Directive extends the first stage of harmonizing the structures for excise duty on manufactured tobacco by 12 months, until 30 June 1976.

¹ Directive No 74/318/EEC — OJ No L 180 of 3. 7. 1974.

80. On 7 November 1974 the Council adopted a Directive amending Article 5 (2) of Directive No 69/335/EEC concerning indirect taxes on the raising of capital.¹ This Directive concerns the basis for the amount on which capital duty is to be charged in the cases referred to in paragraph 1 (a) and (b) of Article 5 of Directive No 69/335/EEC.

81. In addition, various Council bodies, on the basis of the Opinions delivered on this matter by Parliament and by the Economic and Social Committee, have continued to examine the proposal for a sixth Directive on the harmonization of legislation of Member States concerning turnover taxes — Common system of value added tax: uniform basis of assessment.² The object of this proposal for a Directive, in the meantime amended by the Commission pursuant to the second paragraph of Article 149 of the EEC Treaty,³ is to establish a basis for levying the Community's own resources from VAT and also to extend the harmonization of the national VAT system.

Various Council bodies have also continued to examine proposals for directives on excise duties and associated charges.⁴

B — Social and regional policy

1. SOCIAL MATTERS

(a) Social Action Programme

82. In its Resolution of 21 January 1974 concerning a social action programme,⁵ which is the result of lengthy deliberations held in 1973, the Council expressed the political will to adopt the measures necessary to achieve a large number of specific objectives during an initial stage covering the period from 1974 to 1976 under the following headings: Attainment of full and better employment in the Community, improvement of living and working conditions so as to make possible

¹ Directive No 74/553/EEC — OJ No L 303 of 13. 11. 1974.

² OJ No C 80 of 5. 10. 1973.

³ OJ No C 121 of 11. 10. 1974.

⁴ OJ No C 43 of 29. 4. 1972.

⁵ OJ No C 13 of 12. 2. 1974.

their harmonization while the improvement is being maintained, and increased involvement of management and labour in the economic and social decisions of the Community, and of workers in the life of undertakings.

The Council also laid down a number of priorities among the actions to be undertaken.

Lastly, the Council undertook to act, at the latest five months after the Commission had informed the Council of the results of its deliberations arising from the Opinions delivered by Parliament and the Economic and Social Committee.

(b) *Implementation of the Social Action Programme*

- (i) Action by the European Social Fund for migrant workers and handicapped workers.

Decision of 27 June 1974 on action by the European Social Fund for migrant workers ¹

83. In accordance with this Decision the following operations are eligible to receive assistance from the Fund under Article 4 of the Council Decision of 1 February 1971 on the reform of the European Social Fund: operations forming part of an integrated programme designated to facilitate the employment and geographical and professional mobility of persons, other than frontier workers, moving or having moved from one Community country to another in order to take up employment therein; operations which, although not part of an integrated programme, are intended to facilitate the reception and integration into their social and working environment of persons, other than frontier workers, who have left their country of origin to take up employment in a Community country, and members of their families; and operations to facilitate the basic and advanced training of welfare workers and teachers responsible for integration courses for migrant workers or their children.

Regulation (EEC) No 1761/74 of 27 June 1974 amending Regulation (EEC) No 2397/71 on aid which may qualify for assistance from the European Social Fund ¹

¹ OJ No L 185 of 9. 7. 1974.

84. This Regulation supplements the list of aids by adding B 24, covering costs of courses of specialized teaching which are given to children of migrant workers.

Decision of 27 June on action by the European Social Fund for handicapped persons ¹

85. This Decision lays down that the following operations to facilitate the employment and geographical and professional mobility of handicapped persons shall be eligible to receive assistance from the Fund under Article 4 of the Council Decision of 1 February 1971: short-term demonstration projects aimed at improving the quality of vocational rehabilitation facilities; and the organization of training and advanced training courses for persons employed in the medical rehabilitation, vocational guidance, training, vocational training or rehabilitation and re-employment of handicapped persons, and for those responsible for the training of instructors.

(ii) Initial Community Action Programme for the vocational rehabilitation of handicapped persons

86. In its Resolution of 27 June 1974 establishing the initial Community Action Programme for the vocational rehabilitation of handicapped persons, ² the Council lays down the general and specific aims of Community efforts on behalf of the handicapped and defines the scope of the Programme.

The Programme is divided into activities of three basic kinds: cooperation between rehabilitation and training bodies, selected in order to encourage the development of, and exchange of information on, new ways and means for vocational rehabilitation and the training of persons capable of applying them; short-term demonstration projects aimed at improving the quality of vocational rehabilitation facilities currently in operation; and longer-term projects extending the measures referred to in two preceding categories.

At the same time and in conjunction with other work being carried out by the Community two further types of activity are planned: coordination of study and research on rehabilitation; and information

¹ OJ No L 185 of 9. 7. 1974.

² OJ No C 80 of 9. 7. 1974.

campaigns aimed at the general public, with a view to the social integration of handicapped persons.

(iii) Safety at work

Decision of 27 June 1974 on the setting up of an Advisory Committee on Safety, Hygiene and Health Protection at Work ¹

87. The task of the new Committee is to assist the Commission in the preparation and implementation of activities in the fields of safety, hygiene and health protection at work. This task covers all sectors of the economy except the mineral extracting industries falling within the competence of the Mines Safety and Health Commission and except the protection of the health of workers against the dangers arising from ionizing radiations which is subject to special regulations pursuant to the Euratom Treaty.

The Committee consists of 54 full members, there being for each Member State two representatives of the Government, two representatives of trade unions and two representatives of employers' organizations.

Decision of 27 June 1974 on the extension of the responsibilities of the Mines Safety and Health Commission to all mineral extracting industries ¹

88. This Decision assigns preventive action against risks of accident and occupational risks in all mineral-extracting industries to the Mines Safety and Health Commission within the terms of reference laid down by the representatives of the Governments of the Member States meeting within the special Council of Ministers on 11 March 1975.

(iv) Directive on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women contained in Article 119 of the EEC Treaty ²

89. At its meeting of 17 December 1974 the Council recorded its agreement in principle on this Directive which aims at ensuring that the principle of equal pay is observed. This principle means, for the

¹ OJ No L 185 of 9. 7. 1974.

² OJ No L 45 of 19. 2. 1975.

same work or for work to which equal value is attributed, the elimination of all discrimination on grounds of sex with regard to all aspects and conditions of remuneration.

The Directive makes it compulsory for Member States to abolish discrimination arising from laws, regulations or administrative provisions, to introduce into their national legal systems measures necessary to enable all employees who consider themselves wronged by failure to apply the principle of equal pay to pursue their claims by judicial process, to take the necessary measures to ensure that provisions contained in agreements or contracts which are contrary to the principle of equal pay shall be made null and void, and to protect employees against dismissal by the employer as a reaction to a complaint or to any legal proceedings aimed at enforcing compliance with this principle.

(v) Directive on the approximation of the laws of the Member States relating to collective redundancies ¹

90. At its meeting on 17 December 1974 the Council recorded its agreement in principle on this Directive which is aimed at affording greater protection to workes in the event of collective redundancies.

The Directive defines these redundancies as follows:

‘dismissals effected by an employer for one or more reasons not related to the individual workers concerned where according to the choice of the Member States, the number of redundancies is either, over a period of 30 days, at least 10 in establishments normally employing more than 20 and less than 100 workers, at least 10% of the number of workers in establishments normally employing at least 100 but less than 300 workers, at least 30 in establishments normally employing 300 workers or more, or, over a period of 90 days, at least 20, whatever the number of workers normally employed in the establishments in question’.

The Directive also contains the following main points. Where an employer is contemplating collective redundancies, he must begin consultations with the workers’ representatives. These consultations must be used to cover ways and means of avoiding collective redundancies or reducing the number of workers affected and mitigating

¹ OJ No L 48 of 22. 2. 1975.

the consequences. The employer must notify the competent public authority of any projected collective redundancies, on the understanding that dismissals cannot take place within a minimum period of 30 days—which may be reduced or extended under certain circumstances—and the competent public authority must use this period to seek solutions to the problems raised by the projected collective redundancies.

The Directive does not affect the right of Member States to apply or to introduce laws, regulations or administrative provisions which are more favourable to workers.

(vi) Regulation establishing a European Centre for the development of vocational training¹

91. At its meeting on 17 December 1974 the Council recorded its agreement in principle on this Regulation which aims at the effective implementation of a common vocational training policy. In each of the Member States the Centre will enjoy the most extensive legal capacity accorded to legal persons. The Centre will be set up within the framework of the European Communities and will function in accordance with Community law. It will be administered by a Management Board comprising 30 members, and the day-to-day administration will be the responsibility of a director appointed by the Commission from a list of candidates submitted by the Management Board.

The aim of the Centre will be to assist the Commission in encouraging, at Community level, the promotion and development of vocational training and of in-service training. To that end, within the framework of the guidelines laid down by the Community, it will contribute through its scientific and technical activities to the implementation of a common vocational training policy. In particular it will encourage the exchange of information and the comparison of experience.

(c) *Social Security for migrant workers*

(i) *Workers from Community Member States*

92. Regulation (EEC) No 1392/74 of 4 June 1974 amending Regulations (EEC) Nos 1408/71 and 574/72 on the application of social security schemes to employed persons and their families moving

¹ OJ No L 39 of 13. 2. 1975.

within the Community ¹ takes account of the amendments to certain national laws and fills certain gaps in Community rules.

93. Regulation (EEC) No 2639/74 of 15 October 1974 amending Article 107 of Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community ² was adopted because of the necessity for the determination of rates of conversion into one national currency of amounts expressed in another national currency to be based as closely as possible upon the prevailing monetary situation as regards the various social security benefits laid down by the regulations applying to migrant workers and their families.

(ii) Turkish workers

94. At its meeting of 10 June 1974 the Council approved the text covering the Community's standpoint, with a view to implementing Article 39 of the Additional Protocol to the Ankara Agreement. The text concerns the application of the social security schemes of the Member States of the European Communities to Turkish workers moving within the Community and to their families who reside there.

(d) *Surveys*

95. Under Regulation (EEC) No 178/74 of 21 January 1974 ³ the Commission is to undertake a survey of the structure and distribution of earnings of all employees (manual and non-manual including administrative and managerial staff) in wholesale and retail distribution, banking and insurance, on the basis of statistical information relating to one month in 1974 and to the whole of 1974.

96. Regulation (EEC) No 677/74 of 21 March 1974 ⁴ provides that the Commission undertake a survey of the actual earnings of permanent workers in agriculture on the basis of the statistical data relating to one month in 1974.

¹ OJ No L 152 of 8. 6. 1974.

² OJ No L 283 of 19. 10. 1974.

³ OJ No L 21 of 25. 1. 1974.

⁴ OJ No L 83 of 38. 3. 1974.

97. The text of Regulation (EEC) No 2640/74 of 15 October 1974¹ provides that the Commission undertake in the Spring of 1975 a manpower survey on a sample of households in each of the Member States.

(e) *Examination of the report of the new European Social Fund — financial year 1973*

98. At its meeting on 17 December 1974 the Council took note of the report submitted by the Commission and the comments on the operation of the Fund made by certain delegations when this report was examined.

At that time the Commission stated that it would draft a proposal for the Fund to cover new fields with a view to tackling the most urgent problems arising in the employment sector.

(f) *Decision amending Decision No 70/532/EEC setting up the Standing Committee on Employment in the European Communities²*

99. Following the wishes expressed at the Conference on the prospects for the European Social policy, held in Brussels on 16 December 1974, that the Standing Committee on Employment should resume its work,³ the following allocation of seats on this Committee was determined by the Council at its meeting on 17 December 1974:

	Full repre- sentatives	Alternate repre- sentatives
— <i>from the employers' organizations:</i>	11	5
Employers' Liaison Committee:		
— Union of Industries of the European Community (UNICE)		
— Committee of Commercial Organizations in the Countries of the EEC (COCCEE)		
— Union of Master Craftsmen of the EEC (UACEE)		
— European Insurance Committee (CEA)		
Committee of Agricultural Trade Organizations of the EEC (COPA):	4	2
European Centre for Public Enterprise (CEEP):	3	2

¹ OJ No L 283 of 19. 10. 1974.

² OJ No L 21 of 28. 1. 1975.

³ See paragraph 103 of this Review.

	Full repre- sentatives	Alternate repre- sentatives
— <i>from the workers organizations:</i>		
European Trade Union Confederation (ETUC):	17	7
Confédération générale du travail (France) (CGT):	}	2
Confédération générale des cadres (France) (CGC):		
Confédération française des travailleurs chrétiens (CFTC):		

(g) *Aids for the conversion of industry within the ECSC*

100. The Commission requested the Council to give its assent in several cases so that the Commission could facilitate the productive re-employment of the manpower made available where coal and iron and steel enterprises had permanently discontinued, curtailed or changed their activities. The Council replied favourably to the Commission's requests and at its meetings in March, July, September, October, November and December 1974 gave its assent pursuant to Article 56, paragraph 2 (a) of the ECSC Treaty, thus allowing the Commission to grant a loan of a maximum of Fl 3 million (approximately 0.9 million u.a.) to B.V. Nederlandse Steenwolfabriek Lapinus (Netherlands), towards the extension of a factory for insulating products at Roermond, Netherlands Limburg; Bfrs 350 million (approximately 7 million u.a.) to Bauknecht of Stuttgart (Germany) towards setting up a chipboard panel plant and a fitted kitchen factory at Genk, South Limburg (Belgium); FF 15 million (approximately 2.7 million u.a.) to Fasson France towards setting up a self-adhesive products factory at Champ-sur-Drac, Isère (France); DM 7 million (approximately 1.92 million u.a.) to Deutsche Solvay Werke GmbH at Solingen-Ohligs (Germany) towards building a choro-vinyl plant at Rheinberg, Landkreis Moers; Fl 3 million (approximately 0.89 million u.a.) to Ornatex B.V., Kerkrade (Netherlands), towards extending the special processing plant for synthetic fibres at Dentgenbach-Kerkrade (South Limburg); DM 25 million (approximately 7.76 million u.a.) to Halbergerhütte, Brebach (Saar) Germany, towards the restructuring and enlarging of the foundry plant; FF 5 million (approximately 0.9 million u.a.) to Tubes Euro Lens, Lens (Nord-Pas-de-Calais, France), towards setting up a factory for the manufacture of copper tubes for heat exchangers; FF 4 million (approximately 0.72 million u.a.) to Viessmann S. à r. l., Faulquemont (Moselle, France), towards the extension of a factory manufacturing steel boilers, water heaters

and other central heating equipment; DM 12 million (approximately 3.07 million u.a.) to ZF-Getriebe GmbH, Saarbrücken (Germany), towards transferring the production of automatic and manual transmission from ZF-Friedrichshafen and ZF-Schwäbisch-Gmünd respectively to Saarbrücken, in order to make the Saarbrücken subsidiary the centre of this type of production; FF 46 million (approximately 7.3 million u.a.), with an interest rebate up to an amount of FF 35 million (approximately 5.55 million u.a.) to Bauknecht-Industrie S.A. (France), to assist in centralizing the manufacture of vertical freezers and combined units in a single ultra modern large capacity plant in Saint-Avold-Valmont (Moselle); FF 12 million (approximately 1.9 million u.a.) with an interest rebate up to an amount of FF 8 million (approximately 1.27 million u.a.) to Tubes de la Providence, Lexy (Meurthe et Moselle, France), towards financing the first phase of the construction of a factory at Rettel-les-Sierck (Moselle) to manufacture tubular sections. In one particular case, the Council agreed to financial facilities in the form of an interest rebate of 3% on FI 1.47 million (approximately 0.4 million u.a.) of the loan contracted by the firm during the first five years of its life together with a credit with interest rebate up to a maximum of FI 2.6 million (approximately 0.75 million u.a.), to Hermann Schmidt N.V. (Netherlands) towards building a metal products factory at Brunssum, Netherlands Limburg.

(h) *Aid for social research projects (safety, hygiene and health protection at work, rehabilitation) within the ECSC*

101. The Commission requested the Council to give its assent in four cases so that, within the framework of the ECSC, the Commission could facilitate or carry out research projects in the fields of safety, hygiene and health protection at work and the rehabilitation of victims of industrial accidents. The Council replied favourably to the Commission's requests and at its meetings in March and November 1974 gave its assent pursuant to Article 55, paragraph 2 (c) of the ECSC Treaty, thus allowing the Commission to increase from 2.5 million to 3.5 million u.a. the grant to the research programme on 'Chronic Respiratory Diseases', which had been approved on 13 October 1970, and to increase from 4.5 to 6.0 million u.a. the grant to the research programme on 'Occupational Health in Mines', approved on 28 July 1971. It was able to grant an aid of £ 42 024 (approximately 100 857 u.a.) to the Sheffield Safety in Mines Research Establishment for a research project entitled, 'The development of a triggered barrier for explosion suppression in low, wide roadways' and £ 92 700 (approximately 222 480 u.a.) to the National Coal Board for two research

projects, 'The development of means for the detection and suppression of spontaneous combustion' and 'The treatment of timber to prevent spread of flame'.

The Commission was also able to carry out the third 'Ergonomics and Rehabilitation' programme, the two preceding programmes, approved by the ECSC High Authority in 1964 and 1966, having been completed. The appropriations allocated to the third programme amount to 9 million u.a. Lastly the Commission was able to make a grant of FF 1 320 000 (209 356.32 u.a.) to the Centre d'études et de recherches des Charbonnages de France (Cerchar), Paris, and a grant of DM 468 000 (45 351.55 u.a.) to the Versuchshubengesellschaft mbH, Dortmund, towards research projects on mine fires and underground combustion.

(i) *Conference on the prospects for the European Social Policy held in Brussels on 16 December 1974*

102. The Council called this Conference for 16 December 1974 after adopting the following allocation of seats for labour and employers' organizations:

Workers

CES	30 seats [including 1 reserved for the DAG (Germany)]
CGT	1 seat
CFTC	1 seat
CGC	1 seat
	<hr/>
	33 seats

Employers

CLE	22 seats
COPA	6 seats
CEEP	5 seats
	<hr/>
	33 seats

The Conference was held at Brussels with Mr Michel Durafour, Minister for Labour of the French Republic as President. Also taking part were the Ministers for Labour from the Community Member States, Commission representatives and representatives of labour and

employers' organizations. At the President's invitation a delegation from Parliament and one from the Economic and Social Committee also attended.

The Conference conducted a frank discussion in depth on the existing situation in the labour market and prospects for the European Social Policy. In the light of the international trade situation which for the Conference meant chiefly the problems which the increased prices of raw materials, particularly oil, were causing the economies of the Member States, all parties at the Conference considered that the maintenance of employment levels and standards of living and also anti-inflation measures were of prime importance for both sides of industry, the Member States and the Community.

The Conference discussed in depth the structural and economic factors which were producing the existing employment situation, the effects of inflation and balance of payments difficulties, the various effects of the increased oil prices and regional problems. The Conference expressed its grave disquiet in the face of rising unemployment, and was of the unanimous opinion that one of the priority aims of the Community and the Member States was to re-establish economic equilibrium.

It also emphasized the necessity to further the interests of certain categories of workers, particularly migrant workers, young persons, women and older workers, who were likely to be most seriously affected by the existing crisis.

103. During the discussion certain other topics were raised, such as the problems of collective redundancies, the application of the principle of equal pay for men and women, the European Centre for Vocational Training, and the possibility of re-directing the work of the Social Fund. These subjects were to be dealt with by the Council at its meeting the following day (17 December 1974).

The Conference was unanimous in its wish that the work of the Standing Committee on Employment should be resumed as soon as possible, and the President recorded the positive will of all interested parties to overcome the obstacles which so far had made a meeting of this committee impossible. The Council will also discuss this question in view of the wishes expressed by the Conference. Furthermore, the Conference evolved a policy favouring meetings of both sides of industry sector by sector so as to encourage a coordinated attitude

towards the problems which faced them in the various sectors of the economy. Lastly the conference emphasized its anxiety to see both sides of industry taking a more active part in working out and executing social policy.

2. REGIONAL POLICY

104. It should be recalled that in 1973, in response to the instructions from the Heads of State or Government meeting in Paris in October 1972 the Commission had submitted a series of proposals to the Council.¹

105. In the first instance the Council's work concerned the proposal to set up a Regional Development Fund to be used in the form of subsidies or interest rebates to make productive investments in various industrial and service sectors and to establish the infrastructures necessary for the development of these sectors. In this context the Council also gave its attention to another proposal, connected with the first, listing the regions to benefit from the Fund. This list included regions where there was imbalance resulting from a preponderance of agriculture, declining industries or a persistently high rate of unemployment,² imbalance being defined as a gross domestic product per inhabitant below the Community average and also by one or more criteria, such as heavy dependence on employment in agriculture or in declining industries and a high and persistent rate of unemployment or a large net outflow of population. This list covered 52% of Community territory and represented 32% of the Community population.

106. In this context the Council was faced with two fundamental political questions, viz. how long the Fund should remain in existence and the amount which should be granted to it; how regions were to be selected as eligible for aid and the allocation of resources among those regions.

As regards the amount which should be granted to the Fund the Commission proposed an appropriation in the Communities' budget of 500 million u.a. for 1974. It also estimated that the regional imbalances were so great that in the two subsequent years after some practical

¹ See 21st Review, paragraphs 90 to 98.

² Pursuant to item 5 of the final communiqué from the Paris Conference of Heads of State or Government.

experience had been acquired appropriations in the Communities' budget would be required of the order of 750 million u.a. for 1975 and 1 000 million u.a. for 1976. This would give the Regional Development Fund a total of 2 250 million u.a. over three years to carry out regional policy. During its discussions on the 1974 budget, the Council decided to include a 'token entry' in the budget for the Regional Development Fund pending its final decision on the Fund.

As regards the allocation of resources, the Commission proposed that this should be carried out on a population basis, according to the proportion of the Community population living in the beneficiary regions of each Member State.

107. The discussions within the Council showed immediately that there was a wide divergence of views on the two fundamental political questions of the amount which should be granted to the Fund and its allocation. Although agreement has still not been reached, the various meetings produced steady progress towards a compromise. This compromise involved two fundamental changes in the Commission's initial proposals, viz.: a reduction in the total amount of the Fund for the three years 1974—1976, and a heavier concentration of the reduced amount in the regions with the greatest imbalances (Italy, United Kingdom, Ireland and Greenland) so as to guarantee for these regions at least the same amounts as the Commission had originally proposed.

The last time that the Council examined these problems was at its meeting of 25 June 1974, when it did not reach a solution. The Commission stated at the time that, in conjunction with the Member States, it would examine all the problems with a view to submitting to the Council at an appropriate time a communication in which some prospective solutions might be contained.

108. Simultaneously with the proposal on the Regional Fund, the Council examined the proposal to set up a Regional Policy Committee to assist the Council and the Commission in coordinating national regional policies. According to the final communiqué of the 1972 Paris Conference, this proposed coordination of the regional policies of the Member States constituted one of the courses of action to be adopted in regional affairs. It was envisaged that the measures taken by the Member States in this sphere should converge to achieve the Community's objectives and that the alternatives to be considered and the priorities to be established should be formulated so as to be com-

patible with the requirements for the progressive approximation of the economic policies of the Member States. It was immediately apparent that the proposal to set up the Regional Policy Committee was bound up with the establishment of the Regional Development Fund. The Council therefore deferred consideration of this proposal pending its decision on the Fund.

109. In the general context of the proposals mentioned above the Council also examined the Commission's proposal to utilize 150 million u.a. from the Guidance Section of the EAGGF over three years for the creation of industrial employment in priority agricultural areas.¹ The Council considered that this proposal was connected with the proposal concerning the Fund and deferred adopting a viewpoint on the matter pending its decision on the Fund.

110. At the Conference of Heads of Government, held in Paris on 9/10 December 1974, on the basis of the proposals which the Commission had submitted following the commitment undertaken at the Council's meeting in June 1974,² the problems of implementing the Regional Fund, providing funds for it and allocating them were discussed. It was decided that the European Regional Development Fund would be implemented by the Institutions of the Community as from 1 January 1975. At the same time it was decided that the Fund would receive 300 million u.a. in 1975, 500 million u.a. for 1976 and 500 million u.a. for 1977, i.e. 1 300 million u.a. over three years. The total amount of 1 300 million u.a. would be financed, to the extent of 140 million u.a., by appropriations which at the time were not being used by the Guidance Section of the EAGGF. Lastly it was decided that the funds would be allocated in accordance with the scheme laid down by the Commission, viz.: Belgium 1.5%, Denmark 1.3%, France 15%, German Federal Republic 6.4%, Ireland 6%, Italy 40%, Luxembourg 0.1%, Netherlands 1.7% and United Kingdom 28%. However, Ireland would be allocated a further 6 million u.a., which would be deducted from the allocations to the other Member States with the exception of Italy. It would be the Council's task at its meetings early in 1975 to make the appropriate enactments to implement these decisions.

¹ See paragraph 92 of the 21st Review.

² See paragraph 107 of this Review.

C — Energy

1. ENERGY POLICY

(a) *Work on the drafting of a Community energy policy*

111. In accordance with the decisions made in December 1973 by the Heads of State or Government meeting in Copenhagen, on 30 January 1974 the Council set up a high level Energy Committee. It is the task of this Committee to ensure the coordinated application by the Member States of measures taken or to be taken by the Community in the field of energy policy, to allow the Member States to inform and consult each other on the overall conditions under which the energy requirements of the Community are met and on foreseeable developments in the situation, and to assist the Commission in the preparation of proposals which it intends to submit to the Council in this field, The Council also adopted a Regulation to give the Commission the means of collecting the information necessary for the establishment of comprehensive energy balance sheets for the Community. ¹

At the same time the Council noted the timetable of work drawn up by the Commission for submitting proposals to the Council aimed at resolving in a concerted manner the problems raised by the developing energy crisis.

112. Following the American proposal to call a Conference on Energy in Washington for February 1974 to be attended by the major oil consuming countries, the Council agreed on 14/15 January 1974 to accept the invitation from the President of the United States to the Community to participate in the Conference. On 4/5 February 1974 the Presidents of the Council and the Commission were accordingly given a brief to represent the Community at the Conference and to explain the joint position finalized by the Council on this subject. This joint position included a definition of the tasks which, in the Community's view, should be accomplished by the Conference and also a list of subjects which should be discussed.

Various international cooperation measures were taken during this Conference which was held in Washington on 11—13 February 1974. Since some of these measures did not meet with the agreement of all the Community Member States they cannot apply to the Community as such.

¹ OJ No L 32 of 5. 2. 1974.

113. On 18 January 1974 the Commission submitted a communication to the Council on the action to be taken in view of the Community's current energy crisis, accompanied by six proposals for Council Decisions, a Recommendation and Regulations. These constituted an initial response to the requests made to the Commission by the Conference of Heads of State or Government in Copenhagen, calling for proposals to solve in a concerted manner the problems arising from the energy crisis, and for concerted action to draw up equitable means of restricting energy consumption.

However, the Council was unable to adopt the proposed measures at its meeting on 1/2 April 1974 since unanimous agreement could not be reached on all or part of the proposals, five of which related to short-term economic policy. At this meeting the Council noted a statement from the French delegation giving its suggestions for setting up and developing a common energy policy.

On 13 May 1974 the Commission informed the Council that it was withdrawing the five proposals relating to short-term economic policy, while reserving the right to substitute fresh ones.

114. The Energy Committee, which was set up by a Council Decision of 30 January 1974, held its first meeting on 7 March 1974 and subsequently a number of further meetings with Mr Simonet, vice-president of the Commission, in the chair. During these meetings it held exchanges of view in depth on all the actions concerning energy policy being simultaneously undertaken within the various international bodies and on a draft communication from the Commission on a new strategy for medium-term energy policy to be adopted by the Community. After the Commission had finalized this communication, taking account of the opinion of the Energy Committee, it was submitted to the Council on 5 June 1974. It lays down a certain number of quantitative and qualitative objectives and voluntary measures to increase as far as possible the Community's degree of self-sufficiency in energy in relation to the rest of the world as from 1985.

This communication is accompanied by three proposals for Directives or Regulations. The first two of these are aimed at limiting the use of natural gas and petroleum products in power stations, and the third is aimed at making imports and exports of hydrocarbons subject to common rules. The Council is at present examining this communication and the appended proposals.

On 17 September 1974 the Council adopted a Resolution setting out certain fundamental options on the new strategy and containing the decision to hold a meeting on energy problems before

the end of 1974 at which it would state its position on the target figures for Community energy production and consumption until 1985, the guidelines and action necessary to develop each energy source and the conditions for the orderly functioning of the common market in energy.

115. In this connection on 29 November 1974 the Commission submitted to the Council a communication proposing Community production and consumption objectives for 1985 and sectoral guidelines to be adopted for their attainment.

116. Following its initial examination of this communication the Council adopted two Resolutions on 17 December 1974.

The first resolution lays down the common target figures for Community energy policy for 1985. These objectives are to constitute the guidelines for national policies and for Community procedures and consumers of energy. In Part I of this Resolution, (general objectives) the Council confirmed that according to present forecasts of Member States the level of dependency in the Community with regard to imported energy would reach 50% in 1985 (compared with 63% in 1973), and approved the objective of reducing this dependency to 50% and even to 40%, if possible, by that date. It also noted that in order to achieve this objective the Community supply structure in 1985 should be as follows:

Total primary energy needs — percentages¹

	For information		1985 objectives (round figures)	
	1973 estimates	1985 initial forecasts ²	50% dependency	40% dependency
Solid fuels	22.6	10	17	17
Oil	61.4	64	49	41
Natural gas	11.6	15	18	23
Hydroelectric and geothermic power	3	2	3	3
Nuclear energy	1.4	9	13	16
Total	100	100	100	100

¹ Domestic consumption + exports + bunker stocks.

² Source: 'Prospects for primary energy demand in the Community (1975 — 1980 — 1985)' supplemented by an estimate made in January 1973 for the new Member States.

In Part II of the Resolution (specific objectives), the Council laid down specific objectives concerning supply and demand in respect of energy.

After adopting this Resolution, the Council instructed the Permanent Representatives Committee to finalize a draft Resolution concerning the means to be used for attaining the objectives of the Community energy policy as laid down, to enable the Council to adopt the Resolution at the meeting planned for 13 February 1975.

117. The second Resolution adopted by the Council on 17 December 1974 concerns the Community action programme in the field of the rational use of energy. On this point the Council adopted the objective of reducing the medium to long-term growth rate of energy consumption for the Community as a whole, as proposed by the Commission. This objective means the achievement by 1985 of a level of consumption 15% lower than the figure anticipated for that date in the Commission's initial estimates drawn up in 1973, on the understanding that this figure could vary according to the particular situation in each of the Member States. The Council also took note of the Commission's intention of bringing together a 'Steering and Coordinating Committee for the Rational Utilization of Energy' composed of national experts from the Member States. The members of this committee would exchange information and hold consultations on experience acquired concerning the rational utilization of energy and on the broad outlines of the measures proposed in this field.

118. On 5 August 1974 the Commission submitted to the Council a communication entitled 'Energy for Europe: Research and Development'. The aim of this communication was to establish a common research policy on energy which would contribute towards the attainment of the objectives of the new strategy concerning energy proposed by the Commission. It lays down eight major priority sectors in which coordination should be organized at European level, viz.: inventory of current research projects, conservation of energy, re-assessment of fossil energy, nuclear energy, utilization of hydrogen, new and renewable sources of energy, environmental protection and systems modelling.

This communication is at present being examined by the Council.

The Commission submitted detailed proposals to the Council, immediately after the end of 1974, concerning specific joint actions. The Council is examining these proposals.

2. SPECIFIC PROBLEMS IN THE VARIOUS ENERGY SECTORS

(a) *Coal*

- (i) Consultation of the Council, under Article 5 (1) of Decision No 3/71/ECSC of the Commission, on additional financial measures, by certain Member States for the benefit of the coal industry in 1972 and financial measures by the Member States for the benefit of the coal industry in 1973

119. On 29 April 1974 the Commission submitted a memorandum to the Council on additional financial measures by Member States for the benefit of the coal industry in 1972 and financial measures in 1973. The aim of this memorandum was to initiate the consultation procedure laid down in Article 5 (1) of Decision No 3/71/ECSC of 22 December 1970.

This document shows that the tendency to grant increasing assistance which had been noted since 1965 continued in the years 1972/1971 and 1973/1972. However, the enlargement of the Community had brought a certain reduction in the amount of aid per tonne of coal produced in the Community, as shown by the table below.

Totals for direct and indirect aid

(million u.a.)

	Community of the Six			United Kingdom	Enlarged Community
	1971	1972	1973	1973	1973
				provisional figures	
Direct measures under Decision No 3/71	414.3	558.5	529.6	260.4	790.0
Aid to coking coal	45.5	71.4	204.3	22.0	226.3
Indirect measures	91.9	100.0	79.4	—	79.4
Total	551.7	729.9	813.3	282.4	1 095.7
Change from previous year	+ 9.4	+ 32.3	+ 11.4	—	—
Aid per tonne produced (u.a.)	3.35	4.81	5.75	2.02	3.89

The Working Party on ECSC Questions followed by the Permanent Representatives Committee, examined the Commission memorandum and the Council granted the consultation requested by the Commission on 15 July 1974.¹

(ii) Investment aid

120. On 8 May 1974 the Commission submitted a communication to the Council concerning a request for assent under Article 54 (2) of the Paris Treaty to allow it to grant a loan to finance the construction of an electrical power station at Voerde (Federal Republic of Germany) by Steinkohlen-Elektrizitäts-Aktiengesellschaft (STAEG). The main effect of the proposed investment would be a direct boost to trade in ECSC products.

121. On 15 May 1974 the Commission submitted a communication to the Council concerning a request for its assent under Article 54 (2) of the Paris Treaty to the granting of a loan to Société de Climatisation Interurbaine de la Défense (CLIMADEF), Paris. The main effect of implementing this programme would be a direct boost to the consumption of coal, which was particularly to be recommended in the situation obtaining at that time.

The Council gave its assent on both matters on 15 July 1974.¹

(b) *Hydrocarbons*

122. On 23 August 1974 the Commission submitted to the Council a proposal for a Council Decision concerning the granting of financial support to Community projects in the hydrocarbons sector. This proposal was made in implementation of Regulation (EEC) No 3056/73 of the Council of 9 November 1973,² which lays down that the Community may promote projects of technological development directly associated with prospecting for, extracting, storing or transport of hydrocarbons which tend by their nature to improve the security of Community supplies.

¹ OJ No C 86 of 20. 7. 1974.

² OJ No L 312 of 13. 11. 1973.

This proposal concerns 22 projects which, in the opinion of the Commission could not be carried out or would have to be postponed in the absence of the proposed measures of financial support.

123. In implementation of Regulation (EEC) 3056/73 the Council, on a proposal from the Commission, decided on 19 December 1974 to grant measures of support for the period 1974—1976 to these Community projects contributing to technological development in the fields of prospecting for, extracting, transport and storing of hydrocarbons. These measures of support, amounting to a maximum total of approximately 42.5 million u.a. were granted in the form of subsidies repayable under certain conditions.

On 29 November 1974 the Commission submitted to the Council a proposal for a Council Regulation concerning support for joint hydrocarbon prospecting projects. This proposal, which the Council is at present examining, is based on the consideration that in addition to the projects which may receive Community support under Regulation (EEC) 3056/73, specific measures of support should be laid down to promote certain hydrocarbon prospecting projects themselves.

124. On 17 December 1974 the Council approved a Regulation applying Regulation (EEC) 1055/72 on notifying the Commission of imports of crude oil and natural gas to petroleum products falling within sub-headings Nos 27.10 A, B, C I and C II of the Common Customs Tariff.

This Regulation, which will be reviewed in the light of experience one year after it enters into force, is aimed at supplementing the information at the Commission's disposal so as to obtain an overall picture of the Community's supplies of hydrocarbons.

For the same reason on 17 December 1974 the Council also approved in substance a Regulation on notifying the Commission of exports of hydrocarbons to third countries.

125. At the same meeting the Council likewise approved in substance a Directive on the restriction of the use of natural gas in power stations. Under this Directive the conclusion of new contracts for the supply of natural gas to power stations, the extension of contracts upon expiry

and the construction of new power stations using natural gas be subject to prior authorization by the authorities of the Member State responsible for the power station concerned.

The Council also examined a parallel proposal for a Directive on the restriction of the use of petroleum products in power stations, and instructed the Permanent Representatives Committee to continue its work on this matter in the light of the Council's discussions so as to enable this Directive to be approved at its next meeting.

The Council also held a brief exchange of views on the conclusions of the Working Group established by the Energy Committee to examine the problems raised by the importation into the Community of refined petroleum products. At the end of this exchange of views it was agreed to revert to this point at the next meeting.

(c) *Electricity*

126. On 11 January 1974 the Commission submitted to the Council a proposal for a Council Directive imposing an obligation on Member States of the European Communities to maintain in electrical power stations, as from 1 January 1976, minimum fuel stocks to ensure the continuity of electricity production at all times for a period of 50 days. In view of the major rôle played by the electricity sector in energy policy it appeared necessary, in the opinion of the Commission, to impose on the power stations of Member States the obligation of maintaining fuel stocks in accordance with common criteria.

This proposal is being examined by the Council.

(d) *Nuclear energy*

(i) Promotion of the use of nuclear energy

127. In accordance with one of the undertakings made during the Council's discussion on 22 May 1973 of the 'Guidelines and priority measures for a Community energy policy', on 8 February 1974 the Commission submitted to the Council a communication on the implementation of these guidelines and priority actions in the field of nuclear energy, together with a draft Council Resolution on a large-scale action programme to promote the use of this type of energy in the Community.

The plan of action covering 1974 and 1975 concerns the fields of protection of public health and of the environment, the industrial, scientific and technological base, and nuclear fuel supply.

This communication and draft Resolution are being studied by the Council.

(ii) Supply of enriched uranium

128. On the basis of the first report of the Permanent Committee on Uranium Enrichment (COPENUR) which was set up at the meeting of 22 May 1973, on 29 November 1973 the Commission submitted to the Council a draft Council Resolution laying down certain measures to facilitate the creation of a uranium enrichment capacity in the Community under economically acceptable conditions, in accordance with the Council Resolution of 22 May 1973 and the wishes expressed by the Heads of State or Government when they met in Copenhagen on 14/15 December 1973.

On 4 June 1974 the Council adopted a Resolution on this point which was published in the Official Journal of the European Communities.¹

(iii) Safeguards agreement between the European Atomic Energy Community, the United Kingdom and the International Atomic Energy Agency

129. On 11 March 1974 the Commission submitted a communication to the Council concerning a safeguards agreement to be negotiated between the EAEC, the IAEA and the United Kingdom under the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). This communication was accompanied by a draft Council Decision laying down directives for the Commission concerning the negotiation of such an agreement, and was intended to supplement, as regards the United Kingdom, the Safeguards Agreement signed on 5 April 1973 between the IAEA, the EAEC and the seven Member States of this Community not having nuclear weapons. During the accession negotiations the United Kingdom had stated that it would be prepared to accept the application of similar safeguards to the United Kingdom.

¹ OJ No C 69 of 14. 6. 1974.

On 7 May 1974 the Council adopted this draft Decision which, while taking account of the United Kingdom's position as a nuclear-weapon state within the meaning of the NPT, is based on the Directives adopted by the Council on 20 September 1971 with a view to the negotiation of the Safeguards Agreement.

- (iv) Subsidiary arrangements supplementing the agreement between the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, Ireland, the Republic of Italy, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the European Atomic Energy Committee and the International Atomic Energy Agency, pursuant to paragraphs 1 and 4 of Article III of the Treaty on the Non-Proliferation of Nuclear Weapons

130. By letter dated 16 March 1973 the Commission submitted to the Council a communication accompanied by a draft Council Decision regarding the approval of the 'subsidiary arrangements' supplementing the Safeguards Agreement concluded on 5 April 1973 between the International Atomic Energy Agency, the European Atomic Energy Community and its seven non-nuclear-weapon Member States, pursuant to paragraphs 1 and 4 of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

The 'subsidiary arrangements' lay down the procedure for implementing the provisions of the Agreement, to enable the Agency to carry out effectively its responsibilities as laid down in the Agreement.

On 26 November 1974 the Council approved the text of these 'Subsidiary Arrangements'.

- (v) Health protection

131. The Commission considered that there were grounds for adapting in the light of the most recent scientific data, the Council Directives laying down the basic standards for the health protection of workers and the general public against the dangers arising from ionizing radiations, adopted on 2 February 1959¹ and partially amended on 5 March 1962² and 27 October 1966.³ A proposal

¹ OJ No 11 of 20. 2. 1959.

² OJ No 57 of 9. 7. 1962.

³ OJ No 216 of 26. 11. 1966.

for a Directive amending the previous Directives was accordingly submitted to the Council by the Commission on 4 December 1973. The Council is at present examining this proposal.

D — Industry

1. INDUSTRIAL POLICY

132. On 15 July 1974 the Council adopted a Resolution on a Community policy on data processing in which it confirmed its wish to give a Community orientation to policies for encouraging and promoting data processing, and noted the Commission's intention to submit priority proposals on this subject at an early date.

133. At its meeting on 19 December 1974 the Council also approved a Resolution on coordination and consultation between the Member States on industrial policy in the aircraft sector.

2. IRON AND STEEL

Activities under the ECSC Treaty

(a) Consultations with the Council

134. On 14 February 1974 the Commission requested a consultation with the Council on a draft Commission Decision on the application by the United Kingdom of Article 37 of the ECSC Treaty. The Council granted this consultation at its 279th meeting on 18/19 February 1974. The Decision in question, No 74/134/ECSC,¹ which was adopted by the Commission on 18 February 1974, was aimed at counteracting the serious and exceptional difficulties facing the United Kingdom in the coal and steel sectors.

Following further developments in the situation, on 19 June 1974 the Commission consulted the Council on a draft Decision amending this Decision. The Council granted this consultation at its 294th meeting on 25 June 1974.

¹ OJ No L 74 of 19. 3. 1974.

135. On 6 November 1974 the Commission consulted the Council pursuant to Article 50 (2) of the ECSC Treaty on a draft Commission Decision extending for one year the application of Decision No 3542/73/ECSC on the conversion rates for currencies expressed in units of account for certain purposes of the ECSC Treaty. The Council granted this consultation at its 322nd meeting held on 19 December 1974.

136. Pursuant to Article 73 (2) of the ECSC Treaty, the Commission consulted the Council on 19 September 1972 on a draft Commission recommendation to governments of Member States on trade in scrap metal and similar products within the Community.

The aim of this recommendation is to simplify the formalities involved in intra-Community trade in scrap by metal replacing the procedure laid down in 1957 by one based on the principles of Community transit.

The Council granted this consultation at its 322nd meeting held on 19 December 1974.

(b) Investments and financial aid

137. Pursuant to Article 55 (2) (c) of the ECSC Treaty the Commission requested by letter dated 18 April 1974 the Council's assent to granting funds from ECSC levies as financial aid for technical research in the iron and steel sector totalling approximately 4 559 964 u.a.

The Commission submitted a similar request dated 17 September 1974 concerning financial aid totalling approximately 6 486 999 u.a.

The Council gave its assent to these requests at its 288th meeting on 4 June 1974 and its 320th meeting on 17 December 1974 respectively.

E — Transport

1. DEVELOPMENT OF THE COMMON TRANSPORT POLICY

138. At its meeting on 22 November 1973 the Council held an initial exchange of views on the Commission's memorandum to the Council on the development of the common transport policy which was submitted on 25 October 1973. In this memorandum the Com-

mission proposes to draw up new proposals in the various transport sectors in order to achieve better progress and also to arrive at a fresh overall conception of the common transport policy.

At its meeting on 11 December 1974 the Council agreed to pursue its work on this matter in the light of the opinions delivered by Parliament and the Economic and Social Committee.

2. ORGANIZATION OF THE MARKET IN GOODS TRANSPORT BY NAVIGABLE WATERWAY

139. The Council Decision of 28 December 1972 authorized the Commission to open negotiations with Switzerland on behalf of the Community, with the object of concluding an agreement to bring regulations into force concerning the temporary laying-up of vessels used for goods transport, applicable to certain inland waterways. The Contracting Parties to the revised Convention for the navigation of the Rhine and the Convention on the canalization of the Moselle and also the European Economic Community, are taking part in the negotiation and conclusion of the agreement. The proposed regulations are intended to apply to the inland waterways covered by the system laid down in these two Conventions. Subject to any necessary amendments, these regulations may also be extended to the basins closely connected with the Rhine, both from the technical aspect of navigation and from an economic viewpoint.

The Commission is negotiating this agreement on the basis of the directives laid down by the Council, appended to the Decision.

In order to bring the negotiations with Switzerland to a swift conclusion and to enable the regulations to enter into force within a short period the Council gave its approval at its meeting of 11 December 1974 to a Decision amending and supplementing these directives. The area to be covered by the regulations was thereby extended to the inland waterways of the Netherlands and to part of the German system.

3. ORGANIZATION OF THE ROAD TRANSPORT MARKET

(a) Tariff regulations

140. On 19 December 1974 the Council adopted a Regulation¹ extending Regulation No 1174/68 for one year, up to 31 December 1975, and making limited amendments concerning the system of

¹ Regulation (EEC) No 3255/74, OJ No L 349 of 28. 12. 1974.

publicizing special contracts. Regulation No 1174/68 was last extended by Regulation No 2826/72 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States. The new Regulation also lays down that by way of an exception, up to 31 December 1975, in so far as the tariffs in question have not yet been fixed, the system shall not apply to the carriage of goods for which all or part of the itinerary followed by the road vehicle is by sea.

(b) *Community quota*

141. Regulation No 1018/68 on the determination of a Community quota for the carriage of goods by road between Member States was extended for two years by Regulation No 2829/72. This latter regulation also increases the total quota and amends its allocation among the original Member countries. On the basis of the developments since 1969 in the traffic between these countries and the new Member States the Council adopted a Regulation¹ on 1 August 1974 amending Regulation No 2829/72 so as to give the new Member States an appropriate share in the total quota. Since Regulation No 2829/72 was due to expire on 31 December 1974, the Council adopted a Regulation² on 19 December 1974 extending it for one year with the amended quotas of Community authorizations allocated to the Member States.

(c) *Admission to the occupations of road haulage operator and road passenger transport operator*

142. On 12 November 1974 the Council adopted two Directives, one concerning admission to the occupation of road haulage operator in national and international transport operations,³ and the other on admission to the occupation of road passenger transport operator in national and international transport operations.⁴

The objective of the common rules which have been adopted concerning admission to the occupation of transport operator is to promote the effective exercise of the right of establishment and to

¹ Regulation (EEC) No 2063/74, OJ No L 215 of 6. 8. 1974.

² Regulation (EEC) No 3256/74, OJ No L 349 of 19. 12. 1974.

³ Directive No 74/561/EEC of 12. 11. 1974.

⁴ Directive No 74/562/EEC of 12. 11. 1974.

contribute to the rationalization of the market by ensuring that transport operators are better qualified and thus improving the quality of the service provided.

(d) *Joint rules for certain combined road and rail freight haulage between Member States*

143. At its meeting on 11 December 1974 the Council adopted the Directive on establishing joint rules for certain combined road and rail freight haulage between Member States. The aim of this Directive is to exempt road freight between Member States from all quota and authorization systems, while retaining appropriate controls, in those cases where the tractor, lorry, trailer, articulated trailer or detachable superstructure are carried by rail for the longest possible part of the total journey between the freight loading and unloading points.

The Commission will report to the Council by 31 December 1977 on the application of the Directive and the proposals relating to it so that the Council may make a decision by 31 December 1978, when the present Directive expires, on the system to be applied in the future.

4. ADJUSTMENT OF NATIONAL TAXATION SYSTEMS COVERING COMMERCIAL VEHICLES AND TARIFFS FOR THE USE OF INFRASTRUCTURES

144. The Council Members and departments have given particular attention during 1974 to the problem of harmonizing the tax structures for commercial road vehicles, which requires more exact guidelines concerning the choice between types of vehicles in favour of those with the lowest running costs and an approximation of the competition conditions between different transport types and undertakings. At its meeting on 11 December 1974 the Council took note of an interim report submitted by the Permanent Representatives Committee. It adopted certain conclusions according to which a number of calculations still had to be made as a check in order to show what repercussions the adoption of the Directive would have in the Member States from the economic and fiscal viewpoint. Furthermore the Council expressed its desire to act on this Directive by the end of the first half of 1975. The Council departments agreed to examine at the beginning of 1975 an amended proposal submitted by the Commission on 1 August 1974 on tariffs for the use of infrastructures. The adoption of the Directive to adjust the national tax systems marks the first step in this field.

5. FINANCIAL RELATIONS BETWEEN RAILWAY UNDERTAKINGS AND MEMBER STATES

145. On 27 June 1974 the Council adopted a Resolution¹ on the guidelines to be followed in implementing Article 8 of the Council Decision of 13 May 1965 on harmonization. On the basis of the guideline thus set out, at its meeting on 11 December 1974 the Council adopted a Decision on improving the situation of railway undertakings and harmonizing the rules governing financial relations between these undertakings and the Member States. According to this decision these relations should be governed at Community level by the need to establish financial and management autonomy in the railway undertakings so as to achieve financial balance.

To ensure consistency between the provisions of the Decision and the constraints arising from the system of aid the Commission submitted a proposal to the Council on 25 November 1974 seeking to amend Article 4 of Regulation No 1107/70 on the granting of aid for transport by rail, road and inland waterway. At its meeting on 11 December 1974 the Council noted this proposal and observed that the formal adoption of this Decision was connected with the adoption of the Regulation.

The Council therefore agreed to the formal adoption of the Decision at the time when the Regulation was adopted i.e. after examination of the opinions delivered on this Regulation by the consultative bodies.

6. ECSC TRANSPORT

146. The Government Representatives of the ECSC Member States meeting in Council and a Commission representative on the one hand, and representatives from Switzerland and Austria, respectively on the other, signed supplementary protocols to the Agreement between the ECSC and Switzerland and the Agreement between the ECSC and Austria on 10 October 1974. Under these protocols the new Member States will observe these two Agreements on the establishment of through international railway tariffs for the transport of coal and steel in transit through Swiss or Austrian territory.

¹ OJ No C 111 of 23. 9. 1974.

7. MISCELLANEOUS

147. At its meeting on 27 June 1974 the Council addressed a recommendation to the Member States asking them to enact instruments signifying ratification or observation of the AETR (European Agreement concerning the work of crews of vehicles engaged in international road transport).

During the same meeting the Council approved a note to be sent to the Group of Railway Undertakings in the nine countries of the European Communities containing its observations on the 1973 progress report on cooperation between the railway undertakings.

The Council retained on its agenda the difficult and important problem of the weights and measurements of commercial motor vehicles.

The Council also retained a proposal for a Directive amending Council Directive No 68/297/EEC on the standardization of provisions regarding the duty free admission of fuel contained in the fuel tanks of commercial motor vehicles. This proposal seeks to increase the minimum quantity of fuel admitted duty free from 50 to 100 litres.

148. Following the brief from the Permanent Representatives Committee given at its meeting of 23 January 1974, at the meeting on 3 April 1974 the Council departments began to examine the problem of relations between the European Economic Community and the European Conference of Ministers of Transport (ECMT). It had proved advisable to regularize these relations since the activities of the EEC and the ECMT concern the same problems. It was generally felt that the EEC should be represented as such and that it should be represented twice, i.e. by the representative of the country providing the President and the Commission representative. This system is already in operation for UNCTAD, ECOSOC and the United Nations General Assembly.

F — Research

1. SCIENCE AND TECHNOLOGY

(a) Development of a common policy in the Community

149. Following the adoption by the Council on 14 January 1974 of four Resolutions ¹ in the field of science and technology, the Scientific and Technical Research Committee (CREST) set up by the first

¹ OJ No C 7 of 29. 1. 1974.

of these Resolutions, took a number of steps, as part of its vast brief, to define its objectives and to ensure the development of a common policy in the field of science and technology.

The Committee agreed to examine and compare the national policies of Member States in this field and to begin with certain priority sectors, viz. energy, materials, raw materials, town planning, oceanography and medicine.

It also decided to set up regular information and consultation procedures between the Member States on bilateral or multilateral scientific cooperation.

Generally speaking, it endeavoured to obtain by stages an overall view of the numerous research and development activities in hand or planned in various sectors throughout the Community at national level and at Community and international level, with the aim of eliminating unnecessary duplication of effort and making the best possible use of Community resources for these activities.

Lastly the Committee delivered four Opinions, two at the request of the Council and two at the request of the Commission.

150. On the basis of the first two Opinions, concerning scientific and technical cooperation with non-member countries (COST), the Council adopted a number of principles for the continuation and development of this cooperation.

In its two other Opinions the Committee recognized the technical validity of two of the programmes proposed by the Commission on which the Council would be asked to make a decision in the near future.

The first proposal concerns the implementation of an initial three-year plan of action in the field of scientific and technical information and documentation (IDST) covering the period 1975 — 1977 and with an overall budget of approximately 6.64 million u.a.

The aim of the second proposal is to promote research in the textile sector by means of Community aid of some 250 000 u.a. for a period of three years, as from 1 December 1974.

(b) *Financial aid for technical coal research*

151. To encourage technical and economic research into improved methods of production, upgrading and utilization of coal in the Community, on 1 and 2 April 1974 the Council gave its assent as

requested by the Commission under Article 55 (2 c) of the Treaty establishing the European Coal and Steel Community, to the allocation of funds from the levies laid down in Article 50 of the Treaty to financial aid for research, to cover the expenses of disseminating the results of this research and expenses connected with the projects described in the table below:

Research projects	Aid in u.a. (includes cost of disseminating the results and connected expenses)
<p><i>Coke Production</i></p> <ul style="list-style-type: none"> — Principles of blend design relationships between the properties of the constituents of coke-oven blends and the size and strength of the coke product — Development of methods of measuring coke texture — The charging of pre-heated coking coal blends — Chemical and physical upgrading of brown-coal products — Air pollution by coking plants — Measurement and control of air pollution at coking plants — Optimal processing of coke oven effluents 	1 307 700
<p><i>Upgrading of products of the coal mining industry and particularly the gasification of coal</i></p> <ul style="list-style-type: none"> — Utilization of hot coke oven gas — Production, preparation and utilization of gas from coal — Hydrogenation processes using coke oven gas — Upgrading of coal by conversion to hydrocarbons — Utilization of flotation tailing by conversion into cement — Improved industrial appliances for coal 	1 996 140
<p><i>Drivage and support of roadways in stone and seams</i></p> <ul style="list-style-type: none"> — Conventional drivage of circular roadways — Optimization of support techniques in drivages — New and improved types of roadway supports 	816 436
<p><i>Rock pressure and rock mechanics in coal mines</i></p> <ul style="list-style-type: none"> — Study of yield zones round roadways — Application of rock mechanics — Application of rock mechanics to control rock movements — Measuring bolts and other measuring devices for rock pressure research — Strata consolidation 	998 112

Research projects	Aid in u.a. includes cost of disseminating the results and connected expenses)
<i>Increased output and O.M.S. in underground production units</i> — Integrated planning of new systems of development and coal winning — Improvement of face machines — Improvement of winning machines — Energy absorption capacity of chains under heavy loads — Application of methods for control of fire damp — Improvement of mine climate — Study of mine climate	1 351 446
<i>Outbye operations underground</i> — Rationalization and modernization of the methods of men-riding and transport of goods and equipment — Development of underground transport systems — Utilization of radio communication underground — Improvements in underground radio communication systems — Adaptation of hydraulic equipment to fire-resistant fluids — Erosion and corrosion of materials used in hydraulic equipment with fire-resistant fluids.	1 151 295
<i>Abstraction and translation of technical literature from the East European countries and from the Middle and Far East</i>	100 000
Total	7 721 129

2. RESEARCH PROGRAMMES AND BUDGETS

(a) *European Communities medium-term research and training programme*

152. The Council Resolution of 1 April 1974¹ established a Coordinating Committee on materials-testing reactors. The Committee is responsible for studying and submitting to the Commission all

¹ OJ No C 42 of 11. 4. 1974.

pertinent suggestions in order to secure the widest possible cooperation between the various existing programmes in the Community in this field.

153. On 2 August 1974 the Council adopted an amendment to the indirect action programme on biology and health physics.¹ This amendment covers the participation of Denmark and Ireland for the last two years of this 5-year programme, viz. 1974 and 1975.

On 17 December 1974, the Council adopted a research and training programme for the European Atomic Energy Community on plutonium recycling in light-water reactors.² A maximum of 4.5 million u.a. will be assigned to this programme, it will extend over a period of 4 years as from 1 January 1975 and will be implemented under contract.

(b) *Budgets*

154. As part of its work on the Communities' budget, on 12 December 1974 the Council drew up the balance of income and expenditure for research and investment projects in 1975, which makes provision for 71 704 848 u.a. in budgetary commitments and 95 955 490 u.a. in payment appropriations.

(c) *Matters connected with the research programme*

155. When the Council drew up the medium-term research and training programme on 14 May and 18 June 1973 it agreed to lay down at a later date the provisions for disseminating the results of the non-nuclear research programmes under Article 235 of the Treaty establishing the European Economic Community, and requested the Commission meanwhile to apply the provisions of Articles 12 and 13 of the Euratom Treaty.

On 17 September 1974 the Council laid down in a Regulation³ the provisions for the dissemination of information relating to these research programmes. This Regulation is based mainly on the pro-

¹ OJ No L 221 of 12. 8. 1974.

² OJ No L 349 of 28. 12. 1974.

³ OJ No L 255 of 20. 9. 1974.

visions of the Euratom Treaty covering this subject and on practical experience in the application of these provisions to nuclear research programmes.

3. EXTERNAL RELATIONS

(a) *Cooperation with the United States Atomic Energy Commission (USAEC) on nuclear documentation*

156. On 19 September 1974 the representatives of the United States of America, Euratom, Belgium, Germany, Ireland, Italy, Luxembourg and the Netherlands signed a memorandum of understanding on nuclear documentation in Brussels. In this document the parties undertake to coordinate their efforts in the collection, evaluation, processing and dissemination of nuclear documentation generated in their respective territories or, in the case of Euratom, in the execution of its research programme.

(b) *Negotiation of a cooperation agreement with Sweden in the field of controlled thermonuclear fusion and plasma physics*

157. Following a request made by the Swedish government to the Commission, the Council at its meeting on 2 November 1974 approved the directives to the Commission on the negotiation of a cooperation agreement between the European Atomic Energy Community and Sweden in the field of controlled thermonuclear fusion and plasma physics. The agreement will establish the framework and set the general conditions for the fullest possible participation by Sweden in the joint Community research and training programme in this field. The agreement will ensure that as far as is appropriate the cooperation includes all Swedish activity in the field of controlled thermonuclear fusion.

4. ESTABLISHMENT OF JOINT UNDERTAKINGS

158. The Council Decisions of 4 June¹ and 26 November 1974 established the following companies as joint undertakings, in accordance with the provisions of Article 45 of the Treaty establishing the

¹ OJ No L 165 of 20. 6. 1974.

European Atomic Energy Community, and granted them the advantages set out in Annex III of the Treaty: Hochtemperatur-Kernkraftwerk GmbH (HKG) and Société belgo-française d'énergie nucléaire mosane (SEMO).

G — Other matters

1. EDUCATION AND YOUTH

(a) Cooperation in the field of education

159. On 6 June 1974 the Ministers of Education meeting within the Council adopted a Resolution which lists the principles on which cooperation in education is to be based and sets out seven spheres of action.¹ In order to foster action in these fields an Education Committee was set up, composed of representatives of the Member States and of the Commission. This Committee has already held two meetings, on 18 October and 9 December 1974 and is to report to the Education Ministers meeting within the Council before 30 June 1975. It decided first of all to make a list of projects which had been accomplished, or were being prepared or considered within the European framework in the seven spheres of action before drawing up a set of priority action proposals.

(b) Mutual recognition of diplomas, certificates and other evidence of formal qualifications

160. At its 290th meeting of 6 June 1974 the Council adopted a Resolution laying down a number of principles and guidelines for the promotion of work relating to the mutual recognition of diplomas, certificates and other evidence of formal qualifications, undertaken within the framework of the Council in implementation of Article 54 et seq. of the Treaty.¹

In this connection reference should be made to the judgment of the Court of Justice in the Reyners case.²

¹ OJ No C 98 of 20. 8. 1974.

² See paragraph 52 of this Review.

(c) *European University Institute*

161. Following certain delays in the national ratification procedures,¹ the Convention setting up the European University Institute in Florence had still not entered into force at 31 December 1974. The Preparatory Committee for the Institute has meanwhile made some progress in those spheres where decisions remain to be made, such as the location of the Institute and equipment for it, selection of the initial teaching staff, problems concerning regulations for the teaching and administrative staff and the drafting of financial estimates for 1975.

Once the Convention of the Six has entered into force the accession procedure for the three new Member States can follow. It may thus be estimated that the Institute will begin to operate during 1975 and that it will open its doors to the first research workers in autumn 1976.

(d) *European Schools*

162. Parliament submitted a number of written questions to the Council on its relations with the European Schools. The Council replied that it had no authority to deal with these questions, since the schools were governed by inter-governmental regulations and not by Community Treaties.

The Communities' interest manifests itself in the participation of a representative of the Communities in the work of the Governing Board and the Administration Board of the schools, and in an appropriation for the schools in the budget of the European Communities.

2. ENVIRONMENT

163. 1974 saw the start of the programme of action of the European Communities on the Environment, which was approved by the Council and the Representatives of the Governments of the Member States on 22 November 1973.²

¹ See paragraph 113 of the 21st Review.

² OJ No C 112 of 20. 12. 1973.

After intensive preparatory work which continued throughout 1974 the Council approved a series of measures at its meetings on 15 July and 7 November 1974, as described below.

- (a) *Council Directive concerning the quality required of surface water intended for the abstraction of drinking water in the Member States*¹

164. Following the wide measure of agreement reached at the Council's meeting on 7 November 1974 and the withdrawal of a reservation at its meeting on 12 November 1974, the Council was able to approve this Directive, with the proviso that texts should be prepared in all the Community languages. It concerns the requirements which must be satisfied by surface water intended for the abstraction of drinking water, after appropriate treatments. For this purpose surface water is divided into three categories, A1, A2 and A3, according to the degree of purity and the intensity of treatment required.

The Member States have two years in which to see that their surface water for the abstraction of drinking water, both domestic and flowing from another country, conforms to one of these three categories. In addition, over the next ten years they must make substantial improvements in the quality of the water in accordance with a plan of action which will be submitted to the Council. In exceptional cases surface water with characteristics falling short of those corresponding to category A3 may be used if good reasons are submitted to the Commission which, where appropriate, will submit proposals to the Council on the matter. The Directive thus constitutes an important step forward in the improvement of the quality of water in the Community, and particularly the water in the Rhine basin.

- (b) *Recommendation by the Council to the Member States regarding the cost allocations and action by public authorities on environmental matters ('polluter pays principle')*²

165. Although the 'polluter pays' principle was already accepted in all the Community Member States, there were still some problems of harmonization and practical application to be resolved at Community level. On 7 November 1974 the Council therefore recommended

¹ Proposal: OJ No C 44 of 19. 4. 1974.

¹ Proposal: OJ No C 68 of 12. 6. 1974.

to Member States to conform to the principles and conditions of application laid down in a communication from the Commission. This communication specifies that natural or legal persons, in private or public law, who are responsible for pollution must bear the cost of measures necessary to eliminate or reduce this pollution in order to conform to the standards and equivalent measures laid down by the authorities. These costs include the expenditure on measures taken by the polluters to control pollution (e.g. anti-pollution plants) and levies. The object of these may be to give the polluter an incentive to take the necessary steps himself at the least cost to reduce the pollution which he is causing (incentive levies). They may also be intended to make him bear his share of the expenditure on collective measures, such as for example expenditure on purification (redistributive levies).

Without prejudice to the aid intended to resolve certain structural problems of an industrial, agricultural or regional nature and granted under other policies, exceptions to the 'polluter pays' principle could be justified in a limited number of cases, e.g. to allow some polluters a certain period of time in which to adapt their products or output to the new standards, and/or for aid to be granted, although such measures can only apply to existing production plants and products.

166. This recommendation is no more than a first step. At a later date the Commission will submit to the Council all necessary proposals relating to this subject on the harmonization of the means of administering the 'polluter pays' principle, and its specific application to the problems of cross-frontier pollution. In addition the Council requested the Commission to report on the possibilities of approximating legislation on the civil responsibility of the polluter.

(c) *Council Directive on the disposal of waste oils*¹

167. Under this Directive, which the Council approved on 7 November 1974, with the proviso that the text should be prepared in all the Community languages, the Member States must take all necessary measures to ensure the collection and safe disposal of waste oils — if possible by recycling — since methods of disposal which are harmful to the environment are prohibited. Firms which collect and/or

¹ Proposal: OJ No C 64 of 5. 6. 1974.

dispose of waste oils must obtain a permit to do so and must be inspected by the competent authorities.

Member States have a period of two years to bring into force the measures required to enable them to comply with this Directive, and a period of four years to apply them by stages to existing firms.

(d) *Signature by the Community of the Paris Convention on the prevention of marine pollution from land-based sources*

168. A Diplomatic Conference on the Convention on the prevention of marine pollution from land-based sources was held in Paris from 21 September 1973 to 21 February 1974. Through the concerted action of the Member States and the Commission, which was representing the Community as an observer, the way was opened for the Community to sign this Convention. It will be possible for the Community to be represented on the Committee established by Article 15 of the Convention and on the interim Committee established by resolution No III of the Conference. In the fields under its jurisdiction the Community exercises its right to vote with as many votes as there are Member States who are contracting parties to the Convention. These States will not have the right to vote when the Community exercises its right, and vice versa.

169. On 19 April 1974 the Commission submitted two proposals for Decisions to enable the Community to make use of these prerogatives and a draft Resolution recommending the Member States concerned to sign the Paris Convention. The Council departments examined these texts and also drew up an internal procedure concerning the application of the Convention.

With the removal of the last obstacle at the meeting on 7 November 1974, the Council was able to note that there were no longer any objections to signing the Convention and instructed the Permanent Representatives Committee to prepare the final versions of the texts proposed by the Commission and the text relating to the internal procedure.

(e) *Supplementary agreement to the Agreement on Information of 5 March 1973*

170. In a supplementary Agreement adopted on 15 July 1974,¹ the representatives of the Member States meeting in Council laid

¹ OJ No C 86 of 20. 7. 1974.

down, in the light of the action programme, the cases in which the Member States would follow the 'stand-still procedure' set out in points 2 and 3 of the 'Agreement of the Representatives of Governments of the Member States meeting in Council of 5 March 1973 on information for the Commission and for the Member States with a view to possible harmonization throughout the Communities of urgent measures concerning the protection of the environment'.¹

171. The stand-still procedure imposes a waiting period of two months on the Member States to enable the Commission to notify them of its intention to submit proposals, a waiting period of five months from the time when the information is submitted to the Commission to enable the Commission to submit these proposals to the Council and a further period of five months dating from receipt of the proposals, to enable the Council to act. In future this procedure will apply to national draft provisions of a binding nature wherever it is laid down that, for the implementation of the action programme, the Commission must submit proposals for Regulations or Directives.

(f) *Resolution on energy and the environment*

172. Since the energy crisis had somewhat distracted attention from the urgent needs of the environment, on 7 May 1974 the Commission submitted a draft Resolution to the Council on energy and the environment. This draft Resolution, which was approved by the Council on 7 November, provides for a harmonious balance between the urgent need to maintain energy production at an adequate level and the necessity to protect the environment.

Lastly, the Council undertook to examine the proposals already submitted and those to be submitted by the Commission at the earliest possible date, so as to space out the execution of practical measures between 1 January 1976 and 31 December 1980.

(g) *Examination of the Commission's preliminary report on the problems of pollution and harmful environmental effects relating to energy production*

173. The action programme on the environment lays down that a preliminary general report should be made on the problems of pollution and harmful environmental effects relating to energy pro-

¹ OJ No C 9 of 15. 3. 1973.

duction. This report was submitted by the Commission to the Council on 23 April 1974 and was discussed on several occasions by the Council Working Party.

The preliminary report and the conclusions of the Working Party will serve as a guide for the Commission and the Member States who will draw from it the conclusions which they consider appropriate.

(h) Relations with other international organizations

174. In accordance with the Agreement on Information of 5 March 1973 and the action programme, the Member States and the Commission were in contact with each other throughout 1974 on the activities of international organizations concerned with environmental problems, in order to ensure a common viewpoint within these organizations and Conferences or to ensure the Community's presence on an official basis.

The organizations concerned are the United Nations Environment programme (UNEP), the Third Conference on the Law of the Sea, the Economic Commission for Europe (ECE — Geneva), the Organization for European Cooperation and Development (OECD), the Council of Europe, the Conference on Security and Cooperation in Europe, including negotiations in the Council of Europe for a Strasbourg Convention for the protection of international fresh water against pollution.

3. CONSUMER PROTECTION AND INFORMATION POLICY

175. The work carried out throughout 1974 within the Council on the 'draft preliminary programme of the European Communities for the protection and information of consumers', which was submitted by the Commission to the Council on 12 December 1973, is now almost complete, and it should be possible to submit the programme to the Council in the first quarter of 1975.

4. EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS

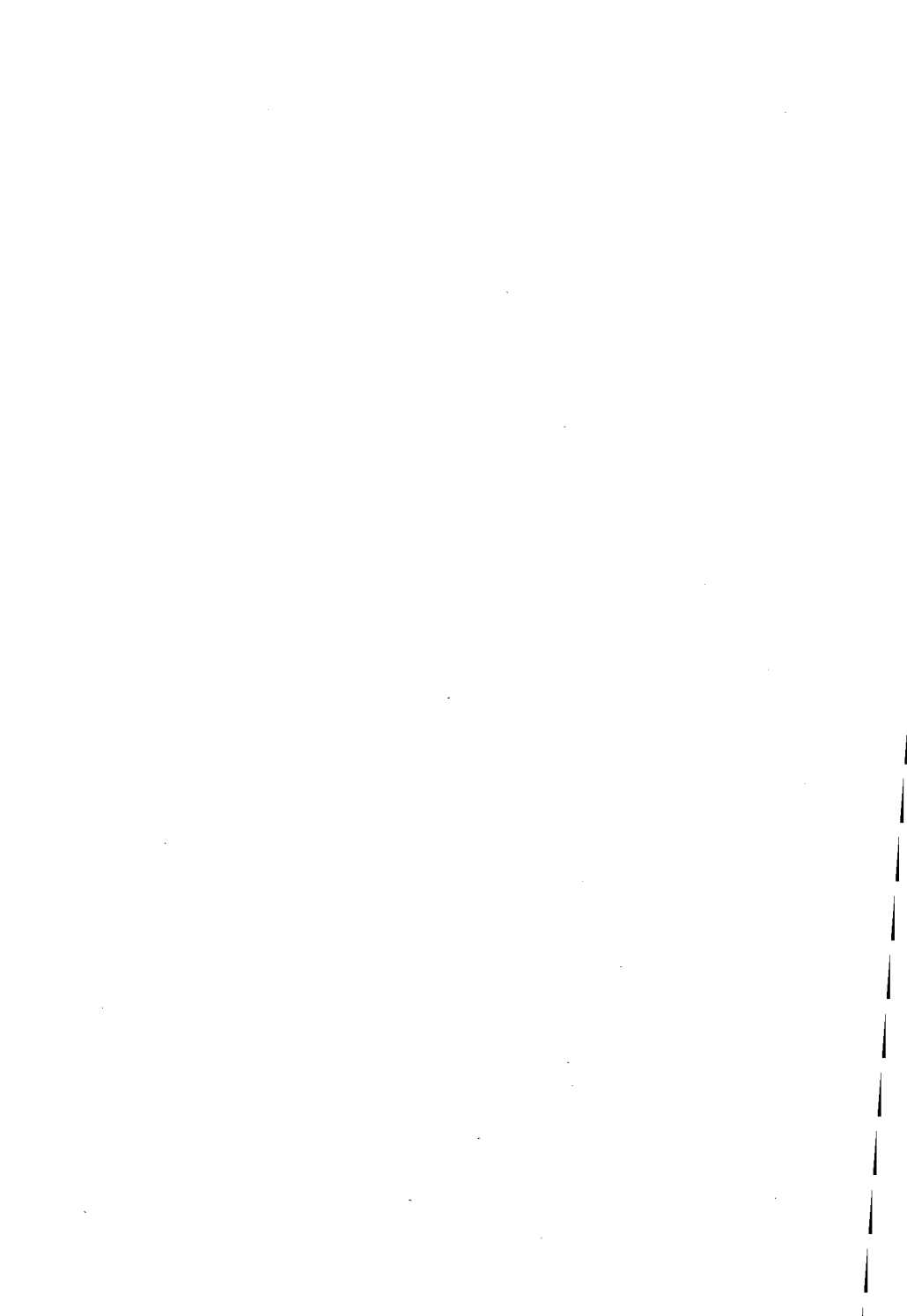
176. The work carried out since March 1974 on the proposal from the Commission, which was submitted to the Council on 7 December 1973, made it possible to submit the papers to the 'Social Affairs'

Council when it met on 17 December 1974. The Council gave its agreement in substance to the setting up of the Foundation.

As in the case of the European Centre for Vocational Training, the European Foundation for the improvement of living and working conditions will have legal status since the financial and legal provisions applicable to the Centre will be transferred to the Foundation.

The Council also considered it appropriate that the Administrative Board of the Foundation should be quadripartite, i.e. that it should include labour and employers' representatives, as does the Administrative Board of the Centre.

The Council instructed the Permanent Representatives Committee to finalize the text of the Regulations for the Foundation in accordance with these guidelines, so that it could be formally adopted at one of the Council's forthcoming meetings.



CHAPTER IV

External relations and relations with the Associated States

A — Community Regulations on the Common Commercial Policy

1. ECONOMIC AND INDUSTRIAL COOPERATION

177. On 22 July 1974 ¹ the Council adopted a Decision establishing a consultation procedure for cooperation agreements between Member States and third countries.

It should be noted that the field of economic and industrial cooperation still comes under the jurisdiction of the Member States but, in view of the growing importance of this fairly new field, it appeared essential to move towards a certain amount of Community control. The main provision of this decision lays down that there should be prior mutual exchange of information between the Member States and the Commission concerning intended negotiations on cooperation agreements with third countries. These prior exchanges of information, which are mandatory, may result in a consultation with the main objects of ensuring that the measures envisaged are consistent with the obligations of the common commercial policy, of encouraging coordination of the activities of the Member States, and even of suggesting measures which the Community as such might take to promote cooperation projects. This consultation procedure will take place within a Select Committee which will be chaired by a representative from the Commission and the necessary

¹ OJ No L 208 of 30. 7. 1974.

secretarial services will be provided by the General Secretariat of the Council. At present it is mandatory to follow this procedure only in the case of state-trading countries and oil-producing countries.

The question of extending the consultation procedure generally to all third countries is to be reviewed by the Council before 31 March 1975.

2. STATE-TRADING COUNTRIES

178. During the period under review substantial progress has been made towards formulating a common commercial policy vis-à-vis state-trading countries.

(a) Relations governed by agreements

179. On 7 May 1974 the Council had reminded all interested parties that in future any commercial negotiations should be conducted by the Community and that if a state-trading country so wished, the Community would be prepared to enter into such negotiations with it. This guideline, which is in conformity with the obligations imposed by the Decision of 16 December 1969 means that in future the Community has exclusive jurisdiction in matters concerning commercial relations.

In view of the fact that all the Member States' commercial agreements are due to expire on 31 December 1974 — except for four agreements concluded by Denmark and 2 concluded by the United Kingdom which, under the provisions agreed during the accession negotiations, may terminate during 1975 — on 7 November 1974 the Council approved a memorandum and a draft agreement which constitute an offer from the Community to negotiate with these countries. It was agreed that this offer would be sent by the Commission to all the state-trading countries with which one or more Member States have concluded commercial agreements, viz: Albania, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, the USSR, the People's Republic of China, Cuba, Mongolia and North Vietnam.

(b) *Tariffs*

180. At its meeting on 2/3 December 1974 the Council adopted a declaration reading as follows:

'The European Economic Community notes that, with regard to tariff questions, the most favoured nation treatment has until now been applied in various forms in relations between the EEC and state-trading countries.

The European Economic Community also notes that, in the practical application of its CCT, state-trading countries have always been granted most favoured nation treatment with regard to tariff questions, taking account of traditional exceptions.

Under the present circumstances and in view of the possibility of new negotiations with these countries, it does not intend to alter this tariff treatment.

It takes note of the need for both sides to avoid compromising trade and expects the state-trading countries to show the same concern.'

(c) *Importation arrangements*

181. Pending the establishment with these countries of relations governed by agreements, the Council followed up the Decisions on principle which it had adopted on 15 October 1974 and 12 November 1974 concerning the common commercial policy to be applied autonomously as from 1 January 1975 to these countries, by adopting a Decision laying down the importation arrangements applicable in the Member States with regard to state-trading countries for products subject to quantity restrictions. This Decision constitutes the Community legal framework which lays down provisional 1975 quotas for these countries. The Decision lays down the procedure to be followed when a Member State wishes to amend the existing importation arrangements, and it also lists in an annex the quotas which have been opened. It is laid down that the amendments to be made to this Decision will be adopted by the Council on 31 March 1975 at the latest. Lastly, in adopting this autonomous quota arrangement, the Council also agreed the following declaration:

'The European Economic Community takes note of the need for both sides to avoid compromising the development of trade. It expects the state-trading countries to show the same concern.'

3. OTHER PROVISIONS ON COMMERCIAL POLICY

182. On 4 June 1974 the Council adopted a new Regulation on the common rules for imports from third countries.

The new Regulation replaces the Regulation of 25 May 1970 and differs from it in that it lays down that the only criterion for liberalization by the Community is that of origin, and that any national surveillance measures should be integrated with Community regulations.

B — Relations with the countries of the Mediterranean basin

1. THE OVERALL APPROACH IN RELATIONS BETWEEN THE COMMUNITY AND THE MEDITERRANEAN COUNTRIES

183. It will be recalled that the Council at its meeting of 17 and 18 December 1973 had instructed the Permanent Representatives Committee to press on with its examination of the Commission's proposals and to submit a report to the Council which would enable it to adopt the supplementary directives for the Commission as quickly as possible with a view to concluding overall agreements with Spain, Israel and the Maghreb countries and also to extending the existing Association Agreement with Malta to the fields of cooperation and agriculture.¹

184. The Council made some progress at its meetings on 4 and 5 February and 4 March 1974 in its examination of outstanding questions concerning the drafting of directives for these negotiations and on 4 March 1974 it invited the Permanent Representatives Committee to submit a final report before 20 March 1974.

The Council's deliberations on this report at its meeting on 2 April 1974 led to further progress on a number of points although certain other questions still remain unresolved.

¹ See paragraph 395 of the 21st Review.

The Council instructed the Permanent Representatives Committee to examine the various aspects of an overall solution to the outstanding questions in order that directives on negotiations might be issued. Such a solution would be based on a compromise and would be submitted by the President to the Permanent Representatives Committee.

185. At its meeting on 7 May 1974 the Council took note of an overall compromise suggested by the President concerning agriculture (Algerian wine, citrus fruits and other agricultural products) and also on manpower and the financial aspects of the directives to be adopted on the negotiations.

At its meetings on 7 May, 4 June and 25 June 1974 the Council made substantial progress on the basis of this overall compromise suggested by the President and agreed on 25 June 1974 to examine at its meeting on 17 July 1974 on agricultural matters the question of measures concerning wine distillation ensuring a good return for Community producers. It also instructed the Permanent Representatives Committee to resume its work in the light of these discussions with a view to reaching an agreement.

186. On 17 July 1974 the Council, as composed by the Ministers of Agriculture, adopted a Resolution concerning certain amendments to be made to the wine intervention system,¹ which enabled the outstanding question on this matter to be resolved.

At its meeting on 22 and 23 July 1974 the Council reached agreement on the other outstanding questions concerning finalization of the supplementary directives to be given to the Commission for continuing negotiations with Spain, Israel and the Maghreb countries, and finalization of the directives for opening negotiations with Malta with a view to extending the existing Association Agreement with that country to cover cooperation and agriculture.

The text of these directives concerning negotiations was finalized by the Permanent Representatives Committee and formally adopted by the Council at its meeting on 17 September 1974.

¹ See paragraph 323 of this Review.

187. On the basis of these directives the Commission opened negotiations with Malta on 25 September 1974 with a view to extending the existing Association Agreement to cover cooperation and agriculture, and to adapt the Agreement following the enlargement of the Community. ¹

In accordance with the supplementary directives mentioned above the Commission reopened negotiations with Israel on 3 and 4 October 1974, Tunisia on 29 and 30 October 1974, Morocco on 11, 12 and 13 November 1974, Spain on 20 and 21 November 1974 and Algeria on 2 and 3 December 1974.

The Council itself made a point at each of its meetings since September of establishing what progress had been made on all these negotiations.

At its meeting on 2/3 December it noted a paper from the Commission on the latest stage of negotiations and requested the Commission to do all it could to conclude negotiations with the countries concerned as soon as possible, with the cooperation of the Permanent Representatives Committee.

Even before the end of the year the Commission held a further negotiating session with Israel on 9/11 December 1974. In the course of these negotiations agreement was reached on a definite time limit; they were to end on 23 January 1975, when there would be an exchange of letters between the heads of the two delegations agreeing, subject to confirmation, on the text of a draft agreement.

2. ADAPTATION OF EXISTING AGREEMENTS TO THE NEW SITUATION OF THE ENLARGED COMMUNITY

188. Negotiations on the Supplementary Protocol for Malta, which had been subordinated by Malta to the negotiation of an extension to the existing Association Agreement to cover cooperation and agriculture, were opened on 25 September 1974. ¹

¹ See paragraph 399 of the 21st Review.

¹ See paragraph 187 of this Review.

3. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES

(a) *The Association Agreements*

(i) Greece

189. Up to July 1974 the Council maintained the same attitude towards Association with this country which it had held since 1967, following the Military coup, and confined itself to the day-to-day administration of the Athens Agreement. For this reason the Association Council did not meet in the first half of 1974. The Association Committee met twice to examine certain essentially technical questions.

190. On 27 July 1974 a government with democratic principles was returned to power in Athens. At the end of August the President of the Council of the Communities received a memorandum containing the views of the new Greek government on the way in which the EEC-Greece Association should be re-established after being 'frozen' for more than 7 years.

At its first meeting after the summer recess, on 17 September 1974, the Council gave its attention to this memorandum, and adopted the following statement:

'Having reviewed the situation in the Association between the Community and Greece, the Council expresses its profound satisfaction that Greece has returned to the ideals which inspired the negotiators of the Athens Agreement. It records its strongest determination to resume the process of developing the Association immediately in order to facilitate Greece's subsequent accession to the Community. The Council notes with pleasure that, in these new circumstances, the path is once more clear for the organs of the Association to resume their normal functioning and, at a more general level, for the Association to develop fully.

To this end, the Council here and now declares its readiness to meet the representatives of the new Greek Government at any time, at ministerial level, within the Association Council.

In this spirit, the Council has agreed to examine with an open mind and a positive attitude the whole range of problems affecting the proper functioning of the Agreement which

result from the developments of the last seven years in the political, economic and legal fields, within the Community in particular. It has accordingly decided to arrange for the problems involved to be reviewed immediately within the Community institutions and for solutions acceptable to both Parties to be sought as soon as possible.'

191. In addition, on the basis of a memorandum from the Commission, the Council agreed on an initial series of practical measures and guidelines with the aim of reviving the EEC-Greece Association, and it informed the new Greek Government of these. Furthermore, as regards certain requests previously made by Greece which had remained in abeyance with the Association departments, the Community undertook to show a degree of open-mindedness.

Thus on 30 September 1974 the EEC-Greece Association Council adopted, on a proposal from the Community, a decision¹ authorizing Greece to continue to implement the protective derogations *vis-à-vis* the Community which it had taken in 1965, on the basis of Article 18, in favour of its tyre industry. These measures could continue for a period of four years, subject to phased reduction. If the Association Council had not made this decision, these measures would have expired at the end of 1974. In addition, by a decision of the Association Council of 31 October 1974,¹ which was also on a proposal from the Community, the period during which Greece may operate protective derogations as regards tariffs in favour of its new industries, in accordance with Article 18 of the Agreement, was extended for six years, i.e. until 31 October 1980.

192. Lastly the Community gave its assent to another decision¹ of the Association Council which was also taken on 31 October 1974, granting provisional extension up to the end of 1974 of the provisions of paragraph 3 of Protocol No 10, which lay down that the Community must obtain prior agreement from Greece if it wishes to open tariff quotas or suspend the CCT beyond certain limits, in favour of countries which are not associated with the Community and in respect of the five products mentioned in the Protocol, viz. tobacco, dried grapes, olives, colophony, and spirits of turpentine). It was decided to grant this provisional extension in order to complete the

¹ Adopted by written procedure.

examination in depth of the Greek Government's request that Protocol No 10 should be extended, a request which raises fairly far-reaching problems, since this would be the only case of a non-member country with the right to scrutinize the Community's external tariff policy.

193. The normal transitional period of 12 years under the Athens Agreement expired on 31 October 1974. As from 1 November 1974 Greece has therefore been granting tariff exemption for more than 60% of its imports from the Community.¹

Furthermore, since 1 May 1974, Greece has continued to dismantle — in accordance with Article 15 of the Agreement — the duties applicable on importation into the Community of the industrial products listed in Annex I of the Agreement (products manufactured in Greece hence subject to tariff dismantling at a reduced rhythm). The tariff reduction on these products was accordingly raised from 28 to 36%.

194. Since it was decided to restore fully the Association between the EEC and Greece, the completion of the 12-year transitional period marks an important stage in the development of the Association, as emphasized at the first ministerial meeting of the EEC-Greece Association Council after the military coup d'état in April 1967, which was held in Brussels on 2 December 1974.

At that time the Association Council confirmed its intention, in accordance with the provisions of Article 33 of the Athens Agreement, to harmonize the agricultural policies following the procedures laid down in Articles 35 and 36 of the Agreement. In this connection the Community declared that in view of developments since 1967 it was ready there and then to resume negotiations to lay down the conditions for this harmonization in the five sectors for which the Community and Greece had made declarations in 1962, as laid down by the Agreement — i.e. fruit and vegetables, cereals, pigmeat, eggs and poultrymeat. The Community stated that it was also prepared to make the opening declaration on the harmonization procedure for the other agricultural sectors, for which the main provisions of a common agricultural policy had already been determined.

¹ *Of the Six*, since the Supplementary Protocol and the Interim Agreement (enlargement) have not yet been concluded.

The Association Council also noted that the financial aid allocated to Greece would be resumed by joint agreement and that negotiations would soon begin on the conclusion of a second financial protocol.

The two parties concerned indicated their determination to sign the Supplementary Protocol in the near future. Its effect would be to extend the Athens Agreement to the three new Community Member States and in response to a request from the Greek Government signature would take place on the understanding that the rules applicable to imports of Greek wines would be dealt with as part of the harmonization of agricultural policies and not as part of the Supplementary Protocol as had been envisaged hitherto.

Lastly the Association Committee was invited to examine certain problems which had arisen during the deliberations of the Association Council in connection with the implementation of the guidelines evolved by the Association Council.

(ii) Turkey

195. On 1 January 1974 the EEC-Turkey Association entered its tenth year. On the same date the interim Agreement (enlargement) entered into force, under which the commercial provisions of the Supplementary Protocol, which was signed on 30 June 1973 and is at present in the process of being ratified, have been implemented in advance. As from the beginning of 1974 trade between Turkey and the three new Member States is therefore also subject to a preferential system.

Furthermore, on 1 January 1974 the new Community concessions came into force. These had been granted in connection with the first agricultural review, laid down in Article 35 paragraph 3 of the Supplementary Protocol and advanced by one year in accordance with Article 10 of the Interim Agreement mentioned above .¹

196. During 1974 a meeting of the EEC-Turkey Association Council was held at ministerial level in Luxembourg on 14 October. This meeting provided the parties to the agreement with the oppor-

¹ For details of these measures see paragraph 408 of the 21st Review

tunity to hold a wide-ranging exchange of views on the state of the Association between the Community and Turkey and to review developments since the previous meeting held at Ankara on 30 June 1973.

First of all the parties to the Agreement were unanimous in expressing their satisfaction with its institutional operation. It was emphasized that one day Turkey would be called upon to become a full member of the Community. The Community and Turkey expressed their pleasure at the way in which trade had developed between the countries concerned, in particular the ever increasing revenue from Turkish exports of manufactured goods, an increase which demonstrated that the industrialization policy pursued by the Turkish Government was bearing fruit.

In addition the Association Council touched on certain questions concerning the preferential trading system covered by the agreement, such as the effect on the preferential margin which Turkey enjoys on the markets of the Nine of the measures taken by the Community since 1964 in the field of external relations and a request from Turkey to supplement existing concessions on agriculture, granted under the first review, with further concessions.

On social affairs, the Association Council agreed that work relating to the implementation of Article 39 of the Supplementary Protocol (measures to be taken on social security in favour of Turkish workers) should begin without delay at Association Committee level as soon as the Turkish Government had adopted a position on the Community proposals which the Council of Nine had approved at its meeting on 10 June 1974.

Lastly, the Association Council noted that a large measure of agreement had already been reached at Association Council level on the implementation of Article 16 of the Supplementary Protocol relating to revenue duties applied in Turkey and instructed the Association Committee to continue its examination of the only remaining problem in this matter, viz motor vehicles.

197. Apart from preparing for the Association Council meeting on 14 October 1974, the EEC-Turkey Association Committee held several meetings with the main object of examining certain problems, mostly of a highly technical nature, which arise in connection with the implementation of the agreement.

198. The EEC-Turkey Joint Parliamentary Committee held two meetings — the XVIIth in Berlin on 24 - 28 March, and the XVIIIth in Istanbul on 6-11 October 1974. The Council of the Community was represented at each of these meetings by its President, who took an active part in the proceedings of this Committee, thus demonstrating the great interest taken by the Council in the Parliamentary proceedings concerning the Association.

(iii) Morocco and Tunisia

Conclusion of agreements with Morocco and Tunisia extending the Rabat and Tunis agreements

199. The Association Agreements with Morocco and Tunisia which were concluded for a period of five years and which entered into force on 1 September 1969 were due to expire on 1 September 1974.

At that date new agreements on a wider basis, as laid down in Articles 14 of the Rabat and the Tunis Agreements, were still being negotiated. Pending their entry into force, it proved necessary to authorize the extension of the current Association Agreements for a period of one year. With that end in view negotiations with the Moroccan and Tunisian delegations were successfully concluded in July 1974.

In addition, in view of the time it would take to implement these texts which, like the agreements they extend, are based on Article 238 of the Treaty of Rome, the contracting parties agreed in an exchange of letters appended to the draft agreements that they would each take the unilateral measures necessary to maintain beyond 1 September 1974 the arrangements applicable to trade laid down in the Association Agreements.¹

In this connection it should be observed that the extension agreements and the unilateral measures mentioned above cover not only the extension of the provisions of the Rabat and Tunis Agreements, but also the extension of the Supplementary Protocols² resulting from

¹ The Community's unilateral measures took the form of two Council Regulations of 22 July 1974. See OJ No L 208 of 30. 7. 1974.

² For the contents of these Protocols see paragraph 398 of the 21st Review.

the enlargement of the Community, which form an integral of the basic Agreements. The Protocol for Morocco entered into force on 1 January 1974 and that for Tunisia on 1 July 1974. The extension also applies to the Agreements in the form of exchanges of letters signed in Brussels on 20 July 1973. These relate to the amendment to Article 5 of Annex 1 of each Association Agreement revising certain aspects of the procedure covering the importation into the Community of non-refined olive oil from the countries concerned.

Management of the Association Agreements

200. In 1974 the following problems arose in connection with the management of the Agreements with Morocco and Tunisia.

The national arrangements still in force for certain fisheries products, in particular preserved tunny and sardines, were again extended ¹ for a year until the end of 1974. During the period under review, in order to avoid any disruption in trade in these products pending the special arrangements which were to be made for them under future agreements on a broader basis, the Commission submitted to the Council draft Regulations intended to extend further the national arrangements until the entry into force of the new Agreements and not later than 31 December 1975. ²

The Agreement in the form of an exchange of letters which was signed on 20 July 1973 with Tunisia with a view to revising certain aspects of the procedure governing importation into the Community of non-refined olive oil from that country ³ entered into force on 1 July 1974.

The corresponding Agreement in the form of an exchange of letters with Morocco, although signed, has not yet entered into force. It should be recalled however ⁴ that the unilateral measures of extension taken by the Community and by Morocco cover the provisions of this Agreement.

¹ See paragraph 413 of the 21st Review.

² The Council adopted these draft Regulations on 10 February 1975, see OJ No L 40 of 14. 2. 1975.

³ For a brief analysis of the revised procedure see paragraph 306 of the 20th Review.

⁴ See paragraph 199 of this Review.

Pending the determination, within the framework of future agreements on a broader basis, of the definitive system applicable to wines originating in and consigned from Morocco and Tunisia, the Council once again extended, by its Regulation of 22 July 1974,¹ its regulations establishing a transitional system autonomously (also applicable to Algeria and Turkey). Under the transitional system the CCT duties are reduced by 40%, subject to the application of the reference price.

(iv) Malta

201. The Council adopted four Regulations on 4 February 1974 opening, allocating and providing for the administration in 1974 of Community tariff quotas for certain textile products falling within heading Nos 55.05, 56.04, 60.05 and 61.01 of the Common Customs Tariff, originating in Malta.² Since the Council was anxious to grant Malta treatment not less favourable than that enjoyed by countries eligible for the Generalized System of Preferences under these Regulations the Council increased the volume of each of these annual quotas by 50%, as laid down in the Agreement which is binding on the original Community and Malta, and allocated this increase among the Member States of the enlarged Community. It also totally suspended the Customs duties applicable to these products. In addition, and again for 1974, the Council improved the tariff advantages granted by the Community to Malta under the Agreement, by adopting two Regulations on 4 March 1974, one totally suspending the Customs duties on certain industrial products originating in Malta, and the other totally or partially suspending duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff, originating in Malta.³

202. Similarly, on 18 November 1974 the Council adopted four Regulations opening, allocating and providing for the administration in 1975 of Community tariff quotas for certain textile products falling within heading Nos 55.05, 56.04, 60.05 and 61.01, originating in Malta, and a further Regulation totally suspending for 1975 Customs duties on certain industrial products originating in Malta.⁴ On 19 December 1974 the Council adopted another Regulation totally or

¹ OJ No L 204 of 26. 7. 1974.

² OJ No L 48 of 20. 2. 1974.

³ OJ No L 67 of 9. 3. 1974.

⁴ OJ No L 315 of 26. 11. 1974.

partially suspending duties in 1975 on certain products falling within Chapters 1 to 24 of the Common Customs Tariff, originating in Malta.¹

(v) Cyprus

203. During the period under review the Association Committee met in order to prepare for the second meeting of the Association Council which should have been held on 22 July 1974 in Brussels, but which was unable to take place because of the events which had meanwhile occurred in Cyprus.

204. In implementation of the provisions of the Agreement and the Supplementary Protocol by reason of the enlargement² the Council adopted a number of Regulations for 1974.

Two of these Regulations³ provide for the opening, allocation and administration of Community tariff quotas for certain textile products falling within heading Nos 56.04 and 61.01 of the Common Customs Tariff, originating in Cyprus.

Another of these Regulations⁴ implements the provisional arrangements laid down in an exchange of letters appended to the Supplementary Protocol by reason of the enlargement, concerning the marketing of Cyprus Sherry in Ireland and the United Kingdom. Under these provisional arrangements 200 000 hl are not subject to the reference price in the United Kingdom and Ireland until 1 January 1975.

It should be noted that this Regulation also provides for aid for wine products similar to Cyprus Sherry produced in the Community as originally constituted and consigned to Ireland and the United Kingdom.

Finally, the last of these Regulations⁴ concerns the opening, in implementation of Article 13 of the Supplementary Protocol by reason of the enlargement, of a tariff quota for imports into the United Kingdom of new potatoes falling within heading No 07.01 A II, originating in Cyprus.

¹ OJ No L 353 of 30. 12. 1974 and OJ No L 45 of 19. 2. 1975.

² For the subject matter of these texts see the 20th Review paragraphs 331 to 336.

³ OJ No L 48 of 20. 2. 1974.

⁴ Adopted by the Council at the end of 1973, OJ No L 359 of 28. 12. 1973.

205. At the end of 1974 the Council adopted similar Regulations to cover 1975. These Regulations again concern the opening of Community tariff quotas for certain textile products falling within heading Nos 56.04 and 61.01 of the Common Customs Tariff,¹ the opening of a tariff quota free of Customs duties of 110 000 long tons of new potatoes falling within subheading 07.01 A II of the Common Customs Tariff, imported into the United Kingdom and originating in Cyprus² and the extension until 31 December 1975 of the provisional arrangements in force in 1974 concerning Cyprus Sherry, so as to observe the Community's undertaking—by virtue of the aforementioned exchange of letters annexed to the Supplementary Protocol by reason of the enlargement—appropriately to extend the provisional arrangements applicable to Cyprus Sherry to the marketing of the 1974 harvest.

(b) *The other Mediterranean Agreements*

(i) Spain

206. Under the Agreement between the Community and Spain—in implementation of Article 1 of Annex II to this Agreement Spain made a third tariff reduction of 10% as from 1 January 1974 on importations of products originating in the Community as originally constituted, set out in list A of Annex II, thus increasing the reduction on these products from 20% to 30%.

It will be recalled that the Community as originally constituted granted Spain a tariff reduction as from 1 January 1973 in the industrial sector which, as a general rule, is 60%.

207. On 4 February 1974 the Council adopted Regulations opening, allocating and providing for the administration in 1974 of Community tariff quotas as laid down in the Agreement binding the Community as originally constituted and Spain, for other woven fabrics of cotton falling within heading No 55.09 of the CCT, originating in Spain, certain petroleum products falling within Chapter 27 of the CCT, refined in Spain, Jerez, Malaga, Jumilla, Priorato, Rioja and Valdepeñas wines and also dried figs and dried grapes originating in Spain.³

¹ OJ No L 315 of 26. 11. 1974.

² OJ No L 353 of 30. 12. 1974.

³ OJ No L 48 of 20. 2. 1974.

On 18 November and 19 December 1974, the Council adopted similar regulations on these quotas for 1975,¹ but laid down that the quota period should be limited to the date when the new agreement with Spain, planned as part of the overall approach, came into force.

208. In addition, it will be recalled that an Agreement in the form of an exchange of letters had been negotiated in 1973 between the Community and Spain concerning certain cheeses mentioned in the 1970 Agreement on Preferences, with a view to amending the threshold prices being applied by Spain and the free frontier prices to be maintained by the Community when exporting certain cheeses to Spain.²

At the request of the Spanish delegation consultations concerning these cheeses were held between this delegation and the Community delegation in June and at the beginning of July 1974 with a view to making further amendments to the threshold prices and free frontier prices mentioned above. Agreement was reached on this subject between the two delegations under the GATT on 2 July 1974. These amendments are embodied in Commission Regulation (EEC) No 1758/74.³

(ii) Israel

209. Under the Agreement between the Community and Israel and in implementation of Article 1 of Annex I to this Agreement, the Community as originally constituted made a final tariff reduction of 5% as from 1 January 1974 in the industrial sector in favour of Israel, thus achieving a reduction in this sector of 50%, as a general rule.

Correspondingly Israel also made a final tariff reduction of 5% as from 1 January 1974, in implementation of Article 1 of the Annex to the Agreement, to cover importations of products originating in the Community as originally constituted and shown in lists 1 and 2 of the Annex thus achieving a total tariff reduction of 30% and 25% respectively for these two lists of products.

210. On 4 February 1974 the Council adopted a Regulation opening, allocating and providing for the administration in 1974 of a Community

¹ OJ No L 315 of 26. 11. 1974 and No L 353 of 30. 12. 1974.

² See 21st Review, paragraph 418.

³ OJ No L 183 of 6. 7. 1974.

tariff quota as laid down in the Agreement binding the Community as originally constituted and Israel for other woven fabrics of cotton falling within heading No 55.09 of the Common Customs Tariff, originating in Israel. ¹

On 18 November 1974 the Council adopted a similar Regulation on this quota for 1975, up to the date when the new Agreement being negotiated under the overall Mediterranean approach should enter into force, but not later than 30 September 1975, since the present Agreement between the Community as originally constituted and Israel is due to expire on 1 October 1975. ²

(iii) Arab Republic of Egypt

211. Under the Agreement between the Community and the ARE, the Joint Committee provided for in the Agreement held its first meeting in Cairo on 27-29 May 1974. During this meeting the Joint Committee adopted its internal regulations and drafted the methods of administrative cooperation on Customs matters. The meeting also examined developments in trade between the contracting parties and the implementation of the Agreement. ³

In addition the Community delegation noted with interest a speech from the ARE delegation on the new direction of the ARE Government's open economic policy and the opportunities for cooperation which this new direction offers.

Furthermore, at the request of the Egyptian delegation, the Community delegation set out the principles followed by the Council as regards the development of Community relations with the countries of the Mediterranean basin, as part of the overall approach.

The ARE delegation informed the Community delegation of the Egyptian Government's request that it should open negotiations as soon as possible with the Community with a view to broadening the bases of the Preferential Agreement and to supplement it with a section on economic, technical and financial cooperation.

¹ OJ No L 48 of 20. 2. 1974.

² OJ No L 315 of 26. 11. 1974.

³ See 20th Review, paragraph 314 et seq.

212. In addition, on 4 February 1974, the Council adopted two Regulations opening, allocating and providing for the administration in 1974 of the Community tariff quotas laid down in the Agreement for certain petroleum products falling within Chapter 27 of the CCT, refined in the ARE and for other woven fabrics of cotton falling within heading No 55.09 of the CCT, originating in the ARE. ¹

On 18 November 1974 the Council adopted two similar Regulations on these quotas for 1975. ²

4. NEW AGREEMENTS

(a) Preferential Trade Agreement between the EEC and the Lebanon

213. The Preferential Trade Agreement between the EEC and the Lebanon, signed on 18 December 1972, and the Supplementary Protocol to this Agreement, necessitated by the enlargement of the Community and signed on 6 November 1973, ³ have not yet entered into force, since the Lebanese authorities have so far not informed the Community that their internal procedure, necessary for these Acts to enter into force, has been finalized.

(b) 1965 Agreement on trade and technical cooperation between the EEC and the Member States, and the Lebanon

214. This Agreement, which entered into force on 18 June 1968 and was renewed subsequently in 1971, 1972 and 1973, was again extended for one year as from 1 July 1974. This extension was made by means of an agreement in the form of an exchange of letters signed on 27 June 1974. ⁴

5. RELATIONS WITH OTHER MEDITERRANEAN COUNTRIES

(a) Jordan

215. Following exploratory talks held in November 1973 ⁵ with the Jordanian authorities, the Commission had further contact with the authorities in April 1974.

¹ OJ No L 48 of 20. 2. 1974.

² OJ No L 315 of 26. 11. 1974.

³ OJ No L 18 of 22. 1. 1974, see 21st Review, paragraphs 425 to 427.

⁴ OJ No L 195 of 18. 7. 1974.

⁵ See paragraph 431 of the 21st Review.

The Commission is due to submit a report to the Council on these exploratory talks.

(b) *Syria*

216. In March 1974 the Syrian authorities informed the Commission that they wished to negotiate a preferential trade and cooperation agreement with the Community.

C — Relations with the countries of Africa, the Caribbean and the Pacific Ocean

217. The Council gave particular and continuous attention to defining the new relations which were to be established on the expiry of the Yaoundé Convention and the Arusha Agreement on 31 January 1975, with the States of Africa, the Caribbean, the Indian Ocean and the Pacific Ocean (the ACP States) in the form of a Convention which would define the association relations between these States and the Community, and would be as comprehensive as possible.

218. The Council and the Representatives of the Governments of the Member States meeting in Council, had instructed the Commission, in consultation with the Representatives of the Member States, to open negotiations with the States concerned, at present 45 in number. On 15 October 1973 the first directives on the negotiations had been adopted, covering in particular the general principles underlying trade arrangements, certain provisions relating to financial and technical cooperation, the right of establishment and the provision of services, payments and capital movements.

During 1974, in accordance with the needs arising from the negotiations, the Council adopted supplementary Directives on the basis of the preparatory work done by the Permanent Representatives Committee with the assistance of the AAMS and AAMS/FIN Working Party. These Directives covered the following fields: rules of origin, non-tariff barriers, trade policy and industrial cooperation (meeting of Council on 1-2 April 1974, Directives approved by written procedure on 19 April 1974); certain questions connected with the determination of the amount of aid and the conditions for granting it, and the participation of the Associated States in financial and technical cooperation

(same approval procedure for the Directives as above); basic provisions relating to agricultural products and products processed from agricultural products (meeting of the Council of 4 June 1974, when the Council also laid down specific import arrangements to be adopted later by Council Decision, on agricultural products subject to the common organization of the markets); commercial cooperation (meeting of the Council of 25 June 1974); and institutions (meeting of the Council of 15 October 1974 and additional work of the Permanent Representatives Committee).

219. In addition, in connection with these negotiations, at its meeting on 22-23 July 1974 the Council drew up the Community's viewpoint for the EEC-ACP ministerial Conference which met at Kingston, Jamaica, on 25-26 July 1974. This work was continued in Kingston at a special meeting of the Council, and enabled the Conference to make substantial progress towards an overall agreement. The conclusions adopted by joint agreement and the joint communiqué issued at the end of the Conference embody this progress, particularly as regards commercial cooperation, including rules of origin, non-tariff barriers and the procedure covering agricultural and processed products, industrial cooperation and stabilization of the export revenue of the states concerned. The Council of the Communities made a major contribution to the success of this Conference, which endeavoured to open the way to a new world economic order by laying down the principles for a new type, of relations between the developed and developing countries on the basis of international social justice.

220. Subsequently the negotiations were followed up between the Commission and the Ambassadors of the ACP states, in close cooperation with the Representatives of the Member States. The Permanent Representatives Committee and the Working Parties concerned followed the course of the negotiations attentively and on several occasions defined the Community's position under the existing directives, thus placing the Commission in a position to continue negotiations at a steady pace.

The last phase of the negotiations was completed in Brussels on 9 December 1974 and was to be followed in January 1975 by a final EEC-ACP ministerial Conference called upon to resolve the last remaining points of major political importance. The Council determined the Community's position on some of these points at its meeting on 2-3 December 1974.

221. Furthermore, under the EEC-AAMS Association established by the Yaoundé Convention, the Permanent Representatives Committee made preparations on behalf of the Community for the Association Committee meeting held on 8 July 1974, and also for the consultations prescribed under this Convention.

D — Multilateral and bilateral relations

1. MULTILATERAL RELATIONS

(a) GATT multilateral tariff negotiations

222. Since the Tokyo Ministerial Declaration was adopted in September 1973 six working parties have been active during 1974 in carrying out preparatory work for the multilateral trade negotiations on the basis of a programme drawn up by the Trade Negotiations Committee on 7 February 1974.

These six working parties, which follow the structure given in paragraph 3 of the Tokyo Ministerial Declaration laying down the objectives of the negotiations, examined the following matters: Customs duties in the industrial sector, non-tariff measures in the industrial sector, sectoral approach as a support technique, multilateral safeguard system, the agricultural sector and tropical products. Each working party clarified in substance the basic facts within its jurisdiction which were to be discussed in the negotiations by updating and supplementing or establishing the analytical and statistical documents. They also analysed the data thus assembled with a view to identifying the problems which these revealed.

The positive contribution which the Community made to the work of the various working parties was examined in depth within the various Council bodies, including the Special Article 113 Committee, both in Brussels and when meetings were held on the spot in Geneva.

223. The importance which the Community attaches to the multilateral negotiations was confirmed at the meeting of the Heads of Government which was held in Paris on 9 December 1974. Item 21 of the Communiqué specifies that 'The Community will continue to contribute to the harmonious expansion of world trade, especially in relation to developing Countries, and in order to do so will take a constructive part in the GATT trade negotiations which it hopes to see actively continued in the near future'.

On the basis of a communication from the Commission, the Council at its meeting on 19 December 1974 undertook on this spirit to lay down more operational guidelines to enable the Community to begin the phase of actual negotiation. This work is based on the overall approach approved by the Council at its meeting on 25-26 June 1973, which explains and expands the theses contained in this overall approach. It is not a question of laying down in advance a line of conduct for the Community regarding the smallest details of the negotiations, which could be done only as the situation concerning the negotiations became clearer and when the other negotiating parties were also ready to define their position. It is a question of enabling the Community to enter into negotiations with as clear an idea as possible of its objectives. Work is still proceeding within the Council and will continue at a meeting planned for January.

224. Lastly, it should be observed that the United Nations General Assembly adopted two resolutions on 14 December 1974 on the GATT multilateral tariff negotiations, the first dealing with general aspects of the negotiations and the second with the participation of the General Secretariat of UNCTAD in the meetings of the GATT Trade Negotiations Committee. In connection with this work the delegations of the Member States and the Commission held several coordination meetings which enabled them to express a single viewpoint on basic matters and also on procedural matters. This viewpoint was expressed on behalf of the Community and its Member States by the French representative since France held the presidency of the Council.

(b) Renegotiations under Article XXIV/6 of the GATT

225. Renegotiations under Article XXIV/6 of the GATT effectively began in March 1973 on the basis of a Council Decision of 18-19 December 1972 authorizing the Commission to negotiate with the contracting parties concerned, and were completed during July 1974. At its meeting on 22 July 1974 the Council approved the codified list of concessions from the European Communities and decided to conclude the negotiations on behalf of the Communities. At the same time the renegotiations were also concluded by the representatives of the Governments of the ECSC Member States on behalf of the Member States of that Community. The obligations arising from the new lists of tariff concessions lodged with the GATT entered into force on 1 August 1974 and replaced the concessions previously granted by the EEC, the Member States of the ECSC, the United Kingdom (metropolitan territory), Denmark and Ireland.

Following the enlargement of the Community and the alignment of the Customs tariffs of the three new Member States (Denmark, Ireland and the United Kingdom) with the Common Customs Tariff, the object of the negotiations was to withdraw the concessions from the constituent Customs territories of the enlarged Community and to replace them with a new list of concessions applicable to the Community as a whole.

226. The Community has conducted renegotiations with 17 contracting parties to the GATT, viz.: Argentina, Australia, Brazil, Canada, Chile, India, Japan, Malaysia, New Zealand, Pakistan, Poland, Romania, South Africa, Sri Lanka, Yugoslavia, the United States and Uruguay. Of these countries Chile and Malaysia announced their intention to renegotiate but did not in fact reopen negotiations and did not reply to successive invitations from the Community.

Since Ireland invoked the provisions of Article XXXV of the General Agreement (non applicability of the General Agreement between Contracting Parties) with regard to Japan, the Community was anxious to specify that the negotiations with Japan would concern only the constituent territories of the enlarged Customs union other than the territory of Ireland and that the opening of negotiations with Japan would under no circumstances mean that Ireland should renounce the provisions of Article XXXV. The concessions granted by the Community therefore do not apply to imports into Ireland of products originating in Japan.

Furthermore the Commission did not enter into negotiations with the Contracting Parties to which it is bound under agreements in accordance with the provisions of Article XXIV of the GATT. However, at the request of Israel and Spain there were exchanges of letters which temporarily reserved the negotiating rights of these countries under Article XXIV/6, until the completion of the renegotiations being held in Brussels on the conclusion of bilateral agreements between the Community and these two countries.

227. It will be recalled that in December 1972 the Council had decided to reopen negotiations under Article XXIV/6 of the General Agreement, and drawn up what was basically an offer to extend to the Customs Tariff of the enlarged Community the consolidated concessions of the EEC and the ECSC as originally constituted. According to the assessment made by the Council at that time this offer should have made it possible to compensate for the claims which the negotiating parties might have advanced under Article XXIV/6.

In the first phase of the negotiations, which were conducted in Geneva in the first half of 1973, most of the non-Community countries let it be known at once that they considered that the Community's offer did not constitute adequate compensation for the concessions withdrawn on the enlargement of the Community. At that time the Commission had considered, in the light of the first phase of negotiations, that the initial offer, while remaining of overall value, gave rise to imbalances for certain countries taken in isolation. Consequently the Commission considered it necessary in July 1973 to submit new proposals to the Council in order to improve the initial offer. In December 1973, after discussions in depth, the Council drew up an initial supplementary offer containing a number of new concessions both in the industrial and in the agricultural sectors. In March 1974 most of the contracting parties concerned had revealed their reactions to the new offers.

Some countries were prepared to conclude the renegotiations on the new bases proposed by the Community, but Argentina, Australia, Canada, India, Poland, Romania, the United States and Uruguay were not satisfied and submitted additional requests for further tariff concessions or other undertakings.

At its meeting on 1-2 April 1974 the Council again examined the situation on the renegotiations in the light of the additional requests from the United States and instructed the Commission to consider together with the United States delegation under what terms the negotiations could be concluded on a mutually satisfactory basis.

228. In the light of this work and in order to finalize the negotiations, the Community finally submitted offers comprising further tariff concessions for certain GATT countries and a special formula for cereals, and lastly a solution involving exchanges of letters on two specific requests, i.e. from Brazil on cocoa butter and soluble coffee and from Poland on bacon.

Furthermore the Community specified that the tariff reductions and corresponding adjustments in the alignment of the three acceding countries would take effect on 1 January 1975 unless otherwise stated.

229. It should be noted that the withdrawal of concessions from the three acceding countries on cereals formed one of the crucial points of the negotiations. The countries mainly concerned, i.e. Australia, Canada and the United States, stated that they attached the greatest importance to the maintenance of their rights to compensation in this

sector, taking account of the concessions which they had obtained from the acceding states concerned. The Community itself considered that the tariff concessions offered fully compensated for the withdrawal of all the tariff concessions from the new Member States, including concessions on credits.

The solution which was finally adopted constitutes an agreement to differ. The United States considers that the negotiations on these products have not been concluded, reserves the right to continue them and, should they fail, to withdraw substantially equivalent concessions. The Community, however, considers that the negotiations have indeed been concluded on all the products with all the countries. If one or more countries should withdraw concessions the Community reserves the right to make counter-withdrawals with a view to re-establishing the balance on concessions.

In spite of this divergence of opinions and taking account of the complexity of the cereals problem, Australia and the United States on the one hand, and the Communities on the other agreed to continue their discussions with a view to finding appropriate solutions, through international negotiations, to the problems of international trade. However, this proposal was rejected by Canada.

230. The renegotiations under Article XXIV/6 of the General Agreement were finally concluded during July 1974 on these bases with all the contracting parties concerned, with the exception of Canada, India and Malaysia, which did not accept the Community's offer, and Chile, which did not open negotiations.

It should be noted that in the case of Japan an exchange of letters reiterates the viewpoints of the countries concerned on Ireland's invocation of Article XXIV of the GATT with regard to Japan. It should be noted further that Argentina submitted a letter drawing attention to the problems concerning cereals, beef and veal and manufactured products, and that Uruguay submitted a similar letter, excluding cereals, however.

231. The case of Canada received further attention within the GATT. The Council of the Communities at its meeting on 22 July 1974 approved the results of the tariff renegotiations under Article XXIV/6 of the General Agreement and made express provision for the possibility that renegotiations with Canada would not be successfully concluded. In spite of this possibility, it was nevertheless agreed that the lists of concessions should be lodged on 31 July 1974 as laid down.

Canada then asked the contracting parties to the GATT to set up a Panel under Article XXIII of the General Agreement which would be instructed to examine the dispute between Canada and the Community and to make appropriate proposals. Further, this Panel should reply to the question of whether the withdrawals of concessions by Canada on the basis of Article XXVIII were such as to establish the balance of the reciprocal concessions. Canada also requested that the deadlines laid down in Article XXVIII/3 should be postponed, since under this article any retaliatory measures would have to be taken as from 31 January 1975 and notified to the GATT by 31 December 1974.

On 29 November 1974 the Council of the GATT representatives, in spite of the Community's opposition, agreed to accept the Canadian proposal for a Panel. This Panel was set up accordingly and instructed to examine the questions raised by the Canadian delegation.

The President of the Council of the GATT representatives addressed an appeal to both parties to extend by two months the deadlines laid down in Article XXVIII/3 with a view to continuing bilateral endeavours to find an appropriate solution, on the understanding that the Panel would not be set up during the interim period.

Canada and the Community both accepted this proposal, and the Council, at its meeting on 19 December 1974, gave its agreement to a two-month extension, as an exceptional and unique measure, of the period laid down in Article XXVIII paragraph 3, i.e. until 31 March 1975. In so doing the Council also specified that its basic position as defined at its meeting on 22 July 1974 remained unchanged.

(c) *International Arrangement on trade in textiles*

232. Under the Council Decision of 21 March 1974, the Community subscribed to the International Arrangement on trade in textiles, which was negotiated under the GATT and which replaces the previous Long-term Arrangement on cotton textiles. The new Arrangement has a much wider scope than the previous one, as it covers almost all the textile products sector.

Its object is the progressive removal of trade barriers, at the same time avoiding the danger of disruption in the markets of the countries subscribing to the Arrangement. It provides for liberalization of all products where restrictive measures cannot be justified under the

safeguard clause provided for by the Arrangement, but with the proviso that agreements concerning voluntary restraint on exports of sensitive products may be negotiated with the supplier countries.

Work on preparing directives concerning negotiations for concluding such agreements on voluntary restraint with the major supplier countries of textiles are at present in hand within the Council, similar directives having already been adopted in the case of India and Pakistan with whom negotiations have now been opened.

(d) *Multilateral agreements on commodities*

233. In 1974 the international commodities markets remained in a state of tension. This situation prevented the specific international organizations from making substantial progress in consolidating international cooperation on commodities. In particular, it was not possible to draw up economic rules for those agreements on products in force which concerned exclusively the institutional aspects, known as 'Administrative' Agreements.

Under the circumstances the Council's activities consisted mainly in preparing its position in the various circles dealing with these questions.

234. More specifically, it should be noted that at its meeting on 16 April 1974 the Council gave its agreement to the extension for one year to the 1971 Convention on Trade in Wheat.¹ Taking account of the prospects for the multilateral trade negotiations within the GATT, where serials are likely to be an important item, it was considered premature to draw up economic rules for trade in wheat and it was thought preferable to extend the existing 'Administrative' Agreement.

Thus the extension Protocol, which was finalized at a governmental Conference held in London on 22 February 1974, was signed on behalf of the Council by Mr Jens Otto Krag, Head of the Commission Delegation to the United States, on 22 April 1974 in Washington. At the same time Mr Krag lodged a declaration of provisional application pending finalization of the institutional procedures necessary to conclude this Protocol.

¹ As regards the extension of the 1971 Convention on food aid see paragraph 269 of this Review.

(e) *Participation of the Community in the Conference on Safety and Cooperation in Europe*

235. The first session was held in Helsinki and closed in June 1973 and the second session opened in Geneva in autumn 1973. The 35 countries which took part in this Conference continued negotiations throughout 1974.

It will be recalled that apart from political matters as such (concerning safety in Europe and cooperation in humanitarian and other fields) the Conference also deals with cooperation in the fields of economics, science and technology and the environment. As regards the subjects within the Community's jurisdiction, such as trade policy, for example, the Council laid down guidelines in 1973 on the position to be adopted by Member States and on the procedure for Commission representatives to follow when participating in the work of the Conference on economic matters (second phase).

The delegations from the Member States liaise regularly in Geneva with the Commission.

(f) *Status of the European Economic Community in the General Assembly of the United Nations*

236. With the enlargement of the sphere of common interests with the General Assembly the Community asked to be granted the status of observer so that its representatives might participate in the work of this Assembly when it was dealing with questions concerning the Community, as is already the case for other United Nations bodies such as the Economic and Social Council and the United Nations Conference on Trade and Development.

The Community's application was accepted by the General Assembly at its XXIXth session in autumn 1974.

In order to implement this observer status the following practical provisions were agreed by the Permanent Representatives Committee: the Community delegation would consist of a representative of the country providing the Council President and a Commission representative; the position to be adopted by the Community would be defined beforehand in accordance with Community provisions and the usual procedures, i.e. deliberations within the Community organizations in Brussels and/or coordination on the spot; and the spokesmen for the

Community would be the representative of the country providing the President and the Commission representative. The division of these duties would be specified when the Community position was being defined and would depend on the topics under discussion and the circumstances. It is understood that the Commission usually acts as the Community's spokesman on topics arising from common policies, but different provisions could be agreed if circumstances required.

(g) *Relations with COMECON*

237. Following the contact made by COMECON in September 1973 with the Community,¹ the Council, acting through the Ambassador of the Federal Republic of Germany, which at that time was providing the President of the Council, confirmed in May 1974 to the Secretary-General of COMECON that if COMECON wished to approach the Community the Commission was prepared to accept any communication or approach in the matter. In this connection it should be noted that the Secretary-General of COMECON recently sent a letter to the President of the Commission informing him of COMECON's intentions concerning the establishment of contacts with the Commission and inviting him to Moscow to begin talks.

(h) *Coordination of the viewpoint of the Nine within the OECD*

238. During 1974 meetings between Member States' delegations and Commission representatives were held before the major OECD meetings in order to examine and coordinate beforehand the position to be adopted on the items on the agenda for these meetings.

This was more particularly the case before the OECD Council meeting at ministerial level held on 29 and 30 May 1974 and concerned with the examination of the basic economic problems arising at international level. More specifically the discussions of the OECD Council at ministerial level covered three main topics: firstly, inflation and the deterioration in the balance of payments of most of the OECD Member Countries. In this connection the Ministers agreed to sign a declaration containing a political undertaking to abstain for one year from imposing trade restrictions as a corrective to the deterioration in the balance of payments situation due to the increase in energy

¹ See paragraph 381 of the 21st Review.

costs; secondly, development cooperation, taking account of the aggravation of the situation in a number of developing countries; thirdly, energy problems.¹

2. REGIONAL AND BILATERAL RELATIONS

(a) *Relations with Canada*

239. In April 1974 the Canadian Government sent a memorandum requesting a Trade Agreement with the Community. At its meeting on 15 October 1974 the Council accordingly held an exchange of views on the problems concerning relations with Canada in the light of the official visit which the Canadian Prime Minister had made to the Community headquarters in October 1974.

At that time the Council confirmed the importance which the Community and its Member States attached to strengthening their traditional links and to the development of their economic and trade relations with Canada. These links were the result of a common heritage, the important role of Canada and the Community in international economic relations and the attendant responsibilities. The Council therefore considered that, if these ties were strengthened in a way which remained to be negotiated between the two parties, mutual relations based on membership of the GATT and participation in the OECD would be consolidated and that it would be possible to continue and develop the practice of mutual consultation thus providing further opportunities to increase reciprocal cooperation in the interests of all concerned.

(b) *Relations with Asiatic countries*

240. A Trade Cooperation Agreement between the Community and India entered into force on 1 April 1974. It is the first agreement of its kind which the Community has concluded with an Asiatic country within the context of the Joint Declaration of Intent annexed to the Accession Treaty on the development of trade relations with certain Commonwealth countries.

¹ See Chapter III (C) of this Review.

It is an outline agreement which should enable a new phase of trade and economic cooperation with India to develop. The Agreement defines the aims of this cooperation and lays down the guidelines and the methods for achieving them within the context of the work of the Joint Committee which has been given wider powers for this purpose than those provided for in the conventional trade agreements.

The Joint Committee has already held two meetings in 1974, the first in Brussels in May 1974 and the second in New York in December 1974. At these meetings the procedural rules for the Joint Committee were defined, an initial work programme was determined, a number of problems concerning products of more particular interest to India were examined and resolved as far as possible, and initial practical measures liable to promote the development of trade and economic cooperation between the two parties were identified and adopted.

Furthermore, the Council authorized the Commission to open negotiations with three other developing countries in the same part of the world, viz. Bangladesh, Pakistan and Sri Lanka, with a view to concluding trade cooperation agreements based on the same principles as for the agreement with India, but adapted to the economic conditions and specific problems of each of these countries.

241. It should also be noted that a whole series of sectoral measures were taken by the Community in favour of certain Asiatic countries. Two new agreements with India on jute and cotton entered into force on 1 April 1974 which contain substantial improvements compared with the previous agreements. A similar agreement was concluded with Bangladesh on jute. In order to allow the countries concerned to benefit from duty-free tariff quotas which are opened autonomously by the Community every year in the handlooms and handicrafts sector, the EEC concluded an agreement with Bangladesh and opened negotiations with Laos and Sri Lanka.

(c) *Relations with the countries of Latin America*

242. Relations between the Community and the Latin American countries continue in two ways: to develop on the one hand through the dialogue with the CECLA Latin American Member Countries as a whole and on the other hand through negotiations on bilateral trade agreements.

In connection with the dialogue first mentioned, the 5th meeting was held in Brussels in two sessions, on 28 June and 6 December 1974. This meeting was devoted primarily to general exchanges of views on problems of common interest and on certain sectors of Community activities in which these countries are particularly interested. It also established what progress had been made in working out the Community's overall policy on development cooperation. In this connection the participants in the meeting noted that in the field of trade promotion the programme for implementing the Council Resolution of 30 April 1974 in favour of the Latin American countries and the guidelines evolved as part of the work of the Joint Working Party of Experts on Trade Policy had enabled them to reach the stage of achieving concrete results. The Working Party's brief was extended for the period between the 5th and 6th meeting.

243. As regards bilateral agreements, two trade agreements with Uruguay and Brazil entered into force in 1 August 1974. These two agreements are non-preferential and fairly similar to the agreement, concluded with Argentina. They contain practical solutions for problems in specific sectors, viz. Brazil's soluble coffee and 'cocoa butter' and Uruguay's beef and veal, and they provide for a body (the Joint Committee) to seek ways of encouraging increased economic and trade cooperation on the basis of reciprocal advantage. Lastly, the agreement between the EEC and Argentina, due to expire on 31 December 1974, was extended for one year. This should enable exploratory talks to take place with a view to examining in greater depth the various aspects of Argentina's request for the agreement to be renegotiated on a broader basis.

(d) *Euro-Arab Dialogue*

244. On 10 June 1974, after intensive preparatory work on political cooperation, the Ministers for Foreign Affairs of the Nine gave their final approval to the text of an aide-memoire to be sent to all the Arab countries, in which the Nine expressed a wish to continue the dialogue they begun with these countries at the Copenhagen Conference held on 14 and 15 December 1973, and to develop this dialogue into mutually beneficial cooperation which would extend to relations with the Community—at present becoming more broadly based.

This also prompted the decision made by the Council in February by which it empowered its President, in conjunction with the Commission, to start negotiations with the Arab countries on matters under the

Communities' jurisdiction, after first recalling the decisions already taken on the overall Mediterranean approach—of particular concern to a whole series of Arab countries.¹ At the same time the Council also agreed that the Community should participate in this project in accordance with the rules of the Treaties, so associating very closely the Member States engaged in political cooperation with the Community, in order to provide a general political framework for Euro-Arab cooperation.

(e) *Regional problems of the Faeroe Islands*

245. On 23 March 1973 the Danish Government submitted a memorandum to the Council on the Community policy on fisheries, and an additional statement on 25 October of the same year with the basic purpose of obtaining from the Council some sign of its intention to recognize in an appropriate form the existence of the preferential fishing rights of the Faeroe Islands and Greenland fishermen.

Since the initial talks had shown the difficulties of satisfying this request, because of the uncertainties over the outcome of the Conference on the Law of the Sea which was to meet in 1974, the question was raised by the Heads of State or Government when they met in Copenhagen in December 1973. They asked the Council to find some procedure which would allow the Faeroe Islands to defer their decision to accede to the Communities beyond 31 December 1974, the date laid down in the Accession Treaty.

This suggestion was not to be followed however, for in January 1974 the Faeroe Islands decided that they intended to repudiate the existing conditions for acceding to the Communities, in view of internal developments in the Islands. In accordance with Article 3 of Protocol No 2 annexed to the Act concerning the Conditions of Accession, the Danish Government officially informed the Council in a communication dated 4 February of the negative attitude adopted by the local authorities of the Faeroe Islands.

The adoption of this position put an end to any question of accession for the Faeroe Islands, but still did not resolve the specific problems concerning future economic relations between that area and

¹ See paragraph 183 of this Review.

the Community. On the basis of the provisions in the last part of Article 3 of the afore-mentioned Protocol the Council therefore adopted a Resolution at its 276th meeting in which it recognized the importance of the fishing industry to the Faeroe Islands and stated that it was prepared to seek solutions which would be acceptable over a longer term. It also undertook, as regards the immediate situation, to adopt an arrangement for the progressive elimination of Customs duties on imports of products originating in and consigned from the Faeroe Islands which were essential for their economic and social development.

To follow up this Resolution, on 22 July 1974 the Commission submitted to the Council a proposal to set up a special Customs procedure applicable to certain products originating in the Faeroe Islands. This regulation was adopted by the Council on 1 August 1974 and entered into force on 1 September of the same year. ¹

In return the Danish Government informed the Council in a communication dated 23 August 1974 that the Faeroe Islands authorities had decided to reduce by stages as from 1 September 1974 the charges they were levying on a number of products originating in the Community.

3. RELATIONS BETWEEN THE MEMBER COUNTRIES AND ASSOCIATES OF EFTA

(a) Finland

246. On 1 January 1974 the Free Trade Agreement between the Community and Finland entered into force. The second implementation stage of all the free trade agreements with the EFTA countries entered into force on 1 January 1974 and reduced Customs duties by 20% on both sides. Thus Customs duties have now been reduced by 40%, even in the case of Finland.

(b) Portugal

247. The evolution of Portugal towards democracy, based on the same principles as those inspired by the Community, led the Portuguese authorities to seek a closer relationship between the Community and

¹ Regulation (EEC) No 2051/74, OJ No L 212 of 2. 8. 1974.

their country. In this connection the Council agreed that the EEC-Portugal Joint Committee should examine all the requests made by Portugal and formulate appropriate recommendations. The Council also formulated a basic policy which favoured opening negotiations with Portugal at the right time and in an appropriate context.

In accordance with this policy the Joint Committee provided for in the EEC-Portugal Agreement held its fourth meeting in Lisbon on 25 and 26 November 1974, when the Community delegation expressed its pleasure at political developments in Portugal. Now that the way was open for a democratic system to develop, founded on principles which were basic to the Community, the EEC and Portugal could move closer together.

248. The Portuguese delegation confirmed the declaration made at the last meeting of the Joint Committee in June 1974 at Brussels, expressing the wish of the Portuguese authorities to go beyond the commercial agreements between Portugal and the Community and emphasized Portugal's devotion to democratic principles and the fundamental objectives of the Community.

The Portuguese delegation then detailed its wishes. These partly concerned cooperation on the basis of Article 35 of the Agreement and also a number of requests arising in the commercial field as laid down in the Agreement. As for the fields not covered by the Agreement, the Portuguese delegation described how the Community could cooperate financially in the industrial development of Portugal, and it also raised certain matters concerning the position of the Portuguese labour force in the Community, particularly with regard to social security. In the commercial sector one of the topics mentioned was the procedure covering wines from Portugal and Portuguese exports of canned fish and tomato concentrates to the Community. Lastly, the Portuguese delegation expressed the desire for changes in certain arrangements for trade in industrial products between the Community and Portugal and also in the implementation of the clause concerning emergent industries.

249. The Community delegation agreed that the Joint Committee should be instructed to examine all these requests. It announced a basic policy in favour of opening negotiations with Portugal and declared its readiness to take all necessary steps to examine the Portuguese requests as quickly as possible within the Community in accordance with the most appropriate procedures.

Both delegations considered that this examination should be carried out without delay and instructed a working party specially set up for this purpose to carry out the preparatory work for the Joint Committee, which would next meet at the beginning of the following year. In this way the Joint Committee would be in a position to formulate appropriate recommendations with a view to opening negotiations.

(c) *Iceland*

250. With regard to the agreement with Iceland, it was not possible to find a solution acceptable to all the Member States to the problem of relieving the economic difficulties resulting from the measures adopted by Iceland on fishing rights. The Council therefore decided to defer the decision on the implementation of Protocol No 6 to this Agreement.

(d) *Administration of the EEC-EFTA Agreements*

251. The Joint Committee provided for in these Agreement for their administration met twice in 1974 to examine how they were operating. On each occasion the Council adopted the joint position and thus enabled the Joint Committees to make decisions on the simplification of Customs formalities and the definition of the concept of 'originating products'.

252. In addition, on 4 February and 25 June 1974 the Council adopted the Regulations concluding Agreements in the form of an exchange of letters with Portugal on certain products originating in that country, one concerning canned sardines and the other two concerning prepared or preserved tomatoes. On 4 February 1974 the Council also adopted the Regulation concluding an Agreement in the form of an exchange of letters with Portugal whereby certain provisions of Protocol Nos 1, 6, 7 and 8 to the EEC-Portugal Agreement were amended, and on 7 November 1974 it adopted the Regulation opening, allocating and administering tariff quotas for certain wines originating in Portugal, as laid down by the Agreement.

On 30 May 1974 the Council adopted the Decision concluding an Agreement in the form of an exchange of letters with Norway on the Customs duties applicable to certain fisheries products originating in Norway.

(e) *Agreements on ECSC products*

253. Of the Agreements on ECSC products with the various EFTA countries those concluded with Austria, Iceland, Portugal, Sweden and Switzerland entered into force on 1 January 1974 and the Joint Committees provided for in these Agreements held meetings.

The ECSC-Norway and ECSC-Finland Agreements were ratified during 1974, which means that they will enter into force on 1 January 1975. The autonomous and reciprocal measures taken by the contracting parties to the Agreement in order to bring into force the initial tariff reductions for ECSC products on the same date as the EEC products reductions will therefore expire on 1 January 1975.

(f) *'Community Transit' Agreements with Austria and Switzerland*

254. Lastly the Council concluded Agreements with Austria and Switzerland aimed at simplifying the Customs formalities between the Member States on the one hand, and Austria and Switzerland on the other. These Agreements, 'Community Transit-Austria' and 'Community Transit-Switzerland', entered into force on 1 January 1974 and the Joint Committees set up by these Agreements met during the year.

The Council therefore approved the joint position and thus enabled the Joint Committees to take decisions aimed at simplifying the procedures laid down by the Agreements and amending the Agreements following the accession of the new Member States to the Community.

E — Community action on aid to the developing countries

1. OVERALL DEVELOPMENT COOPERATION POLICY ON A WORLD SCALE

255. 1974 marked a decisive stage in the formulation of an overall Community policy relating to development cooperation, in accordance with the guidelines laid down by the Heads of State and Government at the Conference held in Paris on October 1972.

¹ For Community action at regional level see 'Relations with the Countries Africa, of the Caribbean and the Pacific Ocean'.

The results of the work carried out in this field were embodied in nine Resolutions and a Recommendation adopted by the Council at its meetings on 30 April and 16 July 1974. In addition the Commission submitted a Memorandum to the Council on 'The various forms of Community development aid already agreed upon, under negotiation or proposed by the Commission together with estimates of their probable cost' and a Communication covering further matters for consideration concerning 'future Community cooperation with the third world in the coming years in the context of the at the present time and in the foreseeable future world economic situation'.

256. An examination the Resolutions and Recommendation adopted by the Council reveals three major lines of policy, around which the various guidelines which have been evolved may be grouped, viz. increase in exports from the developing countries, financial resources of the developing countries and harmonization and coordination of the cooperation policies of the Member States and the Community.

(a) Increase in exports from the developing countries

257. The Council approved in particular a Resolution on the Community system of generalized preferences which comprises a series of guiding principles for extending and improving this system. Under the terms of this Resolution these improvements should include a progressive reduction in the list of products subject to quota, a substantial raising of ceilings, and increased coverage of processed agricultural products. These principles had already been implemented in formulating the schedule of preferences for 1974 and they also formed the basis of the work on the Community's system of preferences for 1975.

A second Resolution concerns the policy to be followed on commodities. In this text the Member States and the Community confirm in particular their interest in and support for, in appropriate cases international commodity agreements and arrangements to stabilize markets and increase exports from the developing countries.

In addition the Council adopted two Resolutions on setting up at Community level additional means of technical cooperation, one to encourage exports from the developing countries and the other to encourage regional integration among the developing countries.

(b) *Financial resources of the developing countries*

258. Work in connection with the financial resources of the developing countries concerned problems which fall into five main categories. In the first place the Council adopted a Resolution on the volume of official aid, in which the Member States agree to make their common aim an effective increase in official aid for development, taking account of their respective abilities to contribute. It is also stipulated that in pursuit of this objective the Member States will endeavour to achieve the objective of an official aid figure of 0.7% of the GNP, quoted in the 'International Strategy for the Second Ten-Year Period' as adopted by the UN. This must be done as soon as possible and those Member States farthest from the objective must make the quickest progress. The Member States will also endeavour to ensure as far as possible that the amount of their official aid for development is not adversely affected by budgetary difficulties or balance of payment problems.

As regards the financial conditions for this aid, the member States reached agreement on a series of common principles seeking to improve these conditions, particularly in favour of the 25 least developed countries as identified by the UN, and to adapt them more closely to the particular circumstances of each beneficiary country.

In a resolution on the external debt burden of the developing countries, the Member States also emphasize the necessity for co-operation amongst all the industrialized countries in order to avoid excessive growth in private export credits granted to countries where the extent of their debt begins to cause concern, and they consider that there should be an increase in official aid on advantageous terms so as to avoid over-rapid growth in the debt burden of the beneficiary countries.

The Council also approved a Recommendation that there should be an exchange of information between the Member States followed by consultations on the geographical allocation of aid from the Member States and the Community, at the same time recognizing that account must be taken of the diversity of situations resulting from historical, economic and political factors.

Substantial progress was also made on drawing up a policy for financial and technical aid to non-associated developing countries. In a Resolution the Council confirms the principle of technical and

financial aid to non-associated developing countries, specifying however that it intends to give priority to the financial commitments to be undertaken under the association agreements at present being negotiated.

The Community's participation in the UN emergency operation for the developing countries most seriously affected by international price fluctuations may be considered in this respect as a start in implementing this Resolution. ¹

(c) *Harmonization and coordination of the cooperation policies of the Member States*

259. The Council laid down a general policy under which the Community and its Member States set themselves the objective of bringing their development cooperation policies closer together to an appropriate degree, so as to achieve greater cohesion and efficiency. The Council laid down a number of means of achieving this objective, such as stepping up exchanges of information and experience on the objectives, principles and methods employed with a view to achieving coordination on these, mutual consultations concerning the positions to be taken up by the Member States and the Community in international organizations and cooperation with international organizations dealing with development aid.

260. Thus it is apparent that some very far-reaching decisions were taken during 1974 by the Council on extending the cooperation policies already being followed and also on developing new cooperation policies, such as the setting up of additional instruments of financial and technical cooperation, and lastly the coordination and harmonization at Community level of the policies of the Member States and the Community in this field, both at the formulation and the implementation stages.

A new and major phase in the formulation of the overall policy of development cooperation on a world scale is to be expected as the outcome of the deliberations which the Council will begin early in 1975 on the Commission's Memorandum and the additional matters for consideration mentioned above. ²

¹ See paragraph 272 of this Review.

² See paragraph 255 of this Review.

2. COMMUNITY GENERALIZED PREFERENCES IN FAVOUR OF THE DEVELOPING COUNTRIES

261. On 30 April 1974 the Commission submitted a proposal for a Regulation to the Council designed extend to as from 1 September 1974 the list of processed agricultural products eligible for the Community system of generalized preferences. This extension was made in response to requests from Denmark, the Netherlands and the United Kingdom and concerned 18 tariff headings in Chapters 1-24 of the CCT. At its meeting on 22-23 July 1974 the Council decided that the improvements proposed by the Commission would be examined as part of the overall proposals for the 1975 scheme.

Except for textiles, these overall proposals were submitted to the Council on 27 June 1974 to enable the new scheme to be implemented under normal terms on 1 January 1975.

The Commission's proposals concerning textiles were submitted to the Council on 31 October 1974, since the Commission had reserved the right before submitting these proposals to study the situation as affected by the progress of the negotiations being held in connection with the 'Multifibre Agreement'.

The Regulations and Decisions adopted on this matter by the Council at its meeting on 2-3 December 1974 may be analysed as follows.

(a) *Processed agricultural products falling under Chapters 1-24 of the CCT*

262. The preferential margin was substantially increased for a number of products already covered the system of generalized preferences and it was decided to extend preferences to other products. Of these the inclusion should be noted of certain types of shrimps and prawns, certain types of manufactured tobacco, castor oil and certain Indian spices. Taking account of the necessity to safeguard the interests of the countries associated with the Community, the Council also approved the reasons which had led the Commission to propose the inclusion of a number of products on a conditional basis and agreed to implement these proposals, on the basis of the list of products contained in the Commission's initial proposals and in accordance with certain procedures to be laid down at a later date, as from the

implementation of the trade provisions of the new Association Agreement with the African, Caribbean and Pacific countries, which might under certain circumstances be brought into operation before the due date.

In addition the Council decided to renew for 1975 the quotas for soluble coffee, 'cocoa butter' and canned pineapple and to open a new quota for raw flue-cured Virginia type tobacco.

All these improvements should lead to an increase of the order of 150 million u.a. in potential preferential imports, the 1974 figure already amounting to 450 million u.a.

(b) *Industrial products other than textiles of Chapters 25-99 of the CCT*

263. In 1975 the Community will grant facilities for these products to be imported duty free when consigned from developing countries, to a value of approximately 2.3 thousand million u.a. compared with 2 thousand million in 1974. The additional improvements to the system of preferences applied in 1974 decided on by the Council concern in the first place the raising of the ceiling by the normal interplay of factors determining the calculation. This overall increase is of the order of 15%.

The second improvement concerns the reduction from 51 to 16 of the list of sensitive industrial products other than textiles falling within the tariff quota system.

In addition, with a view to making a more balanced allocation of the preferential benefits among the countries concerned, special provisions were adopted as an experiment for the products which were subject to quota in 1974 and which are now placed under the system of ceiling under special surveillance for 1975.

Furthermore, for the first time in the history of the Community system of preferences, a reserve quantity aimed at enabling better use to be made of the quotas has been set up for two quotas.

Lastly it should be noted that the Council decided to increase the quota for plywood and similar laminated wood products—in future expressed in terms of volume—and to include in the system of

generalized preferences certain categories of footwear exported by dependent territories, one of which is Hong Kong.

(c) *Textiles*

264. The Council also agreed to extend for 1975 the transitional arrangements applied in 1974 to the textile sector, but with some adjustments. Under these arrangements facilities for importation of goods to the value of some 500 million u.a. were being granted. Lastly it should be noted that jute and coconut fibre products may still enter Denmark and the United Kingdom duty free.

265. On analysis of the provisions adopted by the Council for 1975 shows that in spite of the difficult economic situation in which all the Member States are placed at the present time, the Community has agreed to make a substantial additional effort to help the developing countries, particularly the most deprived amongst them, thus confirming that the generalized preferences remain a basic feature of the Community's overall policy in favour of the third world.

3. FOOD AID

266. The Council's activities on food aid were concentrated on implementing previously agreed aid projects, drawing up new programmes for 1974 and 1975 and placing food aid within the context of the Community's overall development cooperation policy.

267. As part of its normal executive work the Council concluded some 50 supply agreements and regularly followed up the delivery operations to ensure that they were carried out. In this connection particular attention was paid to the organization of deliveries to the countries of the Sahel difficulties are liable to arise as regards the regular supply of aid and coordination with the donor countries and organizations. The Council also gave particular attention to the alarming situation in Bangladesh and in India, as well as in other countries hit by natural disaster or affected by other serious events.

268. As regards drawing up the aid programmes for 1974 and 1975 it should first of all be noted that the Council adopted a Community budget for expenditure relating to food aid of approximately 175 million u.a. for 1974 and 200 million u.a. for 1975. In determining an

increase of approximately 25 million u.a. for 1975 the Council wished to take account, at least to some extent, of the increases in the price of foodstuffs and in transport costs so as to maintain the same volume of aid for 1975 as for 1974.

(a) *Aid in the form of cereals*

269. On 21 March 1973 the Council laid down the 1973/1974 action plan which constitutes the third year in which the 1971 Convention relating to food aid has been implemented. This plan of action provides for the supply of an overall total of 1 287 000 tonnes, split between national projects (55%) and purely Community projects (45%). Some 35 countries and a few international organizations, such as the World Food Aid Programme (WFAP) and the International Committee of the Red Cross (ICRC), benefit from this aid. Taking account of existing circumstances and forecasts for the coming months, it is planned to allocate a preponderance of the aid to Bangladesh, Ethiopia and the countries of the Sahel. Other major beneficiary countries are Egypt, India, Indonesia, Pakistan and Sri Lanka.

In this connection it should also be recalled that the Council agreed to extend the Convention relating to food aid, due to expire on 30 June 1974, for a further year and to cover the same quantities.

At its meeting on 30 April 1974 the Council agreed the principle that the Community should observe the Protocol extending the Food Aid Convention, the text of which was finalized in London on 22 February 1974. Subsequently it lodged a provisional declaration of application on 17 June 1974 in Washington with the United States Government as the depositary power. This Protocol entered into force on 1 July 1974.

To follow up this undertaking the Council began work in autumn 1974 to draw up the 1974/1975 action plan. However, for reasons beyond its control, the Council was unable to draw up an overall programme as quickly as it wished, and it was therefore considered advisable to anticipate the programme by providing for certain aid projects which were particularly urgent. These were the provision of aid in 1975 for Ethiopia and the countries of the Sahel in sufficient time to organize transport and delivery before the rainy season. At its meeting on 17 December 1974 the Council agreed to

supply these countries with aid amounting to a total of 60 000 tonnes, — 17 000 under the 1973/1974 programme and 43 000 tonnes under the 1974/1975 programme — without prejudice to the supply of additional quantities which might become necessary later. Another project was to reply to the pressing request from the Indian Government to the Community for 1 million tonnes of cereals, partly as aid, to enable it to meet part of its food deficit which in that year grew to alarming proportions. The Council agreed to supply 700 000 tonnes as a commercial transaction and 15 000 tonnes as food aid. Lastly, the possibility of providing a further supply of some 150 000 tonnes as bilateral aid from the Member States is still being examined.

(b) *Aid in the form of milk and milk products*

270. On 28 December 1973 the Council had adopted an initial aid programme for 1974 for Ethiopia and the countries of the Sahel providing for the supply of 14 000 tonnes of skimmed-milk powder and 6 000 tonnes of butter oil.

Besides this programme the Council adopted two further programmes covering a wider geographical area, one for supplying 39 000 tonnes of butter oil (Council Decision of 4 March 1974) and the other for supplying 41 000 tonnes of skimmed-milk powder (Council Decision of 11 July 1974). It should be emphasized that a large share of the supplies from these two programmes was allocated to the WFAP, i.e. 15 000 tonnes of butter oil and 20 000 tonnes of skimmed-milk powder, and special mention must also be made of the emergency aid which it was agreed on 12 September 1974 to give to the displaced population of Cyprus following the latest events on the island and on 10 October 1974 to Honduras following the cyclone which hit the country.

At its meeting on 17 December 1974 the Council decided to give 14 000 tonnes of skimmed-milk powder and 6 000 tonnes of butter oil as aid in 1975 to Ethiopia, the countries of the Sahel and Somalia, as an interim programme. It was specified that this aid would form part of an overall programme for 1975 on milk and milk products which was being drawn up.

(c) *Prolongation of the Convention signed with the UNRWA*

271. Lastly, it should be recalled in this connection that the Convention signed with the UNRWA on 18 December 1972 was prolonged

for the third and final year. This Convention provides for certain quantities of sugar, wheat flour, rice and skimmed-milk powder to be supplied to the Palestinian refugees and also a contribution in cash to finance the purchase of fresh foodstuffs locally and to cover the distribution costs to be borne by the UNRWA.

On the basis of proposals from the Commission, the Council held a wide-ranging debate on the Community's food aid policy. At its meeting on 16 July 1974 it emphasized the necessity for the Community to continue its efforts to diversify the range of products supplied as food aid and to see that they were more suited to the requirements of the needy countries. It also considered that food aid ought to be fully integrated into the overall framework of the Community development cooperation policy which is at present being drawn up.¹

4. THE PROBLEMS OF DEVELOPMENT UNDER THE UNITED NATIONS

(a) The problem of development and raw materials before the United Nations General Assembly

272. In response to the initiative taken by the President of Algeria in his capacity of President of the group of non-aligned countries, the 6th extraordinary session of the General Assembly was held in New York from 9 April to 2 May 1974 to study the problems concerning raw materials and development. During this 6th special session Mr W. Scheel, Minister and President-in-Office of the Council of the Community, made a Community declaration on behalf of the Nine Member States and the Community, the contents of which had been approved by the Council of the Community at its meeting on 1 and 2 April 1974 and which defined the Community's position on the main problems submitted to the General Assembly.

273. After some difficult deliberations, the General Assembly adopted by consensus agreement — accompanied by several reservations and a number of statements of interpretation from several western countries and in particular the Community — a document comprising a 'declaration on the establishment of a new international economic order' and also an 'action programme' aimed at implementing the principles contained in this declaration. The reservations formulated

¹ See E 1 of this Chapter.

on behalf of the Community concerned the provisions in the action programme relating to the full refund of the revenue from Customs duties and charges on imports on the one hand, and the extension of generalized preferences to commodities on the other. In addition to these reservations on the part of the Community several Member States also expressed reservations on various provisions.

This action programme contains a special aid programme which includes emergency measures for the developing countries most adversely affected by the present crisis and also a section providing for United Nations activities on economic matters to be consolidated by a series of institutional provisions. In accordance with this action programme the General Assembly will make an overall study of the implementation of the action programme, which will be regarded as a matter of priority. Furthermore, all the activities under the aegis of the United Nations, such as the World Conference on Population, the World Food Conference, the Second General Conference of the UNIDO, the UNCTAD, etc. should be organized in such a way that when the General Assembly holds its 7th Extraordinary session on development in September 1975 it may be able to make a full contribution to establishing the new international economic order.

(b) *United Nations emergency project*

274. On 1 May 1974 the President of the Council, as spokesman for the Community, declared to the Extraordinary General Assembly of the United Nations that the European Community was prepared to make a substantial contribution to a special aid project for the developing countries most adversely affected by the present crisis, to the extent in which the other members of the world community were ready to participate.

In a letter dated 25 June 1974 addressed to the Secretary-General of the United Nations from the President of the Council, the Council confirmed this offer and specified that, provided the other members of the world community who had been approached contributed their share, the European Community would set itself the objective of participating in the special effort recommended by the United Nations for twelve months, by contributing a 6th of the total amount, with an upper limit of 500 million dollars. The Community's offer is based on the assumption that the other industrialized countries would cover between then 2/6 of the total and that the oil-exporting countries would contribute the remaining half of the total amount.

275. At its meeting on 3 October 1974 the Council confirmed its decision to contribute on the Community's account to the special aid project for the developing countries most adversely affected by international price fluctuations, in accordance with the terms and conditions set out in the letter mentioned above from the President of the Council to the Secretary-General of the United Nations.

At the same meeting the Council decided to make an immediate initial contribution of 150 million dollars to the emergency project. Since then, of this 150 million dollars, 30 million dollars have been paid into the special account of the Secretary-General of the United Nations. The balance of 120 million dollars is to be used directly by the Community for the benefit of the countries most adversely affected and at its meeting on 2-3 December 1974 the Council adopted the overall programme for the utilization of this money, as submitted by the Commission on 21 November 1974 following exploratory contacts made with the developing countries most seriously affected by the present crisis. The Council accepted the Commission's proposal to limit disbursements from this initial instalment to 17 developing countries.

276. Since the fundamental objective of the project is to maintain the capacity of these countries to import essential goods, the main criterion of eligibility adopted by the Council is the amount of the residual balance of payments deficit of each country. However, account was also taken of other sources of aid which certain seriously affected countries might have received. In addition, the situation in the least developed countries as identified by the United Nations was given particular consideration.

Among the principal beneficiaries under this initial instalment are India, (50 million dollars), Bangladesh (22 million dollars), Tanzania (9 million dollars), Kenya (6 million dollars), Sri Lanka, Mali and Niger (5 million dollars). The other beneficiaries under the initial instalment are Chad, Dahomey, Haiti, Honduras, Madagascar, Pakistan, Rwanda, Senegal, Somalia and Upper Volta.

From its contacts with the countries receiving Community aid the Commission learned that they proposed to use their allocation to purchase — as a general rule within the Community — foodstuffs, fertilizer, insecticides, medicinal preparations, certain items of equipment and services essential to their economy.

(c) *World Food Conference*

277. Following a move made at the meeting of Ministers from the developing countries and taken up by the United States Government, the United Nations General Assembly had decided to call a World Food Conference. Following intensive preparatory work throughout 1974, the Conference was held in Rome from 5 to 16 November 1974.

The aim of this Conference was to examine the problems raised by the existing world food crisis, even more serious in the light of future prospects than at the present time. In the face of famine and malnutrition it was essential to seek out appropriate methods for increasing food production in the developing countries and consolidating the security of food supplies throughout the world.

The Council of the European Communities showed an interest in this Conference on several occasions and wanted the Community to make an active contribution to it. Therefore, on the basis of proposals from the Commission, at its meeting on 15 October 1974 the Council drafted the general principles which were to serve as a guide to the delegations of the Communities and the Member States throughout the proceedings of the Conference. This policy formed the basis of the speeches made on behalf of the Community by the President of the Council (Mr Bonnet, Minister for Agriculture of the French Republic and by Mr Lardinois of the Commission.

278. At the end of the Conference a universal declaration of a general nature was adopted on the ultimate elimination of hunger and malnutrition, as well as 22 resolutions.

Among its main recommendations, the Conference emphasized the necessity of increasing food production in the developing countries and official aid for agricultural development. The industrialized countries were invited to implement a policy aimed at a rapid increase in food production and the Conference also recommended that a world system of information and early warning should be set up under the FAO to prevent famines and all forms of food shortage throughout the world. It also recommended the accelerated implementation of an international undertaking on the security of world supplies of food to enable adequate national and regional stocks to be built up and maintained. All the donor countries were recommended to accept and apply the principle of forward planning for food aid and to make all possible efforts to guarantee a minimum of 10 million tonnes of cereals

per annum and adequate quantities of other foodstuffs as food aid. The Conference proposed that a system of cooperation should be set up which would expand and grow steadily and liberalize world trade by making substantial improvements in the conditions of access to the markets of the industrialized countries for the agricultural products and foodstuffs from the developing countries.

As regards institutional provisions, the Conference recommended that an Agricultural Development Fund should be set up immediately, to be financed by voluntary contributions, and that a world Food Council should be set up at ministerial or plenipotentiary level to ensure that the recommendations of the Conference were implemented.

(d) *Charter of Economic Rights and Duties of States*

279. The idea of drafting a Charter of the Economic Rights and Duties of States was launched by the President of Mexico, Mr Echeverria, at the Third UNCTAD Conference at Santiago. During this conference a working party was set up to prepare a final draft of the Charter.

This working party met three times at Geneva and a fourth time in Mexico on 10-29 June 1974.

280. On 12 December 1974 the General Assembly of the United Nations, meeting in plenary session, on the proposal from its Second Committee, adopted the draft Charter of Economic Rights and Duties by 120 votes in favour and 6 against (Belgium, Denmark, Federal Republic of Germany, Luxembourg, United Kingdom and United States) with ten abstentions (Australia, Canada, France, Ireland, Israel, Italy, Japan, Netherlands, Norway and Spain). When this vote was taken the French representative, speaking on behalf of the Community and its Member States, explained why the Member States of the Community were unable to associate themselves with the draft Charter prepared by the Group of 77 as submitted to the General Assembly. He mentioned divergencies between developing and developed countries on a considerable number of basic problems, e.g. sovereign rights over natural resources, nationalization of foreign investments, the principle of non-discrimination and most favoured nation treatment, regular supplies of raw materials, etc.

281. It must be noted that the Nine had considered that there was no reason for submitting the text proposed by the Group of 77 to the General Assembly for immediate adoption, but that compromise solutions should continue to be sought. For this reason the delegations of the Member States of the Community had lodged a draft resolution aimed at enabling the working party to continue its endeavours with a view to finalizing a generally accepted draft of the Charter and submitting it to the special session of the General Assembly on development (planned for September 1975). This attempted postponement was rejected by the Second Committee by 81 votes against and 20 in favour with 15 abstentions.

CHAPTER V

Agriculture

A — General problems concerning the Common Agricultural Policy

1. 1974/75 AGRICULTURAL PRICES

282. At the end of the usual marathon sitting on 23 March 1974 the Council, as the body which manages the various common organizations of the agricultural markets, fixed the common prices for the main agricultural products.

These decisions were made on the basis of Commission proposals and taking account of the Opinions of Parliament and the Social and Economic Committee.

The Commission had submitted proposals giving an average rise in the common agricultural prices of some 7·2%. The Council did not go quite so far as the Commission in its desire to improve the price structure in order to ensure equilibrium in the markets. It finally decided to increase the agricultural prices by an average of 8·8% over the prices for the preceding marketing year, e.g. 0% for olive oil, 6% for wheat, 8% for milk, 12% for beef and veal and 36·5% for durum wheat. The Council chose this way of emphasizing its own view—namely, that markets and prices policy remained the main instrument of the agricultural incomes policy—and in coming to its decision on prices and incomes trends, took account of supply and demand on each of the markets concerned and of inflation which affects the producer. Nevertheless, the moderate increase adopted by the Council for the common agricultural prices, which was below current inflation rates, indicated its desire to make a contribution to the fight against inflation.

However, the Council improved to some extent certain price ratios such as those between common wheat and feed grain, between fats and nitrogen-treated substances in the milk sector and between milk products and beef and veal.

In addition, the Council decided to grant national aid to consumption in the butter sector, which was 17 u.a./100 kg above that for the previous year.

283. Since the overall situation in the agricultural world had deteriorated to an unaccustomed extent during the summer of 1974, with a large increase in production costs and reduced sales in the bovine and pigmeat sector, the Commission proposed to the Council a general 'across the board' increase of 4% in the common prices. Parliament's Opinion favoured 6%. After three meetings, on 3 September, 19-17 September and 2 October 1974, the Council adopted a general increase of 5% in the various common prices and at the same time adopted a *de facto* devaluation in the British and Irish 'green pounds'. It also agreed to take account of this 5% increase when fixing prices for the following marketing year and instructed the Commission to draw up by the end of February 1975 a complete inventory of the Common Agricultural Policy, taking particular account of the objectives set out in Article 39 of the EEC Treaty.

2. STRUCTURAL POLICY

(a) Implementation of the Directives of 17 April 1974 on agricultural reform

284. First of all it will be recalled that the Member States were bound to implement the measures needed to comply with these Directives by 1 January 1974.¹

The incorporation of the Community texts into national legislation came in the first instance under the jurisdiction of the Member States in cooperation with the Commission following the procedure of the Standing Committee on Agricultural Structures. For this reason the Council had practically no need to take action in this field during the period covered by this Review.

¹ Directive No 73/210/EEC, OJ No L 207 of 28. 7. 1973.

285. However, circumstances forced the Council to make two exceptions. The reason for the first lay in the deterioration in the general economic situation regarding agriculture during the first half of 1974, which led the Commission to submit a communication on 31 August containing certain measures to deal with the situation. These measures included authorization granted to the Member States to increase to 6% the maximum interest rate subsidy provided for in Article 8 (2) of Directive 72/159/EEC (modernization of farms) and a proposal that the EAGGF should be responsible for the resultant increased expenditure.

The Commission considered that this proposal was justified by the situation on the capital markets and the resultant exceptional burdens placed on farmers who wished to modernize their farms, and it was adopted by the Council at its meeting of 2 October 1974,¹ It is due to expire on 31 December 1975.

286. The second action taken by the Council was in response to complaints by the Danish Government of difficulties in implementing Directive 72/160/EEC (on cessation of farming) in Denmark. In response to the request from Denmark, and on a proposal from the Commission, the Council decided to postpone Denmark's time limit for implementing Directive 72/160/EEC to 31 December 1976. This Directive, which was adopted by the Council at its meeting on 9-10 December 1974,² also lays down that the Kingdom of Denmark must supply annually to the Commission all the information necessary to evaluate the development of the structural situation in agriculture.

(b) *Implementation of the Directive on mountain and hill farming and farming in certain less-favoured areas*

287. It will be recalled that after difficult discussions which continued throughout 1973 the Council formally adopted this Directive at its 274th meeting on 21-22 January 1974.³

However, the Council agreed at that time that this Directive would not enter into force until a list of the regions eligible to benefit from these special measures had been drawn up and the provisions

¹ Directive No 74/493/EEC, OJ No L 268 of 3. 10. 1974,

² OJ No L 352 of 28. 12. 1974.

³ For the contents of this Directive see paragraph 132 of the 21st Review.

adopted concerning the Community's contribution to the financing of certain measures.

(c) *Directive on the 1975 survey on structures*

288. The Directive organizing a 1975 survey on structures as part of a programme of surveys in the structure of agricultural holdings was approved by the Council at its meeting on 18-19 November 1974.

This survey, which is a common measure within the meaning of Article 6 (1) of Regulation (EEC) No 729/70 on the financing of the Common Agricultural Policy, covers the period 1 May 1975 - 31 March 1976 and follows on the basic survey provided for by Regulation No 70/66/EEC and the Council Directive of 28 October 1969 on the organization of the general census recommended by the FAO.

(d) *Proposal for a Directive on forestry measures*

289. On 1 March 1974 a proposal for a Directive on forestry measures was submitted to the Council. This proposal, which constitutes a common measure within the meaning of Article 6 of Regulation (EEC) No 729/70, aims at establishing a system to encourage the afforestation of agricultural or uncultivated land and the improvement of existing afforested areas. This is very closely in line with the objectives of the policy on agricultural structures. The departments responsible for the Council's preparatory work have already made a study in depth of the various measures provided for in this system.

(e) *Proposal for a Directive on special aid to young farmers of less than five years standing, and a development plan.*

290. This proposal, which was submitted to the Council by the Commission on 27 November 1974, aims at helping those farmers who represent the most dynamic element in Community agriculture to modernize their farms in a period of difficulties due to the rise in interest rates. It provides for aid over the development plan period in the form of degressive lump-sum amounts, to be granted to farmers under 40 years of age who have been farming for less than five years. The appropriate Working Party has begun its examination of this proposal, which should lead to a Council Decision when prices for the 1975/76 marketing year are being fixed.

(f) *Other projects and prospects*

291. It will be recalled in this connection that the Council still has before it a proposal for a Regulation on associations and unions of producers and that it was agreed during its 303rd meeting, on 17-19 September 1974, to resume the examination of this proposal as soon as possible. At the same meeting the Council also instructed the Commission to submit a proposal for a common measure on processing and marketing agricultural products.

3. AID AND CONDITIONS OF COMPETITION

292. At its 281st meeting on 21-22 March 1974 the Council voiced its concern over the distortions of competition between the Member States which had arisen on an increased scale as a result of the energy crisis. The Commission was accordingly requested to submit a report on the whole question together with any appropriate proposals.

The Commission's memorandum on this matter was submitted to the Council on 18 June 1974. Its main contents were a detailed analysis of the economic situation in agriculture in the face of increased energy costs and the guidelines which the Commission proposed to follow in assessing the legitimacy of the aid granted by Member States to assist certain agricultural sector to adapt, viz. fisheries and greenhouse cultivation.

At its 297th meeting on 15-16 July 1974 the Council took note of this memorandum, including the criteria which the Commission proposed to use in its assessments, and of the Commission's intention to follow developments in the situation closely.

293. In addition, following the measures taken by certain Member States to compensate by means of national support measures for the adverse effects of the economic situation on certain agricultural speculations such as stockbreeding, the Council held a wide-ranging debate on the general subject of aid at its meetings on 17-19 September and 2-3 October 1974.

At the end of these discussions the Council adopted a Resolution in which the Member States' Government Representatives declared that they would see that the rules of the Treaty concerning aid (Articles 92 and 93) were strictly observed in respect of existing

and future aid. They also undertook to provide by 1 January 1975 a full inventory of all the aid granted in 1974.

294. Lastly, still on the subject of national aid, this time from the sectoral viewpoint, it will be recalled that since November 1973 the Council has had before it a proposal for a Regulation laying down the conditions for granting national aid within the framework of the Common Structural Policy in the fisheries sector.

This proposal consists basically of three types of provisions concerning respectively the list of investments eligible for aid from national public bodies, the maximum amounts which may be granted and certain derogations for the benefit of producers' organizations and of certain regions in the Community.

The importance of this text should be emphasized in that it constitutes the first attempt to harmonize national aid in a specific agricultural sector. It is at present being examined in detail by the appropriate working party and the Special Committee on Agriculture.

4. REPERCUSSIONS OF THE MONETARY SITUATION ON THE OPERATION OF THE COMMON AGRICULTURAL POLICY

295. Since the beginning of this year the Community has been in a particularly awkward situation as regards the operation of the Common Agricultural Policy in view of the economic and monetary difficulties caused by the substantial increases in energy costs. The system of monetary compensatory amounts introduced by Regulation No 974/71¹ has continued to apply in order to offset the fluctuations in actual exchange rates.

296. In certain cases the conversion rates used for agriculture (the representative rate) were adjusted to bring them closer to the market rates. Thus in Italy the depreciation of the lira necessitated a series of changes in the representative rate² and certain additional measures.³

¹ Amended by Regulations Nos 2746/72, OJ No L 291 of 28. 12. 1972; 509/73, OJ No L 50 of 23. 2. 1973; 1112/73, OJ No L 114 of 30. 4. 1973; 1225/73, OJ No L 125 of 11. 5. 1973; 3450/73, OJ No L 353 of 22. 12. 1973; 1847/74, OJ No L 195 of 18. 7. 1974; 2497/74, OJ No L 268, of 3. 10. 1974.

² Regulations Nos 197/74, OJ No L 22 of 26. 1. 1974; 1847/74, OJ No L 195 of 18. 7. 1974; 2670/74, OJ No L 286 of 23. 10. 1974.

³ Regulation No 411/74, OJ No L 47 of 20. 2. 1974.

The compensatory amounts for trade in Italian agricultural products were thus reduced—and even abolished for a certain period at the beginning of November—and the support prices were substantially increased. In addition Italy was obliged in May 1974 to introduce a system requiring a deposit with the Bank of Italy equal to 50% of the value of all imported goods, in order to restore its balance of payments. This measure was relaxed in stages for agricultural products and revoked in October for almost all agricultural products. The process was facilitated by the adjustments made in the representative rate, as described above.

297. The depreciation of the pound led the Irish Government to request an adjustment in the representative rate for sterling in view of the difficulties experienced by the Irish breeders because of the collapse of the cattle market. The Council accordingly undertook devaluation by reducing the representative rate applicable to Ireland by approximately 11% with effect from 7 October, thus reducing the compensatory amounts levied on exports from Ireland and increasing the intervention prices. Since the Irish economy is closely related to that of the United Kingdom, the Council also reduced the rate applicable to the United Kingdom by approximately 8%.¹

298. Attention should be drawn to one of the amendments to Regulation No 974/71. Major difficulties had arisen in implementing Article 4 (2) stemming basically from the fact that the compensatory amounts were still being granted for certain processed products, i.e. cereal-based, whereas the basic product was no longer eligible for these payments. The resulting distortions in competition led the Council to suspend the application of Article 4 (2) as from 21 October 1974.²

5. COMMON ORGANIZATION OF MARKETS AT PRESENT BEING SET UP

(a) Proteins sector

299. Following the events of spring 1973 in the proteins sector, particularly in relation to soya beans, the Commission had submitted a report on the Community's protein supplies.

¹ Regulation No 2498/74, OJ No L 268 of 3. 10. 1974.

² Regulation No 2497/74, OJ No 268 of 3. 10. 1974.

This report was discussed in depth by the Council departments, after which certain priority actions were evolved. At its meeting on 21-23 March 1974 the Council decided to set up a common organization of the market in dehydrated fodder, to include field beans in the common organization of the market in seed and to adopt the principle of a special system to encourage cultivation of soya beans by granting the same support measures as those for sunflower and colza seed.

(i) Dehydrated fodder

300. On 30 April 1974 the Council adopted Regulation (EEC) No 1067/74 on the common organization of the market in dehydrated fodder.¹

This Regulation concerns lucerne, sainfoin, clover, lupins, vetches and similar forage products, dehydrated, by artificial heat drying, except hay and kale forage. Although potatoes are not included in this text it was nevertheless understood that a proposal would shortly be submitted concerning aid for undertakings which dehydrate potatoes at the same time as other products.

The organization of the market as laid down in this Regulation provides for production aid for drying plants which satisfy certain requirements and which conclude contracts with producers of fodder for dehydration or dehydrate their own crops, or in the case of co-operative groups, those of their members. The criteria for granting aid are laid down by the Council.² The Regulation also includes a safeguards clause and provisions for the establishment of a Management Committee for Dried Fodder. Lastly this Regulation made it necessary to amend the annex to Regulation (EEC) No 827/68 as regards its scope of application.

(ii) Soya beans

301. Since the production of soya beans is of increasing interest to the Community and this product is in direct competition with soya beans imported duty free from non-Community countries, on 15 July 1974 the Council adopted Regulation (EEC) No 1900/74³ laying down special measures for this product. These measures

¹ OJ No L 120 of 1. 5. 1974.

² See paragraph 385 of this Review.

³ OJ No L 201 of 23. 7. 1974.

provide for a guide price to be fixed every year at a level which is fair to producers, account being taken of the supply requirements of the Community. The marketing year will run from 1 November 1973 to 31 October 1974. The Regulation also provides for a variable subsidy based on the difference for a representative period between the guide price and the average world market price for soya beans. Finally it stipulates that general rules must be laid down according to which the subsidy is to be granted and that rules must also be determined for control of beans harvested within the Community with a view to establishing eligibility for the subsidy. ¹

The Council instructed the Commission to submit a report by 1 July 1976 on the practical application of the measures provided for in this Regulation and to put forward proposed amendments to these provisions if necessary.

(b) Ethyl alcohol of agricultural origin

302. The examination of the proposed Regulation submitted by the Commission in April 1972 ² has continued in the light of developments in the situation on Community and world markets as regards ethyl alcohol of agricultural origin and the synthetic product.

It has proved necessary to make certain adjustments to the machinery laid down in the Commission's initial proposal in view of the changed alcohol market conditions and the situation created by the enlargement of the Community.

B — Basic adjustment and amendment of the regulations governing common market organizations

1. UNDER THE ACCESSION TREATY

(a) Problems affecting more than one sector

303. Article 63 (1) of the Accession Treaty provided for a transitional period due to expire on 31 January 1974 in order to take account of the difficulties which the new Member States might encounter in implementing the common organization of the markets.

¹ See paragraph 386 of this Review.

² See paragraphs 105-108 of the 20th Review.

It subsequently became apparent that in certain sectors such as milk, sugar and hops, it would not be possible to overcome the difficulties by the date specified. The Council therefore availed itself of the provision made in the Treaty to postpone that date by one year, i.e. until 31 January 1975.¹

(b) *Measures on prices*

(i) Milk and milk products

304. In May the Council took note of the Commission's report on the implementation of Protocol No 18 appended to the Accession Treaty, which concerns imports of New Zealand butter and cheese into the United Kingdom in accordance with Council Regulation (EEC) No 226/73.² Following the conclusions drawn by this report, the Council adopted in December Regulation (EEC) No 3145/74³ amending Regulation (EEC) No 226/73 and providing for the cif prices for New Zealand butter and cheese imported into the UK to be updated as a result of the increased costs following the energy crisis.

305. In December the Council adopted Regulation (EEC) No 3167/74⁴ abolishing as from 1 January 1975 the special intervention price for butter in respect of Denmark. From that date the intervention price in Denmark will be the same as for the other Community Member States except for Ireland and the United Kingdom.

(ii) Sugar

306. Article 56 of the Accession Treaty lays down that appropriate measures may be taken with a view to ensuring the proper functioning of the common organization of the market if the world market prices are higher than the Community prices and no refund is applicable. Such a situation arose during the period under review when prices in the world sugar market, where there was a grave shortage, rose and exceeded Community price levels. This in turn led to an increase in the market prices in Ireland and the United Kingdom, which made them at least equal to the current prices in the other Member States.

Since the conditions for applying Article 56 of the Treaty had been met, on 17 December 1974 the Council adopted Regulation

¹ Regulation (EEC) No 177/74, OJ No L 21 of 25. 1. 1975.

² OJ No L 27 of 1. 2. 1973.

³ OJ No L 334 of 14. 12. 1974.

⁴ OJ No L 338 of 17. 12. 1974.

(EEC) No 3193/74¹ aligning the prices of sugar and beet in Ireland and the United Kingdom with Community prices from 1 January 1975 to the end of the 1974/75 sugar marketing year. However, to take account of the shortfall in sugar production in these two Member States and the necessity for them to obtain some of their supplies from those regions of the Community where there was a surplus, and because of the resultant marketing and selling expenses, a derived intervention price for white sugar was fixed with regard to these two Member States, 1 u.a. above the intervention price applicable in the region with the greatest surplus.

The price at which sugar is marketed in the United Kingdom under the Commonwealth Sugar Agreement under Protocol No 17 appended to the Accession Treaty was revised accordingly.

(c) *Cereals and rice*

(i) Accession system of compensatory amounts

307. Article 55 of the Accession Treaty lays down that the 'Accession' compensatory amounts shall be equal to the difference between the current prices in the new Member States and the common prices. When the prices for cereals as from 1 August 1974 were fixed,² in accordance with Article 52 of the Treaty the Council reduced by one-sixth the difference between the prices applicable in the original and in the new Member States. On 15 July 1974 the Council therefore adopted a Regulation³ to adjust the compensatory amounts fixed for the 1973/74 marketing year⁴ to the new price situation.

The compensatory amounts applicable until 31 July 1975 to trade in reference cereals between the original and the new Member States and between the latter and non-Community countries are given below:

	Trade with		
	Denmark u.a./t	Ireland u.a./t	United Kingdom u.a./t
Common wheat	6.97	5.25	31.02
Barley	5.98	10.23	29.11

¹ OJ No L 341 of 20. 12. 1974.

² See paragraph 351 of this Review.

³ Regulation (EEC) No 1860/74, OJ No L 197 of 19. 7. 1974.

⁴ See paragraph 154 of the 21st Review.

The amounts applicable to the other cereals are calculated by applying the following coefficients to the compensatory amounts mentioned above:

Product to which the compensatory amount applies	Reference cereal	Coefficients to be applied in trade with		
		Denmark	Ireland	United Kingdom
Durum wheat	Common wheat	1 189	2 336	1 442
Rye	Barley	—	1 098	1 192
Oats	Barley	0 960	0 951	0 883
Maize	Barley	—	1 361	0 909
Millet	Barley	—	0 962	0 907
Sorghum	Barley	—	1 446	0 913

308. It proved necessary to amend the Accession compensatory amounts for rice fixed by the Council in order to avoid distortions of competition in the markets of the new Member States between paddy rice and semi-milled or milled rice. The compensatory amount applicable was calculated in accordance with the method laid down by the Council for these types of rice in its Regulation No 243/73 of 31 January 1973.¹ On 29 July 1974 the Council made the necessary technical amendments to this Regulation so as to restore equilibrium in competition among the various types of rice and to harmonize the regulations governing the calculation of the compensatory amounts applicable to them.²

(ii) Protection of the processing industry

309. For the reasons indicated in the preceding Review,³ on 31 January 1973 the Council had adopted Regulation (EEC) No 224/73 laying down general rules concerning the components designed to ensure within the sectors in question the protection of the processing industry, and fixing those components in respect of the new Member States.

¹ See paragraph 155 of the 21st Review.

² Regulation (EEC) No 1999/74, OJ No L 209 of 31. 7. 1974.

³ See paragraph 157 of the 21st Review.

In accordance with the provisions of Article 59 (2) of the Accession Treaty and taking account of the Anglo-Danish Agreement concluded under EFTA, on 29 April 1974 the Council added certain details concerning the general rules laid down the previous year in the Regulation quoted above.¹ These details comprise the abolition of the fixed component levied in trade among the new Member States on certain products derived from cereals, viz. malt, balancer meals, mineral mixtures and concentrates.

(d) *Fruit and vegetables*

System of compensatory amounts

310. In a judgment of 21 March 1974 the Court of Justice of the European Communities declared that as regards tomatoes grown under glass in Ireland, the method of calculating the compensatory amounts fixed by the Council for the fruit and vegetables sector² was not compatible with Articles 65 and 66 of the Accession Treaty. On 4 June 1974 the Council therefore made the necessary amendments to the relevant Regulation,³ thus putting an end to an unfair situation which placed Irish and Danish producers of tomatoes under glass at a disadvantage compared with producers of tomatoes grown in the open.

(e) *Goods not covered by Annex II proposed from agricultural products*

311. On the basis of practical experience the Council adopted Regulation (EEC) No 2979/74 of 26 November 1974 which improved the system of accession compensatory amounts applicable to exports of cereals and other products in the form of goods not covered by Annex II to the Treaty.

This Regulation replaced the abovementioned compensatory amounts—previously often amended from day to day—by average accession compensatory amounts applicable for one month, since there was no absolute necessity, as regards processed products, to follow daily fluctuations in the world prices, as required in the case of basic agricultural products.⁴

¹ Regulation (EEC) No 1070/74, OJ No L 120 of 1. 5. 1974.

² See paragraph 152 of the 21st Review.

³ Regulation (EEC) No 1428/74, OJ No L 151 of 8. 6. 1974.

⁴ OJ No L 318 of 28. 11. 1974.

312. Also in connection with improving and simplifying the system of accession compensatory amounts, the Council adopted Regulation (EEC) No 2989/74 of 26 November 1974 supplementing Regulation (EEC) No 232/73 on the implementation of Article 47 of the Act concerning the conditions of accession and the adjustments to the Treaties concerning the system of trade applicable to the goods covered by Regulation (EEC) No 1059/69.¹

The object of the supplementary provision to this Regulation is to ensure that the accession compensatory amounts applicable to certain goods involved in intra-Community trade may be calculated as accurately as possible on the basis of the quantity and type of basic agricultural product actually used.

2. AMENDMENTS TO BASIC REGULATIONS

(a) Sugar

313. The Council's work has concerned adjustments to existing Regulations according to developments in the sugar market, where the situation has changed from one of surplus to one of shortage with a very steep rise in prices.² The Council has also been engaged in determining the Community's future sugar policy.

(i) Adjustment to Regulation No 1009/67/EEC

314. There was a general compromise on prices for the 1974/75 marketing year and in its amendment to Regulation No 1009/67/EEC³ the Council signified its agreement not to fix the guaranteed quantity before laying down any future system for imports of sugar into the Community from certain developing countries, but to fix the coefficient to be applied to the United Kingdom for determining the maximum quota at 1.00 up to the end of the 1973/74 sugar marketing year, and at 1.10 for the 1974/75 sugar marketing year. In connection with quota levels it should be added that the Council also decided to fix the maximum quota for the Community at 1.45 and the special maximum quota for Member States which opted for the mixed prices system at 2.35.⁴

¹ OJ No L 319 of 29. 11. 1974.

² See paragraph 124 of the 21st Review.

³ See paragraph 367 of this Review.

⁴ Regulations (EEC) Nos 1599/74 and 1600/74 of 29. 4. 1974, OJ No L 172 of 27. 6. 1974.

The Council also agreed to lay down specific measures for the supply of sugar to the Community market outside the quota, and to increase the maximum aid which Italy was authorized to grant its producers from 1.80 u.a. to 4 u.a. per tonne.

These various decisions were embodied in Regulation (EEC) No 1602/74 of 25 June 1974. ¹

Pursuing its policy of guaranteeing Community sugar supplies the Council, after consulting Parliament, adopted Regulation (EEC) No 2476/74 of 30 September 1974 ² making optional the granting of the production refund, which at that time was compulsory, for products used in the manufacture of certain products of the chemical industry. ³

(ii) Determination of the Community's future sugar policy

315. Throughout the reference period the Council, in consultation with Parliament and the Economic and Social Committee, concentrated its attention on the determination of the Community's future sugar policy. Its work resulted in the adoption of Regulation (EEC) No 3330/74 of 19 December 1974 on the common organization of the market in sugar and Regulation (EEC) No 3331/74 on the allocation and alteration of the basic quotas for sugar. ⁴ It also resulted in a determination of the negotiating brief on sugar with the ACP countries, the overseas countries and territories and with India. ⁵

In its deliberations the Council took note of the memorandum on the Community's future sugar policy submitted by the Commission on 13 July 1973. ⁶

The Commission supplemented this memorandum on 11 July 1974 with a communication which in the Council's opinion formed a valid basis for discussion. Its contents were embodied in a proposal from the Commission on 18 October 1974.

¹ OJ No L 172 of 27. 6. 1974.

² OJ No L 264 of 1. 10. 1974.

³ See paragraph 369 of this Review.

⁴ OJ No L 359 of 31. 12. 1974.

⁵ See paragraph 217 of this Review.

⁶ See paragraph 124 of the 21st Review.

The problems which the Council considered in its deliberations concerned the nature of the system governing production, i.e. whether production should be subject to quotas or left unrestricted, the objective of the Community's sugar production policy which should be equally adaptable to shortages as to surpluses on the market, the management of the market organization and prices policy, guaranteed returns for producers and the maintenance of production in less favoured areas, particularly Italy and the French Overseas Departments. The Council also took into consideration the problems of financing trade in Community sugar, the period of validity of the system to be introduced, the effects of the provisions of Protocol No 22 of the Accession Treaty and of possible undertakings which might be written into a future international sugar agreement.

316. The principles adopted by the Council concerning the Community's future sugar policy in the Regulations quoted above, (EEC) Nos 3330/74 and 3331/74, may be summarized as follows: a quota system would be followed for the next five sugar marketing years and the system to be applied as from 1 July 1980 would be determined by 1 January 1980. Basic quantities would be laid down for each Member State, viz.: 680 000 tonnes of white sugar for Belgium and Luxembourg, 328 000 tonnes for Denmark, 2 996 000 tonnes for France, of which 2 530 000 tonnes for Metropolitan France and 466 000 tonnes for the overseas departments, 1 990 000 tonnes for Germany, 182 000 tonnes for Ireland, 1 230 000 tonnes for Italy, 690 000 tonnes for the Netherlands, and 1 040 000 tonnes for the United Kingdom. A quota would be allocated to each undertaking under a system to be managed by the individual Member States but with provision for consultation at Community level. The basic quota for the 1975/76 sugar marketing year would not exceed 145%. Provisions would be adopted to ensure as far as necessary the security of the Community's sugar supplies. Producers would contribute to the costs arising from any surplus production, although these contributions may not exceed 30% of the intervention price. There would be a carry-over system from one sugar marketing year to the next. Italy would be authorized to grant national aid up to a maximum of 5.9 u.a./tonne of beet and would be allowed to grant part of the aid, in the case of structural improvement, to the processing industry—up to a maximum of 1.46 u.a. per 100 kgs of white sugar. Account would be taken of the special case of the French overseas departments and particularly the discrepancy in the harvests between Guadeloupe and Martinique on the one hand and Réunion on the other. In the light of practical experience in the development of the sugar market,

provisions would be adopted on the principle of establishing a minimum stock and the procedure for implementing these would have to be adopted by 1 October 1975. A 'float' of 5% of the basic quota would be set up which could be used by the Member States where necessary, and account would be taken of the special case of the structure of the Italian sugar industry.

The other provisions of Regulation (EEC) No 1009/67 on price arrangements, trade with third countries and the intervention system were by and large retained.

All these provisions were adopted, taking account of the principle of regional specialization, the necessity of maintaining beet production in certain less favoured regions and also the foreseeable importation of 1 400 000 tonnes of sugar from the ACP countries and territories.

When adopting these basic regulations the Council agreed to supplement them with provisions on imports under preferential arrangements once the negotiations with the ACP territories and India have been concluded.

(b) *Wine*

317. The common regulations drawn up since 1970 for table wines and quality wines p.s.r. still need to be supplemented as occasion arises by rules on the production and marketing of particular types of wine such as sparkling wine, liqueur wine or semi-sparkling wine for which there are only general definitions at this stage.¹ They also require to be supplemented, under Article 30 of the basic Regulation, by specific provisions concerning the designation and presentation of the wines in the different categories, and lastly by provisions which take account of developments in the general situation and production in the wine sector.

(i) Regulations on 'sparkling wine'

318. As regards Community rules to be applied to particular types of wine, on 18 November 1974, on a proposal from the Commission and after consulting Parliament and the Economic and Social Commit-

¹ Annex II to Regulation (EEC) No 816/70, OJ No L 99 of 5. 5. 1970.

tee, the Council adopted Regulations (EEC) Nos 2893/74 and 2894/74¹ which ensure that as from 1 September 1975 production and marketing of sparkling wine will be subject to common rules.

These Regulations concern only sparkling wines produced in the Community. Firstly they lay down the basic provisions applicable to all sparkling wines, regardless of whether they are ordinary wines or quality wines produced in specific regions (quality wines p.s.r.). Thus Title I of Regulation (EEC) No 2893/74 specifies what is meant by 'cuvée', 'drawn-off liquid' and 'dose', lays down the composition of these basic products from which sparkling wine is produced and stipulates that the rules on the enrichment of wines or a cuvée intended for the production of sparkling wine are, with a few exceptions, the same as those applicable to table wines or quality wines p.s.r. as the case may be. Title I also contains certain provisions on the alcoholic fermentation of sparkling wines intended to cause the formation of the carbon dioxide which they contain. Under no circumstances must the CO₂ be added mechanically. Lastly, in the interests of the producer and the consumer, certain provisions of this title concern bottling and labelling of sparkling wines and the cases when the terms 'brut', 'sec', 'doux' etc. may be used to describe these wines.

The special provisions concerning quality sparkling wines, which as a general rule are bearing a brand name but not the name of a specific region, and also quality wines p.s.r., of which doubtless the most famous is Champagne, are contained in Title III of Regulation (EEC) No 2893/74 and in Regulation (EEC) No 2894/74. The latter simply supplements Regulation (EEC) No 817/70, since a quality sparkling wine p.s.r. is merely a quality wine p.s.r. which has been made into a sparkling wine. The main difference between ordinary sparkling wines and quality sparkling wines, whether produced in a specific region or not, lies in the quality of the basic wine and its suitability for conversion to a sparkling wine and also in the necessity to allow quality sparkling wines and quality sparkling wines p.s.r. to mature for at least nine months. The Member States which produce these wines are free to lay down more stringent criteria than the Community rules for quality sparkling wines p.s.r. on the basis of a principle which was already recognized when the Regulations on quality wines p.s.r. were being drawn up in 1970 and which is justified in so far as production methods—often traditional—vary from one country to another, in some cases quite considerably.

¹ OJ No L 310 of 21. 11. 1974.

(ii) Labelling of table wines, quality wines p.s.r. and imported wines

319. An initial step was taken in drawing up common rules relating to the description and presentation of products of the wine sector, in particular the various categories of wines, when on 8 August 1974 the Council, on a proposal from the Commission and after consulting Parliament and the Economic and Social Committee, adopted Regulation (EEC) No 2133/74 laying down general rules for the description and presentation of wines and grape musts.¹ This Regulation concerns the labelling of table wines, quality wines p.s.r. and wines imported from third countries, and aims to ensure that the information provided is sufficiently clear and accurate to enable potential buyers to form an opinion of the various wines and to allow the public bodies concerned to satisfy themselves that the production and marketing conditions applicable to these wines are being observed.

To achieve this the Regulation specifies the mandatory information required to identify a wine. This must appear on the label, whether the wine is a table wine, a quality wine p.s.r. or an imported wine. It also lists optional items of information which alone may be used to describe a wine and which bestow a 'personality' upon quality wines p.s.r. and table wines with a valid claim to the name of a geographical unit, a vine variety or a vintage.

Furthermore, strict rules are laid down to avoid any confusion between quality wines p.s.r. and other wines. For example it is laid down that a geographical reference used for a quality wine p.s.r. may not under any circumstances be used at the same time to describe a table wine or an imported wine and implementing rules are to be formulated to specify which geographical names are reserved for given wines.

To facilitate checking that these provisions are being observed the Regulation requires that the information on the label must be identical to the information shown on the accompanying documents and the turnover records provided for in Article 29 of Regulation (EEC) No 816/70, and also the information used in 'commercial' documents such as invoices, wine lists etc. Similar provisions cover advertisements, which under no circumstances must give a wrong impression concerning the quality or origin of a wine, particularly where branded wines, often the result of *coupage* between wines from different sources, are concerned.

¹ OJ No L 227/74 of 12. 8. 1974.

All these provisions will enter into force when the regulations essential to ensure their observance have been adopted by the Commission after consultation of the Management Committee and at the latest by 1 September 1975.

(iii) Amendment to the basic Regulation in line with developments in the market situation and production in the wine sector

320. Annex II of Regulation (EEC) No 816/70¹ lists definitions of products of the wine sector, and only products meeting these definitions may move freely within the Community and be used for certain purposes as stipulated, where applicable, under the provisions of Title IV of this Regulation. Thus paragraph 11 of this Annex defines the term 'liqueur wine'. Under the original provisions of this definition which were drawn up in 1970¹ a grape must which has been concentrated using direct heat could not be used to produce a liqueur wine. However, it subsequently proved impossible to discontinue this traditional practice in some areas of the Community, by means of which certain liqueur wines of a particular type, such as Marsala for example, are produced from grape musts described as 'cooked'.

For this reason, and so as not to prevent free movement of such liqueur wines within the Community, the Council, on a proposal from the Commission and after consulting Parliament and the Economic and Social Committee, adopted Regulation (EEC) No 1532/74² on 17 June 1974 which authorizes the use of 'cooked' grape must for the production of certain quality liqueur wines produced in specified regions (quality liqueur wine p.s.r.).

In order not to discriminate against liqueur wines of a type similar to Marsala from non-Community countries, the Council amended at the same time the definition applicable to imported liqueur wines under the provisions of Regulation (EEC) No 948/70 defining certain products falling within heading Nos 20.07, 22.04 and 22.05 of the Common Customs Tariff and originating in third countries.^{3 4}

321. In order to simplify the administrative and verification formalities for imports from third countries of certain quality wines with a registered designation of origin, such as for example Port, Madeira

¹ OJ No L 99 of 5. 5. 1970.

² OJ No L 166 of 21. 6. 1974.

³ OJ No L 114 of 27. 5. 1970.

⁴ Regulation (EEC) No 1533/74, OJ No L 166 of 21. 6. 1974.

Sherry etc., which are covered by exemption from the countervailing charge under Article 9 of the Basic Regulation and also by a reduced Customs duty, on 10 December 1974, the Council, on a proposal from the Commission and after consulting Parliament, approved a Regulation amending Annex IV of the Basic Regulation on wine. This amendment was incorporated into the Common Customs Tariff as from 1 January 1975¹ and approved by the Council on 15 October 1974. It provides that in future these wines need to be accompanied by a single document only which replaces both the certificate of origin—the title to preferential tariff treatment—and the accompanying document specified by the verification provisions of Regulation (EEC) No 816/70.

322. As regards amendments to specific rules applicable under Regulation (EEC) No 817/70² on the preparation and marketing of quality wines produced in specified regions (quality wines p.s.r.) the Council, on a proposal from the Commission and after consulting Parliament, adopted an amendment on the minimum total alcoholic strength of quality wines p.s.r. While retaining the figure of 9^o, by way of exception 8.5^o may be regarded as acceptable in the case of certain quality white wines p.s.r. whose natural alcoholic strength has not been increased by the addition of concentrated grape must or sucrose.³

323. On several occasions during 1974 the Council noted that the procedures introduced by Regulations (EEC) No 816/70 and 817/70 were not operating satisfactorily when they were required to correct a disturbance in the market or, preferably prevent it.⁴ The Council therefore instructed the Commission to submit a proposal allowing the various procedures concerned to be amended as desirable, those concerning the intervention system to be applicable not later than the beginning of the 1975/76 marketing year in accordance with the Council Resolution of 16 July 1974 on certain amendments to be made to the intervention system for wine.

The Commission had already emphasized the necessity for improving the system of interventions in the wine sector in its Memorandum on the improvement of the Common Agricultural Policy of November 1973. On 5 November 1974 a proposal was submitted to the

¹ Regulation (EEC) No 2658/74, OJ No L 295 of 1. 11. 1974.

² OJ No L 99 of 5. 5. 1970.

³ Regulation (EEC) No 2894/74, OJ No L 310 of 21. 11. 1974.

⁴ See paragraph 370 of this Review.

Council for a Regulation based on Articles 43 and 42 of the Treaty which aims at revising existing regulations in the light of practical experience of administering the wine market since 1970.

The main chapters of this proposal concern the question of quantities in the administration of the wine together with its implications for the system of interventions and for guidelines on production potential, and they also deal with the question of quality.

All these matters are at present being studied by the Council departments. Parliament and the Economic and Social Committee will give their Opinions early in 1975.

324. Lastly the Council actively continued its examination of the Commission's proposal on the drafting of common rules on oenology and on the definition of grape must muted with alcohol, a product used in certain Member States to make vermouths and aromatic wines.

(c) *Beef and veal*

325. During 1974 the Council was faced with a situation in the beef and veal sector which demanded particular attention. An increase in production costs, mainly due to the rise in world prices for feed grain and to inflation, coincided with a reduction in meat consumption and caused a slump in the market for beef and veal.

Producers in several Community regions in some cases resorted to the premature slaughter of their herds in order to change over to other types of farming and this intensified the pressure on production price levels triggered by increasingly large intervention payments, to such an extent that in several regions in the Community storage capacity was utilized to saturation point.

In order to deal with this situation the Council, in cooperation with the Commission, continued throughout the year to study with particular attention the changing situation in the market for beef and veal and made a certain number of adjustments to the procedures for the markets in this sector.

326. In this connection the Council adopted Regulation (EEC) No 196/74 of 25 January 1974 ¹ temporarily modifying the conditions for the triggering of intervention measures on the market in beef and

¹ OJ No L 22 of 26. 1. 1974.

veal so as to take account of the market situation. However, in view of the unstable and widely differing prices recorded in the Community, if the regional intervention measures provided for by Community regulations had been applied they might well have accentuated the tendencies to instability by creating artificial trading patterns. It therefore appeared necessary to refrain from applying these provisions for an initial period up to 31 July 1974.

327. In addition the Council adopted Regulation (EEC) No 377/74 ¹ on 12 February 1974 making temporary provision for private storage aids for boned or boneless meat in the beef and veal sector.

328. The Council adopted Regulation (EEC) No 752/74 of 29 March 1974 ² extending to live animals and all edible meat the system of import licences hitherto required only for imports of frozen beef and veal. In view of the existing situation the Council considered it necessary to have better information on foreseeable developments in respect of imports of these products.

329. On 27 June 1974 ³ the Council extended the period of validity of Regulations (EEC) No 196/74 and (EEC) No 377/74 ⁴ until 5 April 1975, which generally marks the beginning of the 1975/76 marketing year.

330. The Council adopted Regulation (EEC) No 1729/74 of 27 June 1974 ³ supplementing Regulation (EEC) No 1302/73 as regards transport charges for beef and veal offered for intervention. This Regulation provides that the intervention agencies must take over, on a flat-rate basis, the costs of additional transport between one intervention agency and another, in respect of products offered for intervention. In making this provision the Council sought to deal with the critical situation facing intervention agencies in certain regions of the Community, where in the absence of adequate storage capacity, it was no longer possible to accept the full quantity of meat offered for intervention. Furthermore, by facilitating the movement of these products with a view to sale in other areas less affected by this situation, this type of measure was intended to contribute towards stabilizing production costs.

¹ OJ No L 43 of 15. 2. 1974.

² OJ No L 86 of 30. 3. 1974.

³ OJ No L 182 of 5. 7. 1974.

⁴ See paragraphs 326 and 327 of this Review.

331. The Council adopted Regulation (EEC) No 1855/74¹ of 16 July 1974 supplementing the basic Regulation as regards measures to be taken in the case of a substantial fall in prices. Existing regulations allowed the Council to take a certain number of measures in case of shortages. Because of the enlargement of the Community and the abundance of supplies recorded on the market it appeared necessary to supplement this provision so as to make provision also for measures necessitated by surplus supplies.

Implementation of an 'emergency plan'

332. In the face of a continually worsening market situation, on 16 July 1974 the Council adopted an 'emergency plan' on beef and veal with the intention of taking clear cut action on the problems both of supply and demand.

(i) Action on the supply position

333. The Council adopted Regulation (EEC) No 1846/74² of 16 July 1974 temporarily suspending until 31 October 1974, the issue of import licences and advance-fixing certificates for beef and veal. This decision was considered unavoidable since imports made during 1973 and the first half of 1974 continued to aggravate the supply situation and hence the problem of fixing prices within the Community.

The Council also decided to prohibit inward processing arrangements in respect of beef and veal products,¹ and supplemented this decision on 17 September 1974³ with a Directive implementing the Directive on inward processing as regards certain beef, veal and pig-meat products.

334. At the same time as taking these measures to deal with supplies from third countries, the Council took direct action on Community supplies. On 23 July 1974⁴ it introduced a system of premiums for the orderly marketing of certain adult bovine animals for slaughter.

¹ OJ No L 195 of 18. 7. 1974.

² OJ No L 194 of 17. 7. 1974.

³ OJ No L 255 of 20. 9. 1974.

⁴ OJ No L 206 of 27. 7. 1974.

This decision authorizes Member States to grant a premium, varying according to the month, to encourage producers to maintain their herds of adult bovine animals on their holdings for a period of additional fattening during the time when animals are removed from pasture. This premium will not exceed the following amounts:

<i>Month</i>	<i>u.a. per head</i>
August 1974	20
September 1974	30
October 1974	40
November 1974	40
December 1974	50
January 1975	60
February 1975	70

This Regulation was amended on 2 October 1974¹ to incorporate into the maximum amounts of the premium the percentage increase in guide prices adopted by the Council on the same date.

At the same time the Council introduced a system of grants for the maintenance of herds of adult bovine animals. The object of this measure was to supplement the procedures introduced under the premium system for orderly marketing in the regions where this system did not apply in its original form. It became apparent that the provision covering payment of the premium only at the time of slaughter constituted in fact, in certain regions of the Community, an incentive not to defer slaughter according to the Council's wishes, but on the contrary to slaughter more animals. For this reason the Council considered it desirable to authorize Member States who expressed a preference for this type of grant to pay a grant towards the maintenance of herds on holdings for a minimum period of 7 months.

As regards Ireland, where production is mainly directed towards fattening, the Council adopted on 7 November 1974 Regulation (EEC) No 2803/74² which contains a special measure in favour of small producers who, as a result of the high costs of animal foodstuffs and of finance, could experience difficulties in retaining their herds on their holdings. For this reason certain Member States were authorized under certain conditions to grant an interest subsidy on loans advanced for the retention of young cattle on the farm.

¹ OJ No L 268 of 3. 10. 1974.

² OJ No L 300 of 8. 11. 1974.

(ii) Action on the demand position

335. In order to stimulate beef and veal consumption, on 16 July 1974 the Council laid down general rules governing the sale of beef and veal at reduced prices to certain categories of consumer.¹ This decision authorized Member States to grant aid to a maximum of 2 u.a. per month and per recipient to enable recipients of social welfare benefits to purchase beef and veal at reduced prices.

At the same time the Council adopted Regulation (EEC) No 1857/74 on an advertising and publicity campaign for beef and veal¹ authorizing Member States to promote for a period of 12 months advertising and publicity campaigns designed to bring the consumer's choice more into line with the supply and demand position for beef and veal products. These publicity campaigns are to make use of the most appropriate advertising means to ensure maximum effect and take account of the particular conditions obtaining with regard to the marketing and consumption of beef and veal in the various parts of the Community.

Lastly a proposal for a Regulation was submitted to the Council, designed to provide for the supply to the WFAP of 15 000 tonnes of canned meat from the intervention stocks. This proposal is being examined by the Council departments.

(d) *Milk and milk products*

336. During 1974 the Council made two amendments to the basic Regulation on milk and milk products, i.e. Regulation (EEC) No 804/68.² The first amendment, contained in Regulation (EEC) No 419/74 of 18 February 1974,³ enables the Commission to take measures to prevent the market in milk and milk products being disturbed as a result of price alterations at the time of the change-over from one milk year to the next. Subsequently, in March, the Council adopted Regulation (EEC) 662/74⁴ amending the system for fixing aid for skimmed milk and skimmed milk powder for animal feed by laying down that in future the Commission may fix the amounts for this aid in accordance with the 'Management Committee' procedure.

¹ OJ No L 195 of 18. 7. 1974.

² OJ No L 148 of 28. 6. 1968.

³ OJ No L 49 of 21. 2. 1974.

⁴ OJ No L 85 of 29. 3. 1974.

337. In implementation of the Regulation on milk and milk products—in fixing the prices in March the Council adopted Regulations (EEC) Nos 664/74¹ and 666/74¹ amending respectively Regulation (EEC) No 823/68 determining the groups of products and the special provisions for calculating levies on milk and milk products² and Regulation (EEC) No 986/68 laying down general rules for granting aid for skimmed milk and skimmed milk powder for use as feed.³

The amendment to the first Regulation concerns mainly the alignment of the free-at-frontier values of certain kinds of cheeses on importation into the Community with the new prices in the milk and milk products sector. The second Regulation lays down the criteria governing the brackets within which aid for skimmed milk and skimmed milk powder for animal feed is fixed, in accordance with the 'Management Committee' procedure. In June the Council adopted Regulation (EEC) No 1556/74⁴ amending Regulation (EEC) 1411/71 laying down additional general rules on the common organization of the market in milk and milk products for products falling within tariff heading No 04.01 of the CCT.⁵ This amendment postpones the time limit for the mandatory introduction throughout the Community of a minimum fat content of whole milk of 3.5% from 31 December 1973 to 31 December 1975.

(e) *Cereals and rice*

338. In the light of practical experience in the management of the common organization of the markets in cereals and rice the Council, after consulting Parliament, twice amended the basic Regulation on cereals during the period under review.

The object of the first amendment, on 29 April 1974,⁶ was to include barley in the single intervention price system already in operation for the other cereals except common wheat. It had become apparent that the interplay of market forces in respect of barley could be promoted by discontinuing the 'regionalization' of prices i.e. the establishment of derived intervention prices calculated on a basic intervention price.

¹ OJ No L 85 of 29. 3. 1974.

² OJ No L 151 of 30. 6. 1968.

³ OJ No L 169 of 18. 7. 1968.

⁴ OJ No L 167 of 22. 6. 1974.

⁵ OJ No L 148 of 3. 7. 1971.

⁶ Regulation (EEC) No 1125/74, OJ No L 128 of 10. 5. 1974.

This Regulation also fixed a new date—i.e. 1 October—for the beginning of the maize marketing year, starting with the 1975/76 year. The revised arrangements are more closely in line with the agricultural cycle of this cereal. The Regulation also provides that a carry-over payment for maize may be granted only under the same conditions as for the other cereals, i.e. if the quantities of cereals from the previous harvest still in stock at the end of the marketing year are such as to attract this payment. Lastly the Council abolished the production refund for quellmehl but laid down that a production refund should be granted for maize groats and meal used in the Community for the manufacture of glucose by direct hydrolysis.

The abolition of the production refund for quellmehl and the Council's decision at the same time to include rice pellets in the common organization of the market in rice gave rise to amendments to the basic Regulation on rice, No 359/69/EEC. These amendments were adopted by the Council on 29 April 1974.¹

339. The second amendment to the basic Regulation on cereals, adopted by the Council on 29 July 1974,² makes the opening date for the sorghum marketing year the same as for maize, i.e. 1 October. It also enables a corrective amount to be applied to export refunds when these have been fixed in advance.

Following this amendment to the system of export refunds the Council decided at the same time³ to replace the obligation laid down in Regulation No 139/67 to fix refunds at weekly intervals by a provision allowing them to be fixed at monthly intervals only.

340. Lastly, at its meeting on 21 March 1974, the Council made some technical additions to the series of measures taken in 1973⁴ to protect the Community's cereal markets against disturbances following a rise in cereal prices on the world markets. To achieve this aim provision was made for a reduction of the charges on imports of maize gluten a product rich in protein and used in the manufacture of animal feeding-stuffs, up to 31 December 1974.⁵

¹ Regulation (EEC) No 1129/74, OJ No L 128 of 10. 5. 1974.

² Regulation (EEC) No 1996/74, OJ No L 209 of 31. 7. 1974.

³ Regulation (EEC) No 1997/74, OJ No L 209 of 31. 7. 1974.

⁴ See paragraph 174 of the 21st Review.

⁵ Regulation (EEC) No 676/74, OJ No L 83 of 28. 3. 1974.

Other measures proposed by the Commission in this sector in June 1974 were examined by the appropriate Council departments during the period under review.

(f) *Starch products*

341. When the common organization of the market in cereals was set up as a single market organization, the Council adopted certain Regulations in 1967 implementing the provisions of the basic Regulations on cereals and rice and providing for a production refund for starch products.¹ This refund is granted to enable the starch industry to maintain competitive prices against substitutes by allowing it to obtain supplies of basic products, viz. maize, common wheat and broken rice, at a lower price than that allowed by the rules of the common organization of the market in these products. It is therefore laid down that this refund must be equal to the difference between the threshold price for the basic product and the price which the starch industry must pay for this product, which is fixed by the Council. The price levels for these supplies fixed in 1967 have not been amended for several years. On the other hand cereal prices on the world market have remained high for a long period, so that to maintain the prices for these supplies at a level which had been determined in quite different market conditions would have given rise to refunds on a scale no longer economically justified and constituting an excessive financial burden.

In order to redress this situation, on 29 April 1974 the Council decided to reduce by some 20% the production refund on starch products, thus making it approximately equal to the refund granted in 1967. The supply prices were therefore increased proportionately as from 1 December 1974.²

Since cereal prices, including threshold prices, had increased as from 7 October 1974 under the 'across the board' increase in agricultural prices of 5%, on 9 December 1974 the Council decided to make a further adjustment, applicable as from 1 April 1975, in the supply prices for the starch industry in order to maintain the level of the refund.³

¹ See paragraphs 88 and 89 of the 15th Review.

² Regulation (EEC) No 1132/74, OJ No L 128 of 10. 5. 1974.

³ Regulation (EEC) No 3113/74, OJ No L 332 of 12. 12. 1974.

(g) *Products processed from cereals*

Pigmeat

342. This market was stable at the beginning of the year but supply increased over demand in certain regions of the Community as the year progressed. This led the Council to supplement on a temporary basis the provisions concerning private storage with further temporary provisions to allow the machinery concerned to be applied on a regional basis and as a preventive measure when the market price for pig carcasses in at least one Member State falls below 94% of the basic price while the Community price is between 103% and 105% of this price. These provisions are contained in Regulation (EEC) No 1861/74 amending Regulation No 121/67/EEC. ¹ They were adopted on 15 July and were applicable until 31 October 1974.

343. Under its policy of market support the Council also adopted measures temporarily suspending the use of inward processing arrangements for imported products to the advantage of pigmeat of Community origin. The first measure was Regulation (EEC) No 1854/74² of 16 July, prohibiting until 31 March 1975, the use of inward processing arrangements within the Community for products processed exclusively from pigmeat, and the second was Directive No 74/474³ of 17 September 1974 which covers products processed from pigmeat beef and veal. The Directive is applicable until 6 April 1975. ⁴

344. Because of the interdependence of the beef and veal and pigmeat markets, and in order to provide the maximum encouragement for native consumers to absorb the meat surpluses the Council also sought to promote advertising and publicity campaigns to encourage meat consumption by making provision for Community funds to finance national campaigns of this nature (Regulation No 2930/74 of 18 November 1974). ⁵ The Council is at present engaged in defining the procedure for implementing these measures at Community level in the pigmeat sector, in accordance with the proposal from the Commission on the measures to be taken in the case of significant price reductions.

345. The Council also decided to amend the Community scale for the classification of pig carcasses (Regulation No 2499/74 of 2 October 1974) ⁶ to accommodate the new requirements which had arisen since

¹ OJ No L 197 of 19. 4. 1974.

² OJ No L 195 of 18. 7. 1974.

³ OJ No L 255 of 20. 9. 1974.

⁴ See paragraph 333 of this Review.

⁵ OJ No L 311 of 22. 11. 1974.

⁶ OJ No L 268 of 3. 10. 1974.

the accession of the new Member States. Thus a new weight category (35—50 kg) was added and the criteria for assessing carcasses and the measuring method traditionally used in the original Community were supplemented by the criteria and methods of the new Member States.

(h) *Fresh fruit and vegetables*

Special measures to improve the marketing of citrus fruit

346. In accordance with the overall scheme evolved by the Council in June 1973 covering the concessions to be offered to Mediterranean countries on agriculture and the Community imports system to be established for products processed from fruit and vegetables,¹ the Council, after consulting Parliament, decided on 18 February 1974 to take special measures to promote the marketing of certain kinds of Community citrus fruit. It therefore amended existing Regulations on this matter² by laying down that a 'marketing premium' would also be granted for clementines. Furthermore it annulled the provision requiring the seller to submit a sales contract before applying for the grant of this premium. The premium itself was increased and is now between 3.5 and 7 u.a./100 kg depending on the variety of the product.

However, the amended Regulation will not enter into force until the agreements with the Mediterranean countries enter into force. When this date is decided the Regulation concerned will be published in the Official Journal.

(i) *Products processed from fruit and vegetables*

347. As reported in the preceding Review, following the 'Luxembourg Compromise' the Commission submitted on 14 January 1974, a new proposal to the Council relating to the Community's trade arrangements with third countries as regards products processed from fruit and vegetables. This proposal provides for fewer trade restrictions, together with protective measures such as floor and minimum prices for certain 'sensitive' products.

Since canned pineapple was not covered by these price arrangements, the Commission in December 1973 submitted a special proposal to the Council providing for a system of aid to be set up for the pro-

¹ See paragraph 179 of the 21st Review.

² See paragraph 154 of the 18th Review.

duction of fresh pineapple intended for canning, which would offset the difference between the production costs of this product when grown and processed in Martinique, and production costs in competing third countries.

Lastly the Commission, still under the aforementioned Comromise, proposed to the Council in May 1974 that there should be special provisions applicable to trade between the Community as originally constituted and the new Member States, in respect of tomato concentrates.

The Council decided to consult Parliament on these proposals and instructed the appropriate departments to examine them. As the work progressed the Commission submitted a draft Council Regulation to the Council on 17 September 1974 defining the procedures for implementing safeguard measures in this sector, in order to make it easier to assess how the Community import scheme outlined above would work in practice.

Although considerable progress was made on various questions relating to the Community import system for canned fruit and vegetables it has not yet proved possible to implement the system, for certain questions relating to the conditions under which trade restrictions could be relaxed for certain 'sensitive' products under this system were not resolved during the period under review.

(j) *Living plants and nursery products*

348. As in previous years, the work of the Council departments concerned during the period under review related to the proposals from the Commission aimed at achieving a single import system to be applied by Member States to third countries and at determining the safeguard measures to be taken to protect the products in question. A certain amount of progress has been made meanwhile; the fact remains, however, that the major obstacle to implementing a Community import system in this sector lies in the problems of determining the products which, in the opinion of certain Member States, should be excluded from this system based, according to the Commission's proposal, on the principle of relaxing trade restrictions. The situation is therefore identical to that in the sector of products processed from fruit and vegetables¹ and there is every reason to believe, as indicated

¹ See paragraph 347 of this Review.

in the preceding Review,¹ that a decision from the Council on the principles involved in this sector will also open the way to a solution to the problems which for several years have militated against the achievement of the common organization of the market in nursery products, in the form of a Community import system .

(k) *Seeds*

349. In order to deal with the existing shortage of proteins in the Community, on 29 April 1974 the Council adopted a Regulation providing for field beans to be added to the list of products eligible for production aid.² This Regulation makes the necessary amendments to the Annex to the basic Regulation on these products³ and to the Regulation adopted in 1972, laying down the general rules for granting and financing aid.⁴

(l) *Fishing industry*

350. During 1974 the Council made two amendments to the basic Regulation on fishery products, i.e. Regulation (EEC) No 2142/70.⁵ The first amendment in the form of Regulation (EEC) No 1555/74 of 17 June 1974⁶ sets up a Community import system for carp and trout and provides that all quantitative restrictions affecting the two products in question should be discontinued at the external frontiers of the Community, subject to the fixing, for carp, of a reference price in order to avoid disturbances on the Community market resulting from imports at exceptionally low prices. Secondly, on 21 October 1974, the Council adopted Regulation (EEC) No 2682/74,⁷ which alters the intervals for fixing the standard values to be used in calculating financial compensation in respect of fishery products by making provision for altering the standard amount if major price variations are recorded during the fishing year.

¹ See paragraph 190 of the 21st Review.

² Regulation (EEC) No 1119/74, OJ No L 128 of 10. 5. 1974.

³ See paragraph 154 of the 19th Review.

⁴ See paragraph 164 of the 20th Review.

⁵ OJ No L 236 of 27. 10. 1970.

⁶ OJ No L 167 of 22. 6. 1974.

⁷ OJ No L 288 of 25. 10. 1974.

C — Management of the common organization of the markets

1. CEREALS AND RICE

(a) *Cereal prices*

351. At the end of its deliberations on 21-23 March 1974 the Council adopted a Decision fixing common cereal prices for the 1974/75 marketing year and amending, in the light of experience, certain related provisions — i.e. establishing a single intervention price for barley, revising the date from which the maize and sorghum marketing years should run, granting a carry-over payment, on an optional basis, at the end of the marketing year for maize and, lastly abolishing production refunds for quellmehl.¹

As regards prices for cereals as such, the Council consulted Parliament and decided to increase these by different amounts in order to relate the prices of the various cereals more closely to their nutritive values. The price levels thus fixed for the 1974/75 marketing year² are shown in the table below which also sets out, in actual figures and percentages, the price for the various cereals fixed as from the 1972/73 marketing year thus illustrating trends in this sector since that time. The last column in this table contains the cereal prices laid down in the Council Decision of 2 October 1974³ to apply an 'across the board' increase of some 5% as from 7 October 1974 to prices in the agricultural sector for the 1974/75 marketing year.

¹ See paragraphs 338 and 339 of this Review for these 'supplementary measures'

² Regulation (EEC) No 1126/74, OJ No L 128 of 10. 5. 1974.

³ See paragraph 283 of this Review.

Product	Type of price	1972/73 marketing year u.a./t	1973/74 marketing year u.a./t	% age difference compared with 1972/73 marketing year	1974/75 marketing year u.a./t	% difference compared with 1973/74 marketing year	1974/75 marketing year commencing 7 October 1974
Durum wheat	Target price	132.60	133.93	1	182.33	36.5	191.97
	Single intervention price	116.93	118.10	1	166.83	41.3	175.17
	Guaranteed minimum price to producers at wholesale level	153.80	155.33	1	196.83	26.7	205.17
Common wheat	Target price	113.80	114.94	1	121.84	6	127.93
	Basic intervention price	104.75	105.80	1	110.03	4	115.53
Barley	Target price	104.25	105.29	1	110.55	5	116.08
	Basic intervention price	95.70	96.66	1	—	—	—
	Single intervention price	—	—	—	96.60	—	101.43
Rye	Target price	105.45	112.30	6.5	119.04	6	124.99
	Basic intervention price	97.45	—	—	—	—	—
	Single intervention price	—	97.92	—	101.84	4	106.93
Maize	Target price	101.75	102.77	1	109.45	6.5	114.92
	Singel intervention price	83.25	84.08	1	89.55	6.5	94.03

352. The function of the threshold price is to ensure that the selling price for imported cereals on the Duisburg market is the same as the target price. Using the formula explained in the preceding Review,¹ the Council accordingly decided on 4 June 1974 to increase the threshold prices for the 1974/75 marketing year by approximately the same proportions as the target prices of the cereals in question.²

353. The system of 'regionalizing' cereal prices, i.e. fixing derived intervention prices as well as basic intervention prices, now applies only to common wheat, as indicated above.³ In the light of the previous marketing year's experience, the Council considered that no amendments were required to the derived intervention prices for common wheat fixed for the 1973/74 marketing years as far as the main marketing centres were concerned. However, the intervention prices for these centres were adjusted in accordance with the increase in the intervention price for common wheat determined by the Council for the 1974/75 marketing year. The single intervention prices applicable throughout the Community for the other cereals, viz. barley, rye durum wheat and maize, were fixed at 96.60 u.a./t., 101.84 u.a./t, 166.83 u.a./t and 89.55 u.a./t respectively.⁴

(b) *Monthly price increase*

354. In view of the increase in storage costs and interest charges for storing, on 29 April 1974, the Council undertook a certain amount of upward revision in the 'monthly increases' on cereal prices and prices of the main processed products for the 1974/75 marketing year.⁵

In this connection the monthly increases for cereals were standardized as far as the amounts were concerned. However, the monthly price increase for durum wheat was fixed at a higher level than for the other cereals in view of the higher interest charges for storing this cereal.

¹ See paragraph 204 of the 21st Review.

² Regulation (EEC) No 1427/74, OJ No 151 of 8. 6. 1974.

³ See paragraph 338 of this Review.

⁴ Regulation (EEC) No 1128/74, OJ No L 128 of 10. 5. 1974.

⁵ Regulation (EEC) No 1127/74, OJ No L 128 of 10. 5. 1974.

These increases were to be granted as from 1 September for all cereals except maize, which would not be increased until 1 November in order to take account of the new date of 1 October for the start of the marketing year for this cereal.

The Regulation mentioned above was amended by the Council on 29 July 1974¹ since the sorghum marketing year had been brought into line with the maize marketing year, i.e. 1 October—30 September.² Since these two cereals are grown and marketed at the same time of year, are priced at the same level and have the same nutritive value, it proved necessary to lay down that the monthly price increases for sorghum should start on the same date as for maize, i.e. 1 November.

(c) *Carry-over payments*

355. The conditions under which a carry-over payment is granted³ were not met at the end of the 1973/74 marketing year, the rise in prices recorded during the first three months of 1974 having had a marked effect in the Community markets. On 17 June the Council accordingly decided to fix at zero⁴ the amount of the carry-over payment for maize, which, at the end of the 1973/74 marketing year, was the only cereal for which the basic Regulation made it compulsory to determine this type of payment.

(d) *Production aid for durum wheat*

356. In accordance with the provisions of Article 10 of Regulation No 120/67, which lay down that the production aid shall be equal to the difference between the guaranteed minimum price to the producer and the intervention price at the beginning of the marketing year, on 17 June 1974 the Council, taking account of the price levels for the 1973/74 marketing year, fixed the amount of this aid at 30 u.a./t.⁵

(e) *Rice prices for the 1974/75 marketing year:*

357. Taking account of the rice market situation, where market prices were considerably higher than the target price and the demand for rice was particularly high, the Council consulted Parliament and

¹ Regulation (EEC) No 1998/74, OJ No L 209 of 31. 7. 1974.

² See paragraph 339 of this Review.

³ See paragraph 153 of the 20th Review.

⁴ Regulation (EEC) No 1523/74, OJ No L 164 of 20. 6. 1974.

⁵ Regulation (EEC) No 1524/74, OJ No L 164 of 20. 6. 1974.

on 29 April 1974 decided to fix the target price for husked rice for the 1974/75 marketing year at 22.600 u.a./100 kg, ¹ i.e. 1.275 u.a. (6%) above the figure for the previous year.

This decision led the Council at the same time to fix the Arles and Vercelli intervention prices for paddy rice, which must be derived from the target price for husked rice, at a level 4% higher than that adopted for the previous year. ²

As regards the threshold prices for husked and broken rice, fixed by the Council on 27 June 1974 ³—in accordance with their function of ensuring that the selling price for imported husked rice on the Duisburg market is equal to the target price, they followed the movement of the latter price. The threshold price for round-grained husked rice was therefore fixed at 22.25 u.a./100 kg and that for broken rice at 13.860 u.a./100 kg.

The protection amount for the Community rice industry, one of the components to be used in determining the level of the threshold price for milled rice, was increased in the same Regulation to 0.700 u.a./100 kg.

Lastly, on the same date the Council fixed the monthly price increases for paddy rice and husked rice for the period 1 December 1974 to 1 July 1975 at 0.135 u.a./100 kg and 0.169 u.a./100 kg. respectively, ⁴ i.e. at a level approximately 8% higher than that adopted for the previous year.

2. PRODUCTS PROCESSED FROM CEREALS

(a) *Pigmeat*

Prices

358. In this sector, as in many others, it was particularly difficult to fix a basic price in view of general trends in prices and incomes and of requirements specific to this sector, such as the need to offset anticipated cyclical repercussions. In view of these considerations,

¹ Regulation (EEC) No 1130/74, OJ No L 128 of 10. 5. 1974.

² Regulation (EEC) No 1131/74, OJ No L 128 of 10. 5. 1974.

³ Regulation (EEC) No 1718/74, OJ No L 181 of 4. 7. 1974.

⁴ Regulation (EEC) No 1719/74, OJ No L 181 of 4. 7. 1974.

the Council adopted Regulation (EEC) 1133/74 of 29 April 1974¹ fixing the basic price for the 1974/75 marketing year starting on 1 November 1974 at 93 u.a./100 kg (1973/74 price = 86 u.a.). This price applied to the standard quality—i.e. the quality most representative of the class and categories of weight in Community pigmeat production.

The considerable deterioration in general conditions affecting production during the following months led the Council in October 1974 to increase this price, as for the other products (Regulation (EEC) No 2496/74 of 2 October 1974²), by 5%, to 97.65 u.a./100 kg.

In view of the special cyclical difficulties in this sector which had led producers to slaughter large numbers of pigs in order to avoid loss of income later on, the Council adopted on the same date Regulation (EEC) No 2499/74² which brought forward to 7 October 1974 the entry into force of the new 1974/75 price, the date previously laid down being 1 November.

(b) *Eggs and poultry*

359. In this sector the Commission's management of the market using the traditional instruments, i.e. export refunds, levies and additional import levies, has functioned satisfactorily. Nevertheless, in view of the increase in general production costs due to the inflationary economic climate, and the change in the ratio between the various components of these costs which are embodied in a single coefficient to determine to what extent the protection mechanisms set out above should be applied, the Council adopted Regulations (EEC) Nos 1716/74³ and 1717/74³ of 27 June 1974 amending the rules for calculating the levy and the sluice-gate price for eggs and poultry meat respectively.

3. MILK AND MILK PRODUCTS

360. As part of its day-to-day management of this sector the Council fixed the prices in March for the 1974/75 marketing year. Regulation (EEC) No 663/74 of 28 March 1974⁴ was adopted, fixing the target

¹ OJ No L 128 of 10. 5. 1974.

² OJ No L 268 of 3. 10. 1974.

³ OJ No L 181 of 4. 7. 1974.

⁴ OJ No L 85 of 29. 3. 1974.

price for milk and the intervention prices for butter, skimmed milk powder and Grana Padano and Parmigiano Reggiano cheese; likewise Regulation (EEC) No 665/74¹ of the same date, fixing the threshold prices for certain milk products.

The target and intervention prices are as follows:

	u.a. per 100 kg	
	1974/75 marketing year	1973/74 marketing year
(a) Target price for milk	13.41	12.42
(b) Intervention price:		
Butter:		
— in Denmark	172.40	171.50
— in Ireland	163.40	160.25
— in the United Kingdom	104.89	87.96
— in the other Member States	176.00	176.00
Skimmed milk powder	79.00	66.00
Grana Padano cheese:		
— from 30 to 60 days	175.50	157.55
— in batches of an average age of 6 months	206.60	183.55
Parmigiano Reggiano cheese in batches of an average age of 6 months	223.60	197.95

These prices were later increased by 5% by the Council as part of the general price increase for agricultural products in October² in view of the excessive rise in costs in the agricultural sector during the current marketing year.

4. BEEF AND VEAL

Prices

361. On 28 March 1974 the Council adopted Regulation (EEC) No 667/74¹ fixing the guide prices for calves and adult bovine animals at the following levels:

¹ OJ No L 85 of 29. 3. 1974.

² Regulation (EEC) No 2496, OJ No L 268 of 3. 10. 1974.

	u.a. per 100 kg liveweight		
	United Kingdom	Ireland	Other Member States
Calves	96.00 ¹	96.00	113.00
Adult bovine animals	82.00 ¹	82.00	96.50

Since the Commission had undertaken to fix special prices for the United Kingdom, by virtue of the transitional measures provided for in Article 63 of the Accession Treaty, the Council restricted the period of validity of these prices, to end on 31 January 1975.

Furthermore, the Council was anxious to give meat producers special advantages and therefore decided that the increase in the guide prices would be paid retrospectively to the parties concerned for buying-in operations carried out in the context of interventions between 4 and 31 March 1974.

Lastly the Council adopted the following guide price levels as part of its decision to make a general price adjustment on 2 October 1974: ²

	Community as originally constituted and Denmark	Ireland and United Kingdom
Guide prices for adult bovine animals	101.33 u.a./100 kg	86.10 u.a./100 kg
Guide prices for calves	118.65 u.a./100 kg	100.80 u.a./100 kg

These two Decisions meant that the Council increased the guide price for adult bovine animals by more than 17.5% compared with the previous year, thus showing its wish to take account of the particularly appreciable rises in production costs for beef and veal. This Decision is in line with the long-term policy which the Council has set itself to encourage this type of production, since it follows on increases of 8% and 10.5% respectively in the two preceding years.

¹ Subject to the measures adopted in implementation of Article 63 of the Act of Accession.

² OJ No L 268 of 3. 10. 1974.

362. On 9 December 1974, in implementation of Article 14 (2) of the basic Regulation, the Council adopted the estimate of the beef and veal intended for the processing industry for the period 1 January—31 December 1975. This estimate gives a deficit of zero tonnes for 1975.

363. As in previous years the Council adopted Regulations opening, allocating and providing for the administration of the Community tariff quotas at a fixed duty under the GATT.

These Regulations concern the Community tariff quota for frozen beef and veal falling within sub-heading 02.01 A II a) 2 of the CCT for 1974¹ and 1975² which the Community undertook to open at a duty of 20% during the multilateral GATT negotiations. This Community tariff quota was 34 000 tonnes in 1974 (22 000 contractual and 12 000 autonomous), and 38 500 tonnes for 1975.

These tariff quotas have been allocated as follows:

	1974 (tonnes)	1975 (tonnes)
Benelux	4 570	4 800
Denmark	200	200
France	2 290	2 990
Germany	4 750	7 800
Ireland	100	1
Italy	10 390	9 209
United Kingdom	11 700	13 500
Total	34 000	38 500

Another Regulation opened a Community tariff quota of 30 000 head of heifers and cows other than those intended for slaughter, of certain mountain breeds, falling within sub-heading 01.02 A II b) 2 of the CCT.³

364. In an exchange of letters with Austria dated 21 July 1972 the Community undertook autonomously to increase this Community tariff quota from the 20 000 head usually granted in the past to 30 000

¹ OJ No L 20 of 24. 1. 1974.

² OJ No L 349 of 28. 12. 1974.

³ Regulation (EEC) No 1844/74, OJ No L 194 of 17. 7. 1974.

head and to reduce the quota duty for these animals from 6% to 4%. This reduction was enacted by Council Regulation (EEC) No 707/73 of 12 March 1973.¹ Because of the special factors to be considered, both geographical and zootechnical, an initial instalment of the quota amount was allocated among three Member States only of the Community as originally constituted, viz. France, Germany and Italy, who were allotted 3 900, 10 000 and 5 100 head respectively.

If requirements should arise in any of the new Member States in respect of the cattle covered by this quota, these Member States would be able to raise an adequate quota from the reserves, reserve supplies permitting.

Lastly a Community tariff quota was opened of 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds falling within sub-heading ex. 01.02 A II b) of the CCT,² at a fixed duty of 4%. This quota was allocated on the same basis as the previous quota, the first instalment being allocated as follows: France 120 head, Germany 250 head, Ireland 25 head and Italy 4 630 head.

5. FRUIT AND VEGETABLES – BASIC PRICES AND BUYING-IN PRICES

365. In accordance with the provisions of the basic Regulation the Council, after consulting Parliament and at the same time as fixing prices for the other agricultural products (on 29 April 1974), fixed the basic prices and buying-in prices for fruit and vegetables³ for the 1974/75 marketing year.⁴

These prices were fixed at levels which would make the prices paid to producers in case of intervention measures 10% higher than in the previous marketing year, except for pears and apples. In view of the danger of structural surpluses the increases for these products are 4% and 7% respectively.

On 4 June 1974 the Council decided to extend by one month the 1973/74 apple marketing year and by way of exception to fix a basic price and buying-in price for apples for June 1974.⁵ This decision was made because of the large quantities of apples still in store in April 1974, as there was a danger that application would be

¹ OJ No L 68 of 15. 3. 1973.

² OJ No L 194 of 17. 7. 1974.

³ Cauliflowers, tomatoes, peaches, lemons, pears, dessert grapes, apples, mandarins and sweet oranges.

⁴ Regulation (EEC) No 1069/74, OJ No L 120 of 1. 5. 1974.

⁵ Regulation (EEC) 1385/74, OJ No L 148 of 5. 6. 1974.

made for intervention measures in respect of substantial quantities during May, since the marketing year and with it entitlement to intervention measures on the markets would end on 31 May.

6. SUGAR

366. In its management of the sugar market during the period under review the Council has been preoccupied mainly with two sets of problems, one relating to pricing arrangements and price fixing, and the other concerning the measures to be taken to secure the Community's sugar supplies.

In addition the Council has had to decide certain procedures for implementing the basic Regulation.

(a) Measures relating to prices

367. Under the Council's overall agreement of 21-23 March 1974 price increases of some 5.5% to 7% were determined.¹ Sugar was also included in the general 5% price increase on 2 October 1974.² These decisions produced the following price trends:

u.a./100 kg	1973/74	1974/75	
		April 1974	October 1974
Target price for white sugar	24.80	26.55	27.88
Intervention price for white sugar	23.57	25.22	26.48
Derived intervention price in Italy	25.28	27.43	28.69
Derived intervention price in the French overseas departments	23.24	24.99	26.25
Derived intervention price in Ireland	21.65	23.57	24.75 ⁴
Derived intervention price in the United Kingdom	19.79	21.85	22.84 ⁴
Intervention price for raw sugar ³	20.05	21.41	
Minimum price for beet ³	17.86	18.84	19.78
Threshold price for white sugar	27.60	29.47	30.80
Threshold price for raw sugar	24.21	25.78	26.90
Price for molasses	3.20	3.20	3.20

¹ Regulations (EEC) No 1599/74 and No 1600/74, OJ No L 172 of 27. 6. 1974.

² Regulation (EEC) No 2496/74 OJ No L 268 of 3. 10. 1974.

³ Derived prices were also fixed for certain regions of the Community.

⁴ Up to 31 December 1974.

Special measures were taken by the Council concerning Ireland and the United Kingdom.¹

In order to fix the marketing price for sugar imported into the United Kingdom under the Commonwealth agreement at a level which would remove distortions in competition between Commonwealth sugar and Community sugar and also sugar from the French overseas departments, the marketing price was reduced from 16.86 u.a./100 kg to 16.39 u.a./100 kg and later amended to 17.10 u.a./100 kg.²

(b) Measures to secure the Community's sugar supplies

368. In view of the relative shortage of sugar on the world market and in the Community the Council was anxious to secure the Community's sugar supplies and took the following initial measures:³ supplies of sugar produced in excess of the quota were made available on the internal market and a special export levy was imposed on these supplies while still allowing forward export contracts to be concluded.⁴ An export charge was imposed on certain cereal, rice and milk-based products containing added sugar⁵ and a Regulation adopted on the imposition of an export charge on certain products processed from fruit and vegetables and containing added sugar.⁶ This charge is applicable to products with a sucrose content in excess of 35%. It was fixed at 20 u.a./100 kg of added sugar. In implementing these provisions account must be taken of the problems of existing contracts, small packages and certain sensitive products (sweetened condensed milk). Further, a subsidy for sugar imports under an IMEX system was introduced, covering an initial shipment of 200 000 tonnes, the Council leaving open the possibility of deciding at a later date to import additional quantities in the light of experience and the effectiveness of this measure. It was agreed that sugar in excess of the Community quota would be given equal treatment as regards EAGGF financing.⁷ Finally, machinery was set up for the close and regular supervision of all sugar movements.⁸ The Council Decision of 20

¹ See paragraph 306 of this Review.

² Regulation (EEC) No 2518/74, OJ No L 270 of 5. 10. 1974.

³ See paragraph 395 of this Review.

⁴ Regulation (EEC) No 1602/74, OJ No L 172 of 27. 6. 1974.

⁵ Regulation (EEC) No 1603/74, OJ No L 172 of 27. 6. 1974.

⁶ Regulation (EEC) No 2980/74, OJ No L 318 of 28. 11. 1974.

⁷ Regulations (EEC) Nos 2931/74 and 2932/74, OJ No L 311 of 22. 11. 1974.

⁸ OJ No L 317 of 27. 11. 1974.

November 1974 thus provides that Member States must supply to the Commission each week all relevant information concerning quantities of sugar per contract, the volume of sales and purchases and the presumed origin and destination of the sugar involved.

As a second step and on the basis of a memorandum from the Commission, the Council held an initial exchange of views at its meeting on 9/10 December 1974 on possible emergency measures to be considered with a view to covering a physical shortfall of sugar in the Community, such as incentives to produce sugar from molasses or from beet for distillation, or by bringing forward the crop year. Other measures might concern reducing demand.

(c) Other procedures for implementing the organization of the market

369. Following the amendment to the basic Regulation relating to the replacement of the principle of a compulsory grant of a production refund on sugar used in the manufacture of certain products of the chemical industry by that of an optional grant, the Council accordingly amended Regulation (EEC) No 765/68 laying down general rules for the production refund on sugar used in the chemical industry.¹

Pending the revision of this Regulation, which is to take place before 30 June 1975 in respect of the list of products appended to it, the Council adopted Regulation (EEC) No 1862/74 of 15 July 1974 aligning the 'sugar/maize equilibrium price' with the price of maize and fixing it at 16.00 u.a./100 kg.² This figure was adopted because certain chemical products can be manufactured either from sugar or from starch products and there were good reasons to avoid discouraging the use of cereals for the manufacture of such products.

7. WINE

(a) Prices system

370. The difficult situation in the agricultural markets in 1974, caused by growing inflation, led the Council to discuss on several occasions the general levels of common agricultural prices.³

¹ Regulation (EEC) No 2477/74, OJ No L 264 of 1. 10. 1974.

² OJ No L 197 of 19. 7. 1974.

³ See paragraph 282 of this Review.

The outcome of the decisions made after these deliberations, as regards common prices for wine, was that the various guide prices applicable from 16 December 1974 to 15 December 1975 were, on a proposal from the Commission and after consulting Parliament, first increased by 11 %¹ and later by a further 5% under the exceptional revision of agricultural prices for 1974/75.²

As regards the second category of wine prices which during the period of validity of the guide prices serve as activating prices for intervention measures — these were fixed by the Council on 10 December 1974, on a proposal from the Commission, at 94% of the aforementioned guide prices. Although for the reference period 16 December 1974 to 15 December 1975 this gives a differentiated increase in activating prices according to the type of wine, the decision is based on the principle put forward by the Commission in connection with the revision of Regulation (EEC) No 816/70³ — i.e. that the level of activating prices should not be higher than 95% of the guide prices.

The table below illustrates price trends for wine in comparison with the 1973 situation:⁴

Type of wine	Guide price 16. 12. 1974 – 15. 12. 1975	Activating price 16. 12. 1974 – 15. 12. 1975	Average market price at the beginning of 1974/75
<i>R I:</i> red wine with an actual alcoholic strength of between 10° and 12°	1.70 u.a./hl	1.60 u.a./hl	1.622 u.a./hl
<i>R II:</i> red wine with an actual alcoholic strength of between 13° and 14°	1.66 u.a./hl	1.56 u.a./hl	1.669 u.a./hl
<i>R III:</i> red wine from wine varieties of the 'Portugieser' type	26.58 u.a./hl	24.99 u.a./hl	16.57 u.a./hl

¹ Regulation (EEC) No 1136/74, OJ No L 128 of 10. 5. 1974.

² Regulation No 2496/74, OJ No L 268 of 3. 10. 1974.

³ See paragraph 323 of this Review.

⁴ See paragraph 226 of the 21st Review.

Type of wine	Guide price 16. 12. 1974 - 15. 12. 1975	Activating price 16. 12. 1974 - 15. 12. 1975	Average market price at the beginning of 1974/75
A I: white wine with an actual strength of between 10° and 12°	1-60 u.a./hl	1-50 u.a./hl	1-412 u.a./hl
A II: white wine from wine varieties of the 'Sylvaner' or 'Müller-Thurgau' type	35-43 u.a./hl	33-30 u.a./hl	18-67 u.a./hl
A III: white wine from wine varieties of the 'Riesling' type	40-45 u.a./hl	38-02 u.a./hl	30-56 u.a./hl

(b) *Intervention measures*

371. Since the exceptionally abundant harvest in Autumn 1973 the situation in the wine market has continued to deteriorate. It has in fact been impossible to sell table wines at a reasonable price which would cover increased production costs and give wine-growers a fair return. In addition, in the course of the summer of 1974 it was already apparent that the next harvest would again be too large — in spite of bad weather in certain wine-growing regions, for the market to regain stability.

Consequently the Council, on a proposal from the Commission, decided to implement a number of intervention measures provided for in the basic Regulation. Some of these measures were implemented on an exceptional basis and for the first time since Regulation (EEC) No 816/70 was introduced in 1970.

(i) *Withdrawal of wine from the market through 'subsidized' distillation*

372. The first intervention measures are contained in Regulation (EEC) No 1794/74 of 10 July 1974¹ which under Article 7 of the basic Regulation allows distillation to be carried out voluntarily be-

¹ OJ No L 187 of 11. 7. 1974.

tween 15 July and 30 September 1974. The general rules governing this distillation were the same as those adopted in 1971 and 1972,¹ when the granting of aid for private storage was in itself insufficient to restore prices. However the minimum price for wine delivered for distilling and the amount of aid to be paid by the intervention agencies to allow the alcohol or distillates so obtained to be marketed by the distilleries under normal conditions were adjusted in accordance with general price trends since 1972 and fixed at 1.32 u.a. per °/hl and 0.48 u.a. per °/hl respectively.

However, from the time this scheme was put into operation, the buying-in price of 1.32 u.a. °/hl proved to be no incentive to the wine-growers in the northern regions to deliver some of their wines for distillation. Since the market prices for type A II wine were even lower than the market prices for the southern wines, the price of 1.32 u.a. per °/hl did not take into account the principle of differentiating Community prices in the wine sector according to the type of wine. Consequently, on a proposal from the Commission, the Council had to fix a special buying-in price of 1.77 u.a. per °/hl for A II type wine for distillation. The period during which this wine should be distilled was laid down as 15 August to 31 October 1974 and the aforementioned aid to be paid by the intervention agencies was increased from 0.48 u.a. per °/hl to 0.93 u.a. per °/hl.²

In September, under the exceptional revision of the common prices for 1974/75³ the Council, at the same time as increasing guide prices by 5%, also increased the aid granted under the distillation scheme mentioned above. This action followed a proposal by the Commission and was motivated by the fact that the common prices in the wine sector do not exercise the function of 'guaranteed' prices as in other agricultural sectors. For wines distilled after 7 October 1974 the amount of aid was increased from 0.48 u.a. per °/hl to 0.53 u.a. per °/hl and, for type A II wine, from 0.93 u.a. per °/hl to 0.98 u.a. per °/hl. At the same time the Council also extended to 15 November 1974 the period during which distillation could take place, provided that the delivery contracts for table wines were concluded before 30 September or, for type A II wine, before 31 October 1974.⁴

¹ See 19th and 20th Reviews.

² Regulation (EEC) No 1913/74, OJ No L 202 of 24. 7. 1974.

³ See paragraph 370 of this Review.

⁴ Regulations (EEC) Nos 2500/74 and 2501/74, OJ No L 268/74 of 3. 10. 1974.

According to the information provided by the various producer Member States concerned, these 'subsidized' distillation operations enabled between 6 and 9 million hectolitres of wine to be withdrawn from the market.

373. In November the Council was faced with a catastrophic situation in certain French wine-growing regions in the south-western part of the Massif-Central. These regions include the departments of Gers, Haute-Garonne, Tarn-et-Garonne, Tarn, Landes and Aude and were declared by order of the prefect to be disaster areas because the wines from their harvests — following almost complete absence of sunshine in August and September — were unfit for human consumption. In order to ensure that these wines were not fraudulently fortified and subsequently placed on the market, likewise to compensate the wine-growers to some extent, on 26 November 1974, on a proposal from the Commission, the Council adopted a Regulation based on Article 38 of Regulation (EEC) No 816/70¹ which allowed approximately 1.5 million hectolitres of wine from the disaster areas to be distilled between 1 December 1974 and 31 January 1975 under the same system of prices and aid as for the distillation operations described above.

Thus Article 38 of the basic Regulation was implemented for the first time. Under this Article, notwithstanding the other provisions contained in the basic Regulation, any measure may be taken to remedy 'an exceptional situation resulting from natural disasters'.

- (ii) Temporary withdrawal of wine from the market using special measures to avoid premature termination of short or long-term storage contracts

374. The substantial quantities of table wine under short and long-term storage contracts in certain regions before the beginning of the 1974 harvest created a storage problem concerning the wine from the new harvest. Although under Article 6 of the basic Regulation the Commission was empowered to grant aid for the transfer of certain quantities of table wine to producers or dealers who still had storage

¹ Regulation (EEC) No 2981/74, OJ No L 318 of 28. 11. 1974.

capacity, a problem still arose for certain quality wines p.s.r. from wine-growing area A in Germany where the proportion of quality wines p.s.r. produced is appreciably higher than that of table wines.

The Council was faced in fact with a double problem, firstly how to remedy a situation which was particularly difficult in view of the large 1973 harvest and which affected certain producers of quality wines p.s.r.; secondly, how to justify financial support by the EAGGF for quality wines p.s.r.

The solution which was finally evolved was to apply Article 33 of the basic Regulation, which allows intervention measures to be taken 'to the extent necessary to support the market in table wines . . . in respect of . . . products . . . other than table wine'. On 10 July 1974, on a proposal from the Commission, the Council adopted a Regulation providing for aid to be granted for the transportation to other storage localities of quality wines p.s.r. of the harvest originating in wine-growing zone A. ¹

(c) Monitoring of production potential and requirements

375. Under Article 43 of the basic Regulation in 1974 the Commission submitted to the Council the yearly definitive balance-sheet on the wine market situation at the end of the preceding year and also, under Article 17 of the same Regulation, the report in foreseeable trends in vine planting and replanting in the Community and on the ratio between production and utilization in the vine sector.

The object of the documents based on this information is to enable the Council to form an opinion of the existing and foreseeable situation in the Community wine-market and to consider whether there are grounds for taking measures, on a proposal from the Commission, to prevent structural surpluses.

(d) Compulsory distillation of wine by-products

376. Under Article 24 of the basic Regulation this system is compulsory in France and Italy, and is based on the necessity to ensure that the prohibition on overpressing of grapes is observed. ²

¹ Regulation (EEC) No 1793/74, OJ No L 187/74 of 11. 7. 1974.

² See paragraph 229 of the 21st Review and preceding Reviews.

In 1974 the Council had to confirm the general rules applicable to the compulsory distillation of wine by-products, known as that of 'prestations viniques' (vintners' deliveries), which was due to lapse on 1 September 1974: The Council also had to fix, as it does each year, the price to be paid by the intervention agencies to the wine-growers for the alcohol from this distillation process and any contribution from the Guarantee Section of the EAGGF towards the resultant expenses incurred by the intervention agencies.

In connection with the general rules mentioned above, Regulation (EEC) No 1877/74, adopted by the Council on 15 July 1974¹ on a proposal from the Commission, provides for the period of validity of the criteria which were in force during the three preceding years² to be extended until the end of the 1976/77 year. The only change from the previous rules is that the Italian wine-growers are exempt from the vintners' deliveries system if their vineyard is on one of the Italian islands other than Sicily and Sardinia. Although this exemption is justified by the fact that the costs of transporting the by-products to the distilleries on the mainland are appreciably higher than the return on the alcohol, the wine-growers involved are still not exempt from the prohibition on overpressing.

The buying-in price to be paid by the intervention agencies during the 1974/75 year for the alcohol delivered to them under the vintners' deliveries system was increased by the Council, on a proposal from the Commission, from 0.72 u.a. per °/hl to 0.80 u.a. per °/hl, while the contribution from the EAGGF was fixed at zero u.a., as for the previous year, since the alcohol from the compulsory distillation of the by-products of wine-making can still be marketed at reasonable prices.³

(e) *Other amendments to the regulations on wine*

377. Pending the harmonization at Community level of the rules governing the production of flavoured wines (CCT heading No 22.06), on a proposal from the Commission and by way of derogation from the provisions of Article 25 of the basic Regulation the Council extended to 31 August 1975 the period of validity of the authorization to add alcohol to grape musts and wines intended for the preparation of the flavoured wines specified above.⁴

¹ OJ No L 198 of 20. 7. 1974.

² Regulation (EEC) No 1171/71, OJ No L 123 of 5. 6. 1971.

³ Regulation (EEC) No 1878/74, OJ No L 198 /74 of 20. 7. 1974.

⁴ Regulation (EEC) No 1876/74, OJ No L 198/74 of 20. 7. 1974.

At the same time as extending these provisions the Council also decided to bring sparkling wines within the scope of Regulation (EEC) No 1093/70,¹ which determines the cases in which alcohol may be added to products in the vine sector, and it also decided to codify this Regulation and the relative amending Regulations which the Council had adopted since 1970.

(f) *Luxembourg Protocol*

378. Since the harmonization of specific duties on wine in the Community had still not been achieved by 31 December 1974 and the application of the specific provisions of the Convention on the Economic Union of Belgium and Luxembourg in favour of Luxembourg wines continued to contribute to the agricultural income of the Grand Duchy of Luxembourg, the Council adopted Regulation (EEC) No 3192/74 of 17 December 1974 extending the period of validity of the provisions of Article 1, Paragraph 1 (2) of the Protocol on the Grand Duchy of Luxembourg for a further year.² Thus these provisions remain in force until the implementation of the Directive on the harmonization of excise duty on wine³ in the Community or at the latest until 31 December 1975.

8. VEGETABLE FATS

379. In this sector prices and the procedures for implementing them were fixed by the Council. Furthermore, two important questions were discussed, one concerning further regionalization of the intervention prices for oil seeds and the other concerning the introduction of an oil register.

(a) *Oil seeds*

380. At its meeting on 21-23 March 1974 the Council fixed the target prices and the basic intervention prices for colza and rape seed and for sunflower seed.⁴

¹ OJ No L 128 of 12. 6. 1970.

² OJ No L 341 of 20. 12. 1974.

³ See paragraph 81 of this Review.

⁴ Regulation (EEC) No 1122/74, OJ No L 128 of 10. 5. 1974.

Under the general amendment of agricultural prices in autumn 1974 the prices of these seeds were also amended,¹ and the movements of these prices in u.a./100 kg in actual figures and as a percentage are given below:

Product	1973/74	%	1974/75 marketing year			
			29. 4. 1974	%	2. 10. 1974	%
Target price						
— colza and rape seed	21·05	1%	21·90	3%	23·00	5%
— sunflower seed	21·26	1%	22·54	6%	23·67	5%
Basic intervention price						
— colza and rape seed	20·45	1%	21·27	3%	22·33	5%
— sunflower seed	20·65	1%	21·89	6%	22·98	5%

The main factor when prices for oil seed were fixed in March 1974 was the revision of the system of regionalizing prices which was embodied in Regulation (EEC) No 1123/74 of 29 April 1974 fixing the main intervention centres for oil seeds for the 1974/75 marketing year and the derived intervention prices applicable in those centres.² This revision, which was discussed in the Memorandum on the improvement of the Common Agricultural Policy³ and which was in line with a declaration made by the Council on 20 June 1972, consisted of discontinuing the additional aid for seeds processed in Italy a measure which, at Community level, had provoked an appeal to the Court of Justice. The amendments made to the system of regionalizing prices should allow seeds to move freely within the Community, bearing in mind the natural conditions of price formation and the needs of the market. The intervention prices were fixed so that the differences between them correspond to the price differences to be anticipated in the case of a normal harvest.

The Council also fixed for 1974/75 the monthly increases in the target price and in the intervention price⁴ which take account of increased storage costs and also the increased value of the product stored.

¹ Regulation (EEC) No 2496/74, OJ No L 268 of 3. 10. 1974.

² OJ No L 128 of 10. 5. 1974.

³ See paragraph 125 of the 21st Review.

⁴ Regulation (EEC) No 1686/74, OJ No L 176 of 30. 6. 1974.

Lastly the compensatory amounts for colza and rape seed harvested in Denmark and the United Kingdom were fixed at 0.96 u.a./100 kg (compared with 1.15 u.a./100 kg in 1973/74) for Denmark and at 4.22 u.a./100 kg (compared with 5.14 u.a./100 kg for 1973/74) for the United Kingdom. ¹ This reduction should be seen in the context of the approximation of price levels between the Six and the new Member States.

(b) *Olive oil*

381. One of the Council's price decisions on 21–23 March 1974 was to maintain for the 1974/75 marketing year the existing market organization arrangements, but to replace them as from 1 November 1975 by a new system to be decided before 1 April 1975 on a proposal from the Commission.

The Council therefore fixed the various components of the pricing structure as follows, including the 5% price increase of 2 October 1974 as part of the decisions taken at this most recent meeting:

(u.a./100 kg)

	1973/74	1974/75	
		Decision of 29. 4. 1974 ²	Decision of 2. 10. 1974 ³
Target production price	137.17	137.17	144.03
Target market price	95.00	95.00	101.86
Intervention price	87.75	87.75	94.61

In addition, on 15 July 1974 the Council adopted in connection with the 1974/75 marketing year Regulations (EEC) No 1897/74 fixing the monthly increases in the market target price, the intervention price and the threshold price, ⁴ No 1898/74 fixing the threshold price for olive oil at 93 u.a./100 kg ⁴ and No 1899/74 on the standard amount for unrefined olive oil produced entirely in Greece and transported direct from that country into the Community. ⁴

¹ Regulation (EEC) No 1124/74, OJ No L 128 of 10. 5. 1974.

² Regulation (EEC) No 1121/74, OJ No L 128 of 10. 5. 1974.

³ Regulation (EEC) No 2496/74, OJ No L 268 of 3. 10. 1974.

⁴ OJ No L 201 of 23. 7. 1974.

At the same time the Council adopted Regulation (EEC) No 1896/74 amending Regulation (EEC) No 3209/73 on the subsidy for olive oil ¹ since it was considered that the principles previously adopted with regard to the granting of this aid to producers should be maintained for the 1974/75 marketing year.

382. At its meeting on 19-20 November 1973, the Council had adopted the principle of setting up an oil register within the Community. During its meeting on 9-10 December 1974 it agreed in principle to a Regulation providing that such a register should be established in two stages before 1 September 1980. It would be financed by a percentage deduction from the aid granted to producers. Should additional finance be necessary, the Council would take a decision on this matter before 31 December 1976. This text was submitted to Parliament for its Opinion. When it is adopted it should enable data to be assembled giving the Community's production capacity in olives and olive oil, and it should also ensure that the Community system of aid for this product is monitored more efficiently.

9. TOBACCO

(a) *Prices for tobacco grown in the Community and payments granted to purchasers of this product*

383. On 29 April 1974, after consulting Parliament, the Council adopted the Regulation fixing the norm prices, the intervention prices and the reference qualities for leaf tobacco from the 1974 harvest. ²

The Council fixed the norm prices for the different varieties of leaf tobacco at a level approximately 6% higher than for the preceding year. However, the increases for the varieties, 'Nostrano del Brenta' and 'Paraguay' were fixed at 5% and 9% respectively in order to bring production of these varieties more into line with the demand recorded on the markets.

At the same time the Council also fixed the intervention prices derived from the norm prices mentioned above and the reference qualities for baled tobacco from the same harvest. ³

¹ OJ No L 201 of 23. 7. 1974.

² Regulation (EEC) No 1134/74, OJ No L 128 of 10. 5. 1974.

³ Regulation (EEC) No 1135/74, OJ No L 128 of 10. 5. 1974.

In addition, on 4 June 1974 the Council fixed the amounts of the premium granted to purchasers of leaf tobacco from the 1974 harvest.¹ These premiums remained at the same level as for the 1973 harvest except for the varieties 'Paraguay', 'Nostrano del Brenta', and 'Maryland', for which the premiums were increased over the preceding year so as to enable purchasers to pay Community producers of these varieties a price equal to the norm price.

Lastly in November 1974 the Council took note of a Commission report on the quantities of raw tobacco from 1971 harvest taken over by the intervention agencies. In one Member State these were in excess of certain limits laid down by the basic Regulation on tobacco.

(b) Special aid for certain wrapper leaf tobaccos

384. On 4 June 1974 the Council, after consulting Parliament, adopted a Regulation² granting aid of 4.449 u.a./kg of baled tobacco to the processors. The aim was to facilitate the marketing of certain varieties of tobacco, viz. 'Round Tip', 'Scafati' and 'Sumatra I', harvested in Italy in 1968 and 1969 and remaining unsold following certain difficulties which arose on the markets when the transition from the national market organization to the common system took place in 1970.³

10. PROTEINS

(a) Dehydrated fodder

385. In accordance with the provisions for the new organization of the market in dehydrated fodder adopted by the Council on 30 April 1974⁴ the Council adopted Regulation (EEC) No 1068/74 fixing the production aid for dehydrated fodder for the 1974/1975 marketing year at u.a./tonne.⁵ This amount was increased to 6.3 u.a./tonne on 2 October 1974.⁶ The Council also adopted Regulation

¹ Regulation (EEC) No 1470/74, OJ No L 165 of 20. 6. 1974.

² Regulation (EEC) No 1469, OJ No L 165 of 20. 6. 1974.

³ See paragraphs 117 to 122 of the 18th Review.

⁴ See paragraph 300 of this Review.

⁵ OJ No L 120 of 1. 5. 1974.

⁶ Regulation (EEC) No 2436/74, OJ No L 268 of 3. 10. 1974.

(EEC) No 1192/74 of 13 May 1974 on aid for dehydrated fodder. The Regulation defines the criteria for granting this aid for certain products, viz. maximum moisture content which may be varied according to the form of presentation of the product, minimum crude protein content; further, the conditions for granting the aid to drying plants and the criteria for awarding contracts with a view to providing a system of verification to ensure that the aid was granted only for those products which are entitled to it. ¹

(b) *Soya beans*

386. Under the new price and aid system adopted for soya beans, ² on 2 October 1974 the Council adopted Regulation (EEC) No 2503/74 fixing the guide price at 23·31 u.a./100 kg and laying down the standard quality to which this price applies, taking into account the average quality of beans harvested in the Community. ³

The Council also adopted Regulation (EEC) No 2783/74 of 4 November 1974 which contained special measures for soya beans for the 1974/75 marketing year. ⁴ It considered that a certain amount of experience should initially be acquired as regards the provisions to be applied to soya beans. It was therefore expedient, in its opinion to restrict to a single marketing year the criteria for determining the average world market price together with general rules for granting the subsidy and for the control of beans harvested within the Community. This Regulation also lays down that a standard indicative yield must be determined for soya beans of the standard quality. Lastly, until 31 October 1975 and in respect of soya beans harvested before 1 January 1975, Member States may continue to apply their respective national production subsidy arrangements.

11. TEXTILE FIBRES AND SILKWORMS

(a) *Flax and hemp*

387. For the 1974/75 marketing year the Council fixed aid for flax and hemp taking into account the necessity to ensure a balance between the volume of production and potential outlets, the desirability of

¹ OJ No L 131 of 14. 5. 1974.

² See paragraph 301 of this Review.

³ OJ No L 268 of 3. 10. 1974.

⁴ OJ No L 297 of 5. 11. 1974.

supporting this production, and also taking into account prices for fibres, flax seed and hemp seed on the world market as well as prices of other competing agricultural products. The Council also considered that it was possible to align the amounts for Denmark with the general level. The amounts fixed as a result of this decision ¹ are as follows. for flax, 92 u.a./ha for the United Kingdom (compared with 70 u.a. for the previous year) and 160 u.a./ha for the other Member States (compared with 150 u.a. for the previous year); for hemp, 135 u.a./ha for all the Member States (compared with 125 u.a. for the previous year).

The Council increased these amounts by 5% on 2 October 1974. ²

(b) *Cotton seeds*

388. The Council fixed the amount of aid for cotton seeds for the 1974/75 marketing year at 83.60 u.a./ha ³ as compared with 82 u.a./ha the previous year. In making its decision the Council took account of the necessity of being able to maintain this production in certain less favoured regions and to stimulate research and development of new varieties. The aid was increased by 5% as part of the general price increase in October 1974. ⁴

(c) *Silkworms*

389. In its Regulation (EEC) No 922/72 ⁵ the Council had restricted the application of the general rules for granting aid for silkworms to the 1972/73 and 1973/74 rearing years. In the light of experience it agreed on 28 March 1974 ⁶ to remove this restriction and to extend this Regulation to cover future years.

Taking account of the state of the market in cocoons and raw silk, of foreseeable trends on that market and of import policy, the Council adopted Regulation (EEC) No 1066/74 of 29 April 1974 ⁷ fixing the aid at 31.60 u.a. per box of silkworm eggs used. This amount should help to ensure a fair return to rearers during the 1974/75 rearing year. The Council increased it by 5% under its decision on prices in October 1974. ⁴

¹ Regulation (EEC) No 1117/74, OJ No L 128 of 10. 5. 1974.

² Regulation (EEC) No 2496/74, OJ No L 268 of 3. 10. 1974.

³ Regulation (EEC) No 1118/74, OJ No L 128 of 10. 5. 1974.

⁴ Regulation (EEC) No 2496/74, OJ No L 268 of 3. 10. 1974.

⁵ OJ No L 100 of 27. 4. 1972.

⁶ Regulation (EEC) No 668/74, OJ No L 85 of 29. 3. 1974.

⁷ OJ No L 120 of 1. 5. 1974.

12. HOPS

Production aid

390. On 7 March 1974 the Council, after consulting Parliament, fixed the aid to be granted to producers of hops for the 1972 harvest.¹

Taking into account the decrease in average returns during 1972 compared with the preceding year, the Council considered it appropriate to grant production aid for 11 varieties of hops. The amount of this aid was determined in accordance with specific trends for each variety. Thus the Council fixed these amounts at different levels varying from 150 u.a./ha for the most favourably placed varieties to 750 u.a./ha for the Strisselspalt variety.

On 5 November 1974 the Commission submitted a proposal to the Council on the subject of aid for the 1973 harvest. As laid down in the basic Regulation, the proposal was accompanied by a report on the market situation in hops for the year in question. The Council decided to send this proposal to Parliament for its opinion and instructed the appropriate Council departments to examine the documents concerned.

Finally, as regards the draft regulation on certificates of origin for hops, submitted by the Commission to the Council in February 1971,² it should be noted that the further general study found necessary following the work carried out by the Council Departments, is being continued at Commission level.

13. SEEDS

Production aid

391. In accordance with the provisions of the basic Regulation and after consulting Parliament, on 29 April 1974 the Council adopted the Regulation fixing the amounts of aid for seeds for the 1974/75 marketing year.³

¹ Regulation (EEC) No 553/74, OJ No L 66 of 8. 3. 1974.

² See paragraph 232 of the 21st Review.

³ Regulation (EEC) No 1120, OJ No L 128 of 10. 5. 1974.

In most cases the aid is not substantially different from that relating to the previous year, for it was considered adequate to ensure the supply of certified seed. However, for certain varieties of ryegrass and field beans the Council decided to grant slightly larger amounts of aid than for the previous year in view of the fact that production costs for these varieties, partly to be compensated by aid, have increased more appreciably than those other seeds.

14. FISHERIES

(a) *Fixing prices*

392. Firstly, in October 1974, the Council amended the prices for the rest of the year as part of the general 5% price increase for agricultural products.¹ Later, in December, the Council fixed the new prices for the 1975 fishing year, i.e. the guide prices for fresh² and frozen³ products, the Community production price for tunny fish⁴ and the intervention prices for sardines and anchovies.⁵ Most of the prices were increased to take account of the rise in market prices recorded during the reference period. However, these increases should not have any inflationary effects because in the fisheries sector the market prices for fresh products are on average some 20% – 25% above the withdrawal prices based on the intervention prices. The guide prices fixed by the Council for the major products, i.e. fresh products, are as follows:

	1974 ⁶	1975
cod	385 u.a./t	465 u.a./t
saithe	217 u.a./t	273 u.a./t
haddock	275 u.a./t	347 u.a./t
herrings	196 u.a./t	206 u.a./t
whiting	315 u.a./t	380 u.a./t
mackerel	200 u.a./t	210 u.a./t
plaice	345 u.a./t	435 u.a./t
redfish	363 u.a./t	427 u.a./t

¹ Regulation (EEC) No 2496/74, OJ No L 268 of 3. 10. 1974.

² Regulation (EEC) No 3141/74, OJ No L 334 of 14. 12. 1974.

³ Regulation (EEC) No 3142/74, OJ No L 334 of 14. 12. 1974.

⁴ Regulation (EEC) No 3143/74, OJ No L 334 of 14. 12. 1974.

⁵ Regulation (EEC) No 3144/74, OJ No L 334 of 14. 12. 1974.

⁶ These prices were increased by 5% as from 7 October 1974 following the general increase in agricultural prices.

shrimps	814 u.a./t	897 u.a./t
anchovies	373 u.a./t	411 u.a./t
Atlantic sardines	399 u.a./t	440 u.a./t
Mediterranean sardines	266 u.a./t	249 u.a./t

The Council also took note of the report submitted by the Commission on the effects of implementing the intervention system and the measures taken by the producers' organizations concerning the common fisheries policy.

(b) Introduction of a tariff quota for fish oil

393. On 20 March 1974 the Council adopted Regulation (EEC) No 613/74 on the opening, allocating and administration of a Community tariff quota for certain oils and fats of fish and marine mammals.¹ The Common Customs Tariff duty for the quantity laid down in the tariff quota was suspended at 10%. The quota was allocated among Member States as follows:

	Tonnes
United Kingdom	10 000
Denmark	9 000
Ireland	1 500
Benelux	3
Germany	1
France	1
Italy	1

D — Trade arrangements

1. PRODUCTS NOT COVERED BY THE COMMON ORGANIZATION OF THE MARKET

Minimum prices

394. For the reasons which led the Council in December 1973 to extend for one year the system of minimum prices and countervailing charges which could replace them for products not subject to

¹ OJ No L 81 of 27. 3. 1974.

a common organization of the market,¹ a system established by the Council Decision of 20 December 1969,² it decided on 17 December 1974, after consulting Parliament, to authorize Member States once again to apply these measures³ up to 31 December 1975 in intra-Community trade, thus allowing France to apply minimum prices to potatoes for storage, and Belgium, France, the Federal Republic of Germany and Luxembourg to apply them to new potatoes; and allowing France to apply countervailing charges, replacing the minimum prices, to seed potatoes and Germany to apply countervailing charges to edible vinegars and edible substitutes therefor, other than wine vinegar.

2. GOODS NOT COVERED BY ANNEX II PROCESSED FROM AGRICULTURAL PRODUCTS⁴

395. Since the period under reference was one of shortage in sugar, the Community introduced export levies and charges to avoid exports of sugar as such or in the form of simple mixtures. It proved necessary to supplement these measures by introducing export charges on certain processed products including industrial goods not covered by Annex II of the Treaty and covered by Regulation (EEC) No 1059/69. This was the object of Regulation (EEC) No 3185/74 of the Council of 17 December 1974.⁵

This Regulation concerns goods with a sucrose content exceeding 35% and the imposition of a charge on some 150 000 tonnes of sugar contained in these goods. The rate of the charge is 20 u.a./100 kg of sucrose. For legal reasons this Regulation was based on Article 14 (4) of Regulation (EEC) No 1059/69, and is therefore applicable for six months only. The Commission is now required to submit to the Council a proposal for a Regulation based on Article 235 of the Treaty in order to deal not only with the goods covered by Regulation (EEC) No 1059/69, but also with all simple mixtures containing sugar not covered by Annex II of the Treaty by that Regulation.

¹ See paragraph 246 of the 21st Review.

² OJ No L 328 of 30. 12. 1969.

³ OJ No L 349 of 28. 12. 1974.

⁴ See also paragraphs 311 and 312 of this Review.

⁵ OJ No L 340 of 19. 12. 1974.

E — Agricultural surveys and statistics

STATISTICAL SURVEYS OF MEMBER STATES ON THE PRODUCTION POTENTIAL OF FRUIT TREE PLANTATIONS

396. As reported in the 19th Review,¹ the Council Directive No 71/286/EEC of 26 July 1971 placed Member States under obligation to carry out statistical surveys during 1972 so as to determine the production potential of plantations of certain types of fruit trees and to submit the findings of these surveys to the Commission before 1 September 1973.

For technical reasons certain Member States were unable to meet the time limits laid down. On 10 April 1974, after consulting Parliament, the Council accordingly decided to postpone the limit for completing the surveys to 30 June 1974 and that for submitting the results of these surveys to the Commission to 1 March 1975.²

F — Financing of the Common Agricultural Policy

397. The financing of the Common Agricultural Policy, on the basis of Regulation (EEC) No 729/70, proceeded normally. However, it should be recorded that expenditure in the sectors governed by the common organizations of the market exhibited noticeably different trends in some cases from those forecast when establishing the budget. Although expenditure in the cereals sector was lower than forecast, because of the price situation on the world market, expenditure in the beef and veal, wine and sugar sectors exceeded forecasts. However, the Community was able to avoid the necessity for a supplementary budget for the 1974 financial year.

Furthermore, the Council updated Regulation (EEC) No 2824/72 relating to the general rules on the financing of interventions by the Guarantee section of the EAGGF, by adopting Regulations (EEC) No 330/74 of 4 February 1974³ and No 2683/74 of 21 October 1974⁴ which make additions to the list of measures regarded as interventions within the meaning of Article 3 of Regulation (EEC) No 729/70.

¹ See paragraph 300 of the 19th Review.

² OJ No L 101 of 11. 4. 1974.

³ OJ No L 37 of 9. 2. 1974.

⁴ OJ No L 288 of 25. 10. 1974.

G — Harmonization of provisions laid down by law, regulation and administrative action

1. GENERAL REVIEW

398. During the period under review the Council continued its work of harmonizing national laws and removing barriers to trade, on the basis of Articles 43 and 100 of the Treaty in the various sectors listed below which are connected with agriculture.

This work was undertaken in connection with the implementation of the Resolution of 17 December 1973 on industrial policy which in Annex 1 lays down a timetable for the abolition of technical barriers to trade in foodstuffs.¹ In addition, under a new Resolution adopted on 22 July 1974² the Council reaffirmed its intention to harmonize national laws in the veterinary sector within a measurable period of time and agreed to speed up its work relating to the approximation of laws on plant protection and animal feedingstuffs.

399. In the light of this some practical provisions for improving the procedure for harmonizing national laws in the agricultural and foodstuffs sectors were finalized in April 1974. Decisions were made on foodstuffs, plant protection, seeds and seedlings. The Council's work has also included coordination of the Member States' position within other international organizations on the standards drawn up in connection with the Codex alimentarius by the FAO/WHO.

2. VETERINARY LEGISLATION

400. On 15 July 1974 the Council amended all the basic Directives of the veterinary sector, viz 64/432/EEC (bovine animals and swine), 64/433/EEC (fresh meat), 71/118/EEC (fresh poultry meat), 72/461/EEC (health problems affecting intra-Community trade in fresh meat) and 72/462/EEC (third countries),³ and also Decision No 73/88/EEC (on action to protect Community livestock against certain foot-and-mouth diseases).³

¹ OJ No C 117 of 30. 12. 1973.

² OJ No C 92 of 6. 8. 1974.

³ OJ No L 202 of 24. 7. 1974.

The Council considered that the period of 18 months initially laid down had not been sufficient to enable a final decision to be reached on the operation of the procedure of the Standing Veterinary Committee, and this decision accordingly extended the validity of these procedures by a further 12 months.

401. In addition, with a view to accelerating the completion of a further stage in the programme established by the Council Resolution of 12 March 1968 on Community measures to be taken in the veterinary sector,¹ the Council adopted a new timetable for priority projects in its Resolution of 22 July 1974.²

According to this timetable the following proposals are to be adopted by the Council before 1 January 1975: health and health inspection requirements for raw whole milk and heat-processed milk, stunning of animals before slaughter, EEC financial contribution to FAO for the campaign against foot-and-mouth disease, preparation of a list of the third countries authorized to export to the Community, financial measures by the Community in certain emergency situations and amendment of the Directive on fresh poultry meat.

In implementation of this timetable the Council consulted Parliament and the Economic and Social Committee and on 18 November 1974³ adopted Directive No 74/577/EEC on stunning of animals before slaughter. The Council's intention in adopting this Directive was to put an end to the disparities in the national laws of Member States concerning the stunning of animals before slaughter, with a view to avoiding any form of cruelty towards animals.

Apart from the proposal relating to the EEC financial contribution to FAO for the campaign against foot-and-mouth disease, which the Commission has not yet submitted to the Council, the various departments of the Council have continued their work in order to observe as far as possible the initial time limit of 1 January 1975 for the implementation of the other proposals in the timetable.

402. After consulting Parliament and the Economic and Social Committee, on 9 December 1974⁴ the Council also supplemented the Community programme of research into classical swine fever and African

¹ OJ No C 22 of 18. 3. 1968.

² OJ No C 92 of 6. 8. 1974.

³ OJ No L 316 of 26. 11. 1974.

⁴ OJ No L 352 of 28. 12. 1974.

swine fever, so as to include the laboratories of the new Member States in the programme which was originally drawn up for the Community as originally constituted.¹

3. ANIMAL HUSBANDRY

403. On 12 March 1974 the Council, acting on a proposal from the Commission, consulted Parliament and the Economic and Social Committee on a proposal for a regulation concerning thoroughbred animals of the bovine species for herd replacement, and a draft decision setting up a Standing Animal Husbandry Committee.

The Council departments have begun their examination of these proposals.

4. LEGISLATION ON FOODSTUFFS

404. Work in this sector has concerned proposals for Directives supplementing the lists of additives permitted for all foodstuffs and on the various Commission proposals, each concerning regulations for a particular category of foodstuffs.

405. As regards permitted additives, on 18 June 1974 the Council adopted Directive No 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.¹ In addition to colouring matters, preservatives and antioxidants, these form a fourth group of foodstuffs additives subject to Community legislation. As in the other cases, the Directive is based on the 'exclusive list' principle, that is to say that only the substances included in the Community list may be used in the manufacture of foodstuffs, while the actual conditions for the use of these agluts must be decided by the Council at a later date on a proposal from the Commission. However, it was not possible to make a definite decision on a number of additives used mainly in the new Member States—hence these substances may continue to be authorized for a period of five years in the Member States which so wish. Before this period expires however, the Council must act on a proposal from the

¹ OJ No L 298 of 31. 12. 1972.

² OJ No L 189 of 12. 7. 1974.

Commission concerning any general authorization. The Directive also lays down the criteria for general purity which must be satisfied in these cases, although specific criteria for each additive are to be established at a later date. Lastly it contains provisions on labelling applicable when emulsifying agents are sold as such or in admixture with other categories of additives.

406. In this same field, the Council also adopted on 22 July 1974 Directive No 74/394/EEC making a tenth amendment to Directive No 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption. ¹ This amendment extends to 30 June 1976 the authorization for the use of thiabendazole for treating fruit. This treatment must be indicated in the case of the wholesale trade, but in the retail trade the matter is left to the discretion of Member States.

Lastly, on 1 August 1974 the Council adopted Directive No 74/412/EEC amending, for the first time, Council Directive No 70/357/EEC on the approximation of the laws of the Member States concerning the anti-oxidants authorized for use in foodstuffs intended for human consumption. ² This amendment extends to 31 December 1977 the period during which certain Member States may continue to authorize the use of certain antioxidants in their territories.

407. As regards harmonization of each category of foodstuffs the Council pursued the timetable which it set itself in its Resolution of 17 December 1973 by adopting Directive No 74/409/EEC of 22 July on the harmonization of the laws of the Member States relating to honey. ² This Directive is the third of its kind, following those relating to cocoa and chocolate and to certain sugars, which were adopted during the previous year and which all aim to remove, product by product, all barriers to free trade in the Community and to achieve uniform conditions of competition.

The Community rules on honey concern the definition of 'honey', the general specific criteria for its composition, the names of the different varieties of this product and also labelling. The Commission's Standing Committee on Foodstuffs was instructed to draft various provisions relating to checking the observance of these rules. These provisions

¹ OJ No L 208 of 30. 7. 1974.

² OJ No L 221 of 12. 8. 1974.

lay down a time limit of one year within which national provisions must be amended and two years for the application of the amended provisions of the products.

As it was awaiting a new proposal for a Directive, which has since been submitted by the Commission, amending Directive No 73/241/EEC of 24 July 1973¹ on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption, the Council, by its Directives 73/411/EEC of 1 August 1974² and No 74/644/EEC of 19 December 1974³ postponed in all until 1 July 1975 the time limit by which the provisions of this Directive are to be incorporated into national laws.

408. In this same field and with regard to the time limits laid down, various proposals from the Commission submitted during previous years relating to preserved milk, fruit juices, natural mineral waters and dietetic foodstuffs have continued to be examined from the technical viewpoint.

The Commission also submitted a new proposal to the Council on materials and articles in contact with foodstuffs. Parliament and the Economic and Social Committee have been consulted on these.

5. LEGISLATION ON ANIMAL FEEDING-STUFFS

409. Work has continued on examining the draft Council directive on trade in animal feeding-stuffs. In view of the time limits which the Council laid down in its resolution of 22 July 1974 work on this proposal has been concentrated on the section concerning 'straight feeding-stuffs'.

In this sector a new proposal was also submitted to the Council amending Directive No 70/524/EEC of the Council of 23 November 1970 concerning additives in feeding-stuffs.⁴ The Council decided to consult Parliament and the Economic and Social Committee on this matter.

¹ OJ No L 228 of 16. 8. 1973.

² OJ No L 221 of 12. 8. 1974.

³ OJ No L 349 of 28. 12. 1974.

⁴ OJ No L 270 of 14. 12. 1974.

6. LEGISLATION ON PLANT PROTECTION

410. The Council adopted Directive No 74/647/EEC of 9 December 1974¹ on control of carnation leaf-rollers, which supplements the existing Regulations aimed at harmonizing special protective measures against certain harmful organisms in the Member States.

The proposals for Directives of a more general nature submitted in previous years are still being considered. One of these concerns measures to be taken against the introduction into the territory of Member States of various organisms harmful to plants and the other relates to the determination of maximum permitted contents of pesticide residues on and in fruit and vegetables.

7. LEGISLATION ON SEEDS AND SEEDLINGS

(a) *Amendments and additions to basic Directives*

411. Most Community Regulations in this sector have been in existence for several years. However, a major decision was made on material for the vegetative propagation of the vine. Hitherto existing Community regulations² had concerned only propagation material produced and marketed within the Community, but at its meeting on 9 December 1974 the Council supplemented these regulations by adopting provisions covering propagation material produced in third countries.³ Some amendments and additions to the basic Directive of 9 April 1968 were also put into effect.⁴

The basic provision of the Directive on third countries is that material produced outside the Community may be imported only under Council Decisions declaring that the various guarantees offered by this material are equivalent to those offered by material officially certified by the Community.

The amended provisions of the Directive of 9 April 1968 will apply in future to all propagation material marketed within the Community, whether produced within or outside the Community. In addition,

¹ OJ No L 352 of 28. 12. 1974.

² Council Directive No 68/193/EEC, OJ No L 93 of 17. 4. 1968.

³ Council Directive No 74/648/EEC, OJ No L 352 of 28. 12. 1974.

⁴ Council Directive No 74/649/EEC, OJ No L 352 of 28. 12. 1974.

certain points of a technical nature were amended in this basic Directive in the light of experience and along the lines of similar decisions already made by the Council for the seeds and seedlings sector as a whole.

412. As regards agricultural seeds and seedlings, the proposal for a Directive amending the Council basic Directives of 14 June 1966, 30 June 1969 and 29 September 1970 is still under active consideration. The proposal is concerned with the drafting of Community regulations on the packaging and labelling of seeds and seedlings sold in small packs.

Examination of the proposal for a Directive amending the Directive of 14 June 1966 on the marketing of forestry reproductive material has also continued.

413. In addition, in implementation of a decision taken within the Council, the codified versions of Council Directives of 14 June 1966, 30 June 1969 and 29 September 1970 were published in the Official Journal of the Communities.¹ These Directives, which have been amended on several occasions, concern the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, seed of oil and fibre plants and the common catalogue of varieties of agricultural plant species.

(b) *Implementing measures*

414. On 27 June 1974 the Council adopted three new Decisions,² one on the equivalence of field inspections carried out in third countries on seed-producing crops, another on the equivalence of seed produced in third countries and a third amending the Decisions of 26 March 1973 on the equivalence of field inspections carried out on seed-producing crops and on the equivalence of seed produced in Denmark, Ireland and the United Kingdom. These supplement the decisions already taken by the Council in previous years on this matter as regards new species of seeds and seedlings and also additional third countries. Furthermore, the previous 1973 decisions were amended as regards certain technical aspects.

¹ OJ No C 66 of 8. 6. 1974.

² Decisions Nos 74/348, 74/349 and 74/350/EEC, OJ No L 191 of 15. 7. 1974.

8. COORDINATION OF MEMBER STATES CONCERNING INTERNATIONAL PROJECTS

(a) *Codex alimentarius*

415. As part of the joint FAO/WHO programme on the Codex alimentarius a large number of standards are being examined which concern Community harmonization or standardization in the foodstuffs sector (additives and regulations by product), the veterinary sector (hygiene) and plant protection (residual pesticides). In accordance with the procedures agreed by the delegations in their joint declarations of 23 March and 20 September 1971,¹ the delegations from the Member States and the Commission representatives therefore had to carry out a great deal of coordination work within the Council to prepare for the various meetings of the Committees and later the plenary session of the Commission on the Codex alimentarius, which was held in Rome in July 1974.

In the great majority of cases this work resulted in the adoption of a common position on the part of the Member States.

In May 1974 the Commission submitted to the Council a proposal for a Decision signifying approval by the Community of certain standards on 'food sugars', which had reached stage 9 of the Codex procedure and had been submitted to the Member States for approval.

(b) *International Vine and Wine Office*

416. As part of its work to coordinate the position of Member States within the International Vine and Wine Office, the Community laid down the joint position to be adopted when electing the chairman of that institution and finalized the joint reply to the questionnaire from the Office to its member countries concerning definitions for special wines, products based on grapes, grape must or wine and also on certain oenological processes.

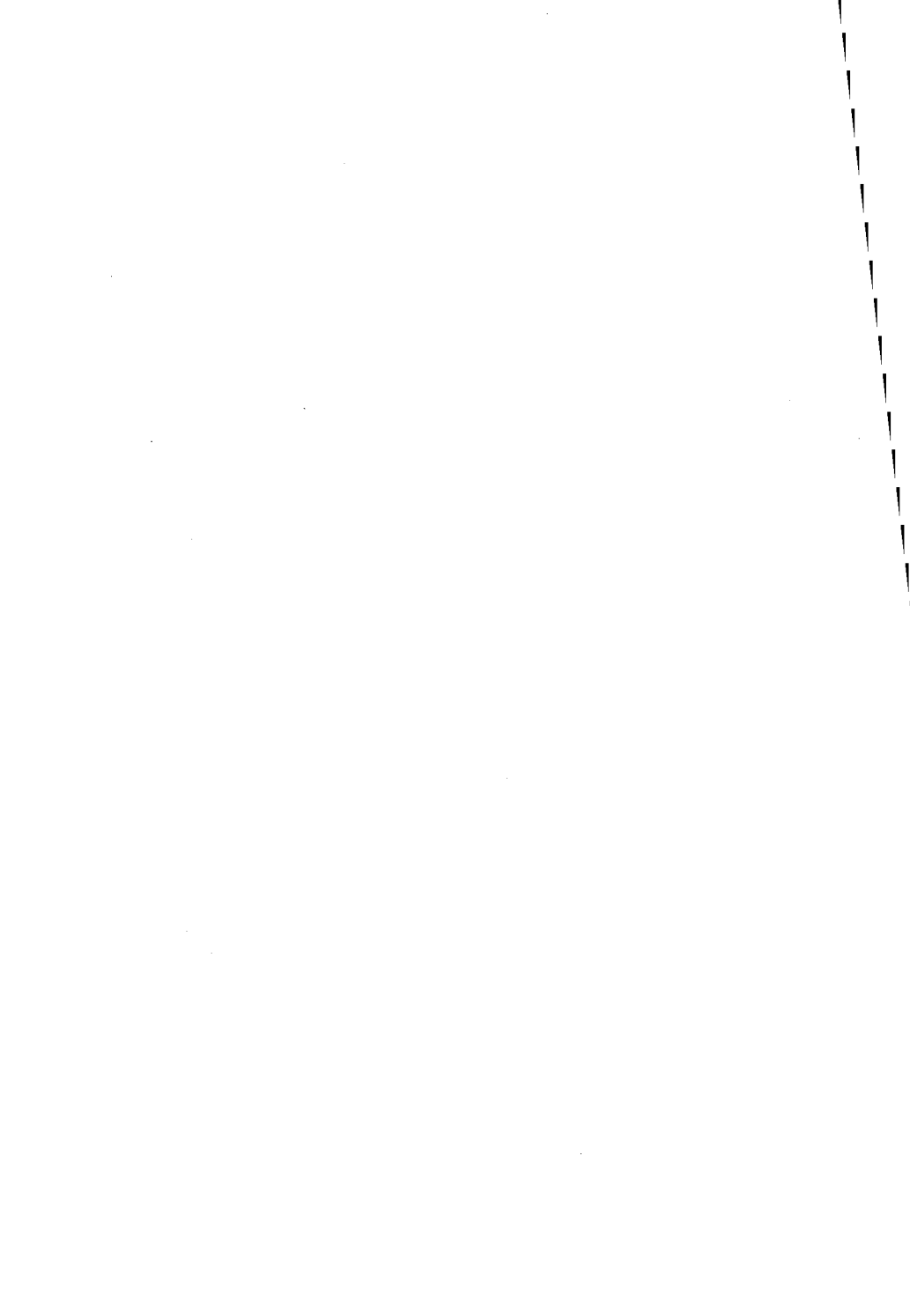
¹ See paragraph 320 of the 19th Review.

(c) *Coordination of Community Member States' position in international fishery meetings*

417. On several occasions the Member States and the Commission have had to coordinate their position in international fishery meetings such as the North East Atlantic Fisheries Commission (NEAFC) and the International Commission for North West Atlantic Fisheries (ICNAF). Since one of the objects of these organizations is to allocate the constantly dwindling fish stocks by species and by country a great deal of delicate coordination work is necessary.

Coordination meetings on fishery products have also taken place in connection with the Codex alimentarius.¹

¹ See paragraph 415 of this Review.



CHAPTER VI

Administrative matters – Miscellaneous

A – Budgetary matters

1. PRELIMINARY DRAFT SUPPLEMENTARY AND RECTIFYING BUDGET No 1 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1974

418. On 30 January 1974 the Commission submitted to the Council the preliminary draft Supplementary and Rectifying Budget No 1/1974. This preliminary draft budget consists of three sections covering the following: increase in the Commission's staff complement so as to allow work on financial control and the budget to be carried out; amendment of the budgetary nomenclature in Chapter 90 (Food aid expenditure) of the Commission estimates, and amendment of the establishment plan for research and investment activities.

The preliminary draft budget was submitted to Parliament to enable it to make an initial examination from the political point of view.

The Council took note of Parliament's comments and also consulted the Commission. At its meeting on 7 May 1974 the Council decided not to establish a draft supplementary and rectifying budget on the basis of this preliminary draft, but authorized the Commission to make advance provision for 20 new staff in post on 1 January 1975. It was understood that this situation would be regularized at a later date in the budget and that these members of staff would be appointed to financial control duties.

The Council also agreed to a request submitted by the Commission during its discussions with the Council that the expenditure arising from the Council Decision of 17 December 1973 be charged against item 9001 of the 1974 budget. The Decision concerned concludes the

agreement between the EEC and the ICRC amending the quantities laid down in the agreement of 20 January 1971 relating to the supply of cereals as food aid.

Lastly, the Council authorized the Commission to proceed, within its terms of reference, with the recruitment as local staff of the 105 'appaltati' (persons under contract) at Ispra, to ensure the smooth operation of the JRC and also for reasons of a social nature.

Parliament was informed of this decision of the Council by letter dated 13 May 1974.

2. BUDGET OF THE EUROPEAN COMMUNITIES FOR 1975

Draft General Budget of the European Communities for 1975

419. The preliminary draft of the General Budget of the European Communities for 1975 was submitted by the Commission to the Council on 13 August 1974. In letters dated 12 September 1974 and 21 September 1974 the Commission made amendments to this preliminary draft budget.

During its meeting on 23 September 1974 the Council established the draft General Budget of the European Communities for 1975 after consulting the Commission and the Court of Justice.

Before beginning its deliberations on the preliminary draft of the General Budget of the European Communities for 1975, the Council was informed by its President of Parliament's initial reactions from the political view point to the general tenor of the preliminary draft. These had given rise to an exchange of views between the President of the Council and a delegation from Parliament.

This exchange of views was of great significance since this year for the first time the new procedure applies, as laid down in Article 203 of the EEC Treaty. Under this procedure, new powers are granted to Parliament as regards approval of the budget. It was understood during this exchange of views that steps would be taken in the course of the year to establish closer more regular contact, particularly between the President of the Council and the Parliament rapporteur.

420. The total appropriations in the draft General Budget of the European Communities for 1975 are 5 775 335 773 u.a. and are divided among administrative and operating expenditure; intervention expenditure covering expenditure in the agricultural, social, regional, technology, industry and energy research and development cooperation sectors; other items including expenditure not specifically provided for and lump sum repayment to Member States of costs incurred in collecting the Community's own resources.

It should be noted that the appropriations for the EAGGF alone exceed 4.3 thousand million u.a.

The following table compares estimated expenditure as given above with appropriations in the 1974 budget:

(u.a.)

Expenses	1974	1975
A. ADMINISTRATIVE AND OPERATING EXPENDITURE	320 147 833	384 943 704
B. INTERVENTION EXPENDITURE		
I — <i>Agricultural sector</i>		
— Operational expenses	4 188 500	2 330 250
— EAGGF (Guarantee section)	3 425 100 000	3 980 475 000
— EAGGF (Guidance section)	325 000 000	325 000 000
II — <i>Social sector</i>		
— Operational expenses	3 316 000	4 510 500
— Reformed Social Fund	267 800 000	320 900 000
— Old Fund	60 000 000	13 400 000
III — <i>Regional sector</i>		
— Regional Fund	n.a.	n.a.
IV — <i>Technology, industry and energy research sector</i>		
— Research and investment	85 823 819	94 711 490
— Other operational expenditure	27 785 000	29 533 000

Expenses	1974	1975
V — Development cooperation sector		
— Cooperation with the ACP countries, the Overseas Countries and Territories and French Overseas Departments and the Maghreb countries		
— Food aid	223 000 000	226 000 000
— Developing countries	40 436 000	3 797 000
C. OTHER EXPENDITURE		
— Expenditure not specifically provided for Lump sum repayment to Member States of costs incurred in collecting own resources	2 500 000	3 500 000
	294 368 771	386 234 829
Total	5 079 465 923	5 775 335 773

421. Estimated administrative and operating expenditure is broken down as follows:

Institutions and bodies	1974 Budget	Draft 1975 budget
<i>European Parliament</i> (Own expenditure)	32 708 330	35 188 950
<i>Council</i> (Own expenditure)	33 862 165	42 663 600
<i>Economic and Social Committee</i>	6 330 420	7 159 000
<i>Audit Board</i>	894 130	1 088 694
<i>ECSC Auditor</i>	161 975	211 040
<i>Commission</i> — Operating expenditure ^{1 2}	238 248 613	289 312 400
<i>Court of Justice</i>	7 942 200	9 320 020
Total	320 147 833	384 943 704

¹ Including appropriations in Chapter 98 under operating expenditure.

² i.e. the expenditure under titles I, II and III.

422. Staff authorized for each of the Institutions for the financial year 1975 are as follows:

Institution	Posts	
	permanent	temporary
<i>European Parliament</i>	1 082	121
<i>Council</i>	1 475	6
Economic and Social Committee	292	—
Audit Board	30	—
ECSC Auditor	5	—
<i>Commission</i> — operating budget	7 575	171
— research and investment budget ¹	2 183	—
<i>Court of Justice</i>	241	20

¹ 472 of whom are research establishment staff.

The draft General Budget and notes thereto were submitted to Parliament on 4 October 1974. The President of the Council presented it to Parliament at its sitting on 16 October 1974.

423. At its sitting on 14 November 1974 Parliament adopted some amendments and proposed some modifications to the draft Budget for the financial year 1975. By letter dated 14 November 1974 Parliament forwarded to the Council the draft General Budget of the European Communities for the financial year 1975 with these amendments and proposed modifications. At its meeting on 28 November 1974 the Council took a decision on the draft budget forwarded by Parliament. Before doing so the Council held an exchange of views with a delegation from Parliament. Before ending its deliberations the Council also made a point of informing the Parliament delegation of its position on matters of a general nature which arose during this exchange of views and on the amendments adopted by Parliament.

The Council discussed this draft budget with the Commission and decided to modify certain amendments adopted by Parliament, and also to accept some of the modifications proposed by Parliament. The draft budget was forwarded to Parliament with these modifications on 29 November 1974.

At its sitting on 12 December 1974 Parliament gave a ruling on the modifications made by the Council to the amendments to the draft budget which it had adopted on 14 November 1974 and noted that the procedure laid down in Articles 203 of the EEC Treaty, 78 of the ECSC Treaty and 177 of the EAEC Treaty had been completed. Consequently Parliament finally adopted the budget of the European Communities for the financial year 1975.

3. SUPPLEMENTARY AND RECTIFYING BUDGET No 2 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1974

424. On 2 October 1974 the Commission forwarded the preliminary draft Supplementary and Rectifying Budget No 2/1974 to the Council. This made provision for the appropriations to cover the first instalment of the Community's contribution to the United Nations emergency action in favour of the developing countries most adversely affected by recent price movements. It was forwarded to Parliament to enable it to make an initial examination from a political point of view. On 5 November 1974 the Council established this draft budget by written procedure as draft Rectifying and Supplementary Budget No 1 of the European Communities for the financial year 1974.

The additional appropriations in this draft budget total 145 507 048 u.a., of which 124 500 000 u.a. represent the contribution to the emergency international aid to the developing countries most adversely affected by the crisis and 21 007 048 u.a. the lump sum repayment of costs incurred in collecting the Community's own resources.

This draft was forwarded to Parliament on 6 November 1974. At its sitting on 14 November 1974 Parliament approved without modifications the draft Rectifying and Supplementary Budget No 1 and declared that Rectifying and Supplementary Budget No 1 of the European Communities for the financial year 1974 had been finally adopted.

On 26 November 1974 the President of the Council declared that Supplementary Budget No 1 for the financial year 1974 had been finally adopted.

Supplementary Budget No 1 of the European Communities for the financial year 1974 was published in the Official Journal of the European Communities.¹

¹ OJ No L 347 of 27. 12. 1974.

4. OTHER BUDGETARY MATTERS

(a) *Transfer of appropriations from one Chapter to another within the budgetary estimates for the Institutions for 1974*

425. On a proposal from the Commission the Council approved various requests for appropriations to be transferred from one Chapter to another.

(b) *Carry-over of appropriations from the financial year 1973 to the financial year 1974*

426. The Council approved requests for the following appropriations to be carried over as submitted by the Commission.

At its meeting on 29/30 April 1974 it approved the request to carry over to the financial year 1974 an appropriation available under the Guidance Section of the EAGGF concerning the project to improve agricultural structures mentioned in Article 13 of Regulation No 17/64 of the 1973 budget.

On 5 July the Council agreed by written procedure to the carry over of an available appropriation under Chapter 12 of section III – Commission.

On 31 July the Council approved by written procedure the non-automatic carry-over of all the appropriations submitted by the Commission on 14 May 1974, with the exception of an appropriation relating to the Social Fund available under Article 500 at the close of the financial year 1973. At its meeting on 23 September 1974 the Council approved the carry-over of this appropriation and its transfer to Article 510.

At its meeting on 18 November 1974 the Council took formal note of the list of appropriations carried over automatically from the financial year 1973 to the financial year 1974 which the Commission had submitted for information.

(c) *Release of an appropriation under Article 394 of the budget section (expenditure concerned with plan of action relating to scientific and technological policy)*

427. At its meeting on 1 April 1974 the Council authorized the Commission to use an appropriation of 1 000 000 u.a. entered and blocked under Article 394 of the Commission's budget estimates. Parliament was informed of this Council decision.

(d) *Community aid to disaster victims*

428. During its meeting on 15 July 1974 the Council agreed to the Commission's request for Community aid to the families of the victims of the disaster in Flixborough, UK.

(e) *Determination of the subsistence allowance for members of the ECSC Consultative Committee*

429. During its meeting on 25 June 1974 the Council laid down the amount of the subsistence allowance for members of the ECSC Consultative Committee and persons called on to participate, on the basis of a special regulation, in the work of this Committee, as Bfrs 2 000 for each day of a meeting and each day of travel.

B — Staff regulations

1. FUTURE TREATMENT OF STAFF PAID OUT OF RESEARCH AND INVESTMENT APPROPRIATIONS

430. Following up its decision on the principle involved, made on 22/23 July 1974, the Council adopted Regulation No 3096/74 of 3 December 1974¹ granting an allowance to research establishment staff employed in Italy. This allowance, which was granted in order to improve the social climate at the Ispra establishment, was intended as an immediate measure without prejudice to the final ruling on future treatment in general. This matter was examined by Council departments during 1974.

2. ADJUSTMENT OF REMUNERATIONS

431. The Council adopted Regulation No 3191/74 of 17 December 1974² adjusting remunerations in respect of the reference period 1 July 1973 to 30 June 1974.

¹ OJ No L 330 of 10. 12. 1974.

² OJ No L 341 of 20. 12. 1974.

C — Information policy

432. The Council confirmed its interest in cooperation between the Council and the Commission on information policy by specifying the formalities of the reciprocal information procedure adopted in its 1972 Decision.¹

¹ See paragraph 588 of the 21st Review.

TABLES

TABLE 1

**Number of days spent on Council meetings and
meetings of preparatory bodies**

Year	Ministers	Ambassadors and Ministerial Delegates	Committees and Working Parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 ½	146 ½	744 ½
1964	102 ½	229 ½	1 002 ½
1965	35	105 ½	760 ½
1966	70 ½	112 ½	952 ½
1967	75 ½	134	1 233
1968	61	132	1 253
1969	69	129	1 412 ½
1970	81	154	1 403
1971	75 ½	127 ½	1 439
1972	73	159	2 135
1973	79 ½	148	1 820
1974	66	114 ½	1 999 ½

TABLE 2

Intergovernmental Conferences

Period	On the subject of Patents	
	Plenary	Working Party
1. 8. 70 - 31. 12. 70	—	37
1971	8	37 ½
1972	19	61
1973	24	9
1974	2	76 ½

ALPHABETICAL TABLE OF CONTENTS

The arabic numbers refer to paragraphs. Where the subject is dealt with in several successive paragraphs only the first paragraph is given.

— A —			Budget	2, 418
AAMS	218		Bulgaria	179
ACP	217, 262, 315, 420		— C —	
Administrative matters	418		Canada	226, 239, 280
Advisory Committee on Safety, Hygiene and Health Protection at Work	87		CECLA	242
Agricultural prices	282		Cereals	307, 338, 351, 414
Agricultural reform	284		Chad	276
Agricultural statistics	396		Charter of the Economic Rights and Duties of States	279
Agricultural structures	289		Chile	226
Agriculture	14, 282		China	179
Aid for the conversion of industry (ECSC)	100		Coal	118, 151
Aid to the developing countries	255		Coal mining industry	118
Aid to ship-building	60		Codex alimentarius	399, 412
Aid for social research (ECSC)	101		Collective redundancies	90
Albania	179		Combined rail/road goods haulage	143
Alcohol	302		COMECON	237
Algeria	15, 186, 272		Commodities	233
Animal husbandry	403		Common Agricultural Policy	282
Argentina	226, 243		Common Customs Tariff	48, 363
Association Agreement	189		Common organizations of markets	299, 351
Australia	226, 280		Common Rules	60
Austria	63, 146, 253		Common Trade Policy	18, 177
— B —			Community decision-making procedure	33
Bangladesh	240, 267, 269, 276		Community loans	13, 68
Beef and Veal	325, 344, 361, 397		Community patent	64
Brazil	226, 243		Company law	42, 56
			Compensatory amounts	295, 307

Conference on Energy	112
Conference on the Law of the Sea	21, 174
Conference of the Ministers of Justice	39
Conference on Security and Cooperation in Europe	17, 174, 235
Consolidation and presentation of Community law	42
Consultative Committee (ECSC)	47
Consumer protection	175
Controlled thermonuclear fusion	157
COST	150
Cotton seeds	388
Council — Court of Justice	43
Council of Europe	174
Court of Justice	41, 52, 308, 419
Credit insurance	65, 76
Criminal aspects of economic law	42
Cuba	179
Customs Union	48
Cyprus	16, 203, 207
Czechoslovakia	179

— D —

Dahomey	276
Data processing	132
Dehydrated fodder	385
Developing countries	274, 420
Development cooperation	30

— E —

EAGGF	110, 285, 368, 374, 397, 420, 426
Eastern European countries	18
Economic Commission for Europe	174
Economic and Financial Policy	13, 65
Economic and industrial cooperation	177
Economic and Social Committee	44, 45, 67, 282, 323, 401, 408
ECSC transport	146
Education and Youth	159

EFTA	246, 309
Eggs and poultry	359
Egypt	269
Electricity	126
Energy	111, 172
Energy Committee	111
Enriched uranium	128
Environment	21,163
Ethiopia	269
Euratom	155
Euro-Arab dialogue	244
European Centre for the development of Vocational Training	91
European Foundation for the improvement of living and working conditions	176
European Monetary Cooperation Fund	72
European patent	63
European Patent Organization	63
European Regional Development Fund	20, 105, 420
European Schools	63, 162
European Social Fund	82, 98, 420
European Union	29, 33, 38
European University Institute	161
Excise duty	79
External relations	177

— F —

FAO	278, 288, 399
Faeroe Islands	245
Fats	379
Finland	246
Fiscal harmonization	65, 79
Fisheries	350, 392
Flax and Hemp	387
Food Aid	266, 418, 420
Foodstuffs	404
Freedom to provide services	42, 52
Free Movement and Common Rules	48
French overseas countries and territories	315

French overseas countries and territories and overseas departments 420
 Fruit and Vegetables 310, 346, 365 410

— G —

GATT 222, 239, 363
 GDR 179
 Generalized Preferences 261
 Goods transport by navigable waterway 139
 Greece 16, 63, 189
 Greenland 245

— H —

Haiti 276
 Handicapped workers 82
 Harmonization of Customs laws 61
 Harmonization of provisions laid down by law, regulation and administrative action 398
 Hill farming 287
 Honduras 270, 276
 Hong Kong 263
 Hops 390
 Hungary 179
 Hydrocarbons 122
 Hydroelectric and geothermic power 116

— I —

Iceland 250, 253
 ICNAF 417
 ICRC 269
 IDST 150
 India 226, 240, 267, 269, 276, 315
 Indonesia 269
 Industrial Policy 58, 62, 132
 Industrial products 62, 263
 Industrial property 63
 Information policy 432
 Institutional affairs 33

Insurance 59
 International Atomic Energy Agency 128
 International Customs Conventions 50
 International Vine and Wine Office 416
 Investment aid 120
 Investment and Financial Aid 137
 Iron and steel 134
 Israel 15, 183, 186, 209, 226, 280

— J —

Japan 226, 280
 Jordan 215

— K —

Kenya 276

— L —

Lebanon 213
 Legal documentation 42
 Legal profession 42
 Legislation on animal feeding-stuffs 409
 Legislation on plant protection 410
 Legislation on seeds and seedlings 411
 Liberal professions 55
 Liechtenstein 63
 Living plants 348

— M —

Machinery for medium-term financial assistance 70
 Madagascar 276
 Maghreb countries 183, 186
 Malaysia 226
 Mali 276
 Malta 15, 183, 186, 199, 201
 Manufactured tobacco 79
 Marine pollution 168
 Measuring instruments 62
 Medical profession 55

Mediterranean countries	5, 183
Medium-term research and training programme	152
Mexico	279
Migrant workers	19, 82, 91
Milk and milk products	304, 336, 360
Ministerial Conference (EEC-ACP)	219
Monaco	63
Monetary Committee	70
Mongolia	179
Morocco	15
Motor vehicles	62
Multilateral relations	222
Mutual recognition of diplomas, certificates and other evidence of formal qualifications	160

— N —

Natural gas	116, 125
NEAFC	417
New Zealand	226, 304
Niger	276
North Vietnam	179
Norway	62, 252, 280
Nuclear energy	116, 127
Nursery products	348

— O —

OECS	77, 174, 238
Oil-producing countries	18
Oil seeds	380
Olive oil	381
Oral questions	31

— P —

Pakistan	226, 240, 269, 276
Parliament	67, 282, 323, 370, 382, 390, 394, 396, 401, 408, 418
Parliamentary affairs	2
Petroleum	116
Pigmeat	342, 358
Plasma physics	157

Poland	179, 226
'Polluter pays' principle	165
Pollution	173
Potatoes	300, 414
Portugal	247, 252
Private international law	42
Processed agricultural products	262
Products processed from fruit and vegetables	347
Proteins	299, 385
Public supply contracts	58

— Q —

Question Time	6, 31
---------------	-------

— R —

Railways	145
Regional Policy	20, 104
Research	149, 420
Rice	307, 338
Right of establishment	52
Road haulage operator	142
Road passenger transport operator	142
Road transport	140
Rules of competition	60
Romania	179, 226
Rwanda	276

— S —

Sahel	267, 269
Science and Technology	149
Scientific and Technical Research Committee (CREST)	149
Seeds	299, 349, 391
Seeds and seedlings	413
Self-employed persons	53
Senegal	276
Silkworms	387
Social action programme	82
Social Policy	19, 82
Solid fuels	116
Somalia	207, 276
South Africa	226

Soya	386
Spain	15, 183, 186, 206, 225, 280
Special Article 113 Committee	222
Sri Lanka	226, 240, 266, 276
Staff Regulations	430
Starch products	341
State-trading countries	178
Sugar	306, 313, 366, 395, 397
Surveys	396
Surveys (social)	95
Sweden	63, 157, 253
Switzerland	63, 157, 253
Syria	216

— T —

Tanzania	276
Technical barriers	62
Technical research	137
Textile fibres	387
Textile products	264
Tobacco	383
Toxic products	53
Trade arrangements	394
Transports	40, 138
Tunisia	15, 186, 199
Turkey	16, 195
Turkish workers	95, 196

— U —

UNCTAD	224, 273, 279
UNEP	174

UNIDO	273
United Nations	236, 258, 272
United States	226, 277
UNRWA	271
Upper Volta	276
Uruguay	226, 243
USAEC	156
USSR	179

— V —

Veterinary legislation	400
------------------------	-----

— W —

Waste oils	167
WEU	17
WFAP	269, 335
WHO	399
Wine	317, 370, 397
Work of the Institutions	1
World Conference on Population	273
World Food Conference	273, 277
Written questions	31

— Y —

Yaoundé Convention	217
Yugoslavia	226