

**TWENTY-THIRD
REVIEW
OF THE
COUNCIL'S WORK**

**1 January
31 December 1975**

**GENERAL SECRETARIAT OF THE COUNCIL
OF THE EUROPEAN COMMUNITIES**

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Introduction

The considerable economic recession from which the Community has been suffering since 1974 does not yet seem to have become a thing of the past – even if it was possible to note the beginning of a resumption of economic activity in certain countries towards the end of the year. The recession places many obstacles in the path of European integration – while at the same time presenting a challenge. A Community determination to offer coordinated resistance to the grave problems of unemployment and inflation confronting it has become apparent. Stress has been laid by Governments and peoples on the need for a European approach. There are many examples of this.

The result of the British referendum confirmed that a considerable majority of the voters in Great Britain wished to take an active part in the task of uniting Europe. Substantial progress has been achieved in institutional matters, such as the extension of the budgetary powers of the European Parliament, approval of the principle of Parliamentary elections by universal suffrage, and frequency of dialogue between Council and Parliament. The establishment of the European Council has enabled the Community to take decisions involving the future of Europe. Thus it was possible to solve the problem of British renegotiation, and the Community decided on a united approach in the North-South Dialogue.

The signing of the ACP-EEC Convention, on 28 February 1975, marks an important step in the development of the Community's external policy, in that it constitutes one of the essential aspects of its development aid policy in connection with the establishment of a new economic world order. The Convention broadens and renovates the system provided for in Part IV of the Treaty of Rome and completed by the two Yaoundé Conventions and the Arusha Agreement, placing at the service of 46 countries of Africa, the Caribbean and the Pacific

Ocean a whole body of development instruments of a new amplitude, some of which, such as the machinery for stabilizing revenue from exports, and industrial and technological cooperation, represent important innovations.

During 1975, the Council continued its efforts to work out an overall policy of cooperation on a world scale. That policy is aimed at the progressive application of a series of instruments suited to the various situations in which the developing countries find themselves. As regards trade, the following will be briefly recalled: the improvement in the system of generalized preferences and the undertaking to continue that system beyond 1980; the conclusion or the negotiation of agreements with countries of Latin America and Asia, in the form of outline agreements on commercial cooperation – that is to say agreements of a new type, of which the purpose is to note the development and diversification of trade between the parties concerned (the Agreement with Sri Lanka which came into force on 1 December 1975, the Agreement with Mexico which came into force on 1 November 1975, and the negotiations proceeding with Bangladesh and Pakistan); and the setting up of technical assistance in trade promotion. As regards financial cooperation, the Community continued its food aid action, to the extent of 200 million u.a. for the 1975 budget and 206.6 million u.a. for the 1976 budget; and it took part in the United Nations emergency project, making a contribution of 292 million dollars, to which should be added the bilateral efforts of the Member States. Finally, the Community confirmed the principle of financial and technical aid to non-associated developing countries on the initiative of the European Parliament, there was an appropriation in the 1976 budget of 20 million u.a. to be used in ways which remain to be decided.

In the course of 1975, the general problem of relations between the developing countries and the industrialized countries and progress towards a more just and fair economic order became one of the major topical problems. The Community made clear its political will to shoulder the responsibilities incumbent on it in that process. It played an active part at the 7th Extraordinary Session of the United Nations General Assembly on International Economic Cooperation and Development (September 1975), during the whole of which it acted as a single unit. It was in the same spirit that the Community took part in the various meetings held to prepare for the International Conference proposed by the President of the French Republic, which led up to the Ministerial Conference of the Conference on International Economic Cooperation (December 1975). The latter decided to initiate an

intensified international dialogue – known as the North-South Dialogue – on energy, raw materials, development and the financial questions relating thereto. As already indicated, the European Council agreed that the Community would be represented in that dialogue by a single delegation.

In the field of trade policy, the GATT multilateral trade negotiations entered their effective phase. The Council laid down the first negotiating directives for the Community. The Council also examined the directives to be given the Commission with a view to the conclusion with Canada of an outline agreement on economic and trade co-operation. Within the framework of the Geneva Arrangement, agreements were concluded with certain third countries in the field of textile products in order to ensure an orderly development of exports from those countries to the Community, while safeguarding the vital interests of the Community textile industry.

Finally, as regards relations with the state-trading countries, it is to be noted that, following the adoption of the common trade policy and the Community's offer of negotiations, the People's Republic of China established official relations with the Community and let it be known that it was ready to give active consideration to the Community's proposals with a view to an eventual trade agreement. On the other hand, the countries of Eastern Europe have not so far responded to the offer of negotiations. As regards the establishment of relations with COMECON, preparatory conversations took place at the level of officials in February 1975.

The Community, having taken an interest in the meetings of the Third Conference on the Law of the Sea, was admitted to the Conference as an observer.

In the context of the relations with the countries of the Mediterranean basin, the Council proceeded with its work concerning the conclusion of new agreements with Israel, Spain, the Maghreb countries and Malta – the first countries concerned in the overall approach policy by the Community. The negotiations with Israel and Malta were brought to a successful conclusion, and those within the Maghreb countries were at the end of the year on the eve of completion. The Council also began work on the application of the policy to the Arab Republic of Egypt, Lebanon, Syria and Jordan by establishing at the end of the year the basis for the main lines of the directives to enable the Commission to embark on negotiations with those countries. In addition, following the lodging by Greece in June of

its application for accession to the European Communities, the Council decided in that same month to initiate the appropriate procedures laid down in the Treaty.

As regards relations with the EFTA countries, the Council was mainly concerned with the problem of organizing emergency aid for Portugal and the preparation of directives for negotiations to extend the relations established by the EEC-Portugal Agreement to other fields. As far as the other EFTA countries were concerned, it was mainly a matter of the normal management of the Agreements.

In connection with the Common Agricultural Policy, the various organs of the Council concerned carried out a very thorough examination in the course of the year of the Communication from the Commission giving an evaluation of the Common Agricultural Policy, and the Council arrived at a number of conclusions which were included in the documentation of the European Council meeting in Rome on 1 and 2 December 1975. The Council, at its sitting on 10-13 February 1976, fixed the common prices for the main agricultural products, the new prices representing an average rise of 9.6% as compared with the previous agricultural year, the increase being slightly greater in the vegetable products sector than in that of animal products, owing to the prevailing situation in the markets for those products. In the beef and veal sector, measures were adopted to establish premium systems for the coming agricultural year, because of the difficult situation in that market. Further, the Council dealt with the financial problem, and adopted the eight Directives relating to the Community list of the less favoured areas, thus making it possible to bring into force the Directive on mountain and hill farming. In addition, following the depreciation on the currency exchange markets of the English and Irish pounds, the Council on several occasions made adjustments in the representative rates valid for those currencies in the agricultural field. Finally, in the agricultural and food sectors, the Council continued its work of harmonization, making a point of respecting the order of priority laid down in its Resolutions of 17 December 1973 and 22 July 1974.

In the field of economic and financial policy, the Council gave consideration to questions concerning the economic situation in the Community, the Community exchange system, reform of the international monetary system and the application of the new unit of account. Various other questions of monetary relations were examined, and the Council proceeded with its work in connection with fiscal harmonization, credit insurance, credit guarantees and financial credits.

Two meetings of the Council were devoted to the questions connected with the implementation of the Social Action Programme, and a considerable number of decisions were taken. Further, the Council also gave consideration problems connected with the employment situation in the Community following the economic recession. Two meetings of the Standing Committee on Employment were held in 1975, as well as a Conference on the Economic and Social situation in the Community, which was attended, for the first time, by the Ministers for Economic Affairs, the Ministers of Labour, the Commission and the representatives of employers and labour.

As regards regional policy, the Council, following the decisions taken by the Heads of State or Government in December 1974, adopted the texts concerning regional policy, in particular the setting-up of the European Regional Development Fund and the Regional Policy Committee.

An action programme in the priority fields of cooperation in educational matters was drawn up at a meeting of the Council and of the Ministers of Education meeting within the Council.

Decisive steps were taken in relation to energy policy by the adoption of a Resolution concerning measures to be implemented to achieve the Community energy policy objectives. The Council also adopted a research and development programme for the European Economic Community in the field of energy, and reviewed the multi-annual research and training programme of the Joint Research Centre.

In customs matters, the Council adopted numerous regulations in the tariff sector, and proceeded with its work of coordination aimed at establishing the common position to be adopted by the Community and its Member States in the negotiations concerning several international conventions.

As regards transport, various measures were adopted by the Council, in particular in the field of the financial relations between railway undertakings and States, the organization of the market in goods transport by navigable waterway, the organization of the road transport market and common rules for certain combined road and rail freight haulage between Member States. The Council adopted a Decision on the opening of negotiations with third countries concerning road passenger transport, and it continued its study of the problems connected with the adjustment of national taxation systems

covering commercial vehicles and tariffs for the use of the infra-structure, the weight and dimensions of commercial vehicles, and the harmonization of social legislation relating to road transport. The Council, further, examined various other problems connected with transport.

In the field of industrial policy, the work of the Council continued, with the adoption of 12 Directives on the elimination of technical barriers to trade in industrial products and a Resolution relating to the aeronautical sector.

On 15 December 1975, the Nine Member States signed at Luxembourg the Community Patent Convention, of which the purpose is to institute a system of patent law common to all the Contracting States.

In connection with the implementation of the programme of action of the European Communities in the field of environment, the Council adopted a series of measures, including a statement of the principles of an outline directive on dangerous substances in the aquatic environment. Conscious of the progress achieved, the Council decided to consider the drawing up of a second action programme.

As regards institutional affairs, the main questions dealt with by the Council related to increased budgetary powers for the European Parliament, the establishment of a European Communities Court of Auditors, the election of members to the European Parliament by direct universal suffrage, and improvement in the Council's working methods.

In accordance with the instructions given by the Heads of State or Government, and subsequently confirmed by the European Council, work was started on the establishment of a Passport Union and the granting to the citizens of the Nine Member States of special rights as members of the Community. The President-in-Office of the Council took part regularly in the work of the European Parliament in plenary session, and he also took part in meetings of the Parliamentary committees and bodies.

Lastly, as regards the right of establishment and freedom to provide services, the Council adopted a number of Directives, of which two contain all the rules necessary for the effective exercise of the right of establishment and freedom to provide services by doctors in the Community. In the field of company law, the Council bodies concerned

continued their work of coordinating national legislations and examining the proposal for a regulation on the Statute of the European Company.

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



CHAPTER I

The work of the institutions

A. The Council

1. The Presidency of the Council was held by Ireland in the first half of the year and by Italy in the second half. The meetings in the first half of the year were chaired successively by Mr FitzGerald, Minister for Foreign Affairs, Mr Ryan, Minister for Finance, Mr Clinton, Minister for Agriculture, Mr O'Leary, Minister for Labour, Mr Barry, Minister for Transport and Energy, and Mr Keating, Minister for Industry and Commerce. The meetings in the second half of the year were chaired successively by Mr Rumor, Minister for Foreign Affairs, Mr Visentini, Minister for Finance, Mr Colombo, Minister for the Treasury, Mr Marcora, Minister for Agriculture, Mr Martinelli, Minister for Transport and Civil Aviation, Mr Pedini, Minister for Research, Mr Toros, Minister for Labour and National Insurance, Mr Malfatti, Minister of Education, Mr Cattanei, State Secretary at the Ministry of Foreign Affairs, Mr Fabbri, Deputy State Secretary at the Treasury, and Mr Battaglia, Deputy State Secretary at the Ministry of Foreign Affairs.

57 meetings were held, of which 16 were devoted to external relations, 15 to agricultural matters, 8 to economic and financial problems, 3 to development cooperation, 2 to budget, transport, social affairs, research, energy and the environment, and 1 each to tax matters, education and the Community patent.

B. Parliamentary affairs

2. The Council, as for some years past, devoted an ever increasing part of its activities to parliamentary affairs.

That was illustrated in particular by the fact that the President-in-Office took part regularly in the work of the European Parliament at its plenary sessions. The President also took part in a number of meetings of the parliamentary committees and other bodies.

The Council furthermore devoted a large part of its activities to institutional matters concerning the Parliament, namely the increase in its budgetary powers and the election of its member by direct universal suffrage.¹

1. PARTICIPATION OF THE COUNCIL IN THE WORK OF PARLIAMENT

3. Regular attendance by the Council at the sittings of Parliament is now assured by the fact that it takes part regularly in Question Time. In addition to such participation, the Council also took part in the work of Parliament when important debates were held, or through oral questions with or without debate. One also notes the importance in 1975 of the relations between the Council and Parliament in connection with the adoption of the Communities' budget. Lastly, the Council took part in the proceedings of Parliamentary committees and other bodies.

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

(i) Budgetary procedure

4. At the sitting of 15 October 1975, Mr Rumor, Minister for Foreign Affairs of Italy, President of the Council, presented to Parliament the draft budget of the European Communities for the financial year 1976. He observed that 'in establishing the budget, the Council could not remain aloof from the climate of financial austerity embodied in Member States' policies at national level'. He subsequently referred to the meeting on 22 September between the Council and a delegation from Parliament, which had mainly concerned budgetary procedure.

After having attended a meeting of the Committee on Budgets on 21 and 22 October 1975, Mr Fabbri, Deputy State Secretary at the Treasury of Italy and President-in-Office of the Council, took part in the

¹ See on this subject point C below: 'Institutional matters'.

budget debate on 11 November 1975. Parliament subsequently voted on the draft budget on 14 November 1975.

The Council received a delegation from Parliament and subsequently, on 3 December 1975, gave a ruling on the amended draft budget together with Parliament's proposed amendments. On 16 December 1975 Mr Fabbri informed Parliament of the Council's position regarding the amendments and proposals for modifications put forward by Parliament. The latter had then to give a ruling on the modifications made in its amendments by the Council, and adopted the budget accordingly. The result was a rate of increase for non-compulsory expenditure compared with the 1975 budget, in excess of that submitted by the Commission. That entailed the application for the first time of the provisions in the final sub-paragraph of Article 203(8) of the EEC Treaty. The Council gave its assent to that new rate of increase in non-compulsory expenditure, representing an expenditure of 102 900 301 u.a., in conformity with the vote by Parliament.

When the vote on the draft budget took place on 18 December 1975, Mr Fabbri expressed gratification at the result and at the nature of the concertation between the Council and Parliament in the course of the budgetary procedure.

(ii) Debates of a general character

5. In the course of 1975, the Council took part in several debates on general policy held by the European Parliament. For example, at the sitting on 19 February 1975, Mr FitzGerald, Minister for Foreign Affairs of Ireland, President of the Council, spoke in a debate on the results of the Summit Conference of December 1974 held in Paris. Mr FitzGerald also informed Parliament of the results of the European Council which met in Dublin on 10 and 11 March 1975. Addressing Parliament the day after the meeting, he stressed that 'the Heads of Government were able to deal successfully with all the issues before them and, above all, with those questions which remained outstanding in relation to the question of continuing British membership'. Finally, at the sitting of 18 June 1975, Mr FitzGerald gave Parliament an account of the Council's activities under his Presidency.

6. The beginning of the Italian Presidency was marked by a statement by Mr Rumor, Minister for Foreign Affairs. The President of the Council stressed the importance of the institutional problems, and in particular that of the election of the European Parliament by direct

universal suffrage. He said 'this will make the Parliamentary Assembly more democratically representative and my Government has always been firmly convinced that direct elections can be the spring-board to decisive developments in the construction of Europe'.

7. At the sitting of 17 December 1975, Mr Battaglia, Deputy State Secretary, Ministry of Foreign Affairs of Italy, President-in-Office of the Council, made a statement to Parliament on the outcome of the European Council which met in Rome on 1 and 2 December, and the state of progress of the Council's work during the Italian Presidency.

(iii) Formal sitting of the European Parliament

8. Mr FitzGerald addressed Parliament on the occasion of the formal sitting of 14 May 1975 for the celebration of the 25th Anniversary of Robert Schuman's Declaration. On 18 June 1975, H. E. Cearbhall Ó'Dálaigh, President of Ireland, delivered an address before the European Parliament on the occasion of his official visit to the Community Institutions.

(iv) Economic and social situation of the Community

9. On an oral question by Mr de la Maléne, the European Parliament at its sitting of 14 October 1975 had an extensive debate in the course of which the seriousness and widespread nature of social and economic difficulties were stressed. For the Council, Mr Fabbri, Deputy State Secretary at the Treasury and Mr Bosco, Deputy State Secretary at the Ministry of Labour, of Italy, took part in the debate.

(v) Stocktaking of the Common Agricultural Policy

10. At the sitting of 17 June 1975, Mr Clinton, Minister for Agriculture of Ireland, President-in-Office of the Council, took part in the debate on the stocktaking of the Common Agricultural Policy and emphasized that 'when one bears in mind that the agricultural sector is in any event subject to a constant process of adjustment in the context of general economic growth and change, it is clear that the exceptional factors and developments of recent years have greatly complicated the business of policy-making for agriculture'.

(vi) Activities of the Council in the social sector

11. At the sitting of 19 June 1975, Mr O'Leary, Minister for Labour of Ireland, President-in-Office of the Council, informed the European

Parliament of the outcome of the Council meeting of 17 June 1975 devoted to social affairs, and insisted on the need for a Community solution of the employment crisis.

(vii) External Relations

12. At the sitting of 9 April 1975, Mr FitzGerald took part in an extensive debate on the background to the Conference on Security and Cooperation in Europe. On 29 April 1975, Mr FitzGerald took part in a debate on the preparatory Conference on Energy and emphasized the crucial and constructive role played by the Community at that Conference.

On 14 May 1975, Mr FitzGerald took part in a debate on the agreement between the European Economic Community and Israel. He drew attention to the importance of the content of that agreement and to the fact that it was the first practical expression of the policy of an overall approach by the Community in its relations with the countries of the Mediterranean basin.

At the sitting of 24 September 1975, Mr Battaglia took part in a debate of a topical character on economic aid to Portugal, and the members of the European Parliament declared themselves in favour of the granting of such aid by the Community.

Mr Rumor informed the European Parliament on 15 October 1975 that, following the events in that country, the Council 'noted that the trade negotiations started with Spain could not be resumed for the time being'.

At the sitting of 16 October 1975, Mr Battaglia took part in a debate on the Lomé Convention. The European Parliament insisted that the Convention should be ratified as speedily as possible by the national parliaments.

(viii) Oral questions

13. The Council also took part in several debates on the occasion of oral questions. In the course of 1975, the Council replied to 15 oral questions. In addition, it replied to 41 oral questions put at Question Time.

2. PARTICIPATION OF THE COUNCIL IN THE PROCEEDINGS OF PARLIAMENTARY COMMITTEES AND OTHER BODIES

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

14. Mr FitzGerald took part in the EEC-AAMS Parliamentary Conference which met at Abidjan (Ivory Coast) from 27 to 29 January 1975.

Mr Kelly, Parliamentary Secretary of State at the Ministry of Foreign Affairs of Ireland, President-in-Office of the Council, attended the XIXth meeting of the EEC-Turkey Joint Parliamentary Committee which took place at Copenhagen from 21 to 24 April 1975.

Mr Battaglia took part in the XXth meeting of the EEC-Turkey Joint Parliamentary Committee held on 18 and 19 September 1975 at Ankara.

Mr FitzGerald took part in the EEC-Greece Joint Parliamentary Committee which took place from 25 to 27 June 1975 at Athens.

Mr Cattenei, Deputy State Secretary, Ministry of Foreign Affairs of Italy, and President-in-Office of the Council, took part in the meeting of the EEC-Greece Joint Parliamentary Committee which was held on 8 and 10 December 1975 in Athens.

(b) Participation of the Council in the proceedings of other parliamentary bodies

15. Mr O'Leary took part in two meetings of the Committee on Social Affairs and Employment, on 22 January 1975 in Brussels and on 4 June 1975 in Dublin. Mr Toros, Italian Minister of Labour, President-in-Office of the Council, attended a meeting held by that Committee on 23 and 24 October 1975 in Rome.

Mr Barry, Irish Minister for Transport and Power, President-in-Office of the Council, received a delegation of the Committee on Regional Policy and Transport in Dublin on 6 June. Mr Andreotti, Italian Minister for the Budget and Economic Planning, President-in-Office of the Council, took part in a meeting of that committee which was held on 21 and 22 October 1975 in Rome.

(c) Informing the competent Parliamentary committees of the content of trade or association agreements (Luns procedure)

16. On 19 February 1975 in Strasbourg, Mr FitzGerald informed the competent Parliamentary committees of the results of the EEC-ACP negotiations at the ministerial level. On the same occasion, Mr FitzGerald informed the Parliamentary committees of the opening of the GATT multilateral trade negotiations at Geneva.

At another meeting held in Strasbourg, on 12 March 1975, Mr FitzGerald informed the competent Parliamentary committees of the conclusion of the Additional Protocol between the EEC and Greece, and also of the opening of negotiations with a view to the conclusion of an agreement with Mexico.

On 29 April 1975 in Luxembourg, Mr FitzGerald informed the competent Parliamentary committees of the substance of the agreement concluded between the EEC and Israel.

Mr Battaglia informed the competent Parliamentary committees at a meeting held in Strasbourg on 10 July 1975 of the substance of three agreements: an agreement between the EEC and Mexico, an agreement on trade cooperation with Sri Lanka, and an agreement with India concerning cane sugar.

3. REPLIES TO WRITTEN QUESTIONS

17. During the period under review the Council received 97 written questions.

4. CONSULTATION OF PARLIAMENT

18. During 1975, the Council consulted Parliament on 185 proposals.

C. Institutional affairs

19. The main questions dealt with in this field by the Council relate to the following matters: increased budgetary powers for the European Parliament, the establishment of a European Communities Court of Auditors, the election of Members to the European Parliament by direct universal suffrage, a Passport Union, special rights of citizens, and improvement in the Council's working methods.

1. STRENGTHENING OF BUDGETARY POWERS OF THE EUROPEAN PARLIAMENT

20. The Council had formally adopted, at its 322nd meeting, on 19 December 1974, the draft joint declaration instituting a conciliation procedure between the European Parliament, the Council and the Commission, and had forwarded it to the European Parliament and the Commission for their agreement. Those institutions promptly announced their agreement, which enabled the Presidents of the three institutions concerned to proceed with the signing of that joint declaration on 4 March 1975. The declaration thus institutes a conciliation procedure of which the aim is to seek an agreement between the European Parliament and the Council, with participation by the Commission, where the Council intends to depart from the opinion of the European Parliament in relation to Community acts of general application which have appreciable financial implications, and of which the adoption is not required by virtue of acts already in existence. ¹

21. The Council was subsequently, at its 329th meeting, on 11 February 1975, to approve the text of the draft treaty amending certain financial provisions of the treaties establishing the European Communities and of the treaty establishing a single Council and a single Commission of the European Communities, and to consult the European Parliament pursuant to Articles 236 EEC and 204 Euratom.

The European Parliament delivered its opinion on 11 July 1975, and on 22 July 1975 the Council, having taken that opinion into consideration, delivered an opinion in favour of the convening of the Conference of representatives of the Governments of the Member States to decide by mutual agreement on the amendments to be made to the treaties. At the same time the Council adopted the following statement:

'The Council expresses its satisfaction at the signing of the treaty giving the European Parliament wider budgetary powers and establishing a European Communities Court of Auditors. Coming as it does after the treaty signed on 22 April 1970, this treaty represents a further step forward in the continuously developing process envisaged by the Conference of Heads of Government held at Paris on 9-10 December 1974. The Council

¹ The text of the joint declaration was published in OJ No C 89 of 22.4.1975.

looks forward to harmonious cooperation with the European Parliament on the basis of its new powers'.

The Conference proceeded on that same 22 July 1975 to sign the draft treaty, which in order to enter into force must still be ratified by all the Member States.

22. In order to bring out clearly the amendments provided for in the draft treaty, it should be recalled that at present all expenditure in the draft budget communicated by the Council to the European Parliament is classified as either mandatory expenditure (which is mandatory under the Treaty or under acts adopted under the Treaty) or as non-mandatory expenditure.

As far as non-mandatory expenditure is concerned, the European Parliament has the right to amend that expenditure, by a majority of its members. The Council may then modify each of those amendments by a majority of its members. The Treaty just signed makes no change in this procedure.

As far as mandatory expenditure is concerned, the European Parliament may, by an absolute majority of the votes cast, propose modifications. The Council then decides on those proposals by a qualified majority.

It is on that point that the Treaty makes the first changes.

If a modification proposed by the European Parliament would not have the effect of increasing overall expenditure, particularly where the increase in expenditure would be expressly compensated by one or more proposed modifications reducing expenditure by a corresponding amount, the Council, in order to disregard the position adopted by the European Parliament, would have to reject the proposed amendment, by a qualified majority. If there is no decision to reject it, the proposed modification is accepted.

If the effect of a modification proposed by the European Parliament is to increase the total expenditure, the Council may, by a qualified majority, accept the proposed modification. If there is no decision to accept it, the proposed modification is rejected.

If, pursuant to the foregoing provisions, the Council has rejected a proposed amendment, it can, by a qualified majority, either keep the amount appearing in the draft budget, or fix another amount.

23. From then on, the existing procedure again applies. The draft budget, if necessary amended in accordance with the rules set out above, will then be sent back to the European Parliament, accompanied by an account of the Council's deliberations. After debate, the European Parliament, acting on a majority of its members and by three-fifths of the votes cast, will take a decision concerning the modifications made by the Council to its amendments concerning non-mandatory expenditure. Those amendments must always observe the rule of the maximum rate: that is to say, where the rate of increase in the Council's draft budget is more than half the maximum rate of increase, the European Parliament, in exercising its right of amendment, is empowered to increase the total amount of non-mandatory expenditure by up to one half of the maximum rate.

Subsequently, the European Parliament will as a general rule finally adopt the budget. But under the new provisions it also has the right to reject it *in toto*; for important reasons by a majority of its members and two-thirds of the votes cast, it may reject the budget and request the submission to it of a new draft.

Further, the new treaty confers on the European Parliament, acting on the Council's recommendation, the right to give a discharge to the Commission in respect of the implementation of the budget.

2. ESTABLISHMENT OF A EUROPEAN COMMUNITIES COURT OF AUDITORS

24. In view of the increasing size of Community budgets and of the need to ensure more effective control over Community management and give the supervisory body the necessary authority and independence, especially with regard to auditing, the Council considered a European Communities Court of Auditors should be established. The establishment of that Court of Auditors constitutes one aspect of the draft treaty on the budgetary powers of the European Parliament referred to above.

The Court of Auditors will consist of nine members chosen from among persons who belong in their respective countries to external audit bodies or who are especially qualified for such office. They will be appointed for a term of six years by the Council acting unanimously after consulting the European Parliament. They will in the general interests of the Communities be completely independent in the performance of their duties, neither seeking nor following instructions from any government or from any other body. The Court of Auditors

will examine the accounts for all revenue and expenditure of the Community, and of any body set up by it. The Court will also establish whether all revenue has been received and all expenditure incurred in a regular manner and whether financial management has been sound.

25. The audit of revenue will be carried on the basis both of the amounts established as due and the amounts actually paid to the Community; the audit of expenditure will be carried out on the basis both of commitments undertaken and payments made. Both those audits may be carried out before the closure of accounts for the financial year under consideration. The audit will be based on records and, if necessary, performed on the spot in the institutions of the Community and in the Member States. In the Member States the audit will be carried out in liaison with the national audit bodies.

The Court will draw up an annual report after the close of each financial year. The report will be forwarded to the institutions of the Community and published, together with the replies of those institutions to the observations of the Court of Auditors, in the Official Journal of the European Communities.

3. ELECTION OF MEMBERS TO THE EUROPEAN PARLIAMENT BY DIRECT UNIVERSAL SUFFRAGE

26. The Assembly, on 14 January 1975, adopted a resolution embodying a draft convention concerning the election of its members by direct universal suffrage.

At its meeting in July 1975, the European Council requested the Council to examine the problem of elections to the European Parliament by direct universal suffrage, taking into account the draft prepared by Parliament and any factors which might emerge during the examination, and to report back to it on the matter by the end of the year.

The Council of the European Communities, after having heard a delegation from the European Parliament, started work on the subject at its meeting on 5 and 6 November 1975, and completed a report for the European Council. The latter, at its meeting on 1 and 2 December in Rome, after having agreed that elections to the European Parliament would take place in May-June 1978, requested the Council to pursue examination of the questions remaining open and to present a report

which would allow for the final drafting of a convention concerning elections to the European Parliament at the next European Council.

At that meeting, the European Council noted that any State which at that date was unable to hold direct elections should be allowed to appoint its representatives from amongst the elected members of its own national parliament.

The Council also noted the statement by Mr Wilson, the Prime Minister of the United Kingdom, that the United Kingdom Government required a further period for internal consultations before adopting a final position regarding the date fixed, and the conditions set by Prime Minister Jorgensen for direct elections to the European Parliament in Denmark.

4. PASSPORT UNION

27. At its July meeting, the European Council instructed the Council (Ministers for Foreign Affairs) to go ahead with work on the establishment of a Passport Union and to prepare a report on the subject, if possible before the end of the year.

In response to that request the Council submitted a report to the European Council, which agreed to the establishment of a passport of a uniform model which could be issued as from 1978.

As regards abolition of control of uniform passports at internal Community frontiers and harmonization of conditions of entry and residence in the Member States, the work begun on this topic shows that there are two objectives involved, which should be achieved progressively. The work will be continued in order to complete among other things the identification of the problems which arise and possible solutions to them.

5. SPECIAL RIGHTS OF CITIZENS

28. At its meeting in Brussels the European Council referred to point 11 of the Paris Communiqué of 9/10 December 1974, and instructed the Council of Ministers for Foreign Affairs to examine more closely the problem of the recognition of special rights for citizens of the nine Member States in their capacity as Members of the

Community, with a view to the submission of a report at a subsequent meeting of the European Council.

In that connection work started within the framework of the Council at the beginning of November.

6. IMPROVEMENT IN THE COUNCIL'S WORKING METHODS

29. At the first meeting of the European Council, in Dublin, the President-in-Office, Mr FitzGerald, had been instructed, in consultation with the President of the Commission, to put forward some suggestions aimed at improving the Council's working methods.

On the basis largely of those suggestions, the Council, at its meeting on 5/6 November 1975, decided on a number of practical steps.

D. Council – Court of Justice

30. During 1974 the Council appeared before the Court of Justice of the European Communities in five cases.

Three of those cases were actions brought by officials. The two others, which were actions brought against the Council and the Commission, concerned actions for damages.

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

Finally, the Council lodged written observations in connection with a request for an opinion submitted by the Commission pursuant to Article 228.

E. Relations with the Economic and Social Committee

31. In pursuance of the development of relations decided on in 1974,¹ the Council was twice represented by its President at plenary

¹ See 22nd Review, paragraph 44.

meetings of the Economic and Social Committee: on 24 April 1975 by Mr Califice, Belgian Minister for Labour and Employment, who took the place of Mr O'Leary who had been prevented at the last moment from attending; and on 27 November 1975 by Mr Battaglia, who spoke mainly about the question of associating commercial operators with implementation of the provisions of the Lomé Convention.

32. Further, the President of the ESC met the President of the Permanent Representatives Committee on 17 March 1975 and, accompanied by the two Vice-Presidents, met the entire Permanent Representatives Committee on 4 November 1975. Those meetings made it possible to survey the relations between the Council and the ESC, which are progressing in a very positive way.

33. On 16 and 22 September 1975, the Council nominated as members of the ESC the eight British workers' representatives whose organizations had hitherto abstained from taking part in the work of the organs of the Community. They took up their duties at the plenary meeting on 24 and 25 September 1975.

CHAPTER II

Freedom of movement and common rules

A. Customs union, free movement of goods

1. COMMON CUSTOMS TARIFF

34. The Council adopted two Regulations amending the Common Customs Tariff, seven Regulations temporarily suspending the autonomous duties in the Common Customs Tariff on several hundreds of products, for regulations temporarily suspending, pursuant to the Act of Accession, duties applicable in the Community as originally constituted to a certain number of products, and twenty-two Regulations on the opening, allocation and administration of Community Tariff quotas for certain products or increasing quotas decided on by the Council in 1974.

2. INTERNATIONAL CUSTOMS CONVENTIONS

35. In implementation of its Decision of 4 June 1974, officially adopted in the Community languages on 18 March 1975,¹ concluding, on behalf of the Community, its International Convention for simplifying and harmonizing customs procedures (known as the Kyoto Convention), the Council decided to authorize the Commission to negotiate certain annexes to the Convention, on behalf of the Community, according to an *ad hoc* procedure of coordination with the Member States.

¹ OJ No L 100 of 21.4.1975.

The Council also decided to authorize the Commission to negotiate, following the same *ad hoc* procedure, for the purpose of drawing up additional protocols to the international Agreement on the importation of educational, scientific and cultural materials (UNESCO agreement), a legal instrument enabling the European Economic Community to become a Contracting Party to the Customs Convention on International Transit of Goods (ITI Convention), and a legal instrument enabling the EEC to become a Contracting Party to the European Agreement in the Exchange of Tissue-Typing Reagents.

Pursuant to those decisions, and to those which the Council had previously taken concerning other international instruments, the work of coordination went on regularly within the framework of the Council with a view to establishing the common standpoint to be adopted by the Community and its Members States during negotiations in the international areas concerned.

36. The work related in particular to the negotiations concerning the Revision of the Customs Convention on the International Transport of Goods under cover of TIR carnets, negotiations which resulted in a positive outcome for the Community. For the new TIR Convention, adopted by the Diplomatic Conference which met at Geneva from 3 to 14 November, now contains provisions enabling the Community as such to become a Contracting Party to the Convention.

37. The Council also adopted two decisions ¹ accepting, respectively, the Customs Cooperation Council's recommendation of 1 January 1975 designed to enable statistical data on international trade collected on the basis of the Brussels Nomenclature to be expressed in terms of the Second Revision of the Standard International Trade Classification, and the draft Additional Protocol to the European Agreement on the Exchange of Tissue-Typing Reagents.

B. Right of establishment, freedom to provide services, company law, public works contracts

38. While 1974 was marked by a slowing-up in the adoption of measures to the right of establishment and freedom to provide services, following the judgments of the Court (cases 2-74 Reyners and 33-74 van Binsbergen) declaring the Treaty provisions to be directly

¹ OJ No L 321 of 12.12.1975.

applicable in matters of liberation in that field since the end of the transitional period, 1975 saw a resumption of the work of the Council bodies responsible for preparing for adoption the proposals which had to be amended. Thus the provisions aimed at abolishing the restriction were withdrawn by the Commission, and efforts were concentrated on drawing up measures intended to assist the effective exercise of the recognized freedoms of Community citizens.

As regards the liberal professions, all steps were taken to bring about as soon as possible the mutual recognition of diplomas, certificates and other evidence of formal qualifications.

In the field of company law, the coordination of national legislations was continued, and examination begun of the proposed regulation for a European company statute.

1. DIRECTIVE ADOPTED

39. At its 344th meeting, on 16 June 1975, the Council adopted a Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services, together with a Directive concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors.¹ The adoption of those Directives represents the culmination of 14 years of work. Those Directives comprise the whole body of rules necessary for the effective exercise of the right of establishment and freedom to provide services of doctors in the Community. In addition to their practical significance for the medical profession, those rules should provide a valuable precedent for achieving the same aim in other branches of activity, and in particular for the other liberal professions and the para-medical professions.

40. The Council at the same time adopted a Decision setting up an Advisory Committee on Medical Training, a Decision setting up a committee of Senior Officials on Public Health,¹ together with two recommendations, one concerning nationals of the Grand Duchy of Luxembourg who hold a diploma of medicine conferred in a third country, and the other on the clinical training of doctors.

¹ OJ No L 167 of 30.6.1975.

41. On the same date, the Council adopted two Directives¹ on transitional measures, one of them concerning 'various activities' (ex ISIC Division 01 to 85),² and the other itinerant activities. The first Directive concerns a series of activities of which the special features, and the difficulty of including them in the Directives already adopted for large sectors of activity, had delayed their inclusion in the liberation movement of the years 1964 to 1968. Even if it did not prove possible to carry out the original intention of dealing with all the remaining activities, the Directive does nevertheless cover a wide field. The second Directive concerns a form of activity which, in the context of a generalized liberation, raises special problems of supervision and of collaboration between the supervisory authorities.

2. COMPANY LAW

42. Progress was made with the Directive concerning the coordination of structures and the content of annual accounts (fourth Directive).

The Council authorities also continued their work on the coordination, by means of Directives, of national laws aimed at protecting the interests of partners and third parties in the setting-up of a company, and as regards maintenance and alterations in its capital (second Directive).

During the second half of 1975, work was undertaken on a Council Regulation concerning the Statute of European Joint Stock Companies ('S.E.'). That Statute is aimed at the creation of a special law at Community level governing the cooperation of undertakings in the Community. In the first stage, the work dealt with the political problems arising in connection with the content of that Statute and its impact in the national field.

3. COORDINATION OF PROCEDURES FOR THE AWARD OF PUBLIC CONTRACTS

43. Work on the Council Directive concerning the coordination of procedures for the award of public supply contracts, complementary to

¹ OJ No L 167 of 30.6.1975.

² ISIC = International Standard Industrial Classification of all economic activities (United Nations Statistical Office).

the Directive approved in 1971 ¹ concerning the coordination of procedures for the award of public works contracts, is being actively pursued by the Council authorities.

4. OTHER DIRECTIVES

44. The Council authorities are also continuing their work on a series of directives in the field of banks, insurance agents and brokers, life insurance, and cinematography.

C. Common rules

1. RULES OF COMPETITION

45. The Council adopted, on 10 July 1975, a third Directive ² on aid to shipbuilding which is valid up to 31 December 1977. That Directive represents a new step towards the abolition of distortions in competition on the shipbuilding market and towards coordination of national policies in that sector, in particular as regards investments and protective rescue measures.

46. As regards control over industrial combinations, work on the proposed regulation submitted by the Commission is continuing in the Council.

2. APPROXIMATION OF LAWS

(a) Harmonization of Customs law

47. The Council adopted, on 24 June 1975, a Regulation concerning the external trade statistics of the Community and statistics of trade between Member States, which lays down standard methods for the establishment of such statistics.

On 24 November 1975, it adopted a Regulation ³ amending the Regulation concerning the nomenclature of goods for the external trade statistics of the Community and statistics of trade between the

¹ OJ No L 185 of 16.8.1971.

² OJ No L 192 of 24.7.1975.

³ OJ No L 307 of 27.11.1975.

Member States (NIMEXE); under that Regulation NIMEXE will be applied in its entirety by all Member States as from 1 January 1978 at the latest.

48. Three Regulations,¹ adopted by the Council on 10 February, 14 April and 24 June 1975 respectively, amend Regulation (EEC) No 803/68 on the valuation of goods for customs purposes. The amendments relate to various factors to be taken into account for the determination of value for customs purposes.

49. In connection with the application of the Common Customs Tariff, the Council adopted, on 10 July 1975, a Regulation² on the importation free of Common Customs Tariff duties of educational, scientific and cultural materials. The Regulation harmonizes in that respect, at the Community level, the obligations of Member States resulting hitherto from the Agreement on the importation of educational, scientific and cultural materials concluded on 22 November 1950 under the auspices of UNESCO (Florence Agreement).

50. On 10 July 1975 the Council also adopted Regulation (EEC) No 1818/75,³ under which certain agricultural products and certain goods resulting from their processing, contained in traveller's personal baggage, are henceforth exempt from levies and other import charges insofar as they were already exempt from customs duties.

51. Lastly, the Council adopted, on 18 December 1975, a Directive⁴ on the harmonization of provisions laid down by law, regulation or administrative action in respect of outward processing.

At present all Member States have recourse, but according to national procedures which are significantly different from one Member State to another, to outward processing arrangements, that is the exportation of goods with a view to their reimportation, free of duties, after processing, working or repair. The Directive adopted by the Council is intended to harmonize those procedures.

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

52. Activities aimed at eliminating technical barriers to trade in industrial products have been regularly pursued by the Council,

¹ OJ No L 39 of 13.2.1975.

² OJ No L 184 of 15.7.1975.

³ OJ No L 185 of 16.7.1975.

⁴ OJ No L 24 of 30.1.1976.

account being taken of the programme specified in the Council Resolution of 17 December 1973 on industrial policy.

So far 60 Directives have already been adopted by the Council, 12 of these during 1975.

These twelve Directives are in the following fields: motor vehicles (reverse gear and speedometers; regulation plates and registration; safety-belt anchorages); wheeled agricultural or forestry tractors (steering mechanism; elimination of radio interference; socket outlets and plugs for trailers); measuring instruments (weighing machines, continuous adders); electrical equipment (electrical equipment usable in explosive atmosphere); fuels (sulphur content of certain liquid fuels); aerosols (aerosol dispensers); dangerous substances and preparations (amendment of the Directive of 27 June 1967 concerning the classification, packing and labelling of dangerous substances); fertilizers (outline directive).

(c) Proprietary medicinal products

53. The Council adopted, on 20 May 1975, the three following acts:¹ a second Directive on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products, which lays down the conditions of manufacture and the minimum qualifications of the person responsible for manufacture; a Directive relating to analytical, pharmacotoxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products, which lays down common principles for carrying out tests; and a Decision setting up a pharmaceutical committee, which will be able to examine any question relating to the application of Directives on proprietary medicinal products and any other questions in the field of proprietary medicinal products.

These provisions are together intended to establish the necessary conditions for the first stage in an effective achievement of free movement of proprietary medicinal products. Such free movement should indeed be promoted by the abolition of systematic frontier controls (which would become possible as a result of the harmonization of methods of analysis, the harmonization of the conditions required in respect of manufacture and the fixing of a minimum qualification for those responsible for manufacture), and also

¹ OJ No L 147 of 9.6.1975.

by the activity of the Committee for proprietary medicinal products which will have the task of facilitating the adoption of a common position by the Member States regarding marketing authorizations, the granting of which remains within their exclusive competence.

3. INDUSTRIAL PROPERTY

(a) Community Patent

54. On 15 December 1975, the Convention on the Community Patent was signed, in Luxembourg, by the nine Member States of the European Community.

At its meeting in February 1975, the 'Community Patent' Working Party put forward solutions for certain major problems raised by the United Kingdom delegation; the Working Party was thus able to recommend that the Permanent Representatives Committee should convene a conference for the conclusion of the Convention on the Community Patent.

That Conference was held in Luxembourg from 17 November to 15 December 1975, with the nine Member States and the Commission taking part. The following also attended, as observers: the Court of Justice of the European Communities, the signatory States to the European Patent Convention which do not belong to the European Communities, three intergovernmental organizations (WIPO, EFTA, IPI), and fourteen non-governmental international organizations.

55. The aim of the Convention is to introduce a common system of law for Contracting States regarding patents for invention: it is thus in keeping with the principles of the Treaty of Rome, one of the objectives of which is to abolish obstacles to the free movement of goods. It completes, on the Community level, the provisions of the European Patent Convention signed at Munich in October 1973.

56. The Convention's provisions are based on the following principles: the creation of a Community patent (European patents granted pursuant to the Munich European Patent Convention, which one or more Member States of the Community are designated to grant, are Community Patents valid for the entire Community); the unitary and autonomous nature of the Community patent (it has the same effect throughout the territory of the Community and is subject only to the provisions of the Convention); precedence of the provisions

of the Treaty of Rome over those of the Convention; and the setting up of special departments of the European Patent Office to rule on the validity of Community patents.

57. Certain provisions deviate from these general principles.

The effects of the Community patent do not extend to the territory of a Member State in which there exists a national prior right (a national patent or a national patent application having a date of priority earlier than that of the Community patent). The existence of a prior national right thus constitutes a ground for partial revocation (geographically speaking) of the patent which will be assessed by the European Patent Office by applying to national rights the same interpretation criteria as apply to European patent applications and European patents.

Infringement proceedings remain within the jurisdiction of national courts. However, the Convention clarifies and completes in that connection the Brussels Convention of 27 September 1968 on jurisdiction and enforcement of judgements in civil and commercial matters. Thus, the Convention specifies the various courts before which actions relating to infringement of Community patents can be brought.

For a transitional period, the applicant for a patent has an option as between a Community patent and a European patent granted by the European Patent Office but giving rise to a 'batch' of national patents solely for those Member States of the Community designated in the application.

58. Apart from these main features, some details should be given of two groups of essential provisions of the Convention, concerning on the one hand the rights attaching to patents, and on the other the limitation and revocation procedures.

The Luxembourg Convention lays down the substantive Community patent law rules. It is laid down that a Community patent confers on its proprietor the right to prohibit the direct or indirect use of the invention by any third party. The Convention also states the conditions under which the rights conferred by the patent become exhausted. In that connection, the Convention has codified the existing case law of the Court of Justice of the European Communities, stipulating that the rights conferred by a Community patent shall extend to acts concerning a product covered by that patent which are

done within the territories of the Contracting States after that product has been put on the market in one of those States by the proprietor of the patent or with his express consent. There shall, however, not be exhaustion of the rights if there are grounds which, under Community law, would justify the extension to such acts of the rights conferred by the Community patent.

The Convention provides for two types of proceedings before the European Patent Office: proceedings for the limitation and proceedings for the revocation of the Community patent. In introducing these two sets of proceedings the Member States have agreed to transfer to the special departments of the European Patent Office areas of jurisdiction which are at present exercised in most States by the courts.

Guarantees which confer upon these proceedings a status almost equivalent to those of courts of law are provided for as regards the qualifications and the independence of members of the bodies which are competent in appeals proceedings. In particular, under the Convention a further appeal may be made to the Court of Justice of the European Communities against decisions on appeal by the special departments of the European Patent Office. A derogation may be made for a maximum of 15 years from the principle of the exclusive jurisdiction of the departments of the Office as regards the validity of the Community Patent. Any Contracting State whose legislation allows an action for revocation in relation to an action for infringement has thus been given the option of reserving to national courts dealing with an action for infringement the power to take a decision as to the validity of the Community Patent, the effects of which decision are to be confined to the territory of that State.

Additional Protocol to the Protocol of 13 April 1962 concerning the establishment of European Schools

59. The Luxembourg Conference completed an Additional Protocol which was signed on the conclusion of its activities.

The purpose of the Protocol is to provide the necessary legal bases for establishing a European School at Munich, intended primarily for the education of children of the staff of the European Patent Organization.

(b) European Patent Convention

60. The Interim Committee of the European Patent Organization which is assisted by the Secretariat of the Council and which comprises the representatives of the sixteen States which have signed the Munich European Patent Convention (the nine EEC States and Austria, Greece, Liechtenstein, Monaco, Norway, Sweden and Switzerland), held its second and third meetings in Brussels and its fourth meeting in Luxembourg in 1975. The Interim Committee continued its preparatory work for the opening of the European Patent Office, giving its consideration to the proposals and studies submitted to it by the seven Working Parties which it set up.

61. Work by the Interim Committee and its Working Parties proceeded in particular in the fields mentioned below.

As regards organization, Working Party I prepared, and the Interim Committee adopted, an outline establishment plan for the future European Patent Office, which will have five directorates-general. In addition, Working Party I prepared plans for the future computerized information centre and the publication system of the European Patent Office.

As regards search activities, Working Party II prepared draft directives on search which will constitute the basic working instrument of the European Patent Office search examiners; consultation on those drafts by those concerned is at present proceeding. Further, a solution was adopted for the problem of the transfer of search activities to the Austrian Patent Office.

As regards examination, opposition and appeal, Working Group III prepared the series of draft directives which will constitute the working instrument of the European Patent Office examiners and will also be of value to future users, and in particular to patent agents. Consultation with those concerned is at present proceeding in connection with the draft directives concerning examination as to form and examination as to substance. The Working Party has also made considerable progress in working out arrangements for the transfer of European Patent Office examination activities to certain national offices.

As regards staff, Working Party IV has proceeded with the work of drawing up staff regulations for employees of the European Patent Office. As far as the system of remuneration is concerned, Working

Party IV and the Interim Committee tend to favour adopting the coordinated organizations' system. The Working Party has also proceeded with its work in connection with the training of the future staff of the European Patent Office.

With regard to the question of finance, Working Party V has established the budgetary and accountancy systems for the future European Patent Office. As far as the budget is concerned it has adopted, in addition to the traditional plan, a system based on programme planning (PPBS). The Working Party has also made considerable progress with the preparation of draft financial regulations and draft budgets for the first two years of the European Patent Office.

In the field of legal matters, Working Party VI has drawn up the main portions of the agreement on the incorporation of the International Patent Institute at The Hague in the future European Patent Office and of the agreement concerning the setting up of the Berlin Agency of the European Patent Office. A great deal of work has been done, in constant contact with the representatives of those concerned, as regards the setting up of an Institute of agents authorized by the European Patent Office, the European qualifying examination for registration as an authorized agent and professional rules of conduct for agents.

In connection with building, Working Party VII at its meetings in Munich has proceeded with the study of the plans of the building which is to house the European Patent Office and the arrangements for the distribution of offices among the various services to be installed there.

62. Altogether, the Interim Committee and its Working Parties held 42 meetings (137 days of meetings) in 1975.

CHAPTER III

Economic and social policy

A. Economic and financial questions

63. During 1975, eight meetings of the Council were devoted entirely to economic and financial questions; a further meeting dealt with the problems connected with tax harmonization; and on various occasions the Council considered matters connected with export credit insurance.

1. CONSIDERATION OF THE ECONOMIC SITUATION

64. The development of the Community's economic situation was considered at each meeting.

In particular, on 17 February, 10 July and 17 November 1975, the Council made preparations for the discussions on the economic situation in the Community which took place in the European Council on 10-11 March in Dublin, on 16-17 July in Brussels and on 1-2 December 1975 in Rome.

The Council also dealt with preparations for the Conference of Ministers for Economic Affairs, Ministers of Labour, the Commission and the representatives of employers and labour (tripartite conference of 18 November 1975).

65. 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 carried out the three

¹ OJ No L 63 of 5. 3.1974.

examinations of the economic situation in the Community prescribed in Articles 2, 3 and 4 of the same Decision.

The first examination took place on 18 March 1975, and on that occasion the Council decided on the adjustments to be made to the economic policy guidelines for 1975. ¹

The Council undertook the second examination of the economic situation on 10 July, on the basis of a communication from the Commission concerning the economic policy to be followed in 1975 and the preparation of the public budgets for 1976.

At the time of the third examination – which took place on 17 November – the Council approved the Annual Report on the economic situation in the Community laying down guidelines for 1976. ²

2. COMMUNITY EXCHANGE SYSTEM

66. On 10 July, the Council took note of the decision by the French Government to reintegrate the French Franc, as from that date, in the mechanism set up by the Basle Agreement of 10 April 1972, instituting a system of narrowing the margins of fluctuation between the currencies of the European Economic Community.

On the same occasion, the Council also took note of the adjustments made in the system of narrowing margins by the Board of Governors of the European Monetary Cooperation Fund and by the Central Banks of the Community.

3. MATTERS RELATING TO THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM

67. The work done on the international level with a view to the reform of the international monetary system was prepared, as in the past, by the Monetary Committee. That Committee's reports were regularly submitted to the Council.

In particular, preparations were made for the meetings of the Interim Committee of the International Monetary Fund by the Council

¹ OJ No L 162 of 25. 6.1975.

² OJ No L 297 of 29.12.1975.

on the basis of a report by the Monetary Committee on 20 March and 10 July.

4. UNIT OF ACCOUNT

68. In 1975 the Council adopted three Decisions concerning the application of the new European unit of account ('basket' unit of account).

On 18 March, the Council adopted the Decision on the definition and conversion of the European unit of account used for expressing the amounts of aid mentioned in the ACP-EEC Convention of Lomé. ¹

On 10 July, the Ministers – as Representatives of the Governments of the Member States – adopted and signed the Treaty amending certain provisions of the Protocol on the Statute of the European Investment Bank. Under that amendment, the unit of account used by the Bank can be altered by unanimous decision of the Board of Governors.

On 17 November, the Council gave its unanimous assent to the draft Commission ECSC Decision on the rates for the conversion of currencies of the Member States into the unit of account used in Decisions, Recommendations, Opinions and Communiqués for the purposes of the Treaty establishing the ECSC. ²

As regards the application of the European unit of account to the budget of the Communities, the Council took note, on 17 November, of the Commission representative's report stating that the Commission had decided to propose the application of the European unit of account to the budget of the Community as from 1 January 1978.

5. MISCELLANEOUS FINANCIAL AND MONETARY MATTERS

69. On 10 July, 22 September and 17 November 1975, the Council held discussions on the draft decision enabling the Commission to

¹ OJ No L 104 of 24.4.1975.

² OJ No C 291 of 19.12.1975 and OJ No L 327 of 19.12.1975.

issue EURATOM loans with a view to a contribution from the Community to the financing of nuclear power stations.

70. On 10 July 1975, the Council authorized the Commission to open negotiations for a first Community loan transaction pursuant to Article 2 of Regulation (EEC) No 397/75 of the Council of 17 February 1975.¹

71. On 18 December 1975, the Council adopted the Decision renewing the machinery for medium-term financial assistance.² By that Decision, the machinery for medium-term financial assistance set up by a Council Decision of 22 March 1971 was renewed for four years.

72. On 18 December 1975, the Council adopted the Directive adapting the conditions laid down for the grant of medium-term financial assistance to the Italian Republic,² pursuant to Article 8 of Directive 74/637/EEC of 17 December 1974 granting medium-term financial assistance to the Italian Republic.

73. On 18 December 1975, the Council adopted the Decision on an amendment to the timetable for the preparation of the annual report on the economic situation in the Community.² By virtue of that Decision, the third examination of the economic situation in the Community – which the Decision of 18 February 1974 provided should take place towards the end of the third quarter – was postponed to the fourth quarter.

6. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS

74. During 1975, taking into account the persistence of balance of payments difficulties and the advisability of avoiding harmful increases in the matter of export credits, the work done centred on the problems connected with the adoption of converging practices among the industrialized countries with market economies, which are the main providers of export credits.

75. In that connection, mention should first be made of the pursuance of the negotiations between the Nine Member Countries of the EEC on the one hand, and the United States and Japan on the

¹ OJ No L 46 of 20. 2.1975.

² OJ No L 330 of 24.12.1975.

other, of a gentleman's agreement on the main conditions governing credits. While the discussions which have taken place have not so far led to the conclusion of an agreement, there has nevertheless been progress, in particular as regards problems concerning the technical definitions to be adopted.

76. In addition, the Community has continued to take part in the preparation of agreements within the OECD. As regards sectoral agreements, it will be recalled that negotiations have been proceeding for the conclusion of agreements on new subsonic aircraft and helicopters intended for civil air transport and on nuclear power stations, regarding which the Council stated the position of the Community in its Decisions of 18 June 1973 and 4 February 1974 respectively. Owing to the difficulties encountered within the OECD as regards the adoption of a common line, those negotiations have not so far led to the conclusion of sectoral agreements. That being so, with a view to avoiding a deterioration as regards credit conditions, the members of the OECD Working Party on export credits and credit guarantees – including the Member Countries of the Community – stated in May 1975 that they would not grant for the export of the equipment concerned credit conditions more favourable than was their existing practice.

It will also be recalled that on 19 December 1974 the Commission submitted to the Council a recommendation for a decision on the position of the Community within the OECD as regards an Understanding on a Local Cost Standard. The Council has had discussions concerning the said recommendation but without as yet reaching a decision. The Commission submitted to the Court on 14 July 1975 a request for a preliminary opinion on the compatibility with the EEC Treaty of the said draft OECD Understanding, and more particularly on the power of the Community to conclude that Understanding. On 11 November 1975 the Court handed down its opinion, which concluded that 'the Community has exclusive power to participate in the Understanding on a Local Cost Standard referred to in the request for an opinion'. It should also be mentioned that, taking into account the difficulties encountered – when the draft OECD Understanding was practically ready as far as that Organization was concerned – with regard to the problem of possible participation by the Community in that Understanding, the Members of OECD Working Party on export credits and credit guarantees agreed, in May 1975, to make the local cost practices conform to the requirements laid down in the said draft Understanding. Consequently the technical content of the draft Understanding has in fact been respected *de facto*.

7. FISCAL HARMONIZATION

77. On 10 February 1975, the Council adopted, on a proposal from the Commission, a Resolution on the measures to be taken by the Community in order to combat international tax evasion and avoidance.¹

On 18 December 1975, the Council adopted a Directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect consumption of manufactured tobacco.² That Directive extends the first stage of harmonizing the structures for excise duty on manufactured tobacco by twelve months, until 30 June 1977.

During 1975, various Council bodies continued to examine the proposal for a sixth VAT Directive on the harmonization of legislation of Member States concerning turnover taxes.³ The object of that proposal for a Directive is to establish a common system of value added tax and a uniform basis of assessment for levying the Community's own resources from VAT. At its meeting on 24 November 1975, the Council agreed on a number of principles concerning priority problems, such as zero rates, reduced rates and real-estate transactions, and laid down guidelines for the continuance of work on special schemes for small undertakings and farmers.

Further, the Council at that same meeting held a discussion on a communication from the Commission concerning an action programme on tax matters.

B. Social policy

78. Throughout 1975, the Council's main task in the social field was the implementation of the Social Action Programme. The Council devoted to it two meetings, at which a considerable number of decisions were taken.

The Council also gave consideration to the employment situation in the Community following the critical turn of affairs in economic activity. Two meetings of the Standing Committee on Employment were held in 1975, as well as a Conference on the economic and social situation in the Community, which was attended

¹ OJ No C 35 of 14.2.1975.

² Directive No 75/786/EEC, OJ No L 330 of 24.12.1975.

³ OJ No C 80 of 5.10.1973 and OJ No C 121 of 11.10.1975.

by the Ministers for Economic Affairs, the Ministers of Labour, the Commission and the representatives of Employers and Labour.

1. ACHIEVEMENT OF FULL AND OPTIMUM EMPLOYMENT

(a) Vocational Training

79. The Council, at its meeting on 10 February 1975, adopted Regulation (EEC) No 337/75 establishing a European Centre for the Development of Vocational Training, ¹ aimed at achieving effective implementation of the common vocational training policy.

The Centre will enjoy in all Member States the most extensive legal capacity accorded to legal persons. It will have its seat in Berlin (West). It is set up within the framework of the European Communities and will function in accordance with Community law. The Centre will be administered by a Management Board comprising 30 members of whom nine members will represent the Governments of the Member States, nine members will represent the employers' professional organizations and nine members the employees' trade union organizations, and three members will represent the Commission. The day to day administration of the Centre 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 by its scientific and technical activities to the implementation of a common vocational training policy. It will, in particular, encourage the exchange of information and the comparison of experience.

(b) Equality for men and women

(i) Pay

80. The Council, at its meeting on 10 February 1975, adopted Directive 75/117/EEC on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men

¹ OJ No L 39 of 13.2.1975.

and women, ¹ which is aimed at ensuring compliance with the principle of equal pay. That principle means, for the 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 in particular requires Member States to abolish all discrimination between men and women arising from laws, regulations or administrative provisions; to introduce into their national legal systems such measures as are 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 render null and void provisions appearing in agreements or contracts which are contrary to the principle of equal pay, and to protect employees against dismissal by the employer as a reaction to a complaint or to any legal proceedings aimed at enforcing that principle.

(ii) Access to employment, vocational training and promotion, and working conditions

81. On 12 February 1975, the Council received a communication from the Commission dealing more extensively with equal treatment for men and women, and containing a memorandum of various types of action to be undertaken and a proposal for a Directive aimed at applying the principle of equal treatment in the various fields of access to employment, including promotion, together with vocational training and working conditions. That Directive, following on the Directive on equal pay, widens and completes the Community legal provisions for the implementation of the Resolution concerning a social action programme.

The principle of equal pay having been defined, for the purpose of that proposed Directive, as meaning the absence of all discrimination on grounds of sex, whether direct, or indirect in relation, for instance, to marriage or family status, the Council had a discussion on 17 June 1975 on the scope to be given to the provisions concerned. In that debate, which dealt more particularly with the question whether such provisions should cover social security, there was agreement on the need to provide, in that connection, for the progressive implementation of the principle of equal treatment.

¹ OJ No L 45 of 19.2.1975.

82. Thus the measure to which the Council, at its meeting on 18 December 1975, gave its agreement in principle, provides that the provisions aimed at the progressive implementation of the principle of equal treatment in relation to social security, will specify its content, its scope and the detailed rules for its application, and will be adopted subsequently on a proposal from the Commission.

The Directive provides for the abolition of any remaining discrimination in laws, regulations or administrative provisions of the Member States, or appearing in collective agreements, employment contracts, the internal regulations of undertakings or the statutes of the independent professions (without prejudice to the exceptions which may be established by Member States in respect of activities for which sex is a determining condition or to specific provisions which, insofar as they remain justified, are intended to ensure the protection of women, in particular as regards pregnancy and maternity, or are intended to remedy factual inequalities.

In addition to the abolition of such specific discrimination, it establishes a positive right to equal pay in the various fields considered. That right is enforced by the possibility for all persons considering themselves wronged by the failure to apply to them the principle of equal pay, to pursue their claims by judicial process after possible recourse to other competent authorities (without prejudice to the autonomy granted to certain private training establishments).

Finally, Member States will have to take the necessary measures to protect employees against dismissal by the employer as a reaction to a complaint within the undertaking or to any legal proceedings, and ensure that the provisions adopted pursuant to the Directive or already in force are brought to the attention of employees by all appropriate means, for example at their place of employment.

They are given a maximum time-limit of 30 months for the implementation of the Directive.

2. IMPROVEMENT OF LIVING AND WORKING CONDITIONS

(a) *General*

83. The Council, at its meeting on 26 May 1975, adopted Regulation (EEC) No 1365/75 on the creation of a European Foundation for the improvement of living and working conditions. ¹

(b) *Fight against poverty*

84. The Council, at its meeting on 22 July 1975, adopted Decision 75/458/EEC concerning a programme of pilot schemes and studies to combat poverty, ² under which the Commission may, within the limits of the relevant appropriations entered in the budget of the Communities for 1975 and 1976, in order to provide concrete information for the Member States, promote or provide financial assistance for pilot schemes which test and develop new methods of helping persons beset by or threatened with poverty in the Community, and promote, carry out or provide financial assistance for pilot studies to improve understanding of the nature, causes, scope and mechanism of poverty in the Community.

For the purposes of the Decision, the term 'persons beset by poverty' means individuals or families whose resources are so small as to exclude them from the minimum acceptable way of life of the Member State in which they live.

As a general rule, Community financial assistance may not exceed 50% of the estimated cost where that amount has been reached.

(c) *Working conditions*

(i) *Collective redundancies*

85. The Council, at its meeting on 17 February 1975, adopted Directive 75/129/EEC on the approximation of the laws of the Member States relating to collective redundancies, ³ which is intended to afford greater protection to workers in the event of collective redundancies.

¹ OJ No L 139 of 30.5.1975, p. 1. For further details, see paragraph 195 of this Review.

² OJ No L 199 of 30.7.1975.

³ OJ No L 48 of 22.2.1975.

For the purposes of the Directive, the term 'collective redundancies' means:

'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, and 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 includes the following main features: the requirement that where an employer is contemplating collective redundancies, he will begin consultations with the workers' representatives; the use of such consultations to seek ways and means of avoiding collective redundancies or reducing the number of workers affected, and mitigating the consequences; the requirement that the employer shall notify the competent public authority of any projected collective redundancies, it being understood that during a minimum period of 30 days – which may in certain cases be reduced or extended – the redundancies may not take effect; and the use of the said period by the competent public authority 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.

(ii) Forty-hour week and four weeks annual paid holiday

86. The Council, at its meeting on 22 July 1975, adopted Recommendation 75/457/EEC on the principle of the 40-hour week and the principle of four weeks annual paid holiday, ¹ which recommends Member States to take appropriate measures, either by means of legislation, by encouraging employers and labour to conclude collective agreements or by any other means, to attain the following objectives: the principle of the 40-hour week and the principle of four

¹ OJ No L 199 of 30.7.1975.

weeks annual paid holiday to be applied throughout the Community in all sectors by 31 December 1978 at the latest, it being understood that these principles may be applied in certain sectors by a date agreed between the parties directly involved; the application of the said principles may not have a detrimental effect on the persons concerned in respect of earnings or holiday pay.

Further, the Member States are called on to report to the Commission on the measures taken to implement the recommendation and to supply the Commission with information on the development of the situation with regard to the length of the working week and annual paid holiday.

3. MIGRANT WORKERS

(a) Action programme on behalf of migrant workers and members of their families

87. At its meeting on 18 December 1975, the Council agreed on a resolution concerning an action programme on behalf of migrant workers and members of their families.

In that resolution, the Council takes note of the communication submitted by the Commission concerning an action programme on behalf of migrant workers and their families, and expresses the political will, taking into account the responsibilities of the Community Institutions, on the one hand, and those of the Member States, on the other, to adopt the measures envisaged in that resolution.

88. As regards the field of application and scope of those measures, the Council considers that, in the existing economic and social situation of the Community, they should be concentrated on the improvement of the position of migrant workers and of the members of their families who are in the Member States, and refers in particular to measures likely to promote and strengthen the humanization of free movement in its various aspects and phases (in that connection, there is particular reference to measures affecting the organization and cooperation of national labour services, and appropriate aid with a view to improving, as circumstances require, conditions for integration in the host country and those of reinstatement in the country of origin), to provide, where necessary, the required legal basis, and finally, as regards nationals of Third States, to promote equal treatment in respect of living and working conditions, pay and economic rights.

The Council further considers, in that connection, that it is advisable, in order to ensure the social and vocational advancement of migrant workers and members of their families, to attach particular importance to measures concerning vocational training, housing, social welfare services, health protection and social security, and schooling for children, and those aimed at informing the population of the host country and making it aware of their problems.

89. That resolution also contains reference to Point 11 of the Paris Conference of December 1974 concerning the giving of special rights to the citizens of Member States, with a recommendation that the work begun should be speeded up; and there is mention of the action to be taken in the more general context of migration itself: the concertation of policies on migration in relation to Third States, the strengthening of collaboration between Member States in connection with the problems of clandestine immigration, where it is a matter of immigration from Third States, and the examination of such problems as might arise from the presence of nationals of Member States working in Third Countries.

Finally, further developments of that resolution are to be examined in the context of the implementation of the Council Resolution of 21 January 1974 concerning a social action programme. ¹

(b) *Social security*

(i) Workers from Community Member States

90. At its meeting on 18 December 1975, the Council discussed a proposal by the Commission intended to standardize the rules governing family allowance grants to workers the members of whose families live in a Member State other than the country of employment.

The Council found that, in the existing situation, the system laid down in Regulation (EEC) No 1408/71 of 14 June 1971 ² on the application of social security schemes to employed persons and their families moving within the Community could not be changed, without prejudice however to certain adjustments to be made to the said Regulation in favour of migrant workers and members of their families.

¹ See 22nd Review, paragraph 82.

² OJ No L 149 of 5.7.1971.

(ii) Turkish workers

91. The Council, at its meeting on 5-6 November 1975, approved the Community's standpoint with regard to the amendments which the Turkish Government suggested should be made to the Community delegation's proposal, adopted by the Council at its meeting on 10 June 1974, concerning the decision to be taken by the Association Council as regards the implementation of Article 39 of the Additional Protocol to the Ankara Agreement.

(c) *Other matters*

(i) Trade union rights

92. The Council, at its meeting on 18 December 1975, recorded its agreement on a regulation amending the provisions concerning the trade union rights of workers contained in Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community.¹

That regulation specifies that a worker who is a national of a Member State and who is employed in the territory of another Member State shall enjoy equality of treatment as regards membership of trade unions and the exercise of rights attaching thereto including the right of eligibility for workers' representative bodies.

(ii) Schooling for migrant children

93. The Council, which in July 1975 received from the Commission a proposal for a directive concerning schooling for migrant children, proceeded, pending an opinion from the Economic and Social Committee, at its meeting on 18 December 1975 to hold an initial political discussion on that proposal, and agreed to continue its work with a view to the adoption of a subsequent decision on the subject.

(iii) Statistics

94. Lastly, the Council at the same meeting recorded its agreement on a regulation concerning the compilation of statistics on foreign workers under Article 213 of the Treaty.

¹ OJ No L 257 of 19.10.1968.

That regulation provides, in particular, that the Member States shall compile, in respect of workers who are nationals of another Member State or of a Third State, annual statistics of those employed and given work on their territory for the first time in a given year. Such statistics should contain information relating to nationality, sex, age, branch of activity, or category of profession, and region.

4. EUROPEAN SOCIAL FUND

(a) Action by the fund

(i) Operations to facilitate employment of young people

95. The Council, at its meeting on 22 July 1975, adopted Decision 75/459/EEC on action by the European Social Fund for persons affected by employment difficulties,¹ under which specific operations to facilitate the employment and the geographical and professional mobility of young people under 25 years of age, who are unemployed or seeking employment, are eligible to receive assistance from the Social Fund, under Article 4 of Decision No 71/66/EEC on the reform of the European Social Fund, it being understood that priority will be given to operations to facilitate the employment of young people under 25 years of age seeking their first employment.

The Decision further provides that the Council will deliberate before 30 November 1975 on a proposal submitted by the Commission under Article 4 of Decision No 71/66/EEC, with a view to facilitating the geographical and professional mobility of persons who are or who have been employed in the sectors particularly affected by the employment imbalance resulting from recession, with due regard to the regions most affected by employment difficulties.

(ii) Operations connected with recession

96. At its meeting on 18 December 1975, the Council discussed a proposal for a decision on action by the European Social Fund (under Article 4) in favour of operations connected with recession. After very thorough discussion, and taking into account difficulties in connection with the limited amount of funds available in relation to the aims pursued, the required majority for the adoption of the proposal could not be obtained.

¹ OJ No L 199 of 30.7.1975.

(iii) Operations in the textile and clothing industries

97. On the other hand, at its meeting on 18 December 1975, the Council recorded its agreement on a decision on intervention by the European Social Fund in favour of persons occupied in the textile and clothing industries. The purpose of that decision is to prolong intervention by the European Social Fund in favour of persons occupied in the textile industry which was the subject of its Decision 72/429/EEC of 19 December 1972¹ which was about to expire, and to extend it to persons employed in the clothing industry.

Pursuant to that decision, assistance from the Social Fund may be granted, in particular to operations aimed at facilitating the employment and the geographical and occupational mobility of persons occupied in the textile industry, including the processing of chemical fibres, and clothing, whose activities are directly affected or threatened by measures for structural adaptation.

The period of validity of the decision will be one year and a half.

(b) *Examination of the third report of the new European Social Fund – financial year 1974*

98. At its meeting on 18 December 1975, the Council took note of the report submitted by the Commission and the comments made by certain delegations when that report was examined.

In particular, some concern was expressed, in connection with that examination, as to how and on what lines it would be advisable to proceed with the review of the arrangements concerning the new Fund which, according to the Decision of 1 February 1971 on the reform of the European Social Fund,² should take place not later than the beginning of 1977.

¹ OJ No L 291 of 28.12.1975.

¹ OJ No L 28 of 4.2.1975.

5. SURVEYS AND STATISTICS ¹

99. The Council, at its meeting on 28 April 1975, adopted Regulation (EEC) No 1103/75 relating to the organization of a survey on the earnings of permanent workers employed in agriculture, ² under which the Commission is to undertake a survey of the actual earnings of permanent workers employed in agriculture, on the basis of the statistical data relating to September, October or November 1975.

6. AIDS WITHIN THE ECSC

(a) *Aids for the conversion of industry*

100. The Commission requested the Council, under Article 56, paragraph 2 (a) of the ECSC Treaty, to give its assent in several cases so that the Commission could facilitate the productive reemployment 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 meeting in March, April, July and October 1975 gave its consent, thus allowing the Commission to grant a loan of FF 23.9 million (approximately 3.8 million u.a.) to the Société des Aciéries du Temple (France); Fl 8 million (approximately 2.38 million u.a.) to Globon N.V. (Netherlands); Fl 1 million (approximately 0.30 million u.a.) to the Rubber- en kunststoffenfabriek Enbi N.V. (Netherlands); Fl 2.5 million (approximately 0.75 million u.a.) to Lips Heerlen N.V. (Netherlands); £ 5.1 million (approximately 9.57 million u.a.) to the British Leyland Motor Corporation Ltd. (United Kingdom); FF 20 million (approximately 3.2 million u.a.) to the Société financière pour favoriser l'Industrialisation des régions minières (Sofirem, France); £ 1 million (approximately 2 million u.a.) to the Industrial Credit Company Ltd. (Ireland); £ 10 million (approximately 19 million u.a.) to Finance for Industry Ltd. (United Kingdom); Fl 4.6 million (approximately 1.38 million u.a.) to Orantex N.V. (Netherlands); FF 15 million (approximately 2.4 million u.a.) to the Société Nouvelle de Roulement (France); £ 765 000 (approximately 1.33 million u.a.) to Polypac Bal Ltd. (United Kingdom) and FF 5 million (approximately 0.79 million u.a.) to the Société Johns-Manville de France S.A.

¹ See paragraph 94 of this Review.

² OJ No L 110 of 30.4.1975.

(b) Aid for social research projects (safety at work)

101. The Commission also requested the Council, under Article 55, paragraph 2 (c) of the ECSC Treaty, to give its assent so that the Commission could grant financial aid amounting to 550 567 32 u.a. to four research institutes to carry out a number of projects directly connected with safety in coal mines. The Council replied favourably to the request and gave its assent at its 376th meeting which was held on 16 December 1975.

(c) Aid for the construction, modernization and purchase of housing for persons employed in the industries of the ECSC

102. Lastly, the Commission, under Article 54, paragraph 2, of the ECSC Treaty, requested the Council's assent to enable it to grant – in connection with the first instalment of the 8th programme of financial aid for the construction, modernization and purchase of housing for persons employed in the industries of the ECSC – loans amounting to 75 million u.a. (of which 25 million u.a. would be drawn from own resources and 50 million u.a. raised on the capital markets) to undertakings other than those referred to in Article 80 of the ECSC Treaty. The Council replied favourably to the request, and gave its assent at its 339th meeting, held on 28 April 1975.

7. STANDING COMMITTEES ON EMPLOYMENT

(a) Legal basis

103. The Council at its meeting on 20 January 1975, adopted Decision No 75/62/EEC amending Decision No 70/532/EEC of 14 December 1970 setting up the Standing Committee on Employment in the European Communities¹ and providing for the following allocation of seats on that Committee:

¹ OJ No L 21 of 28.1.1975.

	Full representatives	Alternate representatives
<i>From the employers' organizations:</i>		
Employers' Liaison Committee:	11	5
– 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
<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):		
	1	

(b) *Meetings*

104. The Standing Committee on Employment held its 6th meeting on 17 February 1975 in Brussels, with Mr O'Leary, Minister for Labour of Ireland, in the Chair. The meeting's work was concerned with the following matters: measures adopted in the social field by the various Member States in recent months to combat the employment crisis; measures envisaged in the social field by the Community to remedy the employment crisis, in particular within the framework of the Social Fund and preliminary discussion of the draft Action Programme submitted by the Commission concerning migrant workers and their families.

105. It held its seventh meeting on 3 June 1975 in Brussels again with Mr O'Leary, Minister for Labour of Ireland, in the Chair. The work at that meeting concerned the following matters: young persons in

employment and out of work: action by the Social Fund to promote operations of structural adaptation; problems of clandestine immigration; concertation of employment policies and work in the field of employment; problems connected with equal treatment for men and women workers; communication from the Commission on the state of progress of work concerning meetings of both sides of industry in certain sectors.

106. It held its eighth meeting on 4 December 1975, in Brussels, with Mr Toros, Minister of Labour of the Italian Republic, in the Chair. The work of that meeting concerned the following matters: proposed action by the European Social Fund to promote operations in connection with the recession, and in favour of persons engaged in the textile and clothing industry; equal treatment for men and women workers as regards access to employment, training and vocational promotion, and as regards working conditions; concertation of migration policies as regards third countries, and problems connected with clandestine immigration; Community action in the field of employment of young persons; and a communication from the Commission on the state of progress as regards cooperation in the employment policies of Member States.

8. CONFERENCE ATTENDED BY THE MINISTERS FOR ECONOMIC AFFAIRS, THE MINISTERS OF LABOUR AND SOCIAL SECURITY, THE COMMISSION AND REPRESENTATIVES OF BOTH SIDES OF INDUSTRY (18 November 1975)

107. The Conference attended by the Ministers for Economic Affairs, the Ministers of Labour, the Commission and the representatives of the organizations of both sides of industry, which was devoted to an examination of the economic and social situation within the Community and its prospects for development, met in Brussels on 18 November 1975, under the joint presidency of Mr Emilio Colombo, Minister for the Treasury, and Mr Mario Toros, Minister of Labour, of the Italian Republic. At the invitation of the Presidents, delegations from the European Parliament and from the Economic and Social Committee also attended as observers.

In the course of a frank and thorough debate, the Conference analyzed the existing economic and social situation, examined the various aspects of the recession, and assessed future prospects.

The discussion was mainly about the problems connected with giving a fresh impetus to the economy and employment. Various suggestions were put forward concerning measures to implement an active employment policy which would meet present requirements.

The following matters were also discussed: the need to ensure a resumption of economic activity without triggering off a new inflationary trend; the priorities to be given as regards investment, both in general and as regards investment in business concerns; the problems arising from the cost of raw materials and of energy; the implications of trade policy for economic recovery.

108. At the conclusion of the conference debates, the President noted: that the Commission, in the communication which it would submit to the European Council on 1 and 2 December 1975 on the economic and social situation, would put forward the main points which had arisen in the course of the Conference's deliberations that day; that, further, the Commission had undertaken to examine the points which had come up in that day's discussions in order to go into them in greater detail (with that object in view, the Commission proposed to take – after consultations with both sides of industry and within the framework of the institutions – appropriate steps to help forward to solution of the problems confronting the Community and its Member States); that there appeared to be a general attitude in favour of continuing, and rendering more effective, the joint meetings of both sides of industry, which the Commission had stated it would assist and support in every way; and that in the light of the progress of the work thus begun, there might be a decision to convene a further meeting of the same type as the present Conference.

C. Regional policy

1. WORK BY THE COUNCIL

109. The decisions taken at the Conference of Heads of State or of Government, held in Paris on 9 and 10 December 1974, concerning the provision of funds for the European Regional Development Fund and their allocation,¹ enabled the Council to proceed at the beginning of 1975 with the preparation of the acts which would make it possible to get the implementation of the regional policy started.

¹ See 22nd Review, paragraph 110.

The progress achieved in the month of February caused the Council to declare, at its meeting on 3 and 4 March 1975, that no further difficulty remained, as far as it was concerned, as regards the adoption of the texts setting up the European Regional Development Fund and the Regional Policy Committee. The actual bringing into effect of the regional policy was dependent only on the Opinion of the European Parliament. As soon as the latter had delivered its Opinion,¹ the Council was in a position formally to adopt the texts concerning regional policy on 18 March 1975² while making provision for their entry into force retroactively as from 1 January 1975.

On the same occasion, the Council drew up the draft amending and supplementary budget No 1 of the European Communities for the financial year 1975 of which the main purpose is to bring the Regional Development Fund into operation. That draft was also forwarded to the European Parliament in accordance with budgetary procedure. The budget was adopted on 29 April 1975.³

2. BASIC PRINCIPLES OF A COMMUNITY REGIONAL POLICY LAID DOWN BY THE EUROPEAN REGIONAL DEVELOPMENT FUND AND THE REGIONAL POLICY COMMITTEE

110. While the European Regional Development Fund and the Regional Policy Committee are the instruments which make it possible to make a real start with regional policy in the Community, it would nevertheless be quite wrong for those instruments to be confused with the regional policy itself. They are only a means for a Community policy, a means which should be defined in detail as and when it is applied, but of which certain basic principles are already outlined in the regulations creating those instruments.

¹ OJ No C 128 of 9.4.1975.

² The texts formally adopted by the Council are the following:

- (a) Council Regulation setting up a European Regional Development Fund;
- (b) Council Decision setting up a Regional Policy Committee;
- (c) Financial Regulation supplementing the Financial Regulation of 25 April 1973 applicable to the general budget of the Communities;
- (d) Council Decision applying to the French Overseas Departments the Council Regulation setting up a European Regional Development Fund;
- (e) Council Regulation (EEC) on the transfer to the European Regional Development Fund of 150 million u.a. out of the appropriations held in reserve by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (OJ No L 73 of 21.3.1975).

³ OJ No L 175 of 7.5.1975.

(a) European Regional Development Fund

111. The Fund is called on to play a decisive part in regional development through the links existing between its aid and the forms of development to be given to the structures of the beneficiary regions. Above all it will ensure that such investments are consistent with all the operations undertaken in the region and that they form part of a programme of regional development.

The Fund has available resources amounting to 1 300 million u.a. for the period 1975-1977, namely 300 million for 1975, 500 million for 1976 and 500 million for 1977.

Taking into account regional problems, their geographical location and their relative importance, the resources of the European Regional Development Fund are allocated as follows: Italy 40%, United Kingdom 28%, France 15%, German Federal Republic 6.4%, Netherlands 1.7%, Belgium 1.5%, Denmark 1.3%, Luxembourg 0.1% and Ireland 6%. The latter country will in addition receive an amount of 6 million u.a., which will be deducted from the allocations to the other countries with the exception of Italy.

The regions which may benefit from the assistance are those which, in each of the Member States, benefit from their share in the systems of regional aids. Within those same regions, the areas which have priority at the national level, will have priority as regards the granting of aid by the Fund, taking account of the principles for the co-ordination at Community level of regional aids.

112. The European Regional Development Fund will contribute to the financing of investments in industrial, handicraft, or service activities and in infrastructures. The aid given will be complementary to that given by the States and will only be granted at the latter's request, and for projects which individually exceed 50 000 u.a.

Investments in industrial, handicraft, or service activities may receive aid from the Fund provided that at least ten new jobs are created or that existing jobs are maintained; in the latter case, the investments should fall within the framework of a conversion or restructuring plan for the undertaking concerned. Such investments may receive aid amounting to 20% of the investment cost, without exceeding 50% of the aid granted by the State under its system of regional aids. Finally, contributions will be limited to that part of the investment which does not exceed 100 000 u.a. per job created and 50 000 u.a. per job maintained.

The contribution from the Fund thus defined may, pursuant to a decision of the State concerned, either supplement aid granted by the public authorities, or remain credited to those authorities.

Investments in infrastructures may also receive aid from the Fund. Infrastructures are to be taken as meaning those which are directly linked with the development of the economic activities indicated above and those which, in mountain and hill farming areas or less favoured farming areas, are necessary for the maintenance or improvement of rural life. Investment schemes in that field may receive aid amounting either to 30% of the investment cost (in the case of investments which do not exceed 10 million u.a.) or 10 to 30% of the investment cost (in the case of investments exceeding 10 million u.a.).

113. Requests for assistance from the Fund are submitted to the Commission by the Member States. The latter present their requests globally at the beginning of each quarter in respect of investments of an amount less than 10 million u.a., and separately in respect of investments of 10 million u.a. or more.

The requests are considered on their merits. They must, in particular, be consistent with the range of action taken by the country concerned, and thus fall within the framework of a regional development programme. Account must also be taken of the various financial contributions made to investments in the region, either by the State concerned, or by other Community funds.

The Commission itself takes the decision concerning financing and submits it to a Fund Committee composed of representatives of the Member States. If the decision is not in accordance with the Opinion of the Committee, it is communicated to the Council. In that event the Commission defers application of the decision for not more than two months. The Council may take a different decision within two months.

(b) Regional Policy Committee

114. The Regional Policy Committee, which is the second main instrument of regional policy, is an advisory body of which the chairman and members are representatives of the Member States chosen from among the senior officials responsible for regional policy in their respective States and representatives of the Commission.

The Committee's main task is to help to coordinate the regional policies of the Member States. The Decision setting up the Committee also contains a long list of the tasks covering practically every aspect of the problems raised by regional development.

In the first phase of its operations, the Committee will naturally have to deal with a certain number of tasks as a matter of priority. For instance, before the end of 1975 it has to propose common criteria for the preparation and presentation of regional development programmes; to study the programmes put forward by Member States and coordinate those programmes where problems of coordination arise as between several regions; to estimate the financial resources which the Member States and the Community propose to devote to regional development actions; and, finally, to examine the regional impact of the other Community funds.

D. Energy

1. ENERGY POLICY

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

115. The working out of a Community energy policy reached a further stage with the adoption by the Council, at its meeting on 13 February 1975, of a Resolution¹ concerning measures to be implemented to achieve the Community energy policy objectives adopted by the Council on 17 December 1974.² In that Resolution, the Council invites the Commission periodically to recommend long-term guidelines on energy to help Member States to take the appropriate decisions, expresses its willingness to employ appropriate means in connection with energy demand and supply to achieve the objectives laid down in its Resolution of 17 December 1974, approves a number of guidelines for the policy to be implemented at both national and Community level for the various sources of energy, and requests the Commission to submit proposals for the implementation of the Resolution.

116. On a proposal from the Commission, the Council on 20 January 1975 established a procedure for the preparation and adoption

¹ OJ No C 153 of 9.7.1975.

² See 22nd Review, paragraph 116.

of Community viewpoints within the framework of the activities of the International Energy Agency and on 3 and 4 March 1975 adopted a number of principles for general guidance in relation to international cooperation concerning the development of energy resources.

117. Having received from the Commission two communications dated 13 June 1975, concerning on the one hand the main guidelines for a policy of developing energy resources inside the Community and within a wider context of international co-operation, and on the other the financing of the energy policy by the Community, the Council held a preliminary discussion on those documents on 26 June 1975. It instructed the Permanent Representatives Committee to continue examining those matters, particularly on the basis of the documents from the Member States outlining their national investment programmes for the development of indigenous resources.

118. On 9 December 1975, the Council adopted a Resolution on fixing a short-term energy-saving target for 1976-1977, aimed at stabilizing energy consumption in 1976 at a level slightly below that of 1973, limiting the increase in such consumption in 1977 at about 3.5% in relation to 1973 and keeping oil consumption for 1976-1977 at an average level about 10% lower than that of 1973.

Finally, the Council, with reference to the conclusions concerning energy of the European Council meeting in Rome, agreed to have an early discussion, if possible before basic problems were taken up in the Energy Committee of the Conference on International Economic Cooperation, of the proposals which the Commission was to submit to it before the end of January 1976, aimed at setting up, in accordance with the conclusions of the Rome European Council, appropriate machinery to protect existing sources of energy, to ensure development of Community replacement sources, and to encourage energy conservation.

(b) *Preparatory work for the Conference of Consumer and Producer Countries*¹

119. At meetings on 20 January, 10 and 11 February and 3 and 4 March 1975, the Council established the position of the Community in relation to the preparatory meeting of the Conference proposed by the President of the French Republic to examine the problems of energy

¹ See paragraph 294 of this review.

and the aspects of international economic relations which are bound up with it. It was agreed in particular that the Community as such would take part in the meeting, and that, taking the latter's essentially procedural nature into account, the President of the Council would be the Community's spokesman, but where a Community problem which was the responsibility of the Commission under the Treaties arose, the Commission's representative could intervene in the debate.

120. On 10 and 11 March 1975, the Heads of State or of Government, meeting in Council in Dublin, agreed in particular that preparation for the Conference itself would be carried out under the authority of the Council (Foreign Affairs) by a high level *ad hoc* committee composed of representatives of the Member States and the Commission, and that, on the basis of an inventory of problems to be dealt with at the Conference and the preparatory meeting and of suggestions and requests made by the Member States, the Council would take the appropriate decisions, and in particular determine the content of, and arrangements for, the dialogue to be conducted with the other consumer and producer countries. The Council further agreed to meet, at the level of Heads of State or of Government, in good time to prepare for the Conference.

As it did not prove possible at the preparatory meeting, held in Paris from 7 to 15 April 1975, to reach agreement concerning the agenda of the Conference itself, the French Government, after having been in touch with the other participants in the meeting, sent the Community an invitation to attend a new preparatory meeting in Paris on 13 October 1975, in order to continue the preparations for a dialogue on energy, raw materials and development problems, including all the financial questions connected therewith. The Council agreed to accept that invitation at its meeting on 15 and 16 September 1975.

At its meeting on 5 and 6 November 1975, the Council instructed the Permanent Representatives Committee to complete the preparation of the general position to be adopted by the Community at the Conference, in order to enable the Community authorities to decide on that position before the beginning of the Conference.

121. On 1 and 2 December 1975, the Heads of Government, meeting in Council in Rome, agreed that at the Conference the Community would be represented by a single delegation and that the spokesmen for the Community would be the Presidents of the Council and the Commission, but that during the Ministerial Conference, the President

of the Community delegation could invite the representatives of two Member States to make additional comments in the light of their experience and in accordance with the mandate given to the Community's spokesmen.

They likewise agreed that in each Committee of the Conference the spokesmen for the Community would be assisted by a Community delegation comprising representatives of the Member States, and that, within the framework of the Communities coordination procedures, a member of the Community delegation could be invited by the President to submit comments on specific questions under the mandate given to the Community's spokesmen, on condition, however that such statements would not be in disagreement with the position decided on by the Community. Finally, they agreed that the said mandate would be worked out in greater detail, in accordance with the Community procedure, as and when the negotiations proceeded.

On 9 December 1975, the Council approved the Community's general position for the Conference.

The Conference on International Economic Cooperation, which was held in Paris at Ministerial level from 16 to 19 December 1975, decided to initiate intensified international negotiations, and for that purpose set up four Committees (on energy, raw materials, development and financial matters) which are to meet periodically in Paris throughout 1976. Finally, the Ministerial Conference agreed to meet again at Ministerial level in approximately 12 months time.

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 the Member States for the benefit of the coal industry in 1973 and financial measures by the Member States for the benefit of the Coal industry in 1974.

122. On 1 April 1975, the Commission submitted to the Council a memorandum on the additional financial measures by Member States to assist the coal industry in 1973 and on the financial measures in 1974. That memorandum was intended to initiate the consultation

procedure laid down in Article 5 (1) of Decision No 3/71/ECSC of the Commission of 22 December 1970.

The document shows that in 1973 an unforeseen worsening of the financial results in the coal mining industries of France and the United Kingdom made necessary an increase in the aid initially envisaged, which affected the overall pattern of aids for 1973, and that in 1974 the prices of Community coal, like the prices of imported coking coal and oil, rose very considerably. The result was a decrease in the operating losses of the pits and a reduction in aid as compared with 1973, as appears from the following table:

	Community of the Six			Great Britain		Enlarged Community	
	1972	1973	1974	1973	1974	1973	1974(*)
1. Direct measures under Decision No 3/71	556.5	515.5	605.3	486.8	128.4	1002.3	733.7
2. Aid to coking coal	71.4	249.1	44.8	30.0	21.7	279.1	66.5
3. Indirect measures	100.0	79.4	150.3	-	-	79.4	150.3
Total	727.9	844.0	800.4	516.8	150.1	1360.8	950.5
Change from previous year	+32.0	+15.9	- 5.2	..	-71.0	..	-32.2
Aid per tonne produced (u.a.)	4.80	6.04	6.06	4.02	1.31	5.07	3.85
(*) Provisional estimates.							

The Council at its meeting on 16 June 1975 gave the consultation requested. ¹

¹ OJ No C 144 of 27.6.1975.

- (ii) Consultation of the Council, under Article 5 (1) of Decision No 3/71/ECSC of the Commission, on the financial aid awarded by the Member States to the coal industry in 1975.

123. With a view to initiating the consultation procedure laid down in Article 5 (1) of Commission Decision No 3/71/ECSC of 22 December 1970, the Commission submitted to the Council on 22 July 1975 a memorandum on the financial aid awarded by the Member States to the coal industry in 1975. That document shows that direct aid granted under Decision 3/71 and aid to coking coal decreased as a result of the improvement in the financial situation and competitiveness of the Community's coal industry, as appears from the following table:

Total for direct and indirect aid (million u.a.)

	Community		
	1973	1974	1975
1. Direct measures under Decision No 3/71	1 002.3	744.4	643.6
2. Aid to coking coal	279.1	101.1	42.6
3. Indirect measures	79.4	117.7	22.6
Total	1 360.8	963.2	708.8
Change from previous year	—	-29.2%	-30.0%
Aid per tonne produced (u.a.)	5.07	4.00	2.65

On 5 November 1975 the Council gave the consultation requested.¹

- (iii) Community rules for interventions by Member States for the benefit of the coal industry.

124. As the validity of Commission Decision No 3/71/ECSC on Community rules for interventions by Member States for the benefit of the coal industry was due to expire on 31 December 1975, the Commission, under Article 95 (1) of the ECSC Treaty, on 15 September 1975 submitted to the Council for its assent a draft Commission

¹ OJ No C 260 of 13.11.1975.

decision (ECSC) on Community rules for financial interventions by Member States for the benefit of the coal industry.

That draft, adapted to the new energy situation of the Community resulting from the oil crisis of 1973, is based on the Commission's energy policy guidelines and on the Council resolutions relating thereto. Examination of that draft is proceeding in the Council.

(b) *Hydrocarbons*

125. On 13 February 1975, the Council formally approved, on a proposal from the Commission, the Regulation (EEC)¹ on notifying the Commission of exports of crude oil and natural gas to third countries. That Regulation, which is intended to complete the information available to the Commission for obtaining an overall picture of Community supplies of hydrocarbons, is to be reviewed in the light of experience within one year from its entry into force.

126. At the same meeting, the Council also approved a Directive² on the restriction of the use of natural gas in power stations. Under that 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 must be subject to prior authorization by the authorities of the Member State responsible for the power station concerned.

127. On 14 April 1975, the Council approved a Directive² concerning the restriction of the use of petroleum products in power stations. Under that Directive the construction of new power stations which will use oil fuels exclusively or mainly, as well as the conversion of existing power stations to burn such fuels exclusively or mainly, are to be subject to prior authorization by the authorities of the Member State responsible for the power station concerned.

128. On 26 June 1975 the Council adopted a Resolution³ on the setting of a short-term target for the reduction of oil consumption, aimed at reducing the consumption of oil within the Community in 1975 to 500 million metric tonnes, in the light of Member States' current forecasts, that is to say a reduction of the order of 9% as compared with 1973.

¹ Regulation (EEC) No 388/75, OJ No L 45 of 19.12.1975.

² OJ No L 178 of 9.7.1975.

³ OJ No C 153 of 9.7.1975.

129. The Council, having on 26 June 1975 examined a communication from the Commission dated 24 June 1975 concerning the establishment of a summertime system in the Community, agreed to leave it to the Transport Ministers to decide whether the Community should adopt such a system jointly and what arrangements should be made for that purpose, and instructed the Permanent Representatives Committee to assess the amount of energy that might be saved if such a system were adopted. ¹

130. On 29 November 1974, the Commission submitted to the Council a proposal for a Council Regulation on the support of joint prospecting projects in the hydrocarbons sector. That proposal is based on the consideration that in addition to the activities which may receive Community support under Regulation (EEC) No 3056/73, provision should be made for specific support measures to encourage certain prospecting activities in the hydrocarbons sector.

The Council, having on 26 June 1975 discussed that proposal for a Regulation, instructed the Permanent Representatives Committee to continue examination of that proposal in the light of the guidelines which emerged from the discussion with a view to enabling the Council to come to an early decision on the proposal.

131. On 3 September 1975 the Commission submitted to the Council a proposal for a Council Decision on the granting of measures of support for Community projects in the hydrocarbons sector.

That proposal was made pursuant to Council Regulation (EEC) No 3056/73 of 9 November 1973, ² which provides that the Community may promote projects of technological development directly associated with prospecting for, extracting, storing or the transport of hydrocarbons, and which tend by their nature to improve the security of the Community's energy supplies.

That proposal, which is being examined in the Council, concerns 38 projects which, in the Commission's view, would not necessarily be carried out, or would be postponed, if the planned measures of support were not adopted.

132. On 5 June 1974 the Commission submitted to the Council as an annex to its communication concerning a new energy policy strategy

¹ See Section F (Transport) of this chapter.

² OJ No L 312 of 13.11.1973.

for the Community, a proposal for a Council Regulation (EEC) on common arrangements applicable to imports and exports of hydrocarbons. The purpose of that proposal is to bring crude oil and refined products within the common arrangements applicable to imports and exports within the framework of the common trade policy, and to provide for the application of a system of supervision.

At its meeting on 26 June 1975, the Council instructed the Permanent Representatives Committee to resume its examination of this item as soon as it received a new proposal from the Commission, the latter having stated that it intended to revise its proposal to take account of the concern expressed by some delegations on this matter.

133. On 29 November 1974, the Commission submitted two proposals for measures to be taken in the event of supply difficulties.

The first is a proposal for a Council Decision on the setting of a Community target for a reduction in consumption of primary forms of energy in the event of difficulties in the supply of crude oil or petroleum products. The second is a proposal for a Council Decision on intra-Community trade in crude oil and petroleum products in the event of supply difficulties.

After discussing these items, the Council agreed to continue examining them at the next meeting.

134. On 1 August 1975, the Commission forwarded to the Council a draft Council Regulation (EEC) regarding a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community. The purpose of that draft, which is being examined in the Council, is to establish a consumer price policy in the field of hydrocarbons based on competition and cost and price transparency.

135. On 7 August 1975, the Commission submitted to the Council a draft Council Regulation amending Council Regulation (EEC) No 1056/72 on notifying the Commission of investment projects of interest to the Community in the petroleum, natural gas and electricity sectors.

The purpose of that draft is to enable the Commission to have more precise and up-to-date information on investment projects in the field of energy.

That draft is being examined in the Council.

(c) *Electricity*

136. On 20 May 1975, the Council approved a Directive¹ obliging the Member States to maintain minimum stocks of fossil fuel at thermal power stations, as from 1 January 1978, sufficient to ensure at all times the continuation of electricity supplies for a period of at least 30 days. That level of stocks may however be reduced by an amount corresponding to 25% of the stocks of petroleum products built up at power stations pursuant to the rules laid down in Directive 68/414/EEC, Decision 68/416/EEC and Directive 72/425/EEC, and which are reserved for the exclusive use of such power stations.

However, at the end of a period of one year from 1 January 1978, the Commission will submit to the Council proposals for any change in the level of stocks laid down in the first and second paragraphs of Article 1 of the Directive.

(d) *Nuclear energy*

(i) Financing of nuclear power stations

137. On 24 January 1975, the Commission submitted to the Council a draft Decision empowering the Commission to float Euratom loans for the purpose of making a Community contribution to the financing of nuclear power stations. On 26 June 1975, the Council, on the one hand, instructed the Permanent Representatives Committee to continue examining that draft decision, and, on the other hand, asked its President to draw the attention of the Finance Ministers to the importance which the ministers responsible for energy attached to that project as part of the Community energy policy.²

(ii) Euratom safeguards

138. On 5 November 1974, the Commission submitted to the Council for its approval a draft Commission Regulation applying the safeguard provisions of the Euratom treaty, which is being examined by the Council.

¹ OJ No L 153 of 13.6.1975.

² See Section A (Economic and Financial Policy) of this Chapter.

(iii) Health protection

139. Considering 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 the Commission submitted to the Council on 4 December 1973 a proposal for a directive amending the previous directives.

The Council is at present examining that proposal.

(iv) Renewal of membership of the Advisory Committee of the Euratom Supply Agency

140. On 20 January 1975, the Council recorded its agreement to the proposals of the Member States for the renewal of the membership of the Advisory Committee of the Euratom Supply Agency.⁴

E. Industry

1. INDUSTRIAL POLICY

141. On 3 March 1975, the Council adopted a Resolution on coordination and consultation between the Member States on industrial policy in the aeronautical sector. Such coordination and consultation, which are to be as informal and flexible as possible, will take place within the framework of the Council. Representatives of the air companies and of the aircraft industries may be invited to attend, in accordance with arrangements to be decided on by the Council.

Pursuant to that Resolution, the Commission forwarded to the Council, on 3 October 1975, a communication concerning an action programme for the European aeronautical sector, which was submitted, for their opinion, to the European Parliament and the Economic and Social Committee.

¹ OJ No 11 of 20. 2.1959.

² OJ No 57 of 9. 7.1962.

³ OJ No 216 of 26.11.1966.

⁴ OJ No L 46 of 20.2.1975.

142. In the field of data processing, the first proposals for priority actions, submitted by the Commission on 13 March 1975, are being examined by the Council authorities.

2. IRON AND STEEL

Activities under the ECSC Treaty

(a) *Consultation with the Council*

143. On 31 December 1974 the Commission requested a consultation with the Council on a draft Commission decision amending Decision No 2/52 ECSC of 23 December 1952 determining the mode of assessment and collection of the levies provided for in Articles 49 and 50 of the Treaty.

The Council gave that consultation ¹ at its 336th meeting held on 14/15 April 1975, and gave its assent to that draft Decision; of which the purpose is to ensure equal treatment for the producers of basic Bessemer steel and those of other steel in ingots.

(b) *Investments and financial aid*

144. By a letter dated 13 March 1975, the Commission requested the assent of the Council pursuant to Article 55 (2) (c) of the ECSC Treaty on the advisability of granting financial aid to 63 iron and steel technical research projects amounting to a total of 15 507 872 u.a.

145. On 14 May 1975, the Commission requested the assent of the Council as regards the financing, to be effected by the Bong Mining Company, Monrovia (Liberia), of an investment to increase the extraction capacity of the mine of Bong Mining and the doubling of its pelletization capacity.

146. The Council gave its assent, as requested by the Commission, on 5 May 1975 at its 340th meeting ² and on 10 July 1975 at its 350th meeting. ³

¹ OJ No C 91 of 24.4.1975.

² OJ No C 112 of 21.5.1975.

³ OJ No L 162 of 18.7.1975.

F. Transport

1. DEVELOPMENT OF THE COMMON TRANSPORT POLICY

147. At its meeting on 15 October 1975, the Council considered the development of the common transport policy on the basis of the Commission's memorandum on the subject to the Council of 25 October 1973 and in the light of the opinions delivered by Parliament and the Economic and Social Committee. The Council had already held an initial exchange of views on the Commission's memorandum at its meeting on 22 November 1973.

At the conclusion of its work in that connection, the Council stated that at the present time the best results from the common transport policy should be sought in a series of practical measures rather than through some all-embracing concept. With that in view, it instructed the Permanent Representatives Committee to take the necessary steps, in collaboration with the Commission, to enable the Council at its next meeting devoted to transport questions (on 10 and 11 December 1975) to discuss problems concerning social harmonization in the field of road transport, taxes on commercial vehicles, weight and dimensions of commercial vehicles, the Community quota and road tariffs.

148. On 10 October 1975, the Council received a Commission memorandum on the operation of the market in goods transport by land within the Community (road, navigable waterway and railway), together with eight proposals for practical measures to carry out the overall action which the Commission suggests the Council should take in that field.

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

149. The Council, at its meeting on 15 October 1975, stated that it was in favour of the early adoption of the following measures to solve the problems of waterway traffic at the international level: the introduction of a European classification certificate, and the voluntary application of agreed floor rates and a rota system.

The Council authorities therefore examined the proposal for a directive submitted by the Commission on 20 October 1975 on reciprocal recognition of navigability licenses for inland waterway

vessels; and the Council, at its meeting on 10/11 December 1975, adopted that Directive ¹ which represents a first step as regards technical control. The Directive applies to vessels used for goods transport and having a total deadweight of 20 metric tons or more, including tugs and pusher craft, and to vessels used for the transport of more than 12 passengers. That Directive is valid until 31 December 1978. In order to bring about the introduction of technical control, the Directive fixes 1 January 1978 as the latest date for the adoption of common provisions establishing technical requirements for inland waterway vessels.

150. 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 negotiations and conclusion of the agreement.

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

The Council, which had already amended and complemented those Directives by its Decision of 17 February 1975, received from the Commission on 17 November 1975 a new proposal for a decision aimed at completing the said Directives. The Council, at its meeting on 10/11 December 1975, instructed the Permanent Representatives Committee to submit to it as soon as possible with a view to its adoption, a draft decision unanimously agreed on by the delegations, in order to make it possible to conclude the negotiations with Switzerland speedily and bring the regulations into force.

151. In the field of social harmonization, the Commission submitted to the Council on 17 September 1975 a proposal for a Council regulation concerning the harmonization of certain provisions relating to social questions in the field of goods transport by navigable waterway.

¹ OJ No L 21 of 21.1.1976.

3. ORGANIZATION OF THE ROAD TRANSPORT MARKET

(a) *Tariff regulations*

152. The Council adopted, on 18 December 1975, a Regulation extending from one year, until 31 December 1976, Regulation No 1174/68 – which had last been extended and amended by Regulation No 3255/74 – on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States.¹

The Council will use that period of one year to examine all the proposals annexed to the Commission's memorandum on the operation of the goods transport markets mentioned above,² and to determine the new system to be applied as regards prices and conditions of transport.

(b) *Community quota*

153. The Council adopted on 18 December 1975 a Regulation extending for one year Regulation (EEC) No 2829/72 on the Community quota for the carriage of goods by road,³ last amended by Regulation No 3256/74.

Within the framework of the Council's work in connection with the Commission's memorandum concerning the operation of the markets in goods transport, it will also examine the proposal annexed thereto for a new regulation on capacity.

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

154. Following the agreement recorded by the Council at its meeting of 11 December 1974, it formally adopted on 17 February 1975 the Directive on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States.⁴

¹ Council Regulation (EEC) No 3330/75, OJ No L 329 of 23.12.1975, page 8.

² See paragraph 148 of this Review.

³ Council Regulation (EEC) No 3331/75, 18.12.1975, OJ No L 329 of 23.12.1975.

⁴ Directive No 75/130/EEC of 17.2.1975; OJ No L 48 of 22.2.1975.

(d) Negotiation with third countries concerning the carriage of passengers by road

155. The Council adopted, at its meeting on 15 October 1975, a Decision concerning the opening of negotiations for an agreement between the European Community and third countries on the system applicable to the international carriage of passengers by coach and bus, together with a Decision laying down guidelines for negotiation.

The Commission may thus open negotiations with certain third countries (those States which are at present members of the European Conference of Ministers of Transport) on the subject of the transit of occasional services through the territories of those third countries ¹ and on the establishment of uniform rules applicable to occasional services from or to the territory of one of those third countries. ²

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

156. During 1975 the Council authorities have proceeded with the study of the problem of harmonizing the tax structures for commercial road vehicles, which is aimed at establishing 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, and which represents a first stage in the fixing of tariffs for the use of infrastructures.

At its meeting on 10/11 December 1975, the Council, on the basis of a report submitted by the Permanent Representatives Committee, agreed to instruct that Committee to proceed with the work in order that it might be able to take a decision on the directive concerned at its next meeting devoted to transport questions. To that end it laid down certain guidelines for continuing the work in that field.

¹ Article 4(2) of Regulation No 117/66: negotiations necessary for the purpose of implementing the Regulation; OJ No L 147 of 9.8.1966.

² Article 4(3) of Regulation No 117/66: extension of application of the Regulation; OJ No L 147 of 9.8.1966.

5. WEIGHT AND MEASUREMENTS OF COMMERCIAL VEHICLES

157. Having retained on the agenda the difficult and important problem of the harmonization of the weights and measurements of commercial road vehicles, the Council, at its meeting on 10/11 December 1975, again discussed that problem, on the basis of a report submitted by the Permanent Representatives Committee. Following its discussion, the Council agreed to request the Permanent Representatives Committee, with the help of the Commission, to study and seek for the possibility of arriving at a practical solution of the problem.

6. HARMONIZATION OF SOCIAL LEGISLATION RELATING TO ROAD TRANSPORT

158. The Council authorities examined the proposal for a Council regulation submitted by the Commission on 3 August 1972, amended on 3 October 1974, complementing Regulation No 543/69 on the harmonization of certain social legislation relating to road transport, and at the same time discussed the advisability of making certain amendments to Regulation No 543/69. At its meeting on 10/11 December 1975, the Council took note of the Commission's intention to submit to it as soon as possible, after having carried out the necessary consultations, the appropriate proposals concerning the said amendments. The Council agreed to come to the earliest possible decision on proposals for a regulation complementing and amending Regulation No 543/69, and likewise on a proposal for a regulation on the bringing into force of the European Agreement Concerning the Work of Crews of Vehicles engaged in International Road Transport of 1 June 1970 (AETR) submitted to it on 5 May 1975.

7. FINANCIAL RELATIONS BETWEEN RAILWAY UNDERTAKINGS AND MEMBER STATES

159. Having recorded its agreement at its meeting on 11 December 1974, the Council formally adopted on 20 May 1975 the Decision on the improvement of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States. ¹

¹ Decision No 75/327/EEC, 20.5.1975; OJ No L 152 of 12.6.1975.

The Council, in order to ensure that the provisions of that Decision were consistent with the constraints resulting from the system of aid, also formally adopted on the same date a Regulation amending Article 4 of Regulation No 1107/70, on the granting of aids for transport by rail, road, and inland waterway. ¹

8. MISCELLANEOUS

(a) *Participation by the European Economic Community in the work of the European Conference of Ministers of Transport (ECMT)*

160. The Council recorded its agreement in writing at the beginning of April 1975 to participation by the EEC in the work of the institutional organs of the European Conference of Ministers of Transport (ECMT) in accordance with a dual formula, namely one representative from the Member State having the Presidency of the Council and one representative from the Commission of the European Communities.

An exchange of letters took place between the President-in-Office of the EEC and the President-in-Office of the ECMT, following which the ECMT expressed its agreement as to the proposals of the EEC, in particular with a view to increasing the exchange of information and avoiding useless duplication of work.

(b) *The establishment of a summertime system in the Community*

161. At its meeting on 26 June 1975, the Council decided to examine, on the basis of a communication from the Commission, the question whether it would be advisable to work towards European coordination for the establishment of a summertime system. ² The Council authorities subsequently embarked on studies concerning, in particular, the foreseeable saving of energy which would result and the possible repercussions in the field of transport and the social sphere.

At its meeting on 15 October 1975, the Council discussed the transport aspects of the establishment of a summertime system in the Community. It agreed to instruct the Permanent Representatives Committee to take all appropriate steps for the coordination of the

¹ Regulation (EEC) No 1473/75 of the Council, 20.5.1975; OJ No L 152 of 12.6.1975.

² See paragraph 129 of this Review.

dates and times of the beginning and end of the observance of summertime in those Member States which are adopting or which intend to adopt that system. It was however also agreed that the Member States would endeavour in so far as possible to take up a common standpoint within the ECMT in order to extend the geographical area covered by the system as widely as possible.

At the meeting of the Council of the ECMT on 2 December 1975, in Paris, a suggestion by the Austrian Minister was accepted, that a special conference of the countries interested in summertime should be convened at the beginning of 1976. The Council, at its meeting on 10/11 December, took note of the Commission's intention to submit to it a proposal for the establishment of a summertime system as from 1977. Thus the Council would be able to decide on a common position of the Member States represented at the special conference.

(c) *The Convention establishing a Code of Conduct for Liner Conferences*

162. From 12 November 1973 to 6 April 1974 a United Nations plenipotentiary conference was held in Geneva under the auspices of UNCTAD, which drew up a Convention establishing a Code of Conduct for Liner Conferences. All the Member States, with the exception of Ireland and Luxembourg, took part in the Conference, and the Commission attended as an observer.

The Convention was open for signature up to 30 June 1975, and will remain open for accession.

The Commission submitted to the Council, on 17 July 1974 and 17 March 1975 respectively, two proposals for a decision based on Article 116 of the Treaty for joint action by the Member States concerning the said Convention.

The first proposal was a simple procedural proposal to request the Member States to refrain from adopting a position with regard to the Convention pending a decision by the Council on the subject of joint action. It resulted in informal agreement among the delegations to apply the *status quo* as proposed up to 30 April 1975.

In the second proposal, the Commission recommended that the *status quo* should be continued for a year, during which time the Member States would refrain from signing, ratifying or acceding to the Convention; the Council, on a proposal from the Commission, would

lay down the lines for joint action; and the Member States would seek to overcome the differences underlying their divergent positions.

The proposal not to sign did not receive unanimous agreement in the Council, and three Member States signed the Convention subject to ratification and observance of their Community obligations. In order to enable delegations to examine the possibility of achieving joint action by the Member States with regard to the Convention on a Code of Conduct for Liner Conferences, bearing in mind that the possibility of participating in that Convention, subject to such reservations as might be necessary, was not ruled out, the Commission submitted to the Council on 18 June 1975 a proposal on the opening of negotiations concerning the Convention. On 24 June 1975, the Council instructed the Permanent Representatives Committee to examine that proposal.

(d) Sea transport policy

163. On the basis of a memorandum submitted by the French delegation, the Council, at its meeting on 10/11 December 1975, held a discussion on the possibility of developing Community action in the sphere of sea transport. Following that discussion the Council requested the Permanent Representatives Committee, in collaboration with the Commission, to examine on the basis of that memorandum and, in particular, in relation to Article 84 (2) of the Treaty, the possibility of, and the guidelines for, a joint sea transport policy, with a view to submitting a report on the matter at the next Council meeting dealing with transport questions.

(e) Port and harbour policy

164. At its meeting on 15 October 1975, the Council took note of a statement by the Netherlands delegation, on behalf of the Benelux countries, concerning a port and harbour policy for the EEC.

(f) Duty free admission of fuel

165. The Council retained on its agenda 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. The purpose of the proposal is to increase from 50 to 100 litres the minimum amount of fuel admitted duty free.

G. Research

1. SCIENCE AND TECHNOLOGY

(a) Development of a common policy in the Community

166. In order to obtain a better overall view of research and development activities within the Community, the Scientific and Technical Research Committee (CREST) adopted measures aimed at improving statistical techniques making it possible to express in figures and compare public expenditure on research and development in the Community countries, and examined the multi-annual budget estimates of the Community in that field for the year 1976-1980.

Further, the Committee initiated a number of studies, particularly in the sectors of medicine, oceanography and town planning.

In addition, the Committee delivered Opinions and in certain cases submitted reports on research programme projects proposed by the Commission to the Council in the fields of energy, data-processing, the environment and reference materials and methods, and also on the Commission communication on the objectives, priorities and resources for a common research and development policy on which the Council had an exchange of views on 15 December 1975.

The Council, after having taken note of that communication, requested the Commission to speed-up its work in the objectives and development of the common policy on science and technology, and to submit, by the end of 1976, a second document on the subject, taking into account the opinions expressed in the report of the Permanent Representatives Committee, and at the Council's exchange of views.

Lastly, the Council adopted the Committee's recommendations concerning the recognition of the interest for the Community of several research projects in the field of agriculture concerning food technology and pollution, of which the study had been initiated within the framework of European cooperation in the field of scientific and technical research (COST).

As regards cooperation with third countries and in the international organizations, the committee organized regular preliminary consultations between Member States.

(b) Financial aid for technical coal research

167. To encourage technical and economic research into improved methods of production, upgrading and utilization of coal in the Community, on 13 January and 10 July 1975, the Council gave its assent as requested by the Commission, under Article 55 (2c) of the Treaty establishing the European Coal and Steel Community, to the allocation of funds from the levies provided for in Article 50 of the Treaty to financial aid for research to cover the expenses of disseminating the results of such research and expenses connected with the projects described in the following table.

Research projects	Aid in u.a. (includes cost of disseminating the results and connected expenses)
<p><i>Mining technique</i></p> <ul style="list-style-type: none"> - Drivage of roadways - Coalwinning technique - Outbye operations underground 	4 567 150
<p><i>Coking and formed coke</i></p> <ul style="list-style-type: none"> - High performance coke ovens - prototype - Obtaining formed coke from lignite 	1 090 960
<p><i>New physical and chemical processes</i></p> <ul style="list-style-type: none"> - Solution of coal in supercritical gases: research for a continuous process 	1 378 700
<p><i>Drivage of roadways, coalwinning techniques and upgrading processes</i></p> <ul style="list-style-type: none"> - Techniques of preparatory work - Coalwinning technique - Upgrading of coal 	5 758 200
<p><i>Automation and outbye operations underground</i></p> <ul style="list-style-type: none"> - Increase of output for conveyor chain transport - Automation of transport and improvement of pre-working outbye operations - Development, construction and testing of reliable control equipment for extraction installations in the shafts - New organization techniques - Study and elimination of weak points and bottlenecks 	

Research projects	Aid in u.a. (includes cost of disseminating the results and connected expenses)
<ul style="list-style-type: none"> - Development of closed-circuit control of districts - Use of mini-computers for data processing and for the control of a production system 	2 252 600
<p><i>Mine ventilation and the fight against firedamp</i></p> <ul style="list-style-type: none"> - The fight against firedamp at high performance faces Improved control of firedamp and dust - Industrial development of the control of mine ventilation by means of computers 	1 028 400
<p><i>Cokes</i></p> <ul style="list-style-type: none"> - Study of the influence of charge preheating on the quality of metallurgical coke - Formed coke - Material and energy balance in high-performance ovens - Production of coke in tall ovens 	1 209 200
<p><i>Preparation and combustion of coal and profitable use of spoils</i></p> <ul style="list-style-type: none"> - Separations of fines from raw coal - Automation of coal preparation plants - Profitable use of spoils - Use of spoils as construction materials - Study on the formation of nitrogen oxides during the combustion of powered coal 	1 269 000
TOTAL	18 554 210

2. RESEARCH PROGRAMMES AND BUDGETS

(a) *European Communities Medium Term Research and Training Programme*

168. On 26 June 1975, the Council adopted a research and training programme for the European Atomic Energy Community concerning the management and storage of radioactive waste. ¹ That programme, of which the upper limit for expenditure is 19.16 million u.a., was adopted for a five year period from 1 January 1975 and will be carried out by means of contracts.

169. On 22 August 1975, the Council adopted an energy research and development programme for the European Economic Community ² with the following aims: energy conservations, production and utilization of hydrogen, solar energy, geothermal energy and systems analysis. That programme, which is for a period of five years, will be implemented in two stages, with an appropriation of 12 million u.a. for the first stage (31 July 1975 to 31 December 1976) and an appropriation of 47 million u.a. for the second stage (1 January 1977 to 30 June 1979). The programme will be carried out by means of contracts.

170. On 25 August 1975, the Council reviewed the multiannual research and training programme (direct projects carried out at the Joint Research Centre) which had been adopted in May and June 1973 for a period of four years from 1 January 1973. On this occasion, the Council adopted two new programmes ² in the field of standards and reference substances (CBR) and high temperature materials, to be carried out by the Petten Establishment of the Joint Research Centre.

171. On 15 December 1975, the Council, after a wide-ranging exchange of views on a communication from the Commission concerning an overall concept for the next multiannual programme of the Joint Research Centre, took note of the Commission's intention to submit to it as soon as possible a proposal for a programme for the Joint Research Centre, drawn up in the light of the guidelines which emerged in the course of that exchange of views.

¹ OJ No L 178 of 9.7.1975.

² OJ No L 231 of 2.9.1975.

(b) *Budgets*

172. For the implementation of the Council Decision of 17 December 1974 on a research and training programme on plutonium recycling in light water reactors and of the Council Decisions mentioned above, ¹ supplementary and rectifying budgets numbers 1 and 3 ² for the financial year 1975 were adopted. Those budgets increased the appropriations for research and investment in the 1975 budget (Chapter 33 - Section: Commission) by an amount of 8 974 380 u.a. in appropriations for commitment, and of 5 274 508 u.a. in appropriations for payment.

The 'Research' part (Chapter 33) of the budget for the financial year 1976 ³ includes an amount of 299 233 270 u.a. in appropriations for commitment and of 135 182 526 u.a. in appropriations for payment.

(c) *Matters connected with the research programme*

173. On 22 July 1975, the Council adopted a Resolution on technological problems of nuclear safety.⁴

3. EXTERNAL RELATIONS

(a) *Cooperation with the International Atomic Energy Agency*

174. On 15 September 1975, the Council approved the conclusion by the Commission of an outline cooperation agreement between the European Atomic Energy Community and the International Atomic Energy Agency. The two parties undertake to consult each other regularly on matters of mutual interest, with a view to harmonizing their efforts as far as possible, having due regard to their respective characters and objectives.

(b) *Cooperation with Sweden in the field of controlled thermonuclear fusion and plasma physics*

175. On 10 November 1975, the Council approved the conclusion by the Commission of an Agreement for cooperation between the

¹ See paragraph 168 *et seq.* of this Review.

² Adopted by the European Parliament on 29 April 1975 and 3 December 1975 respectively.

³ Adopted by the European Parliament on 18 December 1975.

⁴ OJ No C 185. of 4.8.1975.

European Atomic Energy Community and Sweden, under which the contracting parties associate the Swedish programme with the Community programme in the field of controlled thermonuclear fusion and plasma physics.

4. ESTABLISHMENT OF JOINT UNDERTAKINGS

176. By its Decision of 20 May 1975, ¹ the Council established a joint undertaking, within the meaning of the Treaty establishing the European Atomic Energy Community, the Schnell-Brüter-Kernkraftwerksgesellschaft mbH (SBK).

H. Other matters

1. EDUCATION AND YOUTH

(a) Cooperation in the field of education

177. The Education Committee set up in accordance with the Resolution of the Ministers of Education, meeting within the Council, of 6 June 1974, ² carried out the task entrusted to it by drawing up a report on the preparation of projects in the seven priority fields of action mentioned in the said Resolution on cooperation in the field of education.

In that connection the Committee, which held 23 meetings, ³ prepared for the Ministers of Education a draft resolution comprising an action programme in the field of education.

A meeting of the Council and of the Ministers of Education meeting within the Council took place on 10 December 1975 and established that action programme, which is the subject of a resolution which will be formally adopted in 1976.

¹ OJ No L 152 of 12.6.1975.

² OJ No C 98 of 20.8.1974.

³ The Education Committee set up, to assist it in the consideration of themes 4, 5 and 6 (increased cooperation between institutions of higher education; improved possibilities for academic recognition of diplomas and periods of study; and encouragement of the freedom of movement and mobility of teachers, students and research workers) a Sub-Committee on Higher Education which held five meetings.

(b) *European University Institute*

178. The Convention setting up the European University Institute in Florence entered into force on 1 February 1975.

The first meeting of the High Council was held on 20 March 1975 at Florence, when the basic text governing the operation of the Institute were adopted.

The work of organizing the Institute at Badia Fiesolana proceeded progressively throughout 1975, and the administrative structure was established by September. The first eight professors meet regularly to prepare the programme of research and education. A second meeting of the High Council was held at Florence on 21 November 1975.

The Institute will open its doors to research workers in the autumn of 1976.

(c) *Youth*

179. The recommendation for a Council decision setting up a committee for youth questions, and the recommendation for a Council decision setting up a European Youth Forum, received thorough consideration within the Council. Consideration of those questions will be resumed as soon as the Commission has the necessary further information available to enable the Council to decide on those two draft recommendations.

2. ENVIRONMENT

(a) *Implementation of the programme of action*

180. During 1975, the Council proceeded with the implementation of the programme of action of the European Communities on the environment approved on 22 November 1973.¹ The considerable progress achieved led it to envisage, at its meeting on 16 October 1975 devoted to the environment, the preparation of a second programme.

¹ OJ No C 112 of 20.12.1973.

(i) Signature of the Paris Convention for the prevention of marine pollution from land-based sources

181. On 23 June 1975, the President-in-Office of the Permanent Representatives Committee and the Director of the Department of the Environment and Consumer Protection of the Commission signed, on behalf of the Community, the Convention for the prevention of marine pollution from land-based sources, initialled at Paris on 21 February 1974, and which applies to the North-East Atlantic. Previously, the Council had, at its meeting on 3 March 1975, adopted Decision 75/437/EEC concluding the said Convention, Decision 75/438/EEC¹ concerning Community participation in the Interim Commission established on the basis of Resolution No III of the Convention for the prevention of marine pollution from land-based sources, and the Council Resolution on the Convention for the prevention of marine pollution from land-based sources,² which invited the Member States concerned to sign the said Convention before 31 May 1975.³

(ii) Objective assessment of the risks to human health from 'second-category pollutants'

182. Underlying Community action to reduce pollution and nuisances is the need to assess objectively the risks to human health and the environment from certain pollutants. With that in mind, the programme of action has given the Commission the responsibility for studying a first list of priority pollutants and has drawn up, for guidance, a second list of pollutants for further consideration by the Council. As a result of that further consideration, the Council was able on 24 June 1975 to adopt 'a Resolution concerning a revised list of second-category pollutants to be studied as part of the programme of action of the European Communities on the environment'.³

(iii) Exchange of information between air pollution surveillance networks

183. On 24 June 1975, the Council adopted a Decision establishing a common procedure for the exchange of information between the surveillance and monitoring networks based on data relating to

¹ OJ No L 194 of 25.7.1975; this OJ contains the text and the translations of the Paris Convention in the languages of the Community.

² OJ No L 194 of 25.7.1975.

³ OJ No C 168 of 25.7.1975.

atmospheric pollution caused by certain sulphur compounds and suspended particulates.¹ Under that procedure the Member States will transmit to the Commission the results of atmospheric measurements of certain sulphur compounds and suspended particulates obtained by measurement stations chosen in accordance with geographical, demographic and ecological criteria.

(iv) Directive on waste

184. On 15 July 1975, the Council adopted an outline Directive on waste.¹

Under that Directive, Member States will take appropriate steps to encourage the prevention, recycling and processing of waste, the extraction of raw materials and possibly of energy therefrom, and any other process for the re-use of waste. The Directive lays down in a standard manner for the whole Community the technical conditions under which these objectives are to be achieved without endangering human health and without harming the environment.

The competent authorities are required to draw up, as soon as possible, plans relating in particular to the type and quantity of waste to be disposed of, the general technical requirements, suitable disposal sites and any special arrangement for particular wastes.

(v) Adaptation to technical progress of Community rules concerning the environment

185. In a resolution of 28 May 1969, the Council had introduced a simplified procedure for the adaptation to technical progress of directives on the abolition of technical obstacles to trade resulting from disparities between the laws, regulations and administrative provisions of the Member States.² Faced with comparable problems in the field of environment, the Council transposed identical rules to that sector; these rules are embodied in the Council Resolution of 15 July 1975 on the adaptation to technical progress of Directives or other Community rules on the protection and improvement of the environment.³ It has already adopted the same procedure in its Directive concerning the quality of water for bathing.

¹ OJ No L 194 of 25.7.1975.

² OJ No C 76 of 17.6.1969.

³ OJ No C 168 of 25.7.1975.

(vi) Inventory of sources of information on the environment

186. The Council adopted, on 8 December 1975, the Decision establishing a common procedure for the setting up and constant updating of an inventory of sources of information on the environment in the Community. ¹

That inventory will include for each Member State a list of scientific and technical information and documentation centres and services, of specialist centres and independent experts, and of current or scheduled research projects. The Commission will undertake the automated processing of the information, and the results at Community level will be made available to the Member States. The Commission will also forward to the International Referral System (IRS) of the United Nations Environment Programme certain appropriate information.

(vii) Directive concerning the quality of water for bathing

187. On 8 December 1975, the Council adopted the Directive relating to pollution of seawater and freshwater for bathing (quality objectives). ²

The Directive establishes a set of values with figures corresponding to physico-chemical and micro-biological parameters fixing the minimal quality of water for bathing, in order to reduce existing pollution and to protect such water against subsequent deterioration.

Under the Directive, the Member States are required to take all necessary steps to ensure that within ten years the quality of bathing water conforms to the limit values laid down in the Directive. In that connection, the Directive lays down, on the one hand, 'guide values' which the Member States should endeavour to attain, and, on the other hand, for certain parameters, 'mandatory values' which are obligatory.

¹ OJ No L 31 of 5.2.1976.

² Proposal: OJ No C 67 of 22.3.1975.

- (viii) Proposal for a decision on the reduction of pollution caused by certain dangerous substances discharged into the aquatic environment of the Community

188. The above proposal, submitted by the Commission on 22 October 1974,¹ was the main matter discussed at the Council's meetings on 16 October and 8 December 1975 devoted to environmental questions. The proposal arises directly from the programme of action on the environment adopted by the Council at its meeting on 22 November 1973. Moreover, it takes into account the need for a coherent implementation of the undertakings laid down in the Paris Convention for the prevention of marine pollution from land-based sources,² of those which may result from the European Convention for the protection of international water courses against pollution, being drawn up by the Council of Europe, and, more generally, of the other commitments arising from the carrying out of the Communities' active programme on the environment.

Further, that need has been recognized by the Council, in its Resolution of 3 March 1975 on the Convention for the prevention of marine pollution from land-based sources.³

After having held a discussion on 16 October 1975 concerning the choice between a technique for the protection of the aquatic environment based on 'emission standards' and one based on 'quality objectives',⁴ the Council on 8 December found a solution for the main problems raised by the proposal.

- (ix) Environment projects harmonized with other Community policies

189. The action programme on the environment is partly carried out through other policies, such as the social, economic, agricultural and scientific policies. In that connection, the following should be mentioned: Directive No 75/268/EEC of 28 April 1975 on mountain and hill farming and farming in certain less favoured areas;⁵ Decision 75/406/Euratom of 26 June 1975 adopting a programme on the management and storage of radioactive waste;⁶ Decision No

¹ OJ No C 12 of 17.1.1975.

² See paragraph 181 of this Review.

³ OJ No C 168 of 25.7.1975.

⁴ For further details concerning the terms 'emission standards' and 'quality objectives' see Annex I to the programme of action.

⁵ OJ No L 128 of 19.5.1975.

⁶ OJ No L 178 of 9.7.1975.

75/514/EEC of 25 August 1975, amending Decisions No 73/126/EEC and No 73/174/EEC adopting research programmes for the European Economic Community on the protection of the environment; ¹ Decision No 75/518/EEC of 25 August 1975, amending Decision No 73/180/EEC adopting a European Economic Community research programme for the protection of the environment (indirect project); ¹ Directive No 75/716/EEC of 24 November 1975 on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels (gas oils); ² Regulation (EEC) No 1365/75 of 26 May 1975 on the creation of a European Foundation for the improvement of living and working conditions. ³

(x) Formal adoption of texts in the languages of the Community

190. Following the agreement on substance achieved at its meeting on 7 November 1974, ⁴ the Council formally adopted in the languages of the Community the following texts: the recommendation of 3 March 1975 regarding cost allocation and action by public authorities on environmental matters (75/436/Euratom, ECSC, EEC) ⁵ (the 'polluter pays' principle); a resolution of 3 March 1975 on energy and the environment; ⁶ the Directive of 16 June 1975 concerning the quality required of surface water intended for the abstraction of drinking water in the Member States; ⁵ and the Directive of 16 June 1975 on the disposal of waste oils. ⁵

(b) *Activities within the framework of the international organizations*

(i) Conference on prevention of marine pollution in the Mediterranean

191. The United Nations Environment Programme (U.N.E.P.) is organizing an intergovernmental conference in Barcelona to prepare an outline convention on the protection of the marine environment in the Mediterranean, with protocols concerning the main sources of marine pollution.

¹ OJ No L 231 of 2.9.1975.

² OJ No L 307 of 27.11.1975.

³ OJ No L 139 of 30.5.1975.

⁴ See 22nd Review, paragraphs 164 to 172.

⁵ OJ No L 194 of 25.7.1975.

⁶ OJ No C 168 of 27.7.1975.

On 8 December 1975, the Council authorized the Commission to take part in the negotiations of the intergovernmental meeting in Barcelona, with a view to adapting the draft outline convention and the draft protocols in such a way as to give the Community the possibility of signing them.

(ii) European convention for the protection of international watercourses against pollution

192. The Council authorities have conferred together on the content of the draft European convention for the protection of international watercourses against pollution which is being drawn up in the Council of Europe.

On the basis of a proposal for a Council Decision concluding the said European Convention, ¹ the Permanent Representatives Committee has reached agreement in principle that the convention be signed by the Community. It is awaiting the decision of the Committee of Ministers of the Council of Europe to open the final text of that convention to signature in order to submit that agreement to the Council so as to make it definitive.

(iii) Relations with other international organizations concerned with the environment

193. As in the past, Member States, in accordance with the 'Agreement on informations' of 5 March 1973 ² and with the programme of action, conferred with each other on the activities of the international organizations concerned with environmental problems. It was a matter, in particular, of the Third Conference on the Law of the Sea and the third meeting of the Governing Body of the United Nations Environment Programme (U.N.E.P.), the United Nations Conference on Human Settlements and the second conference of Ministers for the Environment of the Council of Europe.

¹ OJ No C 99 of 2.5.1975.

² OJ No C 9 of 15.3.1975 and OJ No C 86 of 20.7.1974.

3. CONSUMER PROTECTION AND INFORMATION POLICY

Approval of a preliminary programme of the European Economic Community for a consumer protection and information policy

194. On 14 and 15 April 1975, the Council adopted the Resolution on a preliminary programme of the European Economic Community for a consumer protection and information policy. ¹

The Commission had submitted on 12 December 1973 a 'draft preliminary programme for the protection and information of the consumers'. Work carried out within the Council on that draft programme throughout 1974 and at the beginning of 1975 culminated in the approval of the preliminary programme by the Council on 14 and 15 April 1975.

The objectives of that programme are, in particular, effective protection against hazards to consumer health and safety, effective protection against damage to consumers, economic interests, adequate facilities for advice, help and redress, consumer information and education, and consultation with and representation of consumers in the framing of decisions affecting their interests.

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

195. The creation of the above Foundation was envisaged both in the social action programme and the programme of action on the environment. At its meeting on 17 December 1974, the Council had already given its assent in principle to the creation of the Foundation and had given certain indications regarding its future structure. The work done under the auspices of the Permanent Representatives Committee led on 26 May 1975 to the Formal adoption by the Council of Regulation (EEC) No 1365/75 on the creation of a European Foundation for the improvement of living and working conditions. ²

The aim of the Foundation, of which the seat will be in Ireland, is to contribute to the planning and establishment of better living and working conditions through action designed to increase and

¹ OJ No C 92 of 25.4.1975.

² OJ No L 139 of 30.5.1975.

disseminate knowledge likely to assist that development. With that aim in view, it will be able in particular to set up a system of information and documentation, facilitate contact between interested groups, organize courses, conferences and seminars, conclude study contracts, promote pilot projects, and, to the extent to which its limited means allow, itself carry out certain studies.

5. ACCESSION OF THE NEW MEMBER STATES TO THE CONVENTIONS PROVIDED FOR IN ARTICLE 220 OF THE EEC TREATY

196. An *ad hoc* Working Party has been instructed to prepare, following the accession to the three new Member States to the Communities, the necessary adjustments to the conventions provided for in Article 220 of the EEC Treaty, and to the protocols on the interpretation of those conventions by the Court of Justice, signed by the original Member States. The Working Party has just completed the text of a Convention of Accession of the New Member States to the Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, and to the Protocol on the Interpretation of that Convention by the Court of Justice. The said text comprises some 40 Articles amending a number of provisions of the implementing Convention and of the said Protocol. It is envisaged that the text, after verification that the versions in the different languages of the Community agree, will be forwarded in the course of 1976 to the Government together with the Official Report by Professor Schlosser, so that the Convention of Accession may be signed in 1977.

CHAPTER IV

External relations and relations with the associated States

A – Commercial policy and multilateral relations

1. COMMERCIAL POLICY REGULATIONS

197. As will be recalled, under the Council Decision of 16 December 1969, Member States are no longer entitled to negotiate new agreements, as commercial agreements have henceforth to be concluded on behalf of the Community and in accordance with Community procedures. The extension or tacit renewal of agreements in force is subject to a procedure of Community authorization, which is only granted where the common commercial policy is not affected. Pursuant to that Decision, the Council, acting on a proposal from the Commission, authorized the extension or tacit renewal of a number of bilateral commercial agreements, by its Decisions of 17 February, 16 June, 16 September and 6 October 1975.

198. As regards autonomous policy, the common liberalization lists (Regulations No 109/70 of 19 September 1969 for State-trading countries and No 1439/74 of 4 June 1974 for the other third countries) have been added to on several occasions, by Council Decisions.

199. As provided for in the Council Decision of 22 July 1974¹ concerning a consultation procedure for cooperation agreements between Member States and third countries, there have been regular consultations within the Select Committee established by that

¹ See 22nd Review, paragraph 177.

Decision. Those consultations have made it possible to ensure that the agreements of undertakings entered into in that field by Member States were consistent with common policies, in particular the common commercial policy. Those meetings for consultations have also made it possible, by mutual exchange of information, to promote coordination of the activities of the Member States in relation to the third countries concerned.

In this connection, it is appropriate to recall ¹ that the application of that Council Decision is only mandatory as regards State-trading countries and oil-producing countries. The Commission submitted to the Council on 17 March 1975 a proposal that there should be a general application of the consultation procedure in respect of all third countries. That proposal is at present being studied within the framework of the Council, which will shortly have to give a ruling concerning such a geographical extension of the field of application of the Decision. ¹

2. MULTILATERAL TRADE NEGOTIATIONS

200. With the adoption by the United States of the 'Trade Reform Act' in December 1974 and the laying-down by the Council of the Communities of the first Community negotiating directives in February 1975, the necessary conditions existed for the GATT multilateral trade negotiations to enter their effective phase, of which the structures had been established in the context of the Ministerial Declaration of Tokyo. The Trade Negotiations Committee in mid-February 1975 set up six Working Groups responsible for the actual negotiations, in the following fields: tariffs, non-tariff barriers, agriculture, tropical products, sectoral approach and safeguard clause.

A delicate question arose at the outset as to the way in which negotiations should be conducted concerning the whole body of problems connected with the agricultural sector. That question gave rise to opposing views on the part of the Community, on the one hand, and the United States, on the other, regarding the procedure to be followed for the work of the Group on Agriculture.

¹ As regards the consultation procedure established by the Council Decision of 3 December 1973 concerning the policy on export credits and credit guarantees, reference should be made to Chapter III, A, of this Review.

A compromise solution was finally worked out at the meeting on the Negotiations Committee in December 1975. In accordance with that solution, each party maintained its basic position (for the Community it is, in particular, a matter of the specific character of the agricultural sector as recognized in the Tokyo Declaration) and pragmatic solutions are provided for the most urgent procedural questions (for examples, as regards bi- or multilateral consultations, exchanges of information between the different negotiating groups, etc. ...). The Group on Agriculture is thus in a position to resume its work actively.

201. The Tokyo Declaration having given a certain priority to negotiations in the field of tropical products, the negotiating bodies in Geneva gave particular attention to such matters. Similarly, the work concerning those products within the Community was speeded up by the latter, in preparation for its entry at the beginning of 1976 into the operational phase of the negotiations in that sector.

Throughout 1975, the Special Committee under Article 113 met frequently both in Brussels and Geneva in order to follow the course of the work in the various fields, to study the problems which arose and to assist the Commission in the negotiations.

3. INTERNATIONAL TRADE MANAGEMENT PROBLEMS

202. The delegations of the Member States and the Commission representatives paid constant attention to developments in international trade and to the specific problems confronting the Community, particularly having regard to the difficulties of the current international economic situation in 1975.

In many cases, the frequent meetings which took place in Geneva and Brussels made it possible to establish what measures should be taken in order to safeguard, as both the multilateral and bilateral level, the export interests of the Community.

In that same connection, the Community's representatives endeavoured to limit, as far as possible, any eventual impact on international trade of certain measures rendered necessary by economic developments within the Community itself, such as, for example, those adopted in the beef and veal sector.

203. That Community line of policy also includes participation by the Community in the efforts of the OECD to maintain the highest possible degree of trade liberalization. In particular, the Special Committee under Article 113 regularly followed the work of that organization, and in particular conducted the preparatory work which enabled the Community to agree, at the Ministerial Conference of the OECD in May 1975, to the renewal for one year of the 'Trade Pledge' of 30 May 1974 involving of political undertaking not to have recourse to trade restrictions aimed at remedying the deterioration in the balance of payments situation due to the rise on the cost of energy.

204. Lastly, the Council was informed by the Commission of certain developments in the United States of which the effects on trade might be of a protectionist character. ¹ The Council, while noting that the enquiries concerned had, in general, not led to actual measures by the United States authorities, nevertheless pointed out the disquieting nature of those protectionist tendencies which could affect a considerable proportion of the Community exports to the United States. The Commission recently expressed to the American authorities, on behalf of the Community, the very serious anxieties to which those tendencies have rise.

4. ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

205. In accordance with the provisions of the Arrangement regarding international trade in textiles to which the Community acceded in March 1974, and in particular Article 4, the Council proceeded with the preparation of the necessary directives to enable the Commission to conduct negotiations with the main supplying countries with a view to the conclusion of voluntary restraint agreements. Those agreements relate to a whole range of products chosen by reason of their sensitivity, and their purpose is to permit an orderly expansion of commerce and the progressive abolition of barriers to trade in textiles, while avoiding the risk of disorganizing the Community market.

Some of those negotiations, namely those with India, Pakistan, Hong Kong, Singapore, Malaysia and Macao have already been completed; the agreements with India and Pakistan will shortly enter

¹ Cf. various enquiries undertaken in the United States concerning the possible application of countervailing duties, anti-dumping measures and protective measures.

into force, and the necessary procedures are being carried out to enable the Council to conclude the other agreements.

In the case of other countries, negotiations are proceeding; while as regards a limited number of countries negotiation directives are being prepared.

5. MULTILATERAL COMMODITY AGREEMENTS

206. The year 1975 was marked by intensive work at the international level in the commodities field. Proposals put forward by the UNCTAD Secretariat for a global integrated programme constituted the starting-point for studies of general application which were considered by the United Nations General Assembly at the seventh special session¹ and on which the work of UNCTAD IV (Nairobi, May 1976) will be concentrated.

Further, in 1975, negotiations took place for the renewal of two important agreements (tin and cocoa) as well as for the preparation of a new agreement on coffee. As regards cereals, a further extension of the existing agreement was agreed on, pending the conclusion of a new agreement with regard to which the Community put forward proposals within the framework of the multilateral trade negotiations in GATT.

(a) *International Tin Agreement*

207. On 20 May 1975, the Council took a decision concerning participation by the Community in the negotiation of the Fifth International Tin Agreement, the Fourth Agreement being due to expire on 30 June 1976. The Commission was authorized to negotiate on behalf of the Community in respect of matters falling within the latter's competence, with the Member States also taking part in the negotiations in a coordinated manner.

Those negotiations took place within the framework of a United Nations Conference which was held in Geneva from 20 May to 21 June 1975, under the auspices of UNCTAD. At the second plenary meeting of the Conference, the Community was authorized to take part in the negotiations in respect of questions falling within its competence, but without the right to vote.

¹ See paragraph 291 of this Review.

Those negotiations resulted in the drawing-up of the text of a new Agreement, to enter into force in 1 July 1976, with a period of validity of five years. The text of the Agreement was open to signature at the headquarters of the United Nations in New York until 30 April 1976.

208. The fundamental problem which dominated the work of the Conference was that of the increased volume of the buffer stock and how to finance it. On that subject, it proved possible to reach a compromise – which represents a new factor as regards the Fourth Agreement. The stock, of which the existing level is 20 000 tonnes, would have to reach 40 000 tonnes made up of 20 000 tonnes for the producers and 20 000 tonnes for the consumers. As regards financing, the payment of those contributions was considered to be obligatory only in the case of the producing countries, whereas for the consumers the contribution of 20 000 tonnes would be considered to be an objective which it would be desirable to achieve. However, while waiving the principle of the obligatory sharing of costs, the developing countries insisted, in return, on a clause allowing the possibility of a renegotiation of the Agreement if, at the end of a period of 30 months after the entry into force of the Fifth Agreement, contributions from the consumer countries were not to have reached a certain level. ¹

It should also be pointed out that the Community was able to obtain an improvement in the provisions governing its participation in the Agreement. Article 50 of the Fourth Agreement, owing to certain ambiguities in the text, had given rise to difficulties as regards the ability of the Community to exercise, in the event of voting taking place in the Tin Council, the total votes available to the Member States. In the new Agreement it has been provided, as in the formula adopted in connection with the 1972 Cocoa Agreement, that while the Community itself does not have any vote if a vote is taken on questions within its competence, it is nevertheless authorized to exercise the votes of the Member States and to express them en bloc.

(b) International Cocoa Agreement

209. With a view to the renewal of the First International Cocoa Agreement concluded in October 1972, and due to expire on 30

¹ As regards the contribution to the buffer stock, it should be pointed out that on 31 December 1975 four Member States (France, Netherlands, Belgium, United Kingdom) declared their intention of contributing on a voluntary basis, in accordance with Article 22 of the Agreement.

September 1976, a United Nations Conference opened in Geneva on 22 September 1975 and went on for a month.

On the basis of a proposal from the Commission, the Council, at its meeting on 22 September 1975, decided that the Community would take part in the negotiations, and laid down a number of directives. Thus at the first meeting of the Conference, the Community was invited to take part in the work in respect of matters within its competence, without the right to vote. In the course of the negotiations, the Community played a particularly active part, and the Member States showed a cohesion which strengthened the Community's position.

210. The main problems facing the Conference were, on the one hand, the question of raising the levels of the reference prices of cocoa fixed in the first Agreement, and, on the other hand, the request by the United States that the very structure of the Agreement be reviewed.

The United States in fact wanted a fundamentally different agreement, ¹ that is to say an agreement which, instead of being based on a mixed system (export quota and buffer stock) as in the case of the first Agreement, would have been based essentially on a buffer stock. The proposals to that effect tabled by the American delegation in the opening days of the Conference were not finally accepted, for they in fact called in question all the preparatory work which has been done, and in which, moreover, the United States delegation had taken part, as well as the resulting texts which formed the basis for the Conference's work.

As regards prices, the producing countries asked for a considerable raising of the existing bracket, to a level which was well above the increase which the consuming countries were prepared to accept. Finally, a compromise was reached on the basis of proposals made by the President of the Conference. Nevertheless, one producing country, namely the Ivory Coast, indicated that as the prices decided on were at too low a level, it could not give its support to the Agreement.

The text of the Second International Cocoa Agreement was open for signature at the headquarters of the United Nations in New York, from 10 November 1975 until 31 October 1976.

¹ It should be explained that the United States, although it took part in the negotiations concerned, did not in fact sign the first Agreement.

(c) *International Coffee Agreement*

211. The 1968 Agreement has been extended since its expiry date of 30 September 1973 in respect of its administrative provisions only. With a view to the preparation of a new agreement which would enter into force on 1 October 1976, negotiations have been taking place within the actual framework of the institutions of the existing agreement. Those negotiations have taken place in two phases: the first from 24 June to 13 July 1975, and the second from 3 November to 3 December 1975. The Community has taken part in the work as an observer, on the basis of the provisions adopted by the Council in August 1972, which have remained valid ever since.

Those negotiations have centred mainly on the actual objectives of the Agreement, matters relating to the establishment and operation of export quotas, price problems and the measures to be provided for in connection with imports from countries which are outside the Agreement. The new Agreement will be open for signature at the United Nations Secretariat from 31 January to 31 July 1976.

(d) *International Wheat Agreement*

212. In view of the fact that the negotiations for a new cereals agreement could not be concluded by the required date (30 June 1975), the contracting parties to the International Wheat Agreement agreed that a further extension was advisable for the two Conventions constituting the international Agreement of 1971, namely the Convention on Trade in Wheat and the Food Aid Convention. The texts of the protocols providing for the further extension were drawn up in London, at a governmental conference in February 1975.

As regards the Community, the Council, on a proposal from the Commission, decided on 28 May 1975 in favour of the Community's accession to the said protocols. Subsequently, the Community lodged a provisional declaration of implementation in Washington with the Government of the United States as the depositary power.

Under the Food Aid Convention, the Community's commitment for the 1975/76 season remains the same as for previous years, namely the supplying to developing countries of 1 287 000 tonnes of cereals.¹

¹ As regards food aid, see paragraph 308 of this Review.

6. STATUS OF THE COMMUNITY IN THE ECONOMIC COMMISSION FOR EUROPE OF THE UNITED NATIONS

213. In the first half of 1975, the President took steps to obtain the official participation of the Community as such in the work in the Economic Commission for Europe.

At its thirtieth session (Geneva, 15 to 25 April 1975), that Commission, without debate, admitted the Community to participation in its work, in accordance with Article 12 of its Terms of Reference, which provides for the participation in an advisory capacity of intergovernmental organizations in discussions on any question of particular interest to such an organization.

7. CONFERENCE ON THE LAW OF THE SEA

214. Because of the implications which the results of the Third Conference on the Law of the Sea might have on Community activities and of their repercussions on various common policies, the Community took an interest in the proceedings of that Conference and was admitted to it as an observer. That entailed coordination of the positions of Member States, both at the Conference during the meetings, and in Brussels in the intervals between those meetings.

The subjects covered by that coordination included the legal system and the machinery for the exploration and exploitation of the sea-bed zone outside the limits of national jurisdiction; the rules governing fishing in in-shore waters, the establishment of reserved waters for the fishermen of coastal States, and possible conservation and rational exploitation policies; the fight against pollution of the marine environment; the problems of scientific research in the sea and on the sea-beds, and those connected with the transmission of techniques.

A matter of importance was that of the problems connected with the adoption of an EEC clause enabling Member States to obtain recognition, in the new system of the law of the sea, of the particular obligations and machinery deriving from the Treaty of Rome.

After the Geneva session (March to May 1975), work was resumed in order to prepare for the New York Session (Spring 1976).

B – Relations with the countries of the mediterranean basin

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

215. During 1975, the Council continued its work in connection with the conclusion of new agreements with Israel, Spain, the Maghreb countries and Malta – countries belonging to the 'first generation' of the Mediterranean countries covered by the overall approach policy adopted by the Community towards the Mediterranean countries.¹ At the end of the year, negotiations were still proceeding with several of those countries, the only negotiations to have been completed being those with Israel and Malta.

The Council, further, initiated the implementation of the overall approach policy in respect of the Mediterranean countries of the 'second generation' (namely, the Arab Republic of Egypt, Lebanon, Syria and Jordan), establishing at the end of the year the main substance of the directives enabling the Commission to embark on negotiations with those countries.

216. The negotiations with Israel, which had reached a decisive stage in December 1974, were concluded on 23 January 1975 by the Commission, assisted by the Special Committee set up under Article 113.

During March, the Commission, with representatives of the Member States taking part, continued the negotiations with Tunisia (on 20, 21 and 22 March 1975), and with Morocco (on 24 and 25 March 1975), with a view to extending the Tunis and Rabat Agreements (of 1969) to new fields. At the end of those negotiations, the delegations of the Community and of the countries concerned, having come closer to each other's points of view in certain fields, agreed that they should have an interval for reflection, while at the same time emphasizing their desire to bring their efforts to a successful conclusion as soon as possible.

217. On 14 and 15 April 1975, the Council, after considering the State of the current negotiations with the Maghreb countries and the report which had in the meantime been submitted to it by the Commission on the result of the negotiations with Israel, endeavoured

¹ See 22nd Review, paragraph 187.

to do everything possible to come to an early decision on the complementary market organization measures still remaining to be adopted within the Community, in particular as regards fruit and vegetables, citrus fruits, new potatoes and wine. The adoption of those measures was a prior condition for putting into effect the agricultural concessions offered by the Community to the 'first generation' Mediterranean countries within the framework of the overall approach.

Bearing that in mind, the Council asked the Commission to proceed, subject to confirmation, with the negotiation with the Maghreb countries on the non-agricultural aspects of the agreements envisaged with those countries, and agreed, in the case of Israel, after having approved in substance the result of the negotiation with that country, to take the necessary steps to enable the Agreement between the EEC and that country to enter into force on 1 July 1975.

Further, the Council instructed the Permanent Representatives Committee to start work on the development of the overall Mediterranean approach in respect of the 'second generation' Mediterranean countries, on the basis of the Communication which the Commission had submitted to it on that subject at the end of January.

218. At its meeting on 5 May 1975, the Council was informed by the Commission of the state of the negotiations with the Maghreb countries, Algeria having in the meantime also negotiated with the Community on 16 and 17 April 1975.

It then agreed both to ask the Commission to resume negotiations with those countries with a view to their conclusion subject to confirmation, and to arrange for the signature of the Agreement between the EEC and Israel between then and 15 May. It was agreed that the Community delegation would inform both the Maghreb countries and Israel that, owing to the fact that certain conditions, on the observation of which the concessions offered by the Community in respect of various agricultural products depended, had not yet been fully worked out within the framework of Community rules, the implementation of those concessions would be suspended pending the adoption of the rules concerning those products (namely, in the case of the Maghreb countries: processed agricultural products, wines and new potatoes; in the case of Israel: citrus fruit, pulps and purées, concentrated citrus fruit juice, orange juice, tomato juice, tomato concentrates and peeled tomatoes).

219. The Agreement between the EEC and Israel was signed in Brussels on 11 May 1975. ¹ In addition to that Agreement, an Agreement was signed at the same time between the Member States of the ECSC and Israel, for the purpose of governing, for the first time, relations between the Member States and Israel in respect of the products which are the concern of the ECSC.

On 20 May 1975, the Council adopted the Regulation concluding the Agreement between the EEC and the State of Israel, of which Article 2 provided that the Council, acting on a proposal from the Commission, would decide on the date on which the tariff reductions for the agricultural products listed above would apply. ²

On 30 May 1975 the parties to the Agreement exchanged the instruments giving notice that the necessary procedures had been carried out to enable the Agreement to enter into force. In accordance with Article 30 of the Agreement, the latter therefore entered into force on 1 July 1975.

220. At its meeting on 23 and 24 June 1975, the Council, as composed by the Ministers of Agriculture, having arrived at an agreement ³ on the market organization measures to which the application of concessions for certain agricultural products referred to earlier would continue to be subject, found that, in such circumstances, the Commission would henceforth have the necessary directives for the conclusion of negotiations with the Maghreb countries and was also in a position to submit proposals for the application of the tariff reductions, which were currently suspended, in respect of the said agricultural products originating in Israel.

Further, as regards the negotiations with the other 'first generation' Mediterranean countries, the Commission informed the Council that it considered that the negotiations with Spain could shortly be resumed, and with regard to Malta submitted to the Council a recommendation for the adoption of complementary negotiation directives. The Council instructed the Permanent Representatives Committee to pursue actively the examination of those two matters.

¹ The content of that Agreement is summarized in paragraph 249 *et seq.* of this Review.

² OJ No L 136 of 28.5.1975.

³ See paragraph 375 *et seq.* of this Review.

221. The negotiations with the Maghreb countries were in the meantime affected, particularly in the case of Tunisia, by a factor external to their content, namely the difficulties encountered by that country in connection with the export of olive oil.

In the middle of September the Council requested the Commission to submit to it (as composed by the Ministers of Agriculture) a proposal for overcoming those difficulties, as a solution of the problems arising in that connection was a condition for the useful pursuit of the negotiations.

As regards Spain, the Commission also informed the Council at its meetings on 15 and 16 September, of its intention to submit to it, in October or November, a report on its negotiations with that country, as its various services were at that stage engaged with the Spanish delegation in clearing up the points in the negotiations which had not yet been settled.

However, following the events which had occurred in the meantime in Spain, the Council – at its meeting on 6 and 7 October 1975 – ‘noted that negotiations between the EEC and Spain could not be resumed at the present time’.

At the same time, the Ministers for Foreign Affairs of the Nine, meeting in connection with political cooperation, issued on 6 October 1975 the following statement:

‘The Ministers point out that human rights are the common heritage of the peoples of Europe. The Ministers have therefore reiterated their condemnation of the recent executions, carried out after proceedings violating the principles of the rule of law, and in particular the rights of the defence.

They have noted with keen regret that the representations based on humanitarian grounds which they made both individually and collectively have gone unheeded.

They ardently desire that Spain, with whose people the peoples of the Nine are united by so many ties, may be spared a process of escalating violence.

The Ministers express the wish that a democratic Spain may find its place among the European countries.’

222. At its meeting on 5 and 6 November, the Council took note of the Commission's hope that it would soon be able to resume the negotiations with the Maghreb Countries and conclude them if possible by the end of the year.

At that same meeting, the President put forward, with regard to the Mashrek countries (the Arab Republic of Egypt, Lebanon, Syria and Jordan) a compromise proposal to facilitate agreement on the content of the directives to be given to the Commission for the opening of negotiations with those countries. The Council then instructed the Permanent Representatives Committee to proceed, in the light of its discussions on the compromise put forward by the President, with the preparation of those directives so as to enable it to decide on them in December.

The Council reached agreement on 9 December 1975 as to the substance of those directives, and the Permanent Representatives Committee was instructed to complete the final text.

It also gave the Commission new directives for the resumption of the negotiations with Malta and their conclusion. On the basis of those new directives, the Commission resumed negotiations with Malta, and completed them on 22 and 23 December 1975.

Finally, also before the end of the year, the Commission resumed the negotiations with Tunisia. The latter were to be concluded on 7 January 1976.

2. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES

(a) The Association Agreements

(i) Greece

223. The reactivation of Association relations with Greece after the fall of the dictatorship in that country was actively pursued in 1975. In that connection, the most noteworthy fact was the signing of the Supplementary Protocol extending the Association to the three new Member States of the Community.

The major political event of the year, however, was the lodging by Greece, on 12 June 1975, of its application for accession to the European Communities.

224. On 28 April 1975, the EEC-Greece Supplementary Protocol was signed in Brussels, by reason of the accession of the new Member States to the Community, as provided for in Article 64, paragraph 3, subparagraph 3 of the Athens Agreement. The purpose of that Protocol is to extend the Association between the EEC and Greece to Denmark, Ireland and the United Kingdom; it is at present undergoing ratification procedures in the nine Member States and in Greece.¹ On the same day, the contracting parties likewise signed an Interim Agreement for the implementation, without awaiting the completion of the procedures for the ratification of the said Supplementary Protocol, of the provisions of that Protocol relating to trade. That Interim Agreement having entered into force on 1 July 1975, trade between Greece and the New Member States of the Community has thus since that date likewise had the benefit of a preferential system.

225. On 12 June 1975, the Permanent Delegate of Greece to the EEC, Mr Stathatos, Ambassador, transmitted to the President-in-Office of the Permanent Representatives Committee, Mr Dillon, Ambassador, three letters from the Prime Minister of the Hellenic Republic, Mr C. Karamanlis, to the President of the Council of the European Communities, informing him that Greece was applying to become a member of the three European Communities.

At its 347th meeting, held in Luxembourg on 24 June 1975, the Council of the Communities, after having requested its President to acknowledge receipt of that application for accession, immediately set in motion the Community procedure provided for in Article 237 of the Treaty of Rome, requesting the Commission to give its opinion on the application by Greece.

It should be noted that, while conscious of the fact that the Greek demand for accession – which accession moreover already constitutes the final objective of the Athens Agreement signed in 1961 – placed the whole of the relations between Greece and the Community in a new context, the parties to the Agreement made a point of emphasizing, at the ministerial meeting of the Association Council on 28 July 1975, that the work to be undertaken in connection with the application for accession should not in the meantime delay the Association's development in accordance with the Agreement.

226. The reactivation of Association relations was shown primarily by the return to normal operation of the organs of the Association.

¹ The European Parliament gave it approval on 12 November 1975.

Thus in the course of 1975 the Association Council held two meetings (one in Brussels, at ambassadorial level, on 28 April 1975, and the other in Athens, which was the first to be held at ministerial level in the Greep capital, on 28 July 1975). For its part, the Association Committee held meetings at regular intervals.

As for the Joint Parliamentary Committee, which had not been able to meet during the dictatorship in Greece, it held – after the restoration of democracy in Greece, and in particular following the free elections which took place on 17 November 1974 – two important meetings, in Athens from 25 to 27 June, and in Rome from 8 to 10 December. The Council of the Community made a point of being represented at each of those meetings by its President-in-Office, who took part in the Committee's debates, thus showing the interest taken by the Council in the parliamentary activities carried out within the framework of the Association.

Finally, the Community and Greece also reactivated or set up various working groups with more technical duties, like the Customs Cooperation Committee (which held its first meeting after an interruption of 8 years), and certain working groups responsible for dealing with special questions, in particular in the agricultural field.

227. As regards that field, it should be mentioned in the first place that the Community on 28 April 1975 made the declaration on harmonization with regard to wines in accordance with Article 35 of the Athens Agreement. The practical work of experts in that sector, as in that of fresh fruit and vegetables – regarded as priority sectors by both Greece and the Community because, on the one hand, of Greek export interests and, on the other, of the sensitivity of those products within the Nine – were given fresh impetus by certain decisions on procedure taken on the ministerial level at the meeting of the Association Council held in Athens in 28 July 1975. On the same occasion the two parties agreed to intensify the consultations mentioned in Article 34, paragraph 3, of the Agreement in respect of the Commission's proposals and the measures which the Community and Greece contemplate taking in the agricultural field.

In general one finds that, thanks in particular to increased administrative cooperation between the competent authorities of the Community and Greece, it was possible in 1975 to avoid the application of countervailing charges and protective measures to Greek exports of fruit and vegetables to the Nine. Similarly, it was possible at the end of the year to find a provisional solution for certain difficulties

– which had arisen in the Community market for tomato concentration during the second half of 1975, as a result of Greek exports in large quantities and at low prices – thanks to the spirit of mutual understanding and cooperation which once more prevails within the Association.

228. In the industrial sector, it should be mentioned that on 1 November 1975 Greece carried out a new tariff reduction in respect of the Six, which reduced the duty on products benefiting from the 'extended' dismantling period (22 years) to 44% of the basic duties.

229. At the end of February 1975, the Council agreed in writing that a favourable reply should be given by the Community to the Greek request for an extension of the provisions of paragraph 3 of Protocol No 10 of the Athens Agreement beyond the transitional period. ¹ Those 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 (tobacco, dried grapes, olives, colophony, and spirits of turpentine). Decision No 1/75 adopted on 28 February 1975 by the EEC-Greece Association Council provides for the extension of those provisions to 31 December 1978; the limits beyond which prior agreement from Greece is necessary have however, been altered as regards tobacco, dried grapes and colophony in order to take into account the enlargement of the Community.

230. In the field of financial cooperation, it should be mentioned that the European Investment Bank has resumed its financing operations in Greece, which had been interrupted during the dictatorship.

In 1975 it was possible to commit the whole of the amount (some US \$ 56 million) still remaining from the first financial protocol signed in 1961.

As regards the conclusion of a new financial protocol with Greece – of which it has already expressed approval in principle in September 1974 – the Council, at its 372nd meeting of 9 December 1975, instructed the Permanent Representatives Committee to complete its work rapidly on the memorandum submitted by the Commission on the subject, in order to enable it to issue at the

¹ See 22nd Review, paragraph 192.

beginning of 1976 a negotiating brief for the opening of negotiations on the subject with Greece.

(ii) Turkey

231. During 1975, work in connection with the EEC-Turkey Association continued in the main to be concerned with the preparation of the Association Council's decisions relating, on the one hand, to the agricultural review, and, on the other, to the measures to be adopted in the field of social security in favour of Turkish workers – matters to which reference has already been made in the previous Review.¹ Hitherto, the Association Council has not been in a position to take decisions on those two questions. As regards the question of the continuing deficit in the EEC-Turkey balance of trade – a question raised by Turkey in the Association Council on 16 September 1975 – preparatory work has now been started.

Special mention should be made of the great interest shown by Turkey, within the framework of the Association Council, in adequate consultation with the Community following the application for accession submitted by Greece in June 1975. The Community and Turkey have agreed that in this connection Article 56 of the Supplementary Protocol should be applied in its entirety.

232. In the course of the year, the question of the agricultural review, provided for in Article 35(3) of the Supplementary Protocol,² was discussed on several occasions both at the Association Committee level and at the ministerial meeting of the Association Council on 16 September 1975.³

In that connection it will be recalled that the Community concessions already granted to Turkey as a result of the said agricultural review – and which became effective on 1 January 1974 – were to be completed in due course, in the light of the results of the negotiations within the framework of the overall Mediterranean approach. In September 1975, the Commission submitted to the Council a communication concerning the additions to be made to the concessions granted to Turkey since January 1974. After numerous

¹ See 22nd Review, paragraphs 195 and 196.

² See 22nd Review, paragraph 195.

³ The Association Council met once, on 16 September 1975 in Brussels, at ministerial level, during the year in question, and the Association Committee eight times.

discussions in the Working Group and the Permanent Representatives Committee, the Council gave its assent at the beginning of December to the Community's offer to Turkey. In order not to delay the opening of negotiations with that country, the offer was presented to Turkey at the level of the Association Committee on 5 December 1975, the next Association Council meeting being planned for March 1976. The Turkish delegation, however, indicated that the Community's offer did not come up to its expectations and that it could not regard it as an acceptable basis for negotiation.

The Community made clear to the Turkish delegation that it was prepared to continue talks with the latter, in connection with preparations for the next Association Council meeting.

233. As regards social affairs, the Council, also at the beginning of December, after thorough discussions both at the level of the national Working Group and in the Permanent Representatives Committee, decided on its position concerning the Turkish request for amendments to the Community proposals of June 1974 on the implementation of Article 39 of the Supplementary Protocol (measures to be adopted on social security in favour of Turkish workers). That position was communicated to Turkey at the end of December at the meeting of the Association Committee already mentioned. Because of the complicated nature of the question, the Turkish delegation confined itself on that occasion to expressing its initial reaction to the Community's position, subject to adopting its own position after further consideration.

Concerning the question of the implementation of Article 36 of the Supplementary Protocol (which provided for the progressive achievement of freedom of movement for workers between the end of the 12th and of the 22nd year after the entry into force of the Association Agreement: 1 December 1976 to 1 December 1986) and of Article 38 (examination of the questions arising in connection with the geographical and occupational mobility of workers of Turkish nationality) the Community received, at the Association Council meeting on 16 September 1975, a statement from the Turkish Government requesting, in particular, that the preparatory work for the implementation of Article 36 be started without delay. The Community delegation assured Turkey that it was aware of the importance which that country attached to the implementation of the said Article within the period laid down by that provision.

234. On the initiative of the Turkish Government, another question was also raised at the last meeting of the Association Council. That is

the problem with which Turkey is faced as a result of the ever increasing deficit in its trade balance with the Community. At the end of its discussions, the Association Council adopted a decision instructing the Association Committee to draw up a report to be submitted to the Association Council on that question, and to make suggestions concerning solutions which might appear adequate to overcome those difficulties within the framework of the Association. It also agreed that, in order to fulfil that task, the Association Committee could set up groups of experts who could, of necessary, travel to Turkey to obtain the information required.

It is planning that the group of experts which the Association Committee has in the meantime decided to set up will meet in February 1976.

235. As regards the financial aspect, the amount of the loans which can be granted to Turkey under the second financial protocol, signed in Brussels on 23 November 1970 – that is to say, for the Community of Six, 195 million u.a. ¹ on favourable terms and 25 million u.a. on market terms – covers a period which will expire on 23 May 1976. At the end of 1975, the amount of 195 million u.a. was, in the main, committed. ²

The Turkish delegation therefore wanted the question of the renewal of the second financial protocol to be examined as soon as possible.

On the basis of a communication from the Commission, that question was studied in the Council in December 1975.

236. In connection with the Greek application for accession to the Communities the question of the procedure to be followed for the implementation of Article 56 of the Supplementary Protocol was likewise raised by Turkey. That Article provides that, in the case of accession by a third State to the Community, adequate consultations will take place in the Association Council, to ensure that account is taken of the mutual interests of the Community and Turkey as stated in the Association Agreement.

¹ After the ratifications, by the Member States of the Community and by Turkey, of the Supplementary Protocol (enlargement) signed at Ankara on 30 June 1973, the amount of 195 million u.a. will be increased, by the contribution of the three new Member States, to 242 million u.a.

² The amount of 25 million u.a., for ordinary loans, had been committed in its entirety in 1974.

The Association Council found that it was the unanimous view of the two delegations that the provisions of Article 56 of the Supplementary Protocol should be fully applied in that connection.

On that subject it should be noted that, at its meeting on 24 June, the Council, after having decided to initiate the procedures for the examination of the Greek application for accession to the Communities, had already agreed to stress the Community's interest in the maintenance and development of very close relations of associations with Turkey, and also the fact that examination of the application for accession submitted by Greece would not affect the relations between the Community and Turkey and that the rights guaranteed by the Association Agreement between the EEC and Turkey would not be modified thereby.

237. In the Association Committee, in addition to the questions mentioned above, which were dealt with in connection with the preparations for the Association Council's discussions on 16 September 1975, a number of other questions with a bearing on the cooperation necessary for the smooth working of the Agreement were also examined. Such questions related, in particular, to the management of the customs union; further, the consultations provided for in Article 53 of the Supplementary Protocol took place in the Association Committee concerning the EEC-Israel Agreement, the EEC-ACP Convention of Lomé and the Community's scheme of generalized preferences for 1976.

238. At the end of the year, the Council of the Communities adopted a number of regulations opening in favour of Turkey, for 1976, Community tariff quotas for certain textile products falling within headings Nos 55.05 and 55.09 (cotton yarn and fabrics) and subheading ex 58.01 A (carpets), certain petroleum products falling within Chapter 27 of the Common Customs Tariff as well as for nuts - quotas which were provided for by the Supplementary Protocol. Further, in accordance with the assurances given previously to Turkey, the Council adopted the necessary measures in the agricultural field to bring Turkey into line with the system of generalized preferences for such products as benefited on importation into the Community from more favourable concessions under that system.

239. In the course of 1975, the EEC-Turkey Joint Parliamentary Committee held two meetings, the nineteenth from 21 to 24 April at Copenhagen and the twentieth on 18 and 19 September at Ankara. The Council of the Community was represented at each of those meetings

by its President-in-Office, who gave an account of the Council's work in connection with the EEC-Turkey Association and its prospects for the future.

(iii) Morocco/Tunisia

Extension of the system of trade provided for in the Rabat and Tunis Agreements

240. The Agreements extending the Rabat and Tunis Agreements which had been negotiated with Morocco and Tunisia in July 1974 ¹ in order to keep in force – after the expiry of the Agreements of 1969 on 31 August 1974 – the system of trade provided for in those Agreements until the entry into force of new agreements on broader basis ² and up to 31 August 1975 at the latest, were signed in Brussels on 14 February 1975.

The agreement on extension concerning Tunisia only entered into effect on 1 July 1975. The agreement on extension with Morocco could not be duly brought into effect before 31 August 1975. It was thus – except for the months of July and August 1975, during which the extension agreement with Tunisia was applied – on the basis of the autonomous measure which had been adopted by the Council in July 1974 ³ – parallel with the decision to conclude extension agreements with Morocco and Tunisia – that the extension of the trade system provided for in the Rabat and Tunis agreements was applied up to 31 August 1975.

Owing to the fact that at the end of each period of extension negotiations with Morocco and Tunisia with a view to concluding new agreements on a broader basis within the framework of the Community's overall Mediterranean approach was still going on, the Council adopted, on 6 August ⁴ and on 30 December ⁵ 1975 Regulations extending the existing system for further periods, that is to say until 31 December 1975 and until 30 June 1976.

¹ For the content of those Agreements on extension, see 22nd Review, paragraph 199.

² The state of the negotiations concerning those new agreements is described in paragraph 215 of the present Review.

³ See 22nd Review, paragraph 199, footnote 1.

⁴ OJ No L 215 of 13.8.1975.

⁵ OJ No L 337 of 31.12.1975.

Management measures adopted in 1975

241. The EEC-Tunisia Associations Council met once during the period under review (on 8 July 1975), in order to consider the difficulties encountered by Tunisia in the olive oil sector following the measures adopted by the Council of the Communities on 23 June 1975 in respect of that product. ¹

The Association Council instructed an 'olive oil expert group' to examine the position on the technical level and report to the Association Committee. ²

242. Further, the measures mentioned below were adopted by the Council in 1975.

The national arrangements still in force for certain fishery products, in particular preserved tunny and sardines, were again extended ³ for a year until the end of 1975. On 30 December 1975, in order to avoid any break in continuity pending the definitive system to be applied to trade in the products in question under future agreements on a broader basis, the Council, on a proposal from the Commission, adopted Regulations intended to extend the existing national arrangements until the entry into force of the new agreements and not later than 31 December 1976. ⁴

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 – until the entry into force of those new agreements and not later than 31 August 1976 – by its Regulation of 5 November 1975, ⁵ its regulations establishing a transitional system autonomously in respect of those wines (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.

¹ See paragraph 427 of this Review.

² The Association Committee met in this connection on 21 July 1975. Subsequently, there were continuous contacts on this matter with the Tunisian delegation, which were attached particular importance to it in connection with the continuance of the negotiations between the EEC and Tunisia with a view to the conclusion of a new agreement on a broader basis.

³ See 22nd Review, paragraph 200.

⁴ OJ No L 337 of 31.12.1975.

⁵ OJ No L 290 of 8.10.1975.

(iv) Malta

243. As regards Malta, the negotiation of a Supplementary Protocol, which had been on 25 September 1974, remained subject on the Maltese side to the negotiation of the extension of the existing Association Agreement to the fields of cooperation and agriculture. ¹

Within the framework of the existing Agreement, the Council, being anxious to grant Malta treatment not less favourable than that enjoyed by countries eligible for the Generalized System of Preferences, adopted on 21 April 1975 a Regulation ² increasing by 5% the volume of the Community tariff quotas opened for 1975 for certain textile products falling within headings Nos 55.05, 56.04, 60.05 and 61.01 of the Common Customs Tariff, originating in Malta. ³

The Council further, as in previous years, adopted (on 24 November 1975) four Regulations opening, allocating and providing for the administration in 1976 of Community tariff quotas for certain textile products falling within the abovementioned headings originating in Malta, and a further Regulation totally suspending for 1976 customs duties on certain industrial products originating in Malta. ⁴ On 3 December 1975 it adopted another Regulation, totally or partially suspending customs duties on certain agricultural products originating in Malta. ⁵

(v) Cyprus

244. The EEC-Cyprus Association Council met at the ministerial level on 24 June 1975 in Luxembourg. The agenda of the meeting included, by agreement with the Cypriot delegation, the list of items which had been placed on the provisional agenda of the Association Council meeting which was to have been held on 22 July 1974 in Brussels, and which could not take place owing to the events which had in the meantime occurred in Cyprus. ⁶ The delegation of the Republic of Cyprus on this occasion stated its views in the light of the existing economic situation of Cyprus – in the context of the Association Agreement and its future development, and emphasized that it was

¹ See 22nd Review, paragraph 188, and this Review, in paragraph 220.

² OJ No L 104 of 24.4.1975.

³ See 22nd Review, paragraph 202.

⁴ OJ No L 317 of 8.12.1975.

⁵ OJ No L 318 of 9.12.1975.

⁶ See 22nd Review, paragraph 203.

urgent to find adequate solutions for those problems. The Community delegation took note of the point of view expressed by the Cypriot delegation, and agreed that the work in connection with the matters under discussion should proceed in the spirit and in accordance with the letter of the Agreement.

245. Further, as regards the application of the provisions of the Association Agreement and of the Supplementary Protocol by reason of the enlargement, the Council on 24 November 1975 adopted a number of Regulations. ¹

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

Finally, it should be noted that because the transitional system ² being applied to imports of 'Cyprus Sherry' under the exchange of letters annexed to the EEC-Cyprus Supplementary Protocol by reason of the enlargement was due to expire on 31 December 1975, the Commission at the end of 1975 forwarded proposals to the Council for the establishment of a new system applicable to that product after 31 December 1975. However, in view of the time it would still take to bring the new system into force, the Council decided on 30 December 1975 to extend until 30 June 1976 the transitional system in force during 1975. ³

(b) *The other Mediterranean Agreements*

(i) Spain

246. Under the 1970 Agreement between the Community of Six and Spain, the Community as originally constituted made – under the special provisions of Article 5 of Annex I to that Agreement – a third tariff reduction of 10% as from 1 January 1975 on imports of a number

¹ OJ No L 317 of 8.12.1975.

² For the details of that system, see 22nd Review, paragraph 204.

³ OJ No L 337 of 31.12.1975.

of industrial products originating in Spain, namely certain salts, certain textile products, certain shoes and certain tiles and paving stones (the rate of reduction for those products being thus changed from 20% to 30%).¹

Spain – under Article 1 of Annex II to that Agreement – made a fourth tariff reduction as from 1 January 1975 for its imports of products originating in the Community as originally composed and mentioned in lists A, B and C of Annex II: the rate of reduction was changed from 30% to 40% for the products in list A and from 10% to 15% for those in lists B and C.

The Council adopted, on 24 November and 30 December 1975, Regulations opening, allocating and providing for the administration in 1976 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;² dried figs falling within the subheading ex 08.03 B of the CCT and dried grapes falling within subheading 08.04 B I of the CCT originating in Spain.³

(ii) Arab Republic of Egypt

247. On 24 November 1975, the Council adopted two Regulations opening, allocating and providing for the administration in 1976 of the Community tariff quotas laid down in the 1972 Agreement for certain refined petroleum products originating in the ARE and for other woven fabrics of cotton falling within heading No 55.09 of the CCT, originating in the ARE.²

(iii) Lebanon

248. The Preferential Trade Agreement between the EEC and Lebanon, signed on 18 December 1972, and the Supplementary Protocol to that Agreement, necessitated by the enlargement of the Community and signed on 6 November 1973, have not yet entered into force, since the Lebanese authorities have so far not informed the

¹ For the other industrial products covered by the Agreement, the tariff reduction by the Community has reached 60% since 1 January 1973.

² OJ No L 317 of 8.12.1975.

³ OJ No L 337 of 31.12.1975.

Community that their internal procedures necessary for those Acts to enter into force have been completed.

3. NEW AGREEMENTS

(a) *Israel*

249. Within the framework of the overall Mediterranean approach, the 1970 Preferential Trade Agreement between the Community (as originally constituted) and Israel, which was due to expire on 1 October 1975, has been replaced by the New Agreement, signed on 11 May 1975 in Brussels, between the European Economic Community and Israel. ¹ That new Agreement, based on Article 113 of the Treaty of Rome, entered into force on 1 July 1975.

In addition to that EEC Agreement, an Agreement was signed between the Member States of the ECSC and Israel which, for the first time, will govern relations between the Member States and Israel with regard to products coming under the ECSC. ² The Commercial content of this Agreement is identical to that adopted for industrial products coming under the EEC. The Agreement, being subject to national ratification procedures, will be put into effect once those procedures have been completed. Pending its entry into force, the representatives of the governments of the Member States of the European Coal and Steel Community, meeting within the Council, adopted, on 26 June 1975, a Decision opening, as from 1 July 1975 and autonomously, tariff preferences for products covered by that Community and originating in Israel. ²

250. The new EEC agreement, which is of unlimited duration but may be denounced at 12 months notice, has a two-fold aim: development of the economic relations established by the Preferential Trade Agreement concluded in 1970 between the Community as originally constituted and Israel by extending those relations to the enlarged Community, and the establishment of cooperation as a factor complementary to trade on a mutually advantageous basis.

The new EEC-Israel agreement gives tangible form to the objectives which the Council set itself with regard to Israel when

¹ OJ No L 136 of 28.5.1975. See paragraph 216 of this Review.

² OJ No L 165 of 28.6.1975.

undertaking its overall and balanced approach to relations with the countries of the Mediterranean basin. Those objectives are based on the following key ideas: allowance for the consequences of enlargement of the Community, free trade in industrial products, substantial agricultural provisions, forms of cooperation adapted to the needs of each country, and the wish to leave the way open for a subsequent extension of relations between the Community and the co-contracting country.

The content of the new Agreement between the EEC and Israel can be briefly summarized as follows. ¹

251. In the field of trade, the Community will grant Israel, progressively by stages up to 1 July 1977, duty-free entry for Israeli industrial exports, including products coming under the ECSC.

It did, however, arrange to make a number of industrial products originating in Israel which were considered as sensitive in the Community – particularly textile products – subject to ceilings or strict surveillance which will terminate on 31.12.1979.

In application of those arrangements, the Council adopted, on 26 June 1975, a Regulation establishing Community supervision of imports of certain products originating in Israel for the period from 1 July 1975 to 31 December 1975. ²

In the agricultural sector, substantial concessions have been granted in respect of the major products exported by Israel. 85% of Israeli exports of agricultural products to the Community are covered by Community concessions, and more than 70% of the products included in the Community offer will, under the new Agreement, be subject to a tariff reduction of not less than 50%.

As in the industrial sector, certain precautions have been taken by the Community in order to prevent these concessions from leading to disruption of the Community's internal market.

The machinery established for the purpose naturally includes arrangements to ensure that agricultural imports from Israel comply

¹ A detailed analysis of the Agreement will be found in the Joint Press Release issued on the occasion of the signing in Brussels, on 11 May 1975, of the Agreements with Israel.

² OJ No L 165 of 28.6.1975.

with the Community's agricultural regulations, and the setting-up of special machinery in respect of certain products.

That is why the application of the tariff reductions provided for in the Agreement for certain processed agricultural products based on fruit and vegetables originating in Israel (it was a matter of the following products: pulps and purée of citrus fruits, citrus fruit juice concentrates, orange and tomato juice, peeled tomatoes and tomato concentrates) had, on the date of entry into force of the Agreement on 1 July 1975, to be suspended until the adoption by the Council of a regulation which was being drawn up. After it had been adopted by the Council on 25 July 1975, the tariff reductions provided for in the Agreement for the abovementioned Israeli products were applied (subject, as regards tomato concentrates, to the provisions of the Agreement) as from 1 September 1975, pursuant to a Regulation adopted by the Council on 11 August 1975. ¹

In implementation of the Agreement, the Council further adopted, on 26 June 1975, a Regulation on imports of fresh lemons originating in Israel, and a Regulation on the opening, allocation and administration of a Community tariff quota for apricot pulp falling within subheading ex 20.06 B II (c) 1 (aa) of the Common Customs Tariff, originating in Israel, for the period from 1 July 1975 to 31 December 1975. ²

Lastly, in accordance with the Agreement, the Council adopted, on 11 August 1975, two Regulations, each concluding an agreement in the form of an exchange of letters between the Community and Israel and concerning the importation into the Community, during the period from 1 October 1975 to 31 December 1975, of fruit salads and tomato concentrates originating in Israel. ³ Those Agreements were signed on 16 October 1975.

252. As regards imports into Israel, the plan for setting up a free-trade area in the industrial sector had to take into account the difficulties with which that country was confronted.

As a result, Israel's tariff dismantlement rate will be slower, and over a certain period of time there will be protection for Israel's young industries.

¹ OJ No L 215 of 13.8.1975.

² OJ No L 165 of 28.6.1975.

³ OJ No L 272 of 23.10.1975.

First of all, as regards the elimination of customs duties by Israel, two timetables were laid down for tariff dismantlement. For a list of products covering 60% of its imports from the Community, Israel will grant tariff-free entry, achieved by stages, on 1 January 1980. For other products, total tariff dismantlement will in principle be achieved by 1 January 1985, (in six stages, the first reduction taking place on 1 July 1977). That timetable may however, have to be modified by common consent, which might mean putting off final tariff dismantlement for those products until 1 January 1989.

As regards the protection of Israel's new industries, the solution adopted affords Israel the option of increasing customs duties up to 20% in order to encourage the development of new industries in Israel, within an upper limit set at 10% of the value of its industrial imports. That option will be available to Israel until 31 December 1979, after consultation of the managing body under the Agreement, and until 31 December 1983 with the assent of that managing body. The abolition of the duties introduced in this way would be completed by 1 January 1989 at the latest.

In the agricultural sector, Israel makes reciprocal concessions for a restricted list of products, in respect of which the reduction will range from 15% to 25%.

253. The Agreement between the Community and Israel also covers cooperation, a new feature which was absent from the 1970 Agreement between the Community as originally constituted and Israel.

This cooperation has been provided for as being complementary to trade since it takes the form of an 'Article 113' Agreement.

It will cover fields which are of interest to both parties.

254. In addition, the Agreement between the Community and Israel presents certain dynamic aspects, as it provides for possible improvements by either party, following reviews to take place at the beginning of 1978 and of 1983, and contains a 'future adjustments' clause identical to the one which is in all the Agreements with the EFTA countries (except that with Finland).

255. Furthermore, the Agreement, like the ECSC Agreement – contains certain provisions essential to its correct functioning (relating

to competition, dumping, and non-discrimination) together with safeguard clauses.

In that connection the Council adopted, on 26 June 1975, an implementing Regulation on the safeguard measures provided for in the Agreement between the Community and Israel. ¹

As regards rules of origin, the rules contained in the 1970 Agreement have been renewed, with certain adjustments in order to harmonize them with the rules applicable in relations between the Community and the EFTA countries.

The administration of the Agreement has been entrusted to a Joint Committee composed of representatives of the Community and representatives of Israel, whose role will be to ensure that the Agreement functions correctly.

256. In implementation of the EEC Agreement for 1976, the Council adopted, on 24 November 1975, a Regulation establishing ceilings and Community supervision of imports of certain products originating in Israel, and a Regulation opening, allocating and providing for the administration of a Community tariff quota for apricot pulp, falling within subheading ex 20.06 B II (c) (1) (aa) of the CCT, originating in Israel. ²

The Council also adopted on 30 December 1975 by written procedure, on the one hand a Regulation concluding an Agreement in the form of an exchange of letters between the Community and Israel concerning the importation into the Community in 1976 of fruit salads originating in Israel, and, on the other, a Decision authorizing the Commission to open negotiations with Israel for the conclusion of an agreement in the form of an exchange of letters concerning importation into the Community in 1976 of tomato concentrates originating in Israel.

It became apparent, as regards the tomato concentrates originating in Israel, that the negotiations could not be concluded before the end of the year. That being so, the Council on 31 December 1975 adopted, by written procedure, a Regulation concluding an Agreement in the form of an exchange of letters between the

¹ OJ No L 165 of 28.6.1975.

² OJ No L 317. OF 8.12.1975.

Community and Israel, which suspends the application of the tariff reduction on imports into the Community of tomato concentrates originating in Israel until the current negotiations have been completed.

That Agreement, together with that concerning fruit salads originating in Israel, will be signed at the beginning of January 1976.

(b) *Extension of the 1965 Agreement on Trade and Technical Cooperation between the EEC and the Member States, on the one hand, and Lebanon, on the other*

257. The above Agreement, which entered into force on 18 June 1968 and has been successively renewed each year since 1971, was again renewed for one year from 1 July 1975. It was extended by an Agreement in the form of an exchange of letters, signed on 13 October 1975.¹

(c) *Negotiation by the EEC and the Arab Republic of Egypt of outline agreements on the supplying of agricultural products originating in the Community*

258. The Commission submitted to the Council, in August 1975, a recommendation for a decision on the opening of negotiations with the Arab Republic of Egypt concerning an agreement on the supply of agricultural products.

The Council, following discussions both on the agricultural and on a general level, recognized at its meeting on 5 and 6 November 1975 the political advisability of negotiating and concluding outline agreements with the Arab Republic of Egypt on the supplying of agricultural products originating in the Community.

It adopted, on 24 November 1975, a Decision authorizing the Commission to open negotiations to that effect with the Arab Republic of Egypt.

The Commission forwarded to the Council, on 30 December, a communication concerning the result of those negotiations. That communication has still to be examined by the Council.

¹ OJ No L 278 of 29.10.1975.

4. RELATIONS WITH THE MEMBER COUNTRIES AND ASSOCIATES OF EFTA

259. During 1975, the Council's main concern, as regards relations between the Community and the member countries and associates of EFTA, was the organizing of urgent aid for Portugal and the internal preparation of directives for the opening of negotiations with that country, with a view to developing the relations established by the EEC-Portugal Agreement by extending them to fields not covered by the latter.

As regards the other member countries and associates of EFTA, it was mainly a matter of the normal administration of the Agreements, although certain special problems arose during the period under review.

(a) *Portugal*

Extension of the relations established by the Agreements of 1972

260. Following the political evolution of Portugal, the Portuguese authorities sought a closer relationship between the Community and their country. The Council had in November 1974 already formulated a basic policy which favoured opening negotiations with Portugal at the right time and in an appropriate context.

Following a decision taken by the Council on 26 May 1975, the Joint Committee provided for in the EEC-Portugal Agreement recommended that the contracting parties should start appropriate negotiations as soon as possible with a view to developing the cooperation established by the Agreements signed in 1972.

The Commission therefore submitted to the Council, in June 1975, a comprehensive memorandum concerning the opening of negotiations with Portugal, envisaging, on the one hand, an improvement in trade relations, and, on the other, the initiation of cooperation covering the economic, financial and social spheres. It further proposed urgent exceptional aid measures in the form of loans for financing sound investment projects in Portugal up to a 'significant' amount.

261. Following the Council meeting of 6 October, during which the Community position was prepared, a meeting took place in Luxembourg, with Mr Rumor in the chair, on 7 October 1975, between the Council and the representatives of the Member States meeting in

the Council, on the one hand, and Mr Ernesto Melo Antunes, Minister for Foreign Affairs, accompanied by Mr Jorge Campinos, Minister for External Trade, representing the Government of Portugal, on the other.

In reply to the Portuguese ministerial statement, Mr Rumor declared that in order to cope with Portugal's difficulties and to cooperate speedily and effectively with the Portuguese authorities' efforts to restore a favourable climate for public and private investment, the Community was prepared to take in favour of Portugal certain steps representing the opening of a dialogue which was intended to be completed by other measures as and when it proved possible to give them practical shape in the competent quarters.

262. As an exceptional measure of urgent aid, the Community agreed to ask the European Investment Bank immediately to place – pending the entry into force of a normal financial protocol, which would follow – at Portugal's disposal credits up to an amount of 150 million u.a. in the form of loans for investment projects in Portugal. These loans – which would be administered by the European Investment Bank in accordance with the normal rules for that type of loan – would include aid towards the payment of interest amounting to 3%. The total thus comes to some 180 million u.a., 150 million u.a. being for the loans and 30 million u.a. for the aid towards the payment of interest.

In order to give the action they are already taking on the bilateral level the maximum impact, the Member States meeting in the Council further stated that they were prepared to coordinate the bilateral aid they were granting to Portugal.

As regards the machinery for the preparation of the projects to be submitted to the European Investment Bank, the Community stated that it was prepared to contribute to the greatest extent possible. In order to ensure the necessary coordination, the Community said it was willing to set up with Portugal a Joint Committee on the basis of parity.¹

As regards the negotiations on the basis of the provisions of the Agreement signed in 1972, the Council agreed to give this matter the priority required in order that the negotiations might get started very quickly.

¹ That Joint Committee held its first meeting on 9 January 1976 in Brussels.

Thus in the main it is in the course of 1976 that the Community and Portugal will have to give practical effect to the political commitments undertaken in 1975.

(b) Administration of the EEC-EFTA and the ECSC-EFTA Agreements

263. In respect of all the free trade agreements concluded with the EFTA countries, as regards both the EEC and the ECSC, the third stage of application entered into effect on 1 January with a supplementary reduction of 20% of customs duties on either side; thus the customs duties are now reduced, on either side, as a general rule by 60%.

264. As regards the administration of the EEC-EFTA Agreements, the Joint Committees provided for by those Agreements met twice in 1975 to examine how they were operating. On each occasion, the Council adopted the joint position and thus enabled the Joint Committees to make decisions concerning Protocol No 3 of the Agreement.

Subsequently, the Council adopted Regulations on the implementation of those decisions of the Joint Committees, the most important of which amends Article 23 of the No 3 Protocols and prohibits, as from 1 January 1976, the drawback of customs duties in respect of non-originating products used in the manufacture of originating products.

265. As regards more particularly the agreements on ECSC products concluded with the various EFTA countries, it should be noted that the agreements concluded with Finland and Norway entered into force on 1 January 1975, and that the Joint Committees provided for in those agreements have met.

It should further be noted that the Commission, after having received the assent of the Council, decided that the provisions of Article 60 of the Treaty establishing the ECSC together with those contained in the Decisions adopted in implementation of that Article are applicable to the transactions of undertakings in the steel industry carried out on the territories of Norway and Finland.

(c) Special matters

(i) Norway

266. The Council concluded an agreement in the form of an exchange of letters with Norway on the subject of the establishment by the Norwegian Government of fishing zones prohibited to trawlers

during certain periods of the year. That exchange of letters was signed on 29 January 1975, and is intended to protect, during certain winter months, stationary fishing devices off the Norwegian coast and in the waters close to the Norwegian fishing limits.

(ii) Iceland

267. Under Article 2 of Protocol No 6 of the EEC-Iceland Agreement, concerning particular provisions applicable to the importation into the Community of certain fishery products, the Community reserved the right not to apply the Protocol should a satisfactory solution not be found for the economic difficulties resulting from the measures adopted by Iceland in fishery matters. The Council was not in a position in 1975 to apply the said Protocol, owing, in particular, to the fact that Iceland on 15 October 1975 established an exclusive fishing zone extending to 200 miles.

(iii) Sweden

268. The Swedish Government having decided in October 1975 to introduce an import quota system for leather shoes, shoes of plastic material and rubber boots, the Joint Committee provided for by the EEC-Sweden Agreement held an Extraordinary Meeting on 3 November 1975 to examine the measures adopted by the Swedish authorities which entered into force on 5 November 1975, but without finding a mutually satisfactory solution.

(iv) Austria

269. After having held a consultation in the Joint Committee in accordance with Articles 26 and 27 of the EEC-Austria Agreement, the Austrian Government introduced, as from 6 December 1975, minimum prices for imports of synthetic adhesives originating in the Community. The problem is being examined by the Community authorities concerned.

270. In order to facilitate international goods traffic, the Council concluded, on 11 June 1975 in Vienna, an Agreement with Austria on the simplification of formalities in the trade in goods between the Community, on the one hand, and Greece and Turkey, on the other, where such goods are reconsigned from Austria.

That Agreement will enter into force after notification of the completion of the necessary internal measures.

(v) Portugal

271. The Council adopted Regulations on the opening, allocation and administration of tariff quotas for certain wines originating in Portugal, as provided for in the EEC-Portugal Agreement.

272. Following the establishment of common rules on the importation of tomato preparations or preserves fixing a minimum price in respect of third countries, the Council adopted a Regulation which specifies that the tariff reduction of 30% previously granted to Portugal is maintained, subject to the continuing observance by that country of a system of voluntary restraint. To that effect, the Council on 17 November 1975 adopted a Regulation concluding an Agreement with Portugal in the form of an exchange of letters.

C – Relations with the countries of Africa, the Caribbean and the Pacific Ocean (the ACP States)

1. ACP-EEC CONVENTION OF LOMÉ

(a) The signing of the Convention

273. The signing of the ACP-EEC Convention on 28 February 1975 in Lomé (Togo) marks an important stage in the Community's external policy. The Convention constitutes a major aspect of the Community's policy of development aid and represents a response to the developing countries' request for a new world economic order.

It was the entry of the United Kingdom, together with Denmark and Ireland, into the Community which led the latter to broaden and bring up to date the system for which provision was made in Part IV of the Treaty of Rome, and which was subsequently completed by the two successive Yaoundé Conventions and the Arusha Agreement. The broadening lies in the fact that the 19 Associated States have been joined by the countries of Africa, the Caribbean and the Pacific Ocean which had special relations with the United Kingdom, and new economically and geographically close partners, amounting in all to forty-six States of which, under the Convention, the number could increase still further.

As regards bringing the system up to date, that is reflected in connection with trade cooperation, the stabilization of export earnings from commodities, industrial cooperation and financial and technical

cooperation, fields which, together with establishment and payments, institutions and the general and final provisions, form the subject of the various Titles of the new Convention. ¹

274. As regards trade, the ACP States already generally had direct and open access to the various markets of the Community, some of them because of the Association with the Community of the Six, and others under Commonwealth arrangements. The new fact is the opening to all the ACP States of a common market covering the Nine. That gesture which the Community, as a developed region of the world, felt it right to make to developing partners is of considerable economic importance, although without therefore constituting a serious threat to the economy of the Community, first of all because of the absorption capacity of the Community market, secondly because of the economic conditions governing the production and marketing of the products of the ACP States, and finally because of the existence of instruments enabling the Community to deal with any difficulties which may arise.

On entry into the Community, products originating in the ACP States are admitted free of customs duties and charges having equivalent effect, but the treatment applied to these products must not be more favourable than that applied by the Member States among themselves (Article 2). The position is the same as regards quantitative restrictions (Article 3). Procedures for mutual consultation and information between the EEC and the ACP-States are provided for in cases where the commercial interests of one of more parties are affected by new measures or safeguards (Articles 10 and 11). The main lines of the system which the Community will apply to imports of products coming under the common agricultural policy are laid down in the Convention, and the system is clarified by a Declaration by the Community which appears in the record of the signing of the Convention: it is always more favourable than the general system applicable to third countries. There are two Protocols on exports of bananas and rum originating in the ACP States. Another Protocol gives a detailed definition of the concept of 'originating products'. In addition, provision is made for trade promotion campaigns.

As regards imports into the ACP States, taking into account their existing development needs, the Community has agreed to leave such States free to apply their own tariff or quota measures, but under

¹ OJ No L 25 of 30.1.1975.

two conditions: an ACP State must not in any way exercise discrimination as between the Member States, and it must grant a system at least as favourable as most-favoured-nation treatment. Subject to those reservations, the Community thus refrained from requesting the insertion of the principle of reciprocity.

275. The machinery designed to contribute to the stabilization of export earnings has often been referred to, even before being brought into use, as a model in discussions on a worldwide basis between developed countries and developing countries. In Protocol No 22 to the Act of Accession, the Community states that it 'will have as its firm purpose the safeguarding of the interests of all the (ACP) countries whose economies depend to a considerable extent on the export of primary products, and particularly of sugar'. As regards the latter product, Article 25 of the Convention contains a reciprocal undertaking to supply and purchase agreed quantities of sugar at guaranteed prices. Protocol No 3 specifies the detailed rules on the fulfilment of the undertaking, which applies in respect of 13 ACP States, on the one hand, and the whole Community, on the other.

The system of stabilization applies to a certain number of other products on which the economies of the ACP States are dependent and which are affected by fluctuations in price and/or quantity (Article 16 of the Convention). There are 29 of those basic products, but other products may be included in the list if the partners in the Convention of Lomé agree (Article 7). The system will apply as from a certain 'threshold of dependence'. If, in one calendar year, the actual earnings from exports to the Community (general case) or to all countries (particular case) of each of the products taken individually are below the reference level by a certain percentage (application threshold), the ACP State is entitled to request a financial transfer. The difference between the actual earnings and a reference level constitutes the basis of the transfer, in the light of the volume of resources available. The Convention lays down detailed rules for the financial transfers. It establishes special lower thresholds for the least developed, land-locked or island ACP States. Further, the least advanced ACP States are exempted from the obligation to reconstitute the resources of the system, in derogation of the principle whereby the transfers should be refunded in the years in which the export earnings of the country concerned are favourable.

276. The Title of the Convention of Lomé concerning industrial cooperation deals with the measures necessary to facilitate the industrial development of the ACP States, the endeavour to bring

about a better distribution of industry both within those States and between them, the promotion of new industrial relations between the partners in the Convention, improved transfer of technology, the marketing of industrial products of the ACP States, etc.

Those objectives are to be attained in particular by the two bodies responsible for applying that policy: on the one hand, a Committee on Industrial Cooperation within the framework of the institutions created by the Convention, and, on the other hand, a Centre for Industrial Development responsible in particular for gathering information, studying possibilities for industrial development and organizing contacts.

For their part, the ACP States have undertaken to promote effective cooperation with the Community, with the Member States and with the firms or nationals of Member States who comply with the development programmes and priorities of the host ACP State.

277. The financial and technical cooperation provided for in the Convention of Lomé may be considered to be one of its main elements. For the purposes of that cooperation, the Convention lays down that the maximum amount of aid to the ACP States shall be 3390 million u.a. That amount comprises 3000 million u.a. contributed by the Member States, and 390 million u.a. provided by the European Investment Bank from its own resources.

By a Decision, of 21 April 1975, the Council defined the composition of that unit of account in currencies of the Member States. In accordance with that Decision, the unit of account applicable in connection with the Convention of Lomé is determined by the sum of certain amounts in the currencies of the Member States ('Community basket'). That Council Decision is the first practical application of a European unit of account constitutes solely by the currencies of the Member States.

The Convention states specifically that the purpose of economic, financial and technical cooperation is to correct the structural imbalances in the various sectors of the ACP States' economies. The projects and programmes financed by Community aid must contribute to the economic and social development of those countries. With that in view, a very wide range of forms of action has been decided on. Among the objectives chosen for financial aid, one may mention the help given to strengthening regional and interregional cooperation and the specific measures on behalf of the countries in greatest need.

Close collaboration between the ACP States and the Community is planned in the implementation of the actions financed by the latter, both as regards programming and the management of the financial aid. Thus, thanks to an appreciable improvement in the techniques of development aid, that sector of Community aid to the ACP States would appear to be rich in promise.

278. The implementation of the undertakings assumed by the Parties in connection with the Convention of Lomé is to be administered by the joint institutions. They comprise a Council of Ministers, at the political level, a Committee of Ambassadors which is the body responsible for preparation at the diplomatic level, and a Consultative Assembly, which is of a parliamentary character. In addition, a procedure for the settlement of differences has been provided.

The Convention further entrusts to the Council of Ministers the task of ensuring the maintenance of effective cooperation between the economic and social sectors of Member States and of the ACP States.

Among the general and final provisions, note should be taken of those concerning requests for accession to the Convention submitted by a country or territory currently dependent which becomes independent, or by a State of which the economic structure is comparable with that of the ACP States. The decision on accession, which would be reached by the conclusion of an agreement with the Community, requires the approval of the ACP-EEC Council of Ministers.

Finally, it is provided that the Convention will enter into force after its ratification by all the Member States and conclusion by the Council of the Communities, as well as by two-thirds of the ACP States.¹

(b) *The interim system*

(i) The exchange of letters of 28 February 1975

279. By an exchange of letters between the President of the Council of the European Communities and the President of the Council of Ministers of the African, Caribbean and Pacific States, which took place on 28 February 1975 on the occasion of the signing of the ACP-EEC

¹ See paragraph 284 of this Review.

Convention at Lomé, the signatories to the Convention agreed on the one hand, to set up an 'Interim Committee', responsible for preparing, by 1 March 1975, certain texts and also the implementation of certain provisions with a view to the entry into force of the Convention, and on the other hand, to apply autonomously, as from 1 July 1975, certain provisions of the Convention in a restrictive list which are mainly concerned with trade.

It is further provided that any problems which may arise in connection with the autonomous application of the said provisions may be discussed within the Interim Committee.

(ii) Transitional measures

280. Pending the entry into force of the transitional measures, there is a first phase, which started on 31 January 1975 – the expiry date of the Yaoundé Convention with the Associated African States, Madagascar and Mauritius and the Arasha Agreement with the States of Eastern Africa – in which the *status quo* is maintained in relations with the AASM, The States of Eastern Africa, the Overseas Countries and Territories and the independent countries of the Commonwealth concerned with Protocol No 22 of the Acts of Accession.

Both the Council and the EEC-AASM and EEC-Eastern Africa Association Councils have taken the appropriate steps to that effect.

(iii) The interim system

281. Pursuant to the exchange of letters of 28 February 1975, the provisions of the Convention of Lomé relating to trade in goods received advance implementation on 1 July 1975.

For that purpose, the Council on 24 June 1975 adopted regulations relating to that advance implementation, one of which concerns the general system, and the other the system governing agricultural products and certain goods resulting from the processing of agricultural products, and yet another concerning rum originating in the ACP States.

In that context, the Council laid down the system applicable to imports of beef and veal originating in the ACP States. As certain provisions concerning those products were due to expire on 31 December 1975, the Council adopted in December a Regulation extending those measures on a temporary and exceptional basis.

Similarly, as had been stated to the ACP States at the time of the signing of the Convention of Lomé, the Council decided to grant, as from 1 January 1976, duty-free entry of foliage and cut flowers originating in the ACP States, the common importation system for those products being applied as from that date.

282. Further, in the field of financial and technical cooperation, the Council on 30 July 1975 adopted interim measures to permit of the advanced application of the provisions of the Convention of Lomé in that important sector as soon as possible, it being understood that no actual financial undertaking could in any case come into effect before the entry into force of the Convention itself.

(iv) The Interim Committee and its Sub-Committee

283. During this period, the ACP-EEC Interim Committee and the Sub-Committees set up by it in the fields of trade cooperation, customs cooperation, industrial cooperation, sugar stabilization of export earnings and financial and technical cooperation, as well as the Permanent Joint Working Group on bananas (Protocol No 6 of the Convention) all held regular meetings.

Their work made it possible to ensure under the best possible conditions, on the one hand the application and satisfactory operation of the provisions brought into force in anticipation on 1 July 1975, and, on the other, the preparation of the full entry into force of the Convention of Lomé once the ratification procedures were concluded.

(c) *Position concerning ratification procedures*

284. On 31 December 1975, 36 ACP States, that is to say more than the two-thirds required for the entry into force of the Convention as far as those States are concerned, had deposited their instruments of ratification with the General Secretariat of the Council. On the Community side, instruments of ratification had been deposited by Denmark, the Netherlands, Belgium, the Federal Republic of Germany, France, Luxembourg and the United Kingdom. ¹

¹ As requested by the European Parliament, the Council Secretariat had prepared an Explanatory Memorandum for the Member States.

2. THE INTERNAL AGREEMENTS LINKED WITH THE CONVENTION OF LOMÉ

285. The above Agreements, which were prepared in the Council and signed on 11 July 1975 in Brussels by the representatives of the governments of the Member States, are two in number.

286. The Internal Agreement on the measures and procedures required for implementation of the ACP-EEC Convention of Lomé governs cases which involve the competence or interests of the Member States; it is agreed that – as stated in the Preamble – in the fields for which the Community is competent the provisions of the Treaty of Rome will be applicable.

The Agreement specifies, in particular, the way in which the common position will be adopted when the Community is called on to adopt a position in the Council of ACP-EEC Ministers or in the Committee of Ambassadors. It also contains other procedural provisions. As regards the safeguard measures concerning trade and provided for in Article 10 of the Convention of Lomé, the provisions relating to their application by the Community or by the Member States, as the case may be, have been made the subject of a special regulation which is to be adopted in January 1976 by the Council.

287. The Internal Agreement on the financing and administration of Community aid ensures the implementation, at Community level, of the Convention of Lomé, and of the decision on the association of Overseas Countries and Territories of which the preparation is being completed in the Council.

In particular, the Agreement establishes the fourth European Development Fund, and lays down the procedure for providing it with funds and for contributions from the Member States. It states the rules governing action by the European Investment Bank. In addition, it determines the rules for the management of financial and technical cooperation, decided the procedure for programming, examining and approving aid, and states the financial provisions for the system of export earnings stabilization. Finally, it defines the detailed rules for supervising the use of the aid.

The two Internal Agreements are to enter into force, after approval by the Member States, on the same date as the Convention of Lomé.

3. RELATIONS WITH THE OVERSEAS COUNTRIES AND TERRITORIES

288. Pending new provisions to be adopted in accordance with the Treaty of Rome and the Treaty of Accession, the Council has extended, in the initial stage, till the adoption of the new text, the provisions applicable up to 31 January 1975 concerning, on the one hand, the association with the Community, as originally constituted, of the overseas countries and territories dependent on the six Member States (Decision of 29 September 1970) and, on the other hand, the special system of relations between the United Kingdom and the overseas countries which are its dependencies.

The Council subsequently drew up, adopted and put into effect, from 1 August 1975, and in principle up to the entry into force of a definitive association decision, a Regulation on the interim system of trade with the whole group of those countries and territories associated with the Community. Finally, the Council commended examination of the Commission's proposals concerning the definitive system of Association of the OCT with the Community. The adoption is to be expected shortly of a decision due to come into effect on the same date as the Conversion of Lomé and which, like the latter, will include provisions concerning trade, earnings from exports (including sugar) and financial and technical cooperation. Further, a decision of the representatives of the governments of the Member States of the ECSC will cover the base of the systems governing the importation of products which are that Community's concern. This whole group of provisions is to be finally approved by the Council at the beginning of 1976.

D – Cooperation with the developing countries

1. OVERALL DEVELOPMENT COOPERATION POLICY ON A WORLD SCALE

289. In 1975 the Council examined a number of communications from the Commission to the Council in connection with the work done since the Conference of the Heads of State or Government held in Paris in October 1972, with a view to the progressive implementation by the Community and the Member States of an overall development cooperation policy.

290. At its meeting on 22 January 1975, the Council thoroughly discussed a memorandum from the Commission on 'Development aid – Outline of Community actions for tomorrow'. The Outline contained

a number of reflections and guidelines for the future, relating to Community development aid policy, both within the framework of the Associations and the preferential cooperation Agreements, and on a world-wide basis. The Outline also brought out the diversity of underdevelopment situations, resulting in particular from the rise in the price of oil, fertilizer and primary food products.

After a general debate, the Council took note of the fact that the Commission would later submit specific proposals for a programme of Community actions.

(a) Seventh special session of the United Nations General Assembly (New York, 1 to 16 September 1975)

291. Following the guidelines established by the European Council (10 and 11 March, 16 and 17 July 1975), the Council on 22 July 1975 formulated a common position of a general character with regard to raw materials and development cooperation. That action by the Council represented an essential stage in the achievement of the overall cooperation policy. The general concept thus adopted served in particular for the preparation of the seventh special session of the UN, and also for other international meetings called to deal with relations between the industrialized countries and the developing countries.

The Community position was set forth at the seventh special session of the UN in the statement made on behalf of the Community by Mr Rumor, President of the Council. Starting with the three key ideas on which the Community's position basically relies – interdependence of economies, collective co-responsibility, and the spirit of dialogue and concertation – President Rumor emphasized the Community's preparedness to consider a whole coherent group of actions concerning the various aspects of the problems connected with raw materials and development cooperation. Subsequently, Mr Rumor's statement was completed by a document submitted by the Community and entitled 'statement of the position of the EEC and of its Member States', dealing with international trade including raw materials, the transfer of real resources in favour of the developing countries, industrial cooperation, science and techniques, and food and agriculture.

That statement, together with the texts presented respectively by the Group of 77 and the United States, constituted the basis for the negotiations. A large number of the policy suggestions outlined in the Community document are to be found again in the Resolution adopted

by consensus at the conclusion of the debates. By its cohesion, its unity and its constructive approach, the Community played a decisive political role in the drawing up of that Resolution, while at the same time giving a real impetus to the work. The United Nations Resolution is mainly aimed at launching a number of specific actions requested by the developing countries, which it refers for examination or decision to the existing authorities and agencies of the United Nations 'family' (UNCTAD, IMF, IBRD, UNIDO, etc.). The fact remains that it was within the framework of the Paris Conference that the New York recommendations were first to be given concrete form. Thus the spirit of conciliation and cooperation which developed at the UN in September extended in mid-December 1975 to the Paris Conference. The Community was not without its share in the achievement of that largely positive result.

292. The Commission on 5 March 1975 put forward specific proposals in the light of the Resolution of 30 July 1974 in which the Council had confirmed the principle of financial and technical aid from the Community to the non-associated developing countries.

On 13 October 1975, the Council held a thorough discussion on the various aspects of financial and technical aid to the non-associated developing countries. It took the view that at that stage, pending a better overall assessment of the requests put forward by the developing countries following the seventh special session of the United Nations General Assembly, it was advisable to adopt a pragmatic attitude and to concentrate on financial and technical aid projects which could be approved for 1976. The aid to the non-associated developing countries was to be considered within a general framework including all the different forms of Community aid, both those already existing and those being planned.

It was bearing this in mind that the Council adopted the Commission's proposal concerning aid for the promotion of trade between the Community and developing countries for 1976.

(b) *Harmonization and coordination of cooperation policies within the Community.*

293. The Council on 13 October 1975 also examined the communication from the Commission on 'the harmonization and coordination of development cooperation policies within the Community'. The purpose of that document is to render cooperation policies (both national and Community) more coherent in order to

increase their overall effectiveness in terms of their contribution to development.

The Council found that significant progress had been achieved during 1975 in concerting the approaches of the Member States. It was nevertheless of the opinion that further thought should be devoted to the matter. It was agreed that the question would be reviewed again later.

(c) The Conference of Paris (mid-December 1975) ¹

294. The Community played the initiating and progressive role expected of it after the positive and conciliatory action it had so opportunely taken at the 7th extraordinary session of the United Nations in mid-September 1975. It is doubtless just as well to recall that if the Conference of Paris was able to keep to the timetable initially laid down, it owed it to the initiative and drive shown by the Community.

The Community position was decided, on 9 December 1975, by the Council of Ministers for Foreign Affairs, on the basis of the results achieved at, and the general guidelines emerging from, the European Council in Rome.

The Community was represented in the Dialogue by a single delegation which spoke with one voice, through the President of the Council and the Commission – its usual spokesmen – who were joined on that occasion by the United Kingdom and the Grand Duchy of Luxembourg, who were thus able to give the Conference the benefit of their special experience in certain fields.

In outline the Community's general position can, as far as its main features are concerned, be stated as follows:

(i) The key ideas

295. The Community's position is based in the main on certain key ideas: interdependence of the economies of the industrialized countries and those of the developing countries; the co-responsibility of all for the management of the world economy; whence the need for a dialogue and a concertation together with a common assessment of

¹ See paragraph 119 of this Review.

the problems concerned; the search for suitable solutions should take place in a climate of confidence and in an open and cooperative spirit ¹ the Community will pay particular attention to the case of those developing countries whose needs are greatest.

(ii) The basis of approach

296. The progressive and realistic approach of the Community will be based on the common positions adopted at the seventh special session of the United Nations. It will be guided by the Final Resolution approved on that occasion. It will also take into account the work which has been started in certain international organizations.

(iii) The general objectives

297. The general objectives are to overcome the international economic crisis (that is to say to restore order to the world economy, of which energy is a key sector) and to promote progress towards a more equitable and balanced pattern of international economic relations including a strengthening of the position of the developing countries, in particular by increasing their capacity to ensure their own development (that is to say to create a new framework for relations between the industrialized world and the developing world).

(iv) Specific objectives and means of achieving them

Energy

298. A permanent and constructive discussion is indispensable in order to improve relations between producers and consumers, and in particular to facilitate sufficient and continuous supply, under conditions of stability, and at prices which are equitable both for the producers and the consumers.

Raw materials

299. An overall approach is necessary in order to provide more appropriate solutions than in the past for problems such as that of increasing outlets, the security of supplies, imbalance of the markets and instability of export earnings.

¹ See seventh special session of the UN.

Development

300. The problems of development require the putting into effect of a series of actions, combined in such a way as to correspond to the variety of situations and in particular to that of the countries most in need.

Finances

301. There should be discussion on the financial questions, including their monetary aspects, which will arise in the context of the Dialogue. During the discussions, the need must be borne in mind for an equitable sharing of the costs by all the parties with adequate resources.

302. Thanks to the initiatives it took, to its open and progressive general position, to its conciliatory spirit, to its cohesion and to the dynamic and moderating part it played among the Eight, the Community greatly contributed to the successful outcome of the Conference and to its positive results as described below.

The work of the Conference did in fact get off to a good start, with a structured basis of work aimed at establishing a rational organization of future activities. A common spirit of dialogue and concertation developed.

The Paris Conference was the continuation by 27 countries (19 developing and 8 industrialized) – on a worldwide representative basis – of the Dialogue started by the Ten at the preparatory meetings in the Autumn. The recommendations of the Final Declaration of 16 October 1975 (known as 'Kléber II') were confirmed and amplified.

The Paris Conference is without precedent: for the first time, the whole body of economic problems was examined on a worldwide basis. The industrialized countries and the developing countries showed a common determination to tackle the problems which arose in a progressive and open spirit, without any confrontation. On the political level the result is noteworthy.

The Conference took numerous decisions concerning procedure and organization. The framework, the structures and the calendar were thus established for future work, the main machinery for the latter being provided by the four committees which were set up (on energy, raw materials, development aid and financial problems in that

connection). Those problems will all be examined at the same time, on an equal footing and from the point of view of all the interests concerned.

The substance of the problems was also broached: in their general Declaration, the Ministers put forward suggestions as to how the problems which they had identified could be solved. They were unanimous in drawing attention to the difficult position of the developing countries in greatest need. Further, the statements made were, *inter alia*, such as to provide material for the work of the four committees.

One difficult point remains for the immediate future, concerning the terms of reference and general guidelines for the committees. Furthermore – and this is the major objective of the vast undertaking represented by the Paris Conference – it will be necessary to tackle the basic problems, identify them, and assess them in common with a view to a joint search for reasonable solutions.

2. COMMUNITY GENERALIZED PREFERENCES IN FAVOUR OF THE DEVELOPING COUNTRIES

303. The Community generalized preferences as a basic element in its policy of development cooperation with the third world. Since they were put into effect in 1971 – autonomously – the Community has made appreciable improvements in them each year.

In the Council Resolution of 3 March 1975, the Community laid down the guidelines which it intends to follow in the future development of the generalized preferences. That Resolution shows the Community's determination to improve its preferences continuously and progressively, its desire to take particular account of the interests of the developing countries in greatest need, and its conviction that a further period of application of the generalized preferences after 1980 (when the initial undertaking assumed within the framework of UNCTAD expires) will be necessary. It will be noted, too, that the Community was the first to assume such an undertaking.

304. Lastly, the Council adopted the Community's generalized preferences scheme for 1976 at its meeting on 17 November 1975. The improvements of the 1975 scheme can be summed up as follows.

(a) Processed agricultural products (Chapters 1 to 24 of the CCT)

305. The improvements in the general system of preferences in this sector are, firstly, an increase in the preferential margin in the form of a supplementary reduction across the board of 10% of the preferential duties on most of the processed agricultural products included in the scheme of 1 January 1975, and, secondly, the inclusion of 12 new products.

(b) Manufactured industrial products (Chapters 25 to 99 of the CCT)

306. As regards industrial products other than textile and ECSC products, the Council decisions will mean an increase of 15% in the level of most of the quotas and ceilings. As for textile products, the Council gave its assent to the Commission's proposals to increase by 5% for 1976 the quotas and ceilings in force in 1975 for textile products. The Council also approved the Commission's proposal for an increase limited to 5% in all the quotas and ceilings for ECSC and assimilated products.

It may be pointed out in conclusion that for manufactured industrial products other than textiles preferential import possibilities had risen from 2 350 million u.a. in 1975 to some 2 650 millions u.a. in 1976. As regards the quotas and ceilings made available for textile products, they show an increase of 5% and will rise to more than 75 000 tonnes.

307. Finally, it should be noted that the Council, at its meeting in 5 and 6 November 1975, adopted a declaration concerning relations with the ACP States, of which the substance can be summed up as follows: the Community is prepared to undertake at any time at the request of the ACP States a joint examination of any difficulty rising out of the application of the scheme of generalized preferences which affects the marketing of their products.

3. FOOD AID

308. The Council's activities in connection with food aid were concentrated on the implementation of previously agreed aid projects and on new programmes for 1975 and 1976.

309. As regards its normal executive work, with a view to rendering more flexible the procedures for decisions and the administration of

food aid, the Council, by its Decision of 14 April 1975, adopted a new procedure for the administration of normal aid. That new procedure applies to any aid action, both in connection with cereals and in connection with milk and milk products, sugar and any other product involved.

It should be noted in this connection that this simplified procedure, while safeguarding the inter-institutional balance provided for in the Treaty of Rome, is intended to relieve the Council of certain formalities resulting from the existing procedure, in particular the conclusion of supply agreements. The basic decisions, in fact, remain reserved for the Council, whereas the Commission is responsible for informing the beneficiaries of the Council's decisions concerning them and for concerting the administrative arrangements for implementation.

Further, by its Decision of 14 August 1975, the Council gave its assent to a new procedure for emergency actions. The main purpose of that procedure is to authorize the Commission to allocate, within certain limits and under particular conditions, certain quantities of food products to countries afflicted by sudden and unforeseeable natural disasters.

310. As regards the aid programmes for 1975 and 1976, it should be noted that the Community budget for expenditure relating to food aid was fixed for 1975 at a level of some 200 million u.a., and for 1976 at 206.6 million u.a.

(a) Aid in the form of cereals

311. On 3 March 1975, the Council laid down the 1974/75 action plan. That plan provides for the supply of an overall total of 1 287 000 tonnes, 50% being for Community actions and 50% for national actions.

Some 30 countries and various international organizations (WFAP, UNICEF, URNWA, UNHCR, ICRC) benefit from this aid.

In order to take certain circumstances into account, a preponderant share of the aid was allocated to Bangladesh and India. The latter country received aid amounting to 300 000 tonnes, of which 163 000 tonnes represented Community action and the remainder national projects. That supply of 300 000 tonnes, added to a commercial transaction involving 700 000 tonnes, made it possible to

ensure that India had a total of one million tonnes available. Other important beneficiaries included the countries of the Sahel, Gambia and Ethiopia.

As regards the action plan for 1975/76, the Council started the work of drawing up that plan, for which the total amount of aid is split between Community projects (55%) and national projects (45%).

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

312. For 1975, the Council adopted two programmes providing for the supply, on the one hand, of 55 000 tonnes of skimmed-milk powder, and, on the other, of 45 000 tonnes of butteroil. Emphasis should be placed on the large share allocated to the international organizations and in particular the WFAF (20 000 tonnes of skimmed-milk powder, and 16 000 tonnes of butter oil) and on the emergency aid decided on by the Council in favour of the population of Cyprus (18 March 1975), of the whole of South Vietnam (21 April), of Guinea-Bissau and the Cape-Verde islands (10 July), of Turkey (15 September), and of Pakistan (6 October), and on behalf of the refugees from Angola in Portugal (5 November).

(c) *Prolongation of the Convention signed with the UNRWA for aid to refugees of the countries of the Middle East*

313. The Council, at its meeting on 22 September 1975, gave its assent to the principle of renewing, for a further period of three years, the Convention signed with the UNRWA on 18 December 1972. That Convention provides for the supply to refugees of the countries of the Middle East of certain quantities of sugar, wheat flour, rice, white sugar, skimmed-milk powder and cash contributions to finance the purchase of fresh and dried products and vitamins locally, and to cover the distribution costs to be borne by the UNRWA.

4. THE PROBLEMS OF DEVELOPMENT UNDER THE UNITED NATIONS ¹

314. The developing countries' endeavours to apply correctives to the economic imbalances between developed and developing countries continued throughout 1975, in the United Nations bodies, in

¹ See also paragraph 291 of this Review – Seventh special session of the General Assembly of the United Nations.

particular on the occasion of the second general Conference of the UNIDO in March and the seventh special session of the United Nations in September.

(a) *Second general Conference of the United Nations on industrial development (UNIDO, Lima (Peru), 12 to 26 March 1975)*

315. The purpose of the above Conference was to examine cooperation between developed countries and developing countries themselves, in the process of industrialization, with a view to determining the basic principles of an international declaration on industrial development and cooperation with the aim of drawing up a broad plan of action for aid for developing countries, and particularly to the least advanced among them, in their efforts to speed up their industrialization and secure for themselves a fair share in industrial activity.

316. With a view to the preparation of that Conference, the Council, at its meeting on 3 March 1975, selected a number of guidelines on the general approach to be adopted by the Community and its Member States at the Conference and on a number of specific questions.

In accordance with those guidelines, the Community and its Member States have endeavoured to exercise a constructive influence on the progress of the work, with a view to ultimate consensus.

In spite of the will to achieve a compromise displayed in all quarters, the final text of the Conference, called the 'Declaration of Lima', could not be made the subject of a general consensus. The Declaration was adopted by 82 votes in favour, with one against (United States). Furthermore, a number of specific paragraphs were the subject of separate votes, statements of interpretation and reservations.

As regards Community coordination, the Member States and the Commission maintained a common attitude throughout the negotiations, which enabled the Community to play a dynamic part within the group of industrialized countries and a conciliatory role at the Conference. Nevertheless, when the Conference had recourse to the voting procedure, it was not possible to avoid divergent votes on certain paragraphs submitted to a separate vote.

In a general assessment of the Conference, it should be noted that the points remaining in dispute go beyond the actual industrial

field. Further, the final vote did not jeopardize the compromise achieved on a large number of problems which were initially difficult to solve.

(b) Participation by the Community in the United Nations emergency project in aid of the developing countries.

317. It will be recalled that the Council had decided to make a substantial contribution to the United Nation special aid project to alleviate the difficulties of the developing countries most adversely affected by the economic crisis. An initial contribution of \$ 150 million had been made in 1974, ¹ and at its meeting on 22 January 1975 the Council decided to make available for the emergency project a second contribution of \$ 100 million (of which \$ 33 million were paid into a special account of the Secretary-General of the United Nations).

The total contribution from the Community's budget thus amounts to \$ 250 million. To that amount should be added, on the one hand, Community food aid eligible for the emergency project and estimated at \$ 42 million, and on the other the national contributions of the Member States also eligible for that project. Thus, as will be seen from a report by the Secretary-General of the United Nations dated 21 August 1975, the total contributions by the Community and its Member States to the emergency project have been greater than the \$ 400 million originally envisaged.

(c) Action following the World Food Conference.

318. At its meeting on 22 January 1975, the Council reaffirmed the interest taken by the Community in world food problems and, in that connection, in the results achieved by the World Food Conference which was held in Rome in November 1974. It concerned itself with the international meetings dealing with such matters. As regards in particular the World Food Council, which held its first meeting in Rome from 23 to 27 June 1975, the Community stated that by reason of its own powers and responsibilities, a mere observer status was not appropriate to its international position, and expressed the wish to be able to take part in the work of that body and express its views freely, although without having a vote. It should be pointed out, however, that at this stage that question of procedure has not yet been settled.

¹ See 22nd Review, paragraph 275.

319. As regards the resolutions adopted by the World Food Conference, the Community has already adopted a definitive position regarding that concerning the international undertaking on world food security, as well as that concerning the setting-up of a global information and early warning system on food and agriculture.

The international undertaking on world food security aims at establishing international cooperation with a view in particular to ensuring at all times, through national stockbuilding policies, adequate world supplies of basic food products, and principally of cereals, so as to avoid serious food shortages in cases where bad harvests are general or natural disasters occur. In a letter dated 23 April 1975 from Mr Dillon, Ambassador, President-in-Office of the Permanent Representatives Committee, to the Director-General of the FAO, it was stated that the Community was prepared to cooperate in the implementation of the objectives, policies and guidelines contained in the undertaking. As regards the actions to be carried out, the Community considered that they might be defined in the light of the international discussions already in progress for the implementation of the undertaking and the development of other appropriate international measures.

The principal objectives of the global information and early warning system on food and agriculture are the constant monitoring of world food supply and demand, the identification of countries where serious food shortages are imminent, and the evaluation of any requirements for emergency food aid. Such a system, which initially covers cereals including rice, oleaginous proteins and fishmeal, milk and milk products as well as fertilizers and pesticides, forms an important complement to the international undertaking on world food security. On 13 August 1975, the Council of the Community, on the basis of a communication from the Commission, gave its assent to participation by the Community, along with the Member States, in the system concerned, supporting its objectives and providing the necessary information.

320. Further, the Council likewise considered how to implement the Conference resolutions in the field of food aid and the development of agriculture, in particular food crops, in the developing countries. In that connection, the Council is at present studying the possibility of participation by the Community and the Member States in the International Agricultural Development Fund (IADF).

E – Relations with other third countries

1. INDUSTRIALIZED COUNTRIES

321. The Council, conscious of the political and economic importance of establishing a direct contractual link between Canada and the Community, has carefully examined, on the basis of a proposal by the Commission, the various problems raised in drawing up negotiation directives with a view to the conclusion with that country of an outline agreement on commercial and economic cooperation. The decision to open negotiations is expected shortly.

2. LATIN AMERICA

322. Relations between the Community and the countries of Latin America continued to develop on two levels, namely, firstly, in the context of the dialogue with the group of the Latin American countries which are member of ECLA, and, secondly, within the framework of bilateral agreements.

On the dialogue level, the first session of the 6th meeting at ambassadorial level was held in Brussels on 30 June 1975. That session made it possible to have an exchange of views of general scope on the main problems of common interest and to examine certain more specific matters of special interest to certain countries of the Latin American sub-continent.

On the bilateral level, the Community concluded an Agreement with Mexico in addition to those which already exist with the Argentine, Brazil and Uruguay. That Agreement, however, which entered into force on 1 November 1975 for a period of five years, goes beyond traditional trade agreements, for it opens up a new field of action: that of commercial and economic cooperation with a view to the development and diversification of trade between the two parties, taking into account the special position of Mexico as a developing country. It is a matter of an outline agreement which defines the objectives of that cooperation, and lays down the guidelines and the methods for their achievement; its implementation should take place in the context of the Joint Committee, which has been given suitable powers for the purpose.

3. ASIA

323. In 1974, the Council had authorized the Commission to open negotiations with Bangladesh, Pakistan and Sri Lanka with a view to concluding commercial cooperation agreements in accordance with principles similar to those of the Agreement concluded with India, but adapted to the economic conditions and specific problems of each country concerned.

The Agreement with Sri Lanka, signed on 22 July 1975, entered into force on 1 December 1975. It is a matter of an outline agreement intended to make it possible to develop with that country a new phase of commercial and economic cooperation of which the achievement has been entrusted to the Joint Committee which, for that purpose, has been given powers more extensive than those normally provided for in traditional trade agreements.

As regards Pakistan and Bangladesh, negotiations are proceeding, and should be satisfactorily concluded in the near future.

In February 1975, the Council instructed the Commission to continue the exploratory conversations with Iran, and to submit to it a report with proposals as to the best forms of agreements to conclude with that country. These conversations being concluded, the Council will soon be in possession of that report.

4. STATE-TRADING COUNTRIES

(a) *Accreditation of a Mission from the People's Republic of China*

324. The People's Republic of China has established official relations with the European Economic Community. On 15 September 1975, the Community gave its consent to the appointment by the Government of the People's Republic of China of HE Li Lien-Pi, Ambassador Extraordinary and Plenipotentiary, as head of that country's Mission to the Community.

At its meeting on 16 and 17 July 1975 in Brussels, the European Council expressed lively satisfaction at the decision of the People's Republic of China to establish official relations with the Community. It considered that the decision opened the way to the development of closer relations between the Community and China, a prospect to which the Heads of Government attach great importance.

(b) *Contractual relations*

325. In May 1974, the Council had adopted a declaration indicating the Community's readiness to negotiate agreements with the State-trading countries, and, with that in mind, the Commission had in November 1974 sent to those countries an outline agreement indicating the main lines of a possible trade agreement.¹

The Chinese authorities let it be known that they were prepared to give positive consideration to the Community's proposals. An initial exchange of views has already taken place on the various aspects of such an agreement, and the next phase of the conversations between the Commission and the Chinese authorities will take place in Brussels.

The other State-trading countries have at this stage not yet made known their reactions to the Community's offer of negotiations.

(c) *Autonomous importation arrangements*

326. It will be recalled that as regards the importation of products originating in State-trading countries which are still subject to quantity restrictions, the Council's Decision of 2 December 1974 laid down the bases for Community arrangements in that connection.² The Council, by its Decision of 27 March 1975,³ on the one hand specified in detail and completed the procedural rules to be applied when a Member State intends to amend the importation arrangements established by that Decision, and on the other hand finally adopted the lists of quotas for 1975. The Decision of 2 December 1974 provides, further, that before 30 November each year the Council will decide on such amendments of the quotas as may appear necessary for the following year (see Article 8). On a proposal by the Commission, the Council therefore in November 1975 re-examined the list of quotas, and by its Decision of 18 December 1975⁴ decided on the list applicable for 1976.

(d) *Relations with Comecon*

327. The Council was kept informed about the development of contacts between Comecon and the Commission. It will be recalled that following the letter sent by Mr Fadeyev, Secretary-General of

¹ See 22nd Review, paragraph 179.

² See 22nd Review, paragraph 181.

³ OJ No L 99 of 21.4.1975.

⁴ OJ No L 332 of 29.12.1975.

Comecon, in September 1974 to the President of the Commission, inviting him to go to Moscow for a discussion on guidelines for, and possible forms of, relations between the two organizations, the Community, while accepting the idea of a visit, had proposed that preparatory talks between officials should be organized first. Those talks took place in Moscow from 4 to 6 February 1975. The two delegations agreed that the work should be continued at a further meeting, and, with that object in view, the Commission delegation invited its opposite numbers to come to Brussels to continue the talks. A reply from the Secretariat of Comecon, and its suggestions as to dates for the next meeting, are awaited.

5. YUGOSLAVIA

328. Relations between the EEC and Yugoslavia continued in 1975 on the basis of the trade Agreement which came into force on 1 September 1973.¹

In June Yugoslavia submitted a memorandum stressing the difficulties encountered by its economy in its relations with the Community, and asking for a development and broadening of cooperation between both parties (cooperation in the economic, financial, social and other fields), on the basis of the non-preferential Agreement in force. At the Joint Committee's meeting in July two expert sub-committees were set up for cooperation in agriculture, on the one hand, and industry and technology, on the other.

Further, at the same meeting, the Commission indicated that it had just submitted to the Council a proposal concerning financial cooperation. It also emphasized that the Community attached the greatest importance to its relations with Yugoslavia, and that the Council would carefully consider any possibility of extending those relations.

The Council meanwhile looked into the question of establishing financial cooperation with Yugoslavia. Although at its meeting on 9 December 1975 it was not able to arrive at a final decision on the subject, it agreed to take the matter up again at its meeting in January 1976.

¹ See 21st Review, paragraph 350.

6. COORDINATION OF THE VIEWPOINT OF THE NINE WITHIN THE OECD

329. During 1975, preliminary meetings between Member States' delegations and Commission representatives were held before the major OECD meetings, in order to coordinate the position to be adopted on the items on the agenda for those meetings.

This was more particularly the case before the OECD Council meeting at ministerial level held on 28 and 29 May 1975, which was concerned with the examination of the basic economic problems arising at the international level.

In the field of economic relations and trade between the Western countries, there was agreement that there should be an extension for one year of the 'trade pledge' taken at the ministerial meeting of the OECD Council on 29 and 30 May 1974.¹ In addition, the problems connected with the fight against unemployment and inflation, together with balance of payments problems and the question of economic growth, were discussed.

As regards relations of the industrialized countries with the developing countries, the OECD Council adopted a declaration expressing the determination of the industrialized States to make renewed efforts in the three main fields of energy, raw materials and development, the aim being to make real progress towards a better balanced and more equitable structure of international economic relations. High-level working groups were set up in that connection in the fields of basic products and development.

Finally, in the field of energy, the OECD Council examined, at the ministerial level, on the basis of a report by the International Energy Agency, the relations between oil-producing and oil-consuming countries, both developing and developed.

Coordination of the viewpoint of the Nine before certain meetings of the International Energy Agency.

330. At its meeting on 20 January 1975, the Council agreed to the traditional procedure for preparing discussions within the context of the OECD being applied to the meetings of a certain number of bodies of the International Energy Agency. Preliminary coordination meetings

¹ See 22nd Review, paragraph 238.

were therefore held between the competent officials of the nine Member States and the Commission in order to prepare those meetings of the Agency.

F – Participation by the Community in the Conference on Security and Cooperation in Europe

331. The second phase of the CSCE, which started in Geneva on 18 September 1973, ended on 21 July 1975. Those negotiations, and particularly those which took place within the framework of Committee II, which dealt with cooperation in the field of the economy, science and technology, and the environment, dealt with a considerable number of matters coming within the competence of the Communities. The basic position on those matters was therefore established by the Community authorities in February 1973, and throughout the negotiations the Community's point of view was presented and defended by the Commission's representative who took part in the work of Committee II.

The results of that second phase, as embodied in the Final Act, were submitted, as far as matters coming within the competence of the Community were concerned, to the Council, which approved them at its meeting on 15 July 1975. Further, the Council agreed that its approval would be expressed by the signing of the Final Act by the representative of the Member State having the Presidency of the Council, in his dual capacity as Head of the Italian Government and President-in-Office of the Council of the European Communities.

332. At that same meeting, the Council agreed on a statement, on behalf of the Community, to be inserted into the speech made by Mr Moro, at the third and final phase of the Conference which took place on 1 August 1975 at Helsinki and at which the signing of the Final Act took place. That statement, in view of its importance, follows *in extenso*:

'In the context I have just described, of a dynamic outlook and an enrichment of the loom of political and human relationships, as President-in-Office of the Council of the European Communities, I would like to recall the declaration, on behalf of the Community, by Mr Andersen, Denmark's Minister for Foreign Affairs on 3 July 1973. Mr Andersen had drawn his colleagues' attention to the fact that, depending on the matter in hand, the Community might be involved,

according to its competence and own procedures, in the work of the Conference, and that implementing the results of negotiations on those subjects would hinge on Community agreement. The Communities have examined the conclusions of the Conference on these matters and I am privileged to inform you that they have accepted them.

I shall therefore sign the Final Act of the Conference in my dual capacity: as the representative of Italy, on her behalf, and as President-in-Office of the Council of the Communities on their behalf. Non-member countries will thus be assured that the conclusions of the Conference will be implemented by the Community, as far as they are concerned, in respect of the matters now falling within, or eventually falling within its competence.

As regards these matters, the term 'participating States' in the Final Act will be understood as applying also to the European Communities.

With respect to implementing the conclusions of the Conference, the Community views will be expressed in accordance with its internal rules, whenever matters falling within its competence are involved.

Here I would like to remind you that, by their unceasing efforts towards economic and social progress in the Member States, and with the aim of expanding and improving international economic relations, the Communities have already made a significant contribution to the goals of our Conference. Mindful of the Community's forward-moving character, the Member States consider that the results of the Conference do not impede the progress of European unification, as they freely intend to pursue it. This process, a factor for peace and security, is a positive contribution towards cooperation in Europe. They are determined to go on collaborating together with at the participating countries to attain this goal.

The cohesion of the Nine has proved of value in the work of the Conference and this has really helped in discovering points of common agreement with the participating States. It is a token of the open spirit in which those countries plan to continue their multilateral dialogue for *Détente*, peace and cooperation.'

333. The Council agreed to follow attentively the implementation of the Final Act in respect of the fields of interest to the Community. As indicated in the statement given above, whenever it is a question of matters coming within their competence, the viewpoints of the Communities will in fact be defined and expressed in accordance with their internal rules.

CHAPTER V

Agriculture

A – Problems concerning all the sectors covered by the Common Agricultural Policy

1. STOCK-TAKING OF THE COMMON AGRICULTURAL POLICY

334. At its meeting on 2 October 1974, the Council, with a view to checking the effects of the Common Agricultural Policy and the effectiveness of its instruments requested the Commission to prepare, after examining all the information placed at its disposal, before 1 March 1975, a complete evaluation of the common agricultural policy, in particular in relation to the objectives laid down in the Treaty. That evaluation, together with any appropriate conclusions on the part of the Commission, was to be the subject of a thorough discussion in the Council and in the European Parliament.

Pursuant to that request, the Commission forwarded to the Council and to the European Parliament¹ on 27 February 1975 a communication giving an evaluation of the common agricultural policy and consisting of three main parts relating, respectively, to the development of the common agricultural policy, an analysis of the effectiveness of its instruments in relation to its objectives, and, finally, certain problems encountered and proposed alterations whereby they might be solved.

That communication was the subject throughout 1975 of an extremely thorough examination by the various organs responsible for

¹ The European Parliament and the Economic and Social Committee gave their opinions on 17 June 1975 and 17 July 1975, respectively.

preparing the work of the Council including, finally, a special *ad hoc* Committee on Agriculture (consisting of eminent personalities).

The result of that Committee's activities was submitted to the Council at its meetings on 29 and 30 October and 10 and 11 November 1975. Following its discussions, the Council arrived at a number of conclusions which were included in the documentation of the European Council meeting in Rome on 1 and 2 December 1975.

335. From its examination of the Commission's communication on the stocktaking of the common agricultural policy, the Council drew the following conclusions.

I. GENERAL

336. The agricultural policy has attained a very high degree of integration. In many areas, its results may be regarded as positive:

- farm incomes have risen and have approached the level of incomes in other sectors, although the increase has not always been the same for all categories of producer and in all regions of the Community;
- labour productivity has risen faster in agriculture than in other sectors;
- relative price stability has been achieved in spite of the disturbances on the world market and security of food supplies has been assured; this has also been in the interests of consumers.
- trade in the Community has increased appreciably, but not to the detriment of trade with third countries.

In an enterprise of such magnitude, difficulties have inevitably arisen. This is partly because the common agriculture policy cannot be judged as an isolated phenomenon but must be seen in the context of the whole of Community policy. This is particularly true when account is taken of the stagnation of the European integration process, above all in the area of economic, monetary and social policy. Other difficulties are however linked to the implementation of the common agricultural policy itself.

In spite of all the difficulties, it must be acknowledged that the common agricultural policy is and must remain an indispensable factor in European integration.

II. MARKET BALANCE

337. The Council examined the problems relating to market balance, considering both external and internal forces likely to influence the markets.

A – External aspects

338. The Council stresses the need to take into account the obligations arising from the Community from its outward-looking policy towards non-Member countries. It considers Community participation in international trade to be necessary.

In this connection the Council found that difficulties have arisen for the common agricultural policy as a result of Community foreign policy decisions, particularly undertakings concerning certain products (e.g. sugar, butter) and import preferences in respect of certain third countries. These problems may be aggravated by future trade agreements but also by new association and accession agreements. The Council stresses that producers alone cannot bear the consequences of this policy and moreover that the costs should not be borne by agricultural policy. Consequently, the mechanisms for overcoming the problems resulting from such agreements must be improved.

Just as the Council views the import of agricultural products into the Community as particularly significant, it likewise underscores the need for the Community to be represented on the world market by its agricultural exports, taking account of changes which have taken place or which may take place on the world market.

B – Internal aspects

339. The Council considers that, while keeping farmers' incomes in mind, steps should be taken to improve market balance. To this end, besides price policy, and taking account of its limits and of the possibility of aligning it on modern farm holdings, additional measures in the following areas could be considered: policy concerning stocks, consumer policy, export policy, food aid, producer participation in market risks, measures concerning production potential.

The combination of these measures for the various markets is under consideration in the Council. Opinions still differ as to the

measures to be combined in each individual case in order to achieve a better market balance.

340. The Council, in the course of a more detailed examination of the markets for individual products, has at this stage of its work reached the following conclusions:

- *milk*: the aim is to restore market balance and prevent an excessive build-up of stocks; one view is that it will be sufficient to improve market management and step up measures to promote sales; the other is that additional measures are necessary to stabilize production (price policy more oriented towards market balance; where appropriate, producer participation in market risks; reduction of production potential).
- *beef and veal*: the aim is to limit cyclical surpluses and shortfalls by making adjustments to the support system.
- *cereals*: the aim is to improve the price relationships between the various types of cereal and to adapt the price of fodder wheat to the prices of other feed grains.
- *wine*: work aimed at adjusting the organization of the market in wine is currently in progress in the Council.

The Council has also started to examine problems arising in connection with other products, including those for the production of which direct aid is given.

Some discrepancies in treatment also persist between the various products.

According to one view, these discrepancies are justified by the specific nature of the various sectors of production and ways of improving the application of existing instruments could be studied. Another view is that the different effects of support measures lead to difficulties and that the resulting drawbacks are even greater when the types of production in question are situated in the same area of the Community: the market organization machinery should therefore be adjusted in order to ensure the same degree of support for the various products.

The Council emphasizes the need to improve market management, particularly as regards forecasting possibilities and as regards procedures.

III. STRUCTURAL POLICY

341. The Council emphasized that the problems of agricultural incomes and structures also have to be considered. There are continuing discrepancies in the Community between the various categories of farmers and regions. In this respect, the Council accords particular importance to structural and regional policy.

One view is that the results of implementing the three 1972 structural Directives, the Directive on hill and mountain farming and the Regional Fund Regulation should first be examined. Another is that structural measures taken to date should be revised as soon as possible and supplemented by new measures, and that provision should be made for increased financial participation by the Community.

IV. MARKET UNITY

342. The unity of agricultural markets has been jeopardized in recent years by the consequences of monetary fluctuations and by divergences in the economic development of Member States. This situation has made it more difficult to maintain the common price system. The methods used to overcome these difficulties have made it possible, for a certain period, to avoid disturbances, but their continued use in their present form might well give rise to other types of distortion; the latter could, however, be eliminated by pragmatic solutions.

V. DIRECT AIDS

343. The granting of direct aids under Article 43 of the Treaty could constitute a useful adjunct in specific instances where price policy alone is not enough to achieve certain objectives. Such aids can also – on a temporary basis – be used to rectify certain situations.

The Council nonetheless emphasizes that in certain circumstances such aids could run counter to the efforts to be made under structural policy.

The cost of such aids could escalate rapidly if they were used indiscriminately and permanently as a means of supporting farm incomes. It would then be difficult to finance such aids from the Community budget, and recourse to financing on a national basis could be the source of disparities if the Member States were not all able to grant their farmers the same amount of aid.

VI. NATIONAL AIDS

344. The Council considers it essential to take special measures whereby Articles 92 to 94 of the Treaty can be applied more strictly.

VII. COST OF THE COMMON AGRICULTURAL POLICY

345. The fact that the agricultural budget accounts for the major part of the Community budget is not surprising if it is borne in mind that the common agricultural policy is at present the most highly developed of the Community's policies and the only one for which the Member States have transferred a major part of their financial responsibilities to the Community.

The Council is fully aware of the need to implement the agricultural policy as efficiently and cheaply as possible, as regards both resource costs and budget costs.

While considering that the fixing of a financial ceiling is incompatible with the market organizations, the Council will study and adopt the necessary procedures to guarantee the indispensable links between agricultural and budgetary policy.

2. 1975/1976 AGRICULTURAL PRICES

346. As in previous years, the Council, at its marathon sitting on 10 to 13 February 1975, as part of its management duties fixed the common prices for the main agricultural products. Those decisions were made on the basis of Commission proposals and after taking into account the Opinions of Parliament and the Social and Economic Committee.

The Commission had submitted proposals giving an average rise of 9.9% for the 1975/1976 farming year. The Council in the main followed the Commission, deciding on an average rise of 9.6%, which in reality, after application of the agricultural and monetary measures decided on (the start of the phasing out of compensatory amounts with adjustment of the representative exchange rates of certain currencies) made it possible to adjust it in accordance with economic trends in the different Member States. On the whole, the price increase was slightly greater in the vegetable products sector than in that of animal products, owing to the prevailing situation in the markets for those products.

In coming to its decision the Council bore in mind the fact that markets and prices policy remained an essential instrument of the agricultural incomes policy, and that account should be taken of prices and incomes trends in all the social and vocational categories, of supply and demand on each of the markets concerned, the need to balance certain sectors and, finally, the rate of inflation. The Council therefore decided on a moderate increase in the various prices, thus indicating its desire to make a contribution to the fight against inflation.

At the same time, it endeavoured to improve certain price ratios, in particular in the sectors of vegetable products (cereals), and animal products (milk and dairy products/beef and veal, fats/nitrogen-treated substances). In the beef and veal sector, it adopted measures to establish subsidy systems for the coming agricultural year, because of the difficult situation in that market.

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

347. The differing behaviour on the currency exchange markets of the currencies of the majority of the Member States since the end of 1971, and the economic and social difficulties with which those Member States were confronted when endeavouring to bring closer to, or fully in line with, money market realities the conversion rates used to express in national currency the common prices fixed in units of account, led to differences – sometimes fairly big – in the price levels for agricultural products in national currencies and in the incomes of farmers in the Member States of the Community.

The Council, desirous of ensuring the smooth working of the common agricultural policy, found that 'the unity of agricultural markets has been jeopardized in recent years by the consequences of monetary fluctuations and by divergences in the economic development of Member States. This situation has made it more difficult to maintain the common price system. The methods used to overcome these difficulties have made it possible, for a certain period, to avoid disturbances, but their continued use in their present form might well give rise to other types of distortion; the latter could, however, be eliminated by pragmatic solutions'.

While, following the depreciation of the Italian lira and of the English and Irish pounds in 1974, the compensatory amounts applied

by those countries had already been successively reduced in consequence of the adjustments of the agricultural conversion rates for those currencies to bring them closer to the market rates, the Council, when fixing the agricultural prices for the 1975/1976 farming year in February 1975, took a more general step towards restoring the unity of the agricultural markets by reducing the compensatory amounts applied by the Member States. That was achieved by a partial approximation to the realities of the money market of the conversion rates (henceforth called 'representative rates') used by the Member States concerned,¹ which moreover rendered possible an adjustment of farmers' incomes in the countries with a devalued currency to the increase in production costs resulting from the considerable inflation in those countries.

The recovery of the Italian lira and of the French franc on the exchange markets – the French franc was reintegrated in the Community 'snake' in July 1975 – moreover made it possible to suspend entirely the application of compensatory amounts in those countries.

As, however, it had not yet proved possible to stop the fall of the pound sterling and of the Irish pound, the Council made two further adjustments, in July and October 1975,² in the representative rates for those currencies in the agricultural field, which meant a supplementary adaptation of farmers' incomes in those countries and a decrease in the compensatory amounts applicable. On the occasion of the last adjustment, the gap between the two rates was reduced to the point where the commission was able, under the powers pertaining to it, to do away with the monetary compensatory amounts applicable to Anglo-Irish trade.

4. STRUCTURAL POLICY

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

348. The Council, which adopted the above Directive at its meeting on 21 and 22 January 1974¹, agreed however at that time to defer its implementation until the Community list of the regions eligible to

¹ Regulation (EEC) No 475/75 of 27.2.1975, OJ No L 52 of 28.2.1975.

² Regulations Nos 1925/75 of 27.7.1975 and 2638/75 of 16.10.1975.

³ See 21st Review, paragraph 132 and 22nd Review, paragraph 287.

benefit had been drawn up and a decision taken on the rate of participation by the EAGGF (Guidance Section) in the expenditure resulting from the granting to the farmers in those regions of an indemnity to compensate for the natural handicaps they had to face.

The Commission's proposal concerning those two points was submitted to the Council on 31 December 1974. That proposal consisted of nine draft directives. The first was intended to complete the Directive adopted in January 1974 by the introduction of a number of financial and general provisions, the main one being the reimbursement by the EAGGF of 50% of the eligible expenditure resulting from the granting of the compensatory indemnity. The purpose of the eight other texts was to establish the Community list of the less-favoured areas in all the Member States with the exception of Denmark, which has not so far informed the Commission of the areas likely to be considered less-favoured.

The Governments of the other Member States had informed the Commission in the course of 1974 of the areas where they intended to apply the special aid systems provided for in the basic Directive. The Commission's main task was to make certain that the criteria adopted by the Member States in defining the areas in question in fact correspond to the definitions laid down in the basic Directive, there being three types of areas concerned, namely mountain and hill areas, areas threatened with depopulation, and finally those suffering from specific handicaps.

The preparatory work carried out in close cooperation between the Commission and the Member States made it possible for the Council to adopt the eight Directives concerned with only slight amendments.

That was not, however, the case as regards the rate of Community participation in the financing of the expenditure arising from the granting of the compensatory indemnity. In fact, the rate of 50% proposed by the Commission did not secure the unanimous consent of the Council, even though some Member States insisted on the fact that only a relatively high rate of participation could guarantee the effective application of the proposed measures. Confronted with these difficulties, it was only at its meeting on 28 and 29 April 1975 that the Council managed to achieve a compromise whereby participation by EAGGF was fixed at 25%, namely the same level as that adopted for the first three socio-structural Directives of 1972, it being understood, however, that, before the end of 1975, the question

would be examined on a proposal from the Commission whether the rate should be fixed as from 1 January 1976 at a level higher than 25%.

The financial question having thus been settled, the Council was able at the same meeting to adopt the text of the basic Directive thus completed, together with the eight Directives relating to the Community list of the less-favoured areas – all those texts being due to enter into force within one year of their notification. ¹

(b) Review of certain financial arrangements provided for in Directive No 72/159/EEC on the modernization of farms ²

349. When deciding on the prices for the 1975/76 marketing year and fixing the new representative rates to be applied when reconverting unit-of-account prices into national currencies ³ the Council agreed to make provision for raising, if necessary, the levels of certain aids, premiums or other amounts – not linked to the prices, by 2.27%, so as to avoid a decrease in the value of such assistance in terms of the national currencies in Member States where the new representative rate meant an alteration in the rate of exchange for the national currency against the unit of account. ⁴

The Commission, which had been instructed to draw-up the detailed rules for the implementation of that decision of principle, decided on 28 February 1975, after consulting the Standing Committee on Agricultural Structures, to increase by 2.27% the amounts of the various aids provided for in Directive 72/159/EEC. ⁵

(c) Other projects and prospects

(i) Amended proposal for a Directive on forestry measures

350. The Council received on 23 April 1975 an amended proposal on forestry measures which the Commission judged it advisable to submit to it under the second paragraph of Article 149 of the Treaty, in order to take into account, on the one hand, the Opinions of the European Parliament and the Economic and Social Committee, and, on the other, the result of the work done in that connection by the various bodies of the Council.

¹ OJ No L 128 of 19.5.1975.

² OJ No L 96 of 23.4.1972.

³ See paragraph 346 of this Review.

⁴ Regulation (EEC) No 475/75 of 27.2.1975, OJ No L 52 of 28.2.1975.

⁵ Regulation (EEC) No 540/75 of 28.2.1975, OJ No L 57 of 3.3.1975.

The proposed amendments tend to define common action in the forestry sector better, by integrating it more closely with the objectives of the common agricultural structural policy. Thus the main objective of this common action is to contribute towards the rational use of the lands made available, in particular in implementation of Directive No 72/160/EEC, and to promote the creation of new jobs for the workers released from farming activities. Consequently, the production of timber is only to be looked on as a secondary consequence of the promotion system planned.

Throughout 1975 that new proposal was thoroughly studied by the bodies responsible for preparing the Council's decisions.

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

351. The examination of this proposal, ¹ which was the subject of favourable Opinions on the part of the European Parliament and the Economic and Social Committee, has been actively pursued, and might shortly culminate in a Council decision.

(iii) Proposal for a Council Regulation on common action for the improvement of processing and marketing conditions for agricultural products

352. The Council in its Resolution of 25 May 1971 on the new trend in the common agricultural policy, ² had already stressed the part which could be played by an improvement in the processing and marketing of agricultural products in achieving the objectives of Article 39 of the Treaty. It also confirmed that principle in its Resolution of March 1972 in connection with the adoption of the three Directives of a socio-structural nature on the modernization of farms, the cessation of farming, and the provision of socio-economic guidance for persons engaged in agriculture. ³

In the spirit of those resolutions, the Commission submitted to the Council on 11 August 1975 a proposal for common action in accordance with Regulation (EEC) No 729/70 for the improvement of

¹ For the nature of this common measure, see 22nd Review, paragraph 290.

² OJ No C 52, 27.5.1971.

³ Directives Nos 72/159/EEC, 72/160/EEC and 72/161/EEC, OJ No L 96, 23.4.1972.

the processing and marketing conditions for agricultural products, which was intended to complete the 1972 texts already mentioned, together with the proposal for a regulation on producers' associations pending before the Council since 1971. ¹

The essential purpose of this new common action is to contribute to a rationalization of the processing and marketing structures for agricultural products for the benefit of farmers.

It is recalled in this connection that the Community has already been contributing for years, through participation by the EAGGF (Guidance Section) in 'individual projects' under Regulation (EEC) No 17/64, ² to the success of the efforts made in the Member States to rationalize the processing and marketing of agricultural products.

353. However, the possibility of financing 'individual projects' on a Community basis will cease to exist soon as the annual appropriations for the Guidance Section of the EAGGF (325 million u.a.) have been entirely used up in financing expenditure resulting from common measures within the meaning of Regulation (EEC) No 729/70, ¹ which will be, according to the budgetary forecasts, in 1977. The new proposal by the Commission will make it possible to proceed with measures in that field within the framework of a common action which, while largely following the system of individual projects provided for in Regulation (EEC) No 17/64, introduces new concepts, such as that of specific multi-annual programmes based on a given initial situation and indicating the measures necessary to meet established needs within a fixed time-limit. Such programmes will serve as a framework for any public, semi-public or private project intended to achieve the general objectives set in them.

The assessment of those projects, and in particular the examination of the question whether their implementation would be beneficial to the basic agricultural production sector, is to be carried out by the Commission, which will decide, in accordance with the procedure of the Standing Committee on Agricultural Structures, whether provision should be made for assistance from the EAGGF, which in any case cannot exceed 25% of the investment.

Examination of this new common action began in the various Council bodies during the last few months of 1975.

¹ See paragraph 444 of this Review.

² OJ No L 586 of 27.2.1964.

(iv) Amended proposal for a regulation on producers' organizations and their unions ¹

354. Examination of that proposal, which was submitted to the Council in 1971, was resumed by the Working Group concerned at the end of 1975, parallel with the examination of the common action referred to above. ²

It will be recalled that the advantage of having, in connection with a common structural policy a system of rules aimed at encouraging the formation of producers' groups and helping them to function smoothly was stressed by the Council in both its Resolutions of 1971 ³ on the new orientation of the Common Agricultural Policy and in that of 1972 which accompanied the adoption of the first three socio-structural Directives. ⁴

B – Basic development, adaptation and adjustment of Common Market Organizations

1. COMMON ORGANIZATION OF MARKETS AT PRESENT BEING SET UP

(a) Sheep meat

355. A proposal for a regulation on the transitional common organization of the market in sheep meat was submitted to the Council by the Commission on 18 September 1975. ⁵ The purpose of that proposal is to set up, in that sector, by 1 January 1976, a transitional common organization of the market leading to a definitive organization on 1 January 1978.

The Council decided on 26 September 1975 to consult the European Parliament and the Economic and Social Committee about that proposal.

At its meeting on 15 and 16 December 1975, the Council took note of the fact that – in view of its difficulty in taking a valid decision on the Commission's proposal without first knowing what type of

¹ See 20th Review, paragraph 96.

² See paragraph 352 of this Review.

³ OJ No C 52 of 27.5.1971.

⁴ OJ No L 96 of 23.4.1972.

⁵ OJ No C 243 of 23.10.1975.

common organization of the market ought to be established as from 1 January 1978 – the date of 1 January 1976 proposed for the establishment of a transitional system in that sector could not be accepted.

The Council authorities are therefore continuing to examine the matter, remaining in touch with the Commission on the subject.

(b) *Ethyl alcohol of agricultural origin*

356. As the Commission, during the period under review, had not submitted the amendments to its initial 1972 proposal¹ required by the new conditions in the market for alcohol and by the situation created by the enlargement of the Community, it was not yet possible for the work of examining that proposal to be resumed in the competent departments of the Council.

Nevertheless, the development of the situation in the Community and world markets for ethyl alcohol of agricultural origin and synthetic alcohol was the subject of thorough discussions which took place periodically in an *ad hoc* Working Party.

2. UNDER THE ACCESSION TREATY

Cereals and rice

357. Article 55 (2) 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. That difference having been reduced following the decisions taken by the Council concerning intervention prices for cereals for the agricultural year 1975/76, the Council consequently adjusted, on 24 June 1975, the compensatory amounts applicable to common wheat and barley in trade between the 'old' and 'new' Member States and between the latter and third countries.²

¹ See 20th Review, paragraph 105.

² Regulation (EEC) No 1602/75, OJ No L 164 of 27.6.1975.

3. AMENDMENTS TO BASIC REGULATIONS

(a) *Problems concerning several sectors*

358. In connection with the efforts of the Commission to simplify Customs administration in accordance with the guidelines of the Council resolution of 27 June 1974,¹ on 18 November 1975 it submitted to the Council a proposal for a regulation designed to eliminate a number of tariff headings relating to products in the cereals, rice, beef and veal and sugar sectors.

This proposal formed part of the Communication to the Council and Parliament on action taken to simplify agricultural legislation, following the two communications which the Commission had submitted to the Council on 27 February and 5 March 1975 respectively on the stocktaking of the Common Agricultural Policy and the simplification programme.²

The Council is at present studying these documents.

(b) *Sugar*

359. In adopting, on 19 December 1974, the new basic Regulation for the sugar sector, applicable as from the agricultural year 1975/76,³ the Council, in connection with laying down the future sugar policy of the Community, had agreed to complete that Regulation on conclusion of the ACP/EEC Lomé Convention⁴ by the addition of a title relating to preferential imports and to certain specific provisions concerning raw cane sugar from the French Overseas Departments.

The addition thus made in October 1975 to the Community rules⁵ is aimed at creating the means of ensuring, on the one hand, that the raw sugar from the French Overseas Departments is in fact marketed in the Community in accordance with the Community preference system and without discrimination as between the undertakings concerned, and, on the other hand, that the raw cane sugar imported under the preferential systems (ACP, OCT, India)⁶ is refined under the most fair competitive conditions.

¹ See paragraph 49 of the 22nd Review.

² See paragraph 334 of the present Review.

³ Regulation (EEC) No 3330/74, OJ No L 359 of 31.12.1974.

⁴ OJ No L 268 of 17.10.1975.

⁵ Regulation (EEC) No 2623/75, OJ No L 268 of 17.10.1975.

⁶ See paragraph 273 of this Review.

On the technical level, these various measures include the non-application of the import levy system to preferential sugars, the setting-up of machinery for a preferential levy to be paid by mixed refineries refining preferential sugar, and, in cases where such a preferential levy is fixed, the granting of a differential amount allowed for raw sugar from the French Overseas Departments within the framework of the maximum quota refined in a refinery situated within the Community.

The Council accompanied the adoption of these various measures with a Resolution in which it laid down the main lines for the application of these new rules, and asked the Commission to carry out a comparative study of the cost of refining sugar in refineries exclusively refining preferential sugar and mixed refineries situated within the Community, in order to ensure the fairest possible competitive conditions as between those two types of refinery.

(c) *Wine*

360. The Council's work in the wine sector in 1975 was mainly concerned with a complete review of the basic regulations on 'table wine' and 'quality wines p.s.r.' following the general proposal on the subject put forward by the Commission on 5 November 1974.¹

In carrying out that work, on the basis of the said proposal, account was also taken of the market organization measures to be taken in the wine sector, in connection with the Community's relations with the countries of the Mediterranean basin.

The Council also, however, gave consideration to a number of matters relating both to the additions to be made to the common rules in the wine sector, e.g. as regards the designation and presentation of wines and musts, and to adjustments of the basic regulations in respect of particular points which appeared advisable in the light of market and production trends.

(i) Measures related to the negotiations with the Mediterranean countries in connection with the 'overall approach'.²

361. The Council, when drawing up the directives for negotiations with the Mediterranean countries, had realized the need to make the

¹ See 22nd Review, paragraph 323.

² See also Chapter IV of this Review.

application of the agricultural concessions envisaged in that connection dependent on the adoption of additional market organization measures, in particular as regards the wine sector,¹ the problems relating thereto having been the subject of the Resolution adopted on 17 July 1974 by the Council, as composed of the Ministers of Agriculture.

In that Resolution the Council undertook to make a certain adjustment in the intervention system applying to wine in order to avoid, by means of a special distillation, negative reactions on the market following imports of certain wines originating in the countries of the Maghreb.

362. After having overcome various difficulties of a technical and economic nature, the Council was finally in a position, on 22 July 1975, to adopt formally, on a proposal from the Commission, the necessary compensation measures for the sector in question.

On the one hand, it amended, after having received the opinions of the European Parliament and the Economic and Social Committee, the basic Regulation on wine, inserting an Article 33 providing for the possibility of introducing a special distillation of table wines confined to producers' organizations whenever, under certain conditions, the volume of wine from Algeria, Morocco and Tunisia would cause disturbances on the Community market,² and, on the other hand, adopted general rules governing that special distillation.³

363. Further, when those Regulations were being examined in various organs of the Council, the need was also stressed of completing the 'special distillation' provision by a provision to ensure 'observance of the reference price', the strengthening of the instrument provided for in Article 9 of Regulation (EEC) No 816/70 being essential to ensure good management of the Community wine market in relation to imports, in particular those from the Maghreb countries. Consequently, on 29 September 1975, the Council, on a proposal from the Commission and after consulting the European Parliament, adopted a Regulation laying down special rules for the importation of products in the wine growing sector originating in certain third countries.⁴

¹ See 22nd Review, paragraph 183 *et seq.*

² Regulation (EEC) No 1932/75, OJ No L 198 of 29.7.1975.

³ Regulation (EEC) No 1933/75, OJ No L 198 of 29.7.1975.

⁴ Regulation (EEC) No 2506/75, OJ No L 256 of 2.10.1975.

That regulation essentially provides for a system of 'sanctions' to be applied either at the level of the Commission acting in accordance with the Management Committee procedure, or at the customs level, in cases where it is found that the reference price system is not being observed.

The system in question applies, on the one hand, to imports of wines originating in third countries enjoying preferential tariff concessions, and, on the other hand, to those from countries which simply undertook to respect the reference prices pursuant to Article 9 (3) of the basic Regulation on wine.

(ii) Rules on the designation and presentation of products of the wine sector.

364. It is to be recalled that Regulation (EEC) No 2133/74, adopted by the Council on 8 August 1974 and laying down general rules for the description and presentation of wines and grape musts,¹ should have been brought into force as from 1 September 1975; the implementing regulations which the Commission was to adopt after consultation with the wine Management Committee to ensure respect for the basic rules, were to come into effect simultaneously. Owing to the complicated nature of the matter, it was not possible to keep to those time-limits. Consequently, the Commission, on 15 July 1975, submitted to the Council a proposal for a regulation providing that the date of entry into force would be one year later than 1 September 1975. The Commission, on that occasion, also proposed to amend Regulation (EEC) No 2133/74 in respect of certain points, in order to make certain adjustments to it in relation, in particular, to certain traditional trade practices meriting consideration. The early dates by which the Council had to decide not having allowed of an exhaustive study of the proposal, it was agreed to separate the question of the postponement of the entry into force of the basic regulation from the problem of the amendments to be made to it. The Council therefore, on 22 July 1975, adopted Regulation (EEC) No 1890/75 replacing the date of 1 September 1975 given in Article 47 (2) of Regulation (EEC) No 2133/74, by that of 1 September 1976.² As regards the other part of the Commission's proposal, the Council gave it active consideration in the last quarter of 1975, and the work was expected to be completed at the beginning of 1976.

¹ See 22nd Review, paragraph 319.

² OJ No L 193 of 25.7.1975.

(iii) Adjustment of the basic regulations to developments in the market situation and production in the wine sector.

365. On 21 December 1973, the Commission had submitted to the Council proposals for a regulation concerning, in particular, definitions of the terms 'liqueur wine' and 'grape must with fermentation arrested by the addition of alcohol'. The latter product, which is mainly used for making vermouths and flavoured wines, was not defined by the Community rules; that being so, certain difficulties resulted in the trade, as the product in question was usually treated as a liqueur wine.

Because of the complicated nature of the matter, the Council in 1974 had, on the one hand, adopted Regulations (EEC) Nos 1532/74 and 1533/74¹ on liqueur wines, and, on the other, separated the above provisions from those relating to grape must with fermentation arrested by the addition of alcohol.

The work of examining this question finally led to a series of regulations adopted by the Council on 4 March 1975.² In the first place, there is Regulation (EEC) No 678/75 which contains the definition of alcohol-muted grape must produced in the Community or imported from third countries, and which also provides for certain limitations on the use of that product in order to prevent distortion of competition in respect of liqueur wines.

As regards the alcohol-muted musts originating in third countries, it proved necessary as a result to adjust Regulation (EEC) No 948/70 which defines certain imported products, that adjustment having been effected by Regulation (EEC) No 681/75, which was also adopted on 4 March 1975.

Further, it appeared appropriate to accompany that Regulation by an adjustment of the provisions of Regulation (EEC) No 1876/74³ governing the addition of alcohol to products from the wine sector, in order to allow an imported grape must to be the subject, under certain conditions, like the Community grape musts, of an addition of alcohol.⁴

There would however be the risk that such a possibility, if taken advantage of systematically, would cause disturbance in the

¹ See 22nd Review, paragraph 230.

² OJ No L 72 of 20.3.1975.

³ See 22nd Review, paragraph 317.

⁴ Regulation (EEC) No 680/70, OJ No L 84 of 16.4.1970.

Community grape must market. That being so, the Council agreed to restrict the system to a given period, namely up to 31 December 1975, that date also applying to other provisions of Regulation (EEC) No 1876/74 of which the validity would normally have expired on 31 August 1975 in anticipation of the harmonization, to be carried out at Community level, of the rules governing the preparation of flavoured wines.

Examination of this matter culminated in a series of Regulations which were adopted by the Council on 4 March 1975.¹ The first of these was Regulation (EEC) No 678/75, which gives a definition of alcohol-muted fresh grape must produced in the Community or imported from third countries, and which also introduces a provision limiting the use of this product in order to prevent distortion of competition in respect of liqueur wines.

As regards alcohol-muted musts from third countries, it therefore proved necessary to amend Regulation (EEC) No 948/70, which gives the definition of certain imported products. This amendment was effected by means of Regulation (EEC) No 681/75, likewise adopted on 4 March 1975.

It also appeared advisable to couple with these Regulations an amendment to the provisions of Regulation (EEC) No 1876/74² governing the addition of alcohol to products in the wine sector, with a view to authorizing the addition of alcohol to an imported grape must under certain conditions and in the same way as for Community musts.³

However, since this might disturb the market in Community grape musts if it became a regular practice, the Council agreed to limit this authorization to a specified period, i.e. up to 31 December 1975. This date also applied to other provisions of Regulation (EEC) No 1876/74, which normally should have lapsed on 31 August 1975 in anticipation of the harmonization of the rules concerning the preparation of aromatic wines, to be carried out at Community level.

Furthermore, since this harmonization was not effected during 1975, on 9 December 1975 the Council, on a proposal from the

¹ OJ No L 72 of 20.3.1975.

² See 22nd Review, paragraph 317.

³ Regulation (EEC) No 816/70, OJ No L 99 of 5.5.1970.

Commission, decided to postpone this expiry date of 31 December 1975 until 31 December 1976¹.

366. During 1975 the Council has continued its technical examination of the file on the drafting of common rules oenological practices² – an important and complex matter requiring particular attention.

(iv) Revision of Regulations (EEC) Nos 816/70 and 817/70.

367. The Council was unable in 1975 to complete its examination of the proposal submitted by the Commission on 5 November 1974,³ which aims at revising the basic Regulations for the wine sector.

In fact the difficulties involved have increased, in view of the admitted slump in the market concerned.

Over and above important technical and economic aspects, the problems involved in amending the Regulations for the wine sector, with a view to restoring the balance of the market, have become increasingly political in nature.

In this difficult situation a particular problem arose concerning the trade in wines between France and Italy and the French Government decided to impose a tax, as from 12 September 1975, on consignments of wines sent to France from Italy. The basis – which was in dispute – for the action taken was Article 31, paragraph 2, of Regulations (EEC) No 816/70 providing for intra-Community safeguards.

In view of this particularly unfavourable economic trend the Council adopted a Resolution on 21 April 1975⁴ which outlined reforms in the common organization of the market in wine and additional measures to be implemented so as to attain the desired objectives. In implementation of this Resolution, on 28 June 1975 the Commission submitted to the Council a proposal for a regulation designed to adapt the potential of the wine sector to the needs of the market, a proposal for appropriate amendments to its proposal of 5

¹ Regulation (EEC) No 3221/75, OJ No L 320 of 11.12.1975.

² See 21st Review, paragraph 187.

³ See 22nd Review, paragraph 323.

⁴ OJ No C 90 of 23.4.1975.

November 1974 on the basis of Article 149, paragraph 2, of the Treaty, and on 16 October 1975, a proposal for a regulation concerning a conversion premium in the wine sector.

The main features of the proposal which as a result was submitted to the Council concern the reform of the basic Regulations, i.e. measures to support and control the market, such as the establishment of a preventive distillation system to be introduced at the beginning of the year, the stiffening of the provisions relating to the mandatory distillation of by-products of the wine-making process, and the establishment of aid for private storage and for the sale of grape musts; the establishment of a policy for improving quality, covering a number of aspects, including an increase in the minimum alcoholic strengths of table wines and quality wines produced in specific regions, the implementation of stricter rules concerning the marketing of certain products, and increased cooperation among the competent authorities in the Member States with a view to taking more effective counter-measures against fraud in the wine sector; certain amendments to be made to the rules concerning trade with third countries; regarding structural policy, a whole series of measures concerning planting, replanting and grubbing which, in the short term, would take the form of a freeze on the areas planted with vines, an improvement in the vine varieties by means of a grant for grubbing vines of mediocre quality and converting them to other agricultural uses, and which, in the longer term, would take the form of a scheme to define the wine-growing areas as part of the organization and restructuring of this sector.

During the discussions which were held in the second half of 1975 in the various departments of the Council on this matter, some similarities in views were noted on several points, including the planting system and a number of more technical problems.

If this work is completed in 1976 the new measures could well be implemented as from the 1976-1977 season.

(d) Milk and milk products

368. The Council during 1975 made two amendments to the basic Regulation on milk and milk products, i.e. Regulation (EEC) No 804/68.¹ The first time, by issuing Regulation (EEC) No 465/75 of 27 February

¹ OJ No L 148 of 28.6.1968.

1975,¹ it made it possible to grant aid for butter-milk and butter-milk powder for animal feed similar to that already provided for in the case of skimmed milk and skimmed milk powder.

On the second occasion, the Council on 18 March 1975 issued the Regulation (EEC) No 740/75² on the conditions for granting aid for the private stocking of Grana Padano and Parmiggiano-Reggiano cheese. As a result of progress in technical conditions for production and maturing, it appeared appropriate to reduce the minimum age required.

(e) *Cereals and rice*

(i) Measures against disturbances in de markets

369. In July 1973, the Council had laid down general rules to be applied in the cereals and rice sectors in the event of disturbances in Community markets following a rise in prices on the world markets.³ In the light of the experience acquired and after consultation with the European Parliament, it adjusted, on 13 January 1975, the said rules by specifying that a disturbance of the Community markets exists when the quotations or prices on the world market 'reach the level of Community prices'.⁴ On that same date, it adopted an implementing Regulation laying down that quotations or prices on the world market reach the level of Community prices 'when they approach or exceed the threshold price'.⁵ Finally the Council, in that connection, adopted a Regulation introducing into the rules on cereals the possibility of fixing export refunds by means of tenders.⁶ That device, which had already proved its value in other sectors, will ensure a more flexible and orderly management of exports which, up to then, could be achieved by using the refund without any quantitative restriction.

As regards rice, the Council on 27 February 1975 adopted, after consultation with the European Parliament, three Regulations making to the basic Regulation on rice adjustments similar to those described above for cereals.⁷

¹ OJ No L 52 of 28.2.1975.

² OJ No L 74 of 22.3.1975.

³ See 21st Review, paragraphs 174 and 175.

⁴ Regulation (EEC) No 85/75, OJ No L 11 of 16.1.1975.

⁵ Regulation (EEC) No 86/75, OJ No L 11 of 16.1.1975.

⁶ Regulation (EEC) No 87/75, OJ No L 11 of 16.1.1975.

⁷ Regulation (EEC) Nos 476/75, 477/75, 478/75, OJ No L 52 of 28.2.1975.

(ii) Price of common wheat unsuitable for making bread.

370. During the period under review, the Council was on several occasions faced with the special situation which arose on the Community markets in cereals as a result of the ever greater increase in the production of certain varieties of high-yield common wheat, with good protein content, but of poor quality for making bread. The application of the Community intervention rules to those new varieties gives rise to the risk of their being taken over by the intervention bodies at the price fixed for wheat taken to be of bread-making quality.

The economic and budgetary disadvantages of that situation led the Council on 22 July 1975 to inform those professionally concerned, by means of a Recommendation,¹ that, as from the next price fixing operation, 'manufacturers of wheat unsuitable for making bread may not expect their products to be valued at more than the equivalent in terms of feed grain value'.

In a Resolution on the same occasion² the Council, in addition, asked the Commission to propose to it, not later than when it submitted its price proposals for the 1976/77 marketing year, the appropriate measures to deal with the difficulties mentioned.

(iii) Consolidation of the Regulations adopted by the Council in the cereals sector during the period from June 1967 to October 1975.

371. The Council, pursuant to its Resolution of 26 November 1974 on the consolidation of its agricultural secondary legislation³ aimed at giving greater legal clarity to the rules in force and making access to the texts in question more convenient for the interested parties, proceeded, after consulting the European Parliament on 29 October 1975, with the legislative consolidation of its Acts in the cereals sector.

In doing so, the Council incorporated in the basic Regulation on cereals (No 120/67) the numerous amendments it had made to it throughout the years, and adopted, on the date mentioned above, the resulting Regulation.⁴ The earlier Acts having thus become inapplicable were repealed, as, for reasons of legal security, were the Council's implementing Regulations which had been based on the old basic Regulation. Then those implementing Regulations, of which there were

¹ OJ No L 209 of 7.8.1975.

² OJ No C 182 of 9.8.1975.

³ OJ No C 20 of 28.1.1975.

⁴ Regulation (EEC) No 2727/75, OJ No L 281 of 1.11.1975.

29, were, on the same occasion, adopted by the Council, with references to the articles of the consolidated basic Regulation, together with a table of concordance.¹

The same procedure of consolidation was started by the Council, on a proposal from the Commission (14 November 1975), for the rice sector. In that connection, the Council decided to consult the European Parliament about those proposals, and instructed the competent authorities to examine them.

(f) Products processed from cereals: pigmeat, eggs, poultry meat, ovalbumine and lactalbumine

372. On 29 April 1975, the Council adopted Regulation (EEC) No 1121/75² establishing upper limits for compensatory amounts for pigmeat, eggs, ovalbumine, lactalbumine and poultry meat. The purpose of that Regulation is to set the upper limit for the compensatory amounts in those sectors at the level of the import levies, in order to avoid deflections of trade from one Member State to another and administrative complications.

373 On 10 July 1975, the Council adopted Regulation (EEC) No 1785/75³ amending Regulation No 213/67 (EEC) establishing the list of representative markets for pigmeat in the Community. That amendment, rendered necessary in the light of experience gained after two and a half years of 'the enlarged Community', replaces the sole representative market initially given for the United Kingdom (Guildford) by five representative markets distributed throughout the territory of the United Kingdom, in conformity with a request submitted by that State.

374. Finally, the Council agreed, because of the large number of amendments made since the original adoption of the texts which together represent the common organization of the markets in the respective sectors, the complicated nature of those amendments and the fact that they are dispersed throughout a number of different Official Journals, which makes it very difficult to read them as a whole, to carry out the consolidation of the provisions in force. The Council adopted the series of consolidated texts on 29 October 1975.⁴

¹ Regulations (EEC) Nos 2728/75 to 2758/75, OJ No L 281 of 1.11.1975.

² OJ No L 112 of 1.5.1975.

³ OJ No L 182 of 12.7.1975.

⁴ Regulations (EEC) Nos 2759/75 to 2785/75, OJ No L 282 of 1.11.1975.

(g) *Fruit and vegetables*

375. As agreed in connection with the Council's general solution in relation to 'the overall Mediterranean approach' in June 1973¹ which was confirmed and completed in June 1975,² the Council adopted during the period under review a series of Regulations completing, in particular, the common organization of the market for products processed from fruit and vegetables by a Community import system, and amending in certain respects the rules applying to fresh products.

(i) Import system applicable by Member States to imports of fruit and vegetable preserves from third countries.

376. The fundamental principle of the Community import system established by the Council on 22 July 1975³ is the liberalization of trade in products in this sector. That does not however apply without exception to all the products in question. For as the cost production of certain fruit and vegetable preserves is appreciable higher in the Community than in certain third countries which are suppliers of the same products, it proved necessary to provide the Community with appropriate devices enabling it to neutralize, in one way or another according to the product concerned, the unfavourable effects of those differences in production costs on the competitive position of the Community processing industries. Apart from the possibility of having recourse to the traditional type of protective measure,⁴ it was therefore provided that all fruit and vegetable preserves from third countries could be placed under the systems of supervision set up by the Council Regulations Nos 109/70 and 1439/74, and, where necessary, make subject to the special protective measures for which they provide.

377. In the case of a limited number of products considered to be particularly vulnerable from the point of view of competition, it was provided either that their liberalized importation would be subjected to certain conditions, or that they would be temporarily or definitively excepted from the principle of trade liberalization.

Thus the importation of tomato concentrates into the Community is only allowed on condition that it is at a price at least

¹ See 21st Review, paragraph 179.

² See paragraph 220 of this Review.

³ Regulation (EEC) No 1927/75, OJ No L 198 of 29.7.1975.

⁴ Regulation (EEC) No 1928/75, OJ No L 198 of 29.7.1975.

equal to the level of a minimum price fixed at 600 u.a./t for the 'old' and at 400 u.a./t for the 'new' Member States.¹ In addition to that device, there is a system of compensatory amounts applicable in intra-Community trade, in order to protect the competitive position of the tomato concentrates producers of the Community as originally composed on the markets of the new Member States.²

Finally, the tomato concentrates and other products considered to be 'sensitive'³ were subjected to a system of import licences, with the exception however of citrus fruit juices and Agen prunes, for which the import restrictions still in force in certain Member States continue to be applicable at the national level up to 31 December 1977.

378. A final support device, different from those outlined above, was introduced by the Council on this occasion in favour of the Community production of pineapple preserves in Martinique. The Council judged it advisable to ensure the viability of the production of pineapples and of the Martinique industry processing that product, although the amounts involved were small in relation to the Community's import requirements but were of undeniable value for the economy of the island, by granting it direct financial aid to compensate for the difference between the Community cost of production and the appreciable lower cost in certain competitive third countries.⁴

The Community import system came into effect on 1 September 1975 in respect of tomato concentrates, peeled tomatoes and tomato juice, and on 1 October 1975 in respect of the other products of the sector in question.

(ii) Other amendments of the basic Regulation on processed fruit and vegetables.

379. Independently of the measures indicated above, enacted within the framework of the overall Mediterranean approach by the Council, the latter on two occasions amended the basic Regulation in question during the period under review. The purpose of the first of those

¹ Regulation (EEC) No 1931/75, OJ No L 198 of 29.7.1975.

² Regulation (EEC) No 1930/75, OJ No L 198 of 29.7.1975.

³ Peeled tomatoes, tomato and citrus fruit juices (other than grapefruit juice), Agen prunes, mushrooms, peaches, green peas, French beans, raspberries and pears.

⁴ Regulation (EEC) No 1929/75, OJ No L 198 of 29.7.1975.

amendments, which took place on 14 April 1975,¹ was to adapt the tariff nomenclature given in Annex I of the basic Regulation in such a way as to take into account the results of the negotiations carried out on the basis of Article XXIV (6) of the GATT. By the second amendment decided on by the Council on 26 May 1975,² certain processed products derived from potatoes became no longer subject to the rules applying to fruit and vegetable preserves, but were placed under those drawn up for the dehydrated fodder sector.³

(iii) Amendments to the basic Regulation on fresh fruit and vegetables.

380. The amendments made by the Council in the rules for this sector are aimed at reducing the unfavourable repercussions on the competitive position of the Community producers of fruit and vegetables following the new tariff concessions granted to the countries of the Mediterranean Basin for the products in question.

Thus the Council decided, on 29 September 1975, to extend the system of financial compensation introduced in 1969 to promote the processing of certain varieties of oranges⁴ to all the supplies of oranges used by the industry in question.⁵

Similarly, it increased by 11% the amount of financial compensation ('marketing premium') for promoting the marketing of Community oranges, mandarins and clementines on the markets of the Member States.⁶ Those premiums will also apply in the case of lemons during the 1975/1976 season. They will be brought up to date for the following season in accordance with the basic and purchase price trends for the products concerned.⁷

381. Finally, following decisions taken by the Council with a view to restoring a more correct relationship between the price of Community citrus fruit and the prices of imported products,⁸ the Council, on the technical level, adjusted the criteria for fixing the reference price laid down in the basic Regulation for the products in question.

¹ Regulation (EEC) No 981/75, OJ No L 95 of 17.4.1975.

² Regulation (EEC) No 1420/75, OJ No L 141 of 3.6.1975.

³ See paragraph 384 of this Review.

⁴ See 18th Review, paragraph 155.

⁵ Regulation (EEC) No 2483/75, OJ No L 254 of 1.10.1975.

⁶ See 18th Review, paragraph 154.

⁷ Regulation (EEC) No 2481/75, OJ No L 254 of 1.10.1975.

⁸ See paragraph 380 of this Review.

On the general level, however, the protective effect of the said reference price system was strengthened by a modification of the conditions under which imports could be made subject to a compensatory charge in order to avoid disturbances in the Community markets due to supplies from third countries offered at abnormal prices.¹

(h) *Living plants and nursery products*

382. As it did for products processed from fruit and vegetables, the Council, during the period under review, completed the common organization of the market in living plants and nursery products by a Community import system applicable in respect of third countries.

For that purpose it adopted, on 16 December 1975, two Regulations, one setting up the said import system² and the other laying down detailed rules for applying protective measures in the sector in question.³

The Community import system thus established provides for the liberalization of imports of living plants and nursery products from third countries. However, in order to limit the risks which might result from doing away with all quantitative restrictions in trade with third countries, the Council provided the possibility of placing all the products in that sector under a system of Community supervision, like that set up by Council Regulations Nos 109/70 and 1439/74. That system makes it possible to place the importation of the products in question under an import licence system. That is obligatory in respect of a number of products which are considered to be particularly sensitive (roses, rose plants, carnations, cuttings, scions and vine seedlings and also asparagus fern).

Similarly, the Council also authorized the Member States to keep in force, on a provisional basis, their national import systems applicable to some of the 'sensitive' products mentioned above.

Finally, the Community import system provides for protective measures to be taken should there be serious disturbance of the Community market. Such measures include the total or partial

¹ Regulation (EEC) No 2482/75, OJ No L 254 of 1.10.1975.

² Regulation (EEC) No 3279/75, OJ No L 326 of 18.12.1975.

³ Regulation (EEC) No 3280/75, OJ No L 326 of 18.12.1975.

suspension of the issue of import licences for products under that system, and the total or partial suspension of imports of all the other products in that sector.

The two Regulations in question are applicable as from 1 January 1976.

(i) *Olive oil*

383. One of the Council's price decisions on 21 to 23 March 1974 was to maintain for the 1974/75 marketing year the existing market organization arrangements for olive oil, but to replace them as from 1 November 1975 by a new system to be decided on before 1 April 1975 on a proposal from the Commission.¹

The complicated nature of this matter and the need for the Commission departments concerned to follow closely the trends in the olive oil market, particularly in view of certain difficulties in the prevailing economic situation which became apparent in 1965, made observance of the above dates impossible.

In connection with the proposal of 15 December 1975 on the fixing of prices for certain agricultural products and on certain related measures, the Council was informed that the Commission would submit proposals for the revision of the organization of the market in the course of 1976.

Pending that revision, the Commission on 2 December 1975 submitted to the Council two proposals for regulations aimed at modifying the system of trade with third countries and at laying down special measures for the determination of the offers of olive oil on the world market, on the one hand, and on the Greek market, on the other. The Council's work, which could not be completed before the end of the year, was thus concerned, having regard to the recent trend in the Community market in that product which was characterized by large supplies, with the changes to be made in the levy system, so that the difficulties met with could be overcome rapidly and without recourse to the safeguard clause becoming necessary, bearing in mind, in particular, the importance of the product in question for the Mediterranean basin countries concerned within the context of the work connected with the overall Mediterranean approach.²

¹ See 22nd Review, paragraph 381.

² See paragraph 215 of this Review.

(j) *Dehydrated fodder.*

384. Pending a regulation on the organization of the market in potatoes, the Council completed Regulation (EEC) No 1067/74 on the common organization of the market in dehydrated fodder by extending its scope to dehydrated potatoes, and to flour, meal, and flakes of potato unfit for human consumption.¹

(k) *Fisheries*

385. In 1975 the Council intervened, on 5 May, in order to make an amendment to the basic Regulation in the fisheries sector, Regulation (EEC) No 2142/70.² On that date, it adopted Regulation (EEC) No 1182/75³ supplementing Annexes I (A) and IV (B) of the basic Regulation, and also Regulation (EEC) No 1183/75³; those two Regulations enable the Commission in future to fix a guide price for frozen hake, that product being under a serious threat from imports from third countries. Subsequently, on 16 December 1975, hake, by Regulation (EEC) No 3308/75,⁴ were included under Regulation (EEC) No 2455/70⁵ determining common marketing standards for certain fresh or chilled fish.

C – Management of the common organization of the markets

1. CEREALS AND RICE

(a) *Cereal prices*

386. After the Council had agreed in principle, in February 1975 on the prices of agricultural products and certain related measures for the 1975/1976 marketing year, on 4 March 1975 the Council fixed the basic prices (target prices, intervention prices and guaranteed minimum prices) for the cereals sector.⁶

As shown in the table which follows, those prices are at a level on an average 9% higher than the level in the previous marketing year.

¹ Regulation (EEC) 1420/75, OJ No L 141 of 3.6.1975.

² OJ No L 236 of 27.10.1970.

³ OJ No L 118 of 8.5.1975.

⁴ OJ No L 328 of 20.12.1975.

⁵ OJ No L 264 of 5.12.1970.

⁶ Regulation (EEC) No 666/75, OJ No L 73 of 20.3.1975.

In the case of rye, a more substantial increase was decided on, in order to encourage production of that cereal, which was declining. Taken as a whole, prices reflect the policy followed by the Council, namely that of improving by progressive stages the price relationships, on the one hand, between the various feed grains, and, on the other, between the latter and bread grains.

Product and type of price	1974/75 marketing year price, before 5% increase	1974/75 marketing year price, after 5% increase	Prices fixed for 1975/76 marketing year	Percentage increase as compared with 1974/75 marketing year after increase
<i>Common wheat</i>				
Target price	121.84	127.93	139.44	+ 9 %
Basic intervention price	110.03	115.53	125.93	+ 9 %
<i>Durum wheat</i>				
Target price	182.83	191.97	207.33	+ 8 %
Single intervention price	166.83	175.17	190.53	+ 8.8 %
Guaranteed minimum price	196.83	205.17	215.45	+ 5.0 %
Aid to producers	30.00	30.00	24.92	-
<i>Barley</i>				
Target price	110.55	116.08	126.99	+ 9.4 %
Single intervention price	96.60	101.43	110.96	+ 9.4 %
<i>Rye</i>				
Target price	119.04	124.99	138.74	+ 11 %
Single intervention price	101.84	106.93	119.76	+ 12 %
<i>Maize</i>				
Target price	109.45	114.92	126.41	+ 10 %
Single intervention price	89.55	94.03	103.43	+ 10 %

387. The threshold prices for cereals fixed by the Council on 28 April 1975¹ chose similar increases to those for their target prices in order to

¹ Regulation (EEC) No 1173/75 of 28 April 1975, OJ No L 117 of 7.5.1975.

ensure that the selling price for imported cereals on the Duisburg market is the same as the target price.

In the case of the threshold prices for cereals flour, groats and meal, the Council took into account when fixing the price the variations in the costs of manufacture resulting from an increase in the milling margin, together with a standard amount for the by-products of milling.¹

Finally, the single intervention prices (applicable to barley, rye, durum wheat and maize) and the derived prices (for common wheat) were fixed in relation to the increases decided on in the target prices of the cereals in question.²

(b) *Related measures*

(i) Bringing the beginning of the marketing year for maize and sorghum into line with that for the other cereals.

388. In April and July 1974 respectively, the Council, for reasons stated in the previous Review,³ had deferred the opening of the marketing year for maize and sorghum to 1 October.

That measure was to become effective as from the 1975/1976 marketing year. In the meantime, however, it was found that to disrupt the uniformity of the marketing year for cereals in that way would have serious disadvantages at a time when a better graded system of prices could be established. Therefore, the Council, on 4 March 1975, after consulting the European Parliament, reversed its decision and brought the marketing year for maize and sorghum into line again with that for the other cereals,⁴ which begins on 1 August and ends on 31 July of the following year. That system came into force on 1 August 1975.

(ii) Production refund for starch products.

389. For the reasons stated in the preceding Review,⁵ the basic Regulation on cereals in Article 11 made it obligatory to grant a

¹ Regulation (EEC) No 1172/75 of 28 April 1975, OJ No L 117 of 7.5.1975.

² Regulation (EEC) No 1171/75 of 28 April 1975, OJ No L 117 of 7.5.1975.

³ See 22nd Review, paragraphs 338 and 339.

⁴ Regulation (EEC) No 665/75, OJ No L 72 of 20.3.1975.

⁵ See 22nd Review, paragraph 341.

production refund for certain products used in the manufacture of starch, potato starch, and glucose, and in the brewing of beer.

Experience having shown that this provision caused certain difficulties, the Council on 4 March 1975, after consulting the European Parliament, adopted a Regulation¹ which provides that the granting of the refunds in question will henceforth be only optional and not obligatory, and which does not allow a refund be granted for maize groats and meal used for brewing.

On the same occasion, the Council decided on a similar amendment of the basic Regulation on rice in respect of broken rice used in the manufacture of starch or in brewing.

As regards the amount of the refund in question, the Council, on the basis of an analysis of the competitive position, on the one hand of maize, rice and potato starch, and, on the other, of chemical substitutes, decided on 22 July 1975 to reduce the amount of the refunds by more than 50% as compared with the 1974/1975 marketing year.²

Finally, the Council, on 30 June 1975, received from the Commission three proposals concerning this sector. The purpose of the first two is to reintroduce into the basic Regulations on cereals and rice the option of granting production refunds for maize groats and meal and broken rice used in brewing, in order to establish a better balance between the different starch products. The third proposal provides that the amount of the refund, which would be restricted to maize meal only, would be 9.5 u.a. per tonne.

The Council decided to consult the European Parliament about the first two proposals, and instructed its competent departments to examine all those draft regulations.

(c) Monthly increases in cereal prices

390. Following its decision of 4 March 1975 to make the marketing year for maize and sorghum coincide with that for the other cereals,³ the Council on the same date amended the system of monthly

¹ Regulation (EEC) No 665/75, OJ No L 72 of 20.3.1975.

² Regulation (EEC) No 1955/75, OJ No L 200 of 31.7.1975.

³ See paragraph 338 of this Review.

increases established for the 1974/1975 marketing year¹ by making the effective date-limit for the application of those increases for maize and sorghum 31 July 1975 as in the case of the other cereals.²

The monthly increases applicable during the 1975/1976 marketing year to the prices (target, threshold and intervention) and their processed products (flour, groats and meal) were fixed by the Council on 14 April 1975.³ In order that they might fulfil the purpose allotted to them in the common organization of the cereals market, namely that of compensating for storage costs and interest charges for storing, and of facilitating the sale of stocks in accordance with market requirements, the Council decided on a general increase of some 25% in the amount of the increases for cereals and their processed products with the exception of durum wheat for which it fixed a higher rate of increase because the cost of storing it was particularly heavy.

(d) Production aid for durum wheat

391. In accordance with Article 10 of Regulation No 120/67, which provides that the amount of aid for the production of durum wheat must be equal to the difference obtaining at the beginning of the marketing year between the guaranteed minimum price and the intervention price, the Council, taking into account the level of those prices established for the 1975/76 marketing year, fixed, on 10 July 1975, the amount of that aid at 24.92 u.a./t.⁴

(e) Rice prices for the 1975/76 marketing year

392. Taking account of the rice market situation, where there was reduced demand and adequate stocks, the Council, after consulting the European Parliament, on 4 March 1975 fixed the target price for husked rice for the 1975/1976 marketing year at 261.03 u.a./t, that is to say at a level of some 10% higher than that of the previous marketing year.⁵

That decision led the Council also to increase the Arles and Vercelli intervention prices for paddy rice⁶ (by some 8% as compared

¹ See 22nd Review, paragraph 354.

² Regulation (EEC) No 667/75, OJ No L 72 of 20.3.1975.

³ Regulation (EEC) No 982/75, OJ No L 95 of 17.4.1975.

⁴ Regulation (EEC) No 1784/75, OJ No L 182 of 12.7.1975.

⁵ Regulation (EEC) No 669/75, OJ No L 72 of 20.3.1975.

⁶ Regulation (EEC) No 670/75, OJ No L 72 of 20.3.1975.

with the previous marketing year), and also the threshold prices for husked rice and broken rice, which were raised on 22 July 1975 to 257.20 u.a./t and 160.45 u.a./t respectively.¹

The amount to be included in the threshold price of milled rice for the protection of the industry followed the same trend, and was increased by 7.0 u.a./t to 11.5 u.a./t, in order the better to meet the difficult situation in the rice processing industry.

(f) Monthly rice price increases

393. Finally, the Council, on 22 July 1975, decided on the number and amount of monthly increases in the price of paddy rice and husked rice.² The amounts were increased respectively from 1.35 u.a./t for paddy rice in 1974/75 to 1.72 u.a./t, and from 1.69 u.a./t for husked rice in 1974/75 to 2.15 u.a./t. As regards the number of monthly increases, that was increased from 8 to 10, so that rice prices will be increased by the said amounts during the period from 1 October 1975 to 1 July 1976, the prices thus obtained for the month of July 1976 remaining valid up to 31 August 1976. Those increases proved necessary in order to compensate for the rise in the cost of storage and financing and the need to sell accumulated stocks according to market requirements.

2. PRODUCTS PROCESSED FROM CEREALS AND RICE

394. In order to ensure more effective management of the markets for products in this sector, the Council, at its meeting on 14 April 1975, extended to malt the possibility of adjusting, by a corrective amount, the export refund where this is fixed in advance.³

Pig meat

395. In this sector, the Commission had proposed an increase of 11% in the basic price in view of the rise in the cost of the means and factors of production which had occurred or would occur before the beginning of the new marketing year. The basic price serves for the calculation of the threshold at which any intervention measures come

¹ Regulation (EEC) No 1892/75, OJ No L 193 of 25.7.1975.

² Regulation (EEC) No 1893/75, OJ No L 193 of 25.7.1975.

³ Regulation (EEC) No 980/75, OJ No L 95 of 17.4.1975.

into play, and of the purchase price of meat which cannot be absorbed by the market. The Council nevertheless thought it advisable to follow the Commission on that point, and decided to limit the increase in the basic price for slaughtered pigs to 8.5%. Its main objective was, in fact, to avoid giving any inopportune incentive to a sector which is in a cyclical phase of overproduction. Well aware, nevertheless, of the producers' justifiable demands as regards income, it brought forward from 1 November to 1 August 1975 the entry into force of the new basic price, in order to bring the purchase price which is derived therefrom closer to the actual market price. Those decisions of the Council were taken in connection with the fixing of prices for the 1975/76 marketing year, and were formally embodied in Regulation No 676/75 of 4 March 1975.¹

3. MILK AND MILD PRODUCTS

(a) Management of the internal market

396. As regards the day-to-day management of this sector, there are two main aspects, namely the system of prices, and the measures adopted to dispose of surpluses, particularly in the case of skimmed milk powder.

As regards the price system, on 27 February 1975 the Council fixed the prices, of which the most important are shown in the following table:

¹ OJ No L 72 of 20.3.1975.

	u.a. per 100 kg			
	1973/74 marketing year	1974/75 marketing year ¹	1975/76 marketing year ²	
			3 March	16 Sep- tember
(a) Target price for milk	12.42	13.41	14.92	15.59
(b) Intervention price:				
Butter:				
– in Denmark	171.50	172.40	– ⁽³⁾	– ⁽³⁾
– in Ireland	160.25	163.40	184.14	198.32
– in the United Kingdom	87.96	104.89	134.19	143.68
– in the other Member States	176.00	176.00	194.63	209.58
Skimmed milk powder	66.00	79.00	88.70	88.70
Grana Padano cheese:				
– from 30 to 60 days	157.55	175.50	195.85	201.45
– in batches of an average age of six months	183.55	206.60	230.83	236.74
Parmigiano Reggiano cheese				
– in batches of an average age of 6 months	197.95	223.60	250.03	255.96

¹ Regulation (EEC) No 663/74, OJ No L 85 of 29.3.1974. Those prices were increased by 5% by the Council in October 1974 (Regulation (EEC) No 2496/74, OJ No L 268 of 3.10.1974).

² Regulation (EEC) No 469/75, OJ No L 52 of 28.2.1975.

³ It was possible to abolish the special price for Denmark, and bring the price into line with that for the other Member States.

In that context and on the same date the Council also adopted the Regulations fixing the threshold prices of certain milk products;¹ fixing the beginning and the end of the 1975/1976 milk marketing year, namely 2 March 1975 and 3 March 1976;² amending Regulation (EEC) No 971/68 as regards the periods during which Grana Padano and Parmigiano Reggiano cheeses can be offered for intervention;³ and amending Regulation (EEC) No 823/68⁴ as regards the conditions for bringing certain cheeses within certain tariff headings, and Regulation (EEC) No 950/68 concerning the CCT.⁵

¹ Regulation (EEC) No 468/75, OJ No L 52 of 28.2.1975.

² Regulation (EEC) No 466/75, OJ No L 52 of 28.2.1975.

³ Regulation (EEC) No 473/75, OJ No L 52 of 28.2.1975.

⁴ This Regulation was amended a second time on this point by Regulation (EEC) No 823/75, OJ No L 79 of 28.3.1975.

⁵ Regulation (EEC) No 467/75, OJ No L 52 of 28.2.1975.

397. As regards the second aspect, that of the measures aimed at increasing the disposal of surpluses, particularly of skimmed milk powder (the stock on 31.12.1975 being about 1.1 million tonnes), the Council adopted several measures during 1975.

First of all, on 21 January 1975, the Council adopted Regulation (EEC) No 155/75¹ on the sale of skimmed milk powder from public stocks for supply to developing countries (authorization to the Commission to sell at a reduced price through international and/or charitable organizations 100 000 tonnes).

Secondly, the Council, when fixing the prices,² adopted the following Regulations relating mainly to butter: Regulation (EEC) No 470/75 amending Regulation (EEC) No 1191/73 laying down general rules for the granting of a consumer subsidy for butter³ (increase of the maximum to 45 u.a./100 kg and adjustment of the part of the aid financed by the EAGGF); Regulation (EEC) No 471/75 on the sale of butter at reduced prices to persons receiving social assistance³ (authorization for Member States to grant for the 1975/1976 milk year aid to the persons concerned reimbursed by the EAGGF up to a maximum of 75 u.a./100 kg; and Regulation (EEC) No 472/75 amending Regulation (EEC) No 986/68 laying down general rules for granting aid for skimmed milk powder for use as feeding stuffs.³ That Regulation, also taking into account the amendment of the basic Regulation making it possible to grant aid in respect of buttermilk as was already the case for skimmed milk,⁴ authorizes the Commission to fix the aids in respect of the products concerned within a margin of 30 to 40 u.a./100 kg.

398. Subsequently, on 28 July 1975, taking into account a report on the market situation for milk and milk products and bearing in mind an ever more critical situation in the skimmed milk powder sector, the Council adopted the following Regulations: Regulation (EEC)

¹ OJ No L 19 of 24.1.1975. This Regulation, subsequently, was amended by Regulation (EEC) No 1960/75 of 28 July 1975 (OJ No L 200 of 31.7.1975, p. 5), which, on the one hand, permits direct sale to developing countries suffering from a natural disaster of which the situation is particularly difficult, and, on the other hand, provides for a decrease in the selling price.

² See paragraph 396 of this Review.

³ OJ No L 52 of 28.2.1975.

⁴ Regulation (EEC) No 465/75, OJ No L 52 of 28.2.1975.

No1959/75 on the granting of aid for the private storage of skimmed milk powder¹ (possibility during the period from 1 August to 30 September 1975); and Regulation (EEC) No 1961/75 on the prohibition of the use of inward processing arrangements in respect of skimmed milk powder¹ (applicable from 1 August 1975 until 31 March 1977).

In view of that same report, the Council, in the year under review, also adopted Regulation (EEC) No 2808/75 of 29 October 1975 laying down a special measure for the disposal of skimmed milk powder in public storage with a view to incorporation in compound animal feeding stuffs.² This measure concerns the sale at a reduced price of a certain quantity of old skimmed milk powder held in storage since before 1 April 1974, 50% being for use in the Community and 50% for export; and Regulation (EEC) No 3066/75 of 24 November 1975 on the prohibition of the use of inward processing arrangements in respect of butter.³ (That Regulation makes it possible for the Commission, under certain well-defined conditions, to prohibit the use of inward processing arrangements in respect of butter during the period up to 31 March 1977).

399. As regards the management of the internal market, the Council, as it had been impossible to reach a formal decision by the date laid down (1 January 1976) on the introduction of a minimum fat content of 3.5% for whole milk throughout the Community, adopted, on 23 December 1975, Regulation (EEC) No 3358/75⁴ amending Regulation (EEC) No 1411/71,⁵ providing for a three months prolongation of the old system.

(b) Situation regarding Protocol No 18 annexed to the Treaty of Accession: imports of New Zealand butter into the United Kingdom

400. On the above subject, the Council received from the Commission in 1975 two reports, one on the conditions under which the provisions of Protocol No 18 were applied in 1974 and the other on the system to be adopted after 1977.

¹ OJ No L 200 of 31.7.1975.

² OJ No L 280 of 31.10.1975.

³ OJ No L 307 of 27.11.1975.

⁴ OJ No L 330 of 24.12.1975.

⁵ OJ No L 148 of 3.7.1971.

The Council, in November 1975, agreed to take a decision on the latter subject at one of its subsequent meetings, when it would also take into account the way in which the British market developed in 1976.

As regards the system currently in force, the Council on 24 November 1975 adopted Regulation (EEC) No 3067/75¹ concerning the price to be observed at the CIF stage for imports of New Zealand butter and cheese into the United Kingdom (modification of the price in the light, in particular, of the increases in freight rates).

4. BEEF AND VEAL

(a) *Prices*

401. The Council on 21 January 1975,² extended until 2 March the validity of the prices for the marketing year 1974/75, which, in accordance with the terms of the Treaty of Accession, had been limited to 31 January 1975.³ The Council on 27 February 1975⁴ decided to bring forward to 3 March 1975 the beginning of the 1975/1976 marketing year.

At the same time it fixed for the said marketing year the guide prices for calves and adult bovine animals at the following levels:

	Ireland and United Kingdom	Other Member States
Calves	114.21 u.a./100 kg	128.74 u.a./100 kg
Adult bovine animals	97.55 u.a./100 kg	109.94 u.a./100 kg

It also, by way of derogation from the rules laid down in Article 6 of the basic Regulation, decided, talking into account the position regarding market prices and the large size of the intervention stocks, not to pass on the whole of the increase in the guide price to the intervention price level, the latter being fixed as follows:

¹ OJ No L 307 of 28.11.1975.

² Regulation (EEC) No 147/75, OJ No L 20/1 of 25.1.1976.

³ Regulation (EEC) No 667/74, OJ No L 85 of 29.3.1974.

⁴ Regulation (EEC) No 461/75, OJ No L 52/1 of 28.2.1975.

	Ireland and United Kingdom	Other Member States
Intervention price	88.22 u.a./100 kg	99.42 u.a./100 kg

(b) *Premium system*

402. On 31 January 1975, the Council decided, by Regulation (EEC) No 266/75¹ to retain the system of development premiums for the raising of beef cattle laid down by Regulation (EEC) No 1353/73, in order to take into account the considerable delays occurring in its implementation.

In view of its decision not to increase the intervention price in the same proposal as the guide price, the Council considered it necessary to compensate the producers for the resulting loss of income by deciding to establish systems of premiums for producers of bovine animals² as from 1 May 1975, it being agreed that in the interval the system of premiums for the orderly marketing of certain adult bovine animals for slaughter and for the retention of cattle would remain in force,³ and that the granting of national aid for the slaughter of certain adult bovine animals intended for slaughter notified by the British authorities would be authorized from 1 February to 30 April 1975.⁴

403. The systems of premiums for the producers of bovine animals relate in fact to three types of premiums to which the various Member States can have recourse according to the zootechnical characteristics of their production;

(i) Premium for the slaughter of certain adult bovine animals intended for slaughter other than cows.

404. The Member States which have recourse to this premium may, from 1 May 1975 to 29 February 1976, grant a premium of 28 u.a. for each adult bovine animal, to be charged to the EAGGF, and an additional national premium to a maximum amount of 52 u.a. for each adult bovine animal.

¹ OJ No L 30 of 4.2.1975.

² Regulation (EEC) No 464/75, OJ No L 52 of 28.2.1975.

³ Regulation (EEC) No 462/75, OJ No L 52 of 28.2.1975.

⁴ Council Decision 75/142/EEC of 27 February 1975, OJ No L 52 of 28.2.1975, corrigendum OJ No L 59 of 5.3.1975.

(ii) Premium for the retention on the holding of cows.

405. The Member States which do not wish to have recourse to the system of premiums mentioned earlier¹ may grant a premium for the retention on the holding of cows up to a maximum amount in u.a. to be determined on the basis of the overall budget which would have been allocated to that Member State if it had applied the premium for slaughter.

(iii) Premium for the birth of calves.

406. Italy, in view of the decline in its cattle population, was authorized to grant a premium for the birth of calves, of an amount of 56 u.a. payable in two instalments for each calf born during the 1975/76 marketing year.

(c) *Intervention measures*

407. Taking into account the continuing tension in the Community markets, the Council of 26 March 1975 decided² to extend the validity of Regulation (EEC) No 377/74 making temporary provision for private storage aids for boned or boneless meat in the beef and veal sector.

(d) *System of trade with third countries*

408. The continued application of safeguard measures meant that again in 1975, apart from the quantities imported under the so-called EXIM system established by the Commission on 23 April 1975, the only imports which it was possible to effect were those based on the consolidated duty tariff quotas within the framework of the GATT.³

The Council, in that connection, on 24 June 1975, decided as in the past to open the tariff quota of 30 000 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds falling within sub-heading ex 01.02 A II b. 2 of the CCT (Austria quota)⁴ and 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. 2 of the CCT (Swiss quota).⁵

¹ See paragraph 402 of this Review.

² Regulation (EEC) No 822/75, OJ No L 79 of 28.3.1975.

³ OJ No L 349 of 28.12.1974.

⁴ Regulation (EEC) No 1587/75, OJ No L 163 of 26.6.1975.

⁵ Regulation (EEC) No 1588/75, OJ No L 163 of 26.6.1975.

It further gave its assent on 16 December 1975¹ to the Regulation, opening allocating and providing for the administration of the Community tariff quota for frozen beef and veal of 38 500 tonnes for 1976, in accordance with the undertakings entered into by the Community within the framework of the last multilateral negotiations of the GATT.

The allocation of that quota was as follows:

Benelux	4 550 tonnes
Denmark	250 tonnes
Germany	7 700 tonnes
France	2 800 tonnes
Ireland	—
Italy	11 050 tonnes
United Kingdom	12 150 tonnes

5. FRESH FRUIT AND VEGETABLES

Prices

409. As provided in the basic Regulation for this sector, the Council, after consulting the European Parliament, established, at the same time as the prices of the other agricultural products (27 February 1975), the basic and purchase prices applicable during the 1975/1976 marketing year for certain fresh fruit and vegetables.²

The Council fixed those prices at a level ensuring that in case of intervention on the markets producers would receive a price 11% higher than that for the 1974/1975 marketing year, except as regards apples and pears, for which the increase, bearing in mind the risk of structural surpluses, is limited to 9%.³

¹ Regulation (EEC) No 3288/75, OJ No L 327 of 19.12.1975.

² Cauliflowers, tomatoes, peaches, lemons, pears, table grapes, apples, mandarins and sweet oranges.

³ Regulation (EEC) No 474/75, OJ No L 52 of 28.2.1975.

6. SUGAR SECTOR

(a) Measures relating to prices

410. When fixing the prices for the marketing year 1975/76 from 10 to 13 February 1975 the Council decided on price increases of the order of 15%, to be introduced in their entirety on 1 July 1975.

The following table compares the new prices with those for the previous year:¹

Prices in u.a./100 kg	1974-1975		1975-1976
	April 1974	Oktober 1974	
Target price for white sugar	26.55	27.88	32.05
Intervention price for white sugar	25.22	26.48	30.45
Derived intervention price for white sugar for Italy	27.43	28.69	33.00
Derived intervention price for white sugar for the French overseas departments	24.99	26.25	30.25
Derived intervention price for white sugar for Ireland	23.57	24.75	
Derived intervention price for white sugar for the United Kingdom	21.85	22.84	31.45
Intervention price for raw sugar	21.41		25.84
Minimum price for beet	18.84	19.78	22.75
Threshold price for white sugar	29.47	30.80	35.52
Threshold price for raw sugar	25.78	26.90	30.97
Price for molasses	3.20	3.20	3.20

411. When making its decisions regarding the system of preferences for sugar imports,² the Council agreed in principle at its meeting on 23 and 24 June 1975 that a national aid with a ceiling of 5 u.a./100 kg should be granted to the cane sugar producers in the French overseas departments for the period covering marketing years 1975/76 to 1979/80.

¹ Regulations (EEC) Nos 659/75 and 660/75 of 4.3.1975, OJ No L 72 of 20.3.1975.

² See paragraph 359 of this Review.

At its meeting on 29 and 30 September 1975 the Council subsequently adopted Regulation (EEC) No 2624/75,¹ which makes 3 provisions. Firstly a subsidy was to be granted from 1 March to 30 June 1975 of 1.07 u.a./100kg of sugar expressed as white sugar for the sugar produced in the French overseas departments and refined in a refinery situated in one of the Member States. Secondly, it provided for a levy, termed the differential charge, for the period from 1 July 1975 to 30 June 1976 (to be paid by the mixed refineries refining preferential sugar from the ACP countries and India) of 1.20 u.a./100 kg of sugar expressed as white sugar. This was not charged on preferential raw sugar refined in Ireland during this period up to a maximum quantity of 30 000 tonnes expressed as white sugar. Thirdly it provided for a subsidy during the same period, termed the differential amount, for sugar from the French overseas departments of 1.20 u.a./100 kg of sugar expressed as white sugar.

In order to ensure fair conditions of competition between the pure refineries and the sugar factories/refineries situated within the Community, the Council took note of the Commission's undertaking to carry out a study during the marketing year 1975/76 on comparative costs in the different types of refinery.

(b) Sugar supplies to the Community market

412. In order to reduce the physical deficit in sugar in the Community the Council adopted Regulation (EEC) No 175/75 of 21 January 1975 on special intervention measures for sugar.² This regulation made provision for aid in respect of Community production of sugar from molasses if necessary, which would permit an additional 40 000 tonnes of sugar to be produced.

In view of the deterioration in the sugar supply situation in the Community at the time, the Council also adopted Regulation (EEC) No 191/75 on 21 January 1975 concerning an additional quantity in respect of the subsidized importation of sugar, which provided for a further 200 000 tonnes² in addition to the 200 000 tonnes already provided for under Regulation (EEC) No 2931/74.³

At the time of making this decision the Council agreed that an additional 100 000 tonnes could be imported at a later date in case of

¹ OJ No L 268 of 17.10.1975.

² OJ No L 20 of 25.1.1975.

³ See paragraph 368 of the 22nd Review.

need and in accordance with procedures to be laid down. This third batch was sanctioned by Regulation (EEC) No 821/75,¹ which also provided that these imports could be wholly or in part limited to the deficit regions of the Community.

(c) Procedure for implementing the common organization of the markets

413. In implementing the new sugar policy² the Council adopted a number of acts. Regulation (EEC) of 18 March 1975 lays down special rules for the purchase of sugar beet³ and its purpose is to allow individual Member States to lay down rules for the allocation of the quantities of beet to be delivered when agreement cannot be reached between the beet growers and the manufacturers. It lays down that a Member State may grant to traditional sellers of beet delivery rights other than those which they would enjoy if they belonged to cooperatives, Regulation (EEC) No 1102/75⁴ makes provision for suspending the periodic fixing of the export refund on molasses and syrups. The purpose of this decision is to simplify the administrative procedure when this fixing becomes notional because no surplus of molasses is available for export on the basis of world market prices.

7. WINE

(a) Prices system

414. In connection with its general discussions on common agricultural prices,⁵ the Council fixed for the wine sector the various guide prices applicable from 16 December 1975 to 15 December 1976 by Regulation (EEC) No 661 of 4 March 1975.⁶

In relation to the corresponding period for 1974/75, the said prices, in accordance with the proposal from the Commission and after consultation with the European Parliament and, on an optional basis, with the Economic and Social Committee, were raised by 8% for wines

¹ OJ No 79 of 28.3.1975.

² Regulation (EEC) No 3330/74, OJ No L 359 of 31.12.1974 and paragraphs 313 to 316 of the 22nd Review.

³ OJ No L 74 of 22.3.1975.

⁴ OJ No L 110 of 30.4.1975.

⁵ See paragraph 340 of this Review.

⁶ OJ No L 72 of 20.3.1975.

of the R I, R III, A I, A II and A III types, and by 10% for wines of the R II type. By the latter measure, the Council achieved the alignment of the price in question with that of R I wine in accordance with the Council's decision on the matter taken at its meeting on 21 to 23 March 1974.

415. As regards the second category of prices in the wine sector which determine the activating threshold for intervention, the Council decided on 9 December 1975 to fix them, on the basis of a proposal from the Commission, at a level of 93% of the respective guide prices.¹

The table below illustrates price trends for wine in comparison with the 1974 situation²:

¹ Regulation (EEC) No 3220, OJ No L 320 of 11.12.1975.

² See 22nd Review, paragraph 370.

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°	1.84 u.a./°/hl	1.71 u.a./°/hl	1.63 u.a./°/hl
<i>R II:</i> red wine with an actual alcoholic strength of between 13 en 14°	1.84 u.a./°/hl	1.71 u.a./°/hl	1.57 u.a./°/hl
<i>R III:</i> red wine from wine varieties of the 'Portugieser' type	28.71 u.a./hl	26.70 u.a./hl	16.43 u.a./hl
<i>A I:</i> white wine with an actual strength of between 10 en 12°	1.73 u.a./°/hl	1.61 u.a./°/hl	1.36 u.a./°/hl
<i>A II:</i> white wine from wine varieties of the 'Sylvaner' or 'Müller- Thurgäu' type	38.26 u.a./hl	35.58 u.a./hl	20.01 u.a./hl
<i>A III:</i> white wine from wine varieties of the 'Riesling' type	43.69 u.a./hl	40.63 u.a./hl	29.29 u.a./hl

(b) *Intervention measures*

416. In 1975, the wine industry was faced with a crisis which was due, not only to a temporary economic situation connected with a particularly large volume of production in the previous two years, but also to effects of a structural nature caused either by an improvement in productivity, or by an increase in yields due to certain increases in area or to a better use of production factors.

417. Consequently the Council decided, on several occasions, on a proposal from the Commission, to have recourse to the intervention measure provided for in Article 7 of Regulation (EEC) No 816/60,

which consists of allowing wines to be withdrawn from the market by using them for distilling.

This was primarily a matter of Regulation (EEC) No 267/75 of 31 January 1975,¹ which allowed voluntary distillation during a period ending on 6 June 1975. The general rules applicable to that distilling operation were different from those which had been adopted in 1971, 1972 and 1974² for similar operations; for provision was made for the possibility of limiting the quantities of wine to be distilled, on the basis of a check by the Commission on the volume resulting from the applications to distil to be submitted by the producers. The minimum purchase price was fixed at 1.58 u.a./°/hl, the amounts of the aid to be paid by the intervention agencies to enable the distilleries to market the alcohol or distillates thus obtained having been fixed respectively at 0.92 and 0.78 u.a./°/hl.

That distilling operation, which had finally affected a volume of 4.6 million hl of wine in the Community, having proved inadequate to restore the market situation, the Council decided, on 21 April 1975,³ to open a new distilling operation for the period from 7 June to 31 July 1975, with a minimum purchase price of 1.56 u.a./°/hl and an amount of aid of 0.90 u.a./°/hl for alcohol and of 0.76 u.a./°/hl for distillates.

Further, the date-limit was postponed, on a proposal from the Commission, from 31 July 1975 to 14 August 1975,⁴ the Council having considered that measure necessary in order to achieve fully the desired objective, namely to restore balance to the wine market.

Consequently, the period for the conclusion of contracts was likewise adjusted, the date-limit fixed by Regulation (EEC) No 1786/75 of 10 July 1975⁵ being 25 July 1975.

Moreover, experience having shown the need for specific rules making it possible to take into account the unforeseeable events which might interfere with the progress of operations in the distilleries, the Council decided to consider this matter. In its Regulation (EEC) No 1786/75 already mentioned, it adopted a provision providing that in fortuitous cases or in case of *force majeure* preventing the carrying out

¹ OJ No L 30 of 4.2.1975.

² See 19th, 20th and 22nd Reviews.

³ Regulation (EEC) No 1036/75, OJ No L 103 of 23.4.1975.

⁴ Regulation (EEC) No 1623/75, OJ No L 164 of 27.6.1975.

⁵ OJ No L 182 of 12.7.1975.

of a distilling operation effected under Regulations (EEC) Nos 267/75 and 1036/75, the intervention body of the Member State concerned could authorize the distilleries to resume the operation in question for a number of days such that the total duration of the operation did not exceed the maximum duration authorized by the said Regulations.

(c) Monitoring of production potential and requirements

418. As in previous years, the Council in 1975 received from the Commission, on the one hand, under Article 43 of the basic Regulation, the definitive balance-sheet on the wine market situation at the end of the preceding year, and, on the other, under Article 17 of the same Regulation, the report on 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 ground for taking measures, on a proposal from the Commission, to prevent structural surpluses.

(d) Compulsory distillation of wine by-products

419. This system, known as that of 'prestations viniques' (vintners' deliveries), and which, under Article 24 of Regulation (EEC) No 816/70, is compulsory in France and Italy, is based on the necessity of ensuring that the prohibition on overpressing of grapes is observed. It is governed by Regulation (EEC) No 1877/74, which lays down the general implementation rules for the system and which will remain in force until the end of the 1976/77 wine year.¹

One of those provisions, Article 5, provides the possibility for the producers to discharge, under Article 24 (2), third sub-paragraph, of Regulation (EEC) No 816/70, the obligation to distill the marcs and the lees obtained from the wine making process by producing potable spirits of marcs or of wine lees. When this provision was applied in practice it was in fact found that in certain wine-producing regions nearly all the potable spirits produced as vintners' deliveries were simply potable spirits of wine lees.

¹ See 22nd Review, paragraph 376.

That situation was not without difficulty, particularly as regards disciplinary supervision concerning the prohibition on overpressing grapes; the Council therefore decided in Regulation (EEC) No 3219/75, adopted on 9 December 1975, on a proposal from the Commission,¹ to specify that the production of potable spirits of wine can only take place as a secondary process after the distillation of the marcs and wine lees obtained.

That provision, which appears in a new version of paragraph 1 of Article 5 mentioned above, is accompanied by an additional rule applying solely to the administrative units of which the wine production is traditionally intended for processing into potable spirits of wine, as is to be found in the regions where 'Cognac' and 'Armagnac' are produced; the Council considered that it was appropriate to authorize the Member States to determine for the administrative units concerned the minimum percentage of potable spirits of grape marcs which must be produced before it is permissible to proceed with the traditional distillation in question.

420. As regards the financial aspect of the system of 'vintners' deliveries', the Council had in 1975 to determine, as in previous years, the price to be paid for the 1975/76 wine year by the intervention agencies to the wine producers for alcohol from the distillation of the by-products of wine-making, and also the eventual participation by the EAGGF, Guarantee Section, in the expenditure consequently falling on those intervention agencies. However, following developments in the alcohol market situation, the Council found it also had to chance the amounts of the participation by the EAGGF which had been fixed for the 1974/1975 wine year.²

On a proposal from the Commission, it therefore decided on 26 May 1975 to fix the maximum amount in question for the period from 1 April to 31 August 1975, and for the products with an alcohol content of more than 95° at 0.10 u.a./°/hl, as against 0 u.a. previously.³

As regards the 1975/1976 wine year, the buying-in price to be paid by the intervention agencies for alcohol delivered to them as 'vintners' deliveries' was increased by the Council, on a proposal from the Commission, from 0.80 u.a./°/hl to 0.85 u.a./°/hl, while participation by the EAGGF was fixed respectively at 0 u.a. for the

¹ OJ No L 320 of 11.12.1975.

² See 22nd Review, paragraph 376.

³ Regulation (EEC) No 1349/75, OJ No L 138 of 29.5.1975.

products with an alcohol content of over 52° but not more than 95° at 0.12 u.a./°/hl for the products with an alcohol content of more than 95°. ¹

(e) *Other amendments to the regulations on wine*

421. In order to do away with certain difficulties found in trade with third countries, the Council decided to simplify the formalities required for the importation into the Community of certain wines.

On 4 March 1975, the Council, on a proposal from the Commission, ² amended Regulation (EEC) No 1599/71 laying down additional conditions with which imported wines for direct human consumption have to comply. On that occasion, it decided to provide for the possibility of waiving the requirement relating to the certificate and analysis report provided for in Article 2 of Regulation No 1599/71, in respect of imports into the Community of wine other than sparkling wines and liqueur wines originating in a third country whose exports of such wines, to the Community do not exceed 1000 hl per year, the Commission being required, subsequently, to adopt the necessary implementation measures, particularly as regards supervision.

Those Council rules are applicable from 1 July 1975 until 30 June 1978.

422. In addition, the validity of the authorization to add alcohol to grape musts and to wines intended for the preparation of vermouths and other flavoured wines (falling within heading No 22.06 of the Common Customs Tariff) was, pending harmonization at Community level of the rules applicable to the latter products, extended in a first phase, and linked with the rules governing grape must with fermentation arrested by the addition of alcohol, to 31 December 1975, ³ and, in a second phase, to 31 December 1976. ⁴

(f) *Luxembourg Protocol*

423. 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

¹ Regulation (EEC) No 1891/75, OJ No L 193 of 25.7.1975.

² Regulation (EEC) No 679/75, OJ No L 72 of 20.3.1975.

³ Regulation (EEC) No 680/75, OJ No L 72 of 20.3.1975.

⁴ Regulation (EEC) No 3221/75, OJ No L 320 of 11.12.1975.

Economic Union of Belgium and Luxembourg in favour of Luxembourg wines continues to contribute to the agricultural income of the Grand Duchy of Luxembourg, the Council, by Regulation (EEC) No 3310/75 of 16 December 1975, extended for a further year the period of validity of Article 1 (1), second sub-paragraph, of the Protocol on the Grand Duchy of Luxembourg for a further year.¹ Thus these provisions remain in force until the implementation of the Directive on the harmonization of excise duties on wine² in the Community, or at the latest until 31 December 1975.

Furthermore, in order to prevent any increase in excise duties on wines in the Benelux countries giving rise to discrimination between the treatment applied to the wines of the other Member States and that applied to Luxembourg wines, the text provides that, where such a possibility becomes a reality, the effect of the fiscal exemption in question should not be greater than that existing on 1 January 1975.

8. VEGETABLE FATS

(a) Oil seeds (colza, rape seed and sunflower seeds)

424. The Council's decisions in this sector during the period under review were dictated by the improve quality of the colza produced and also by the market situation. There was a shortage of oil and oilcakes and the Community production of colza seed constituted a substantial contribution. This situation warranted production of slightly more colza seeds than the competing products grown in rotation. The Council therefore fixed the prices³ for the 1975/76 marketing year as shown in the comparative following table:

¹ OJ No L 328 of 20.12.1975.

² See paragraph 77 of this Review.

³ Regulation (EEC) No 657/75, OJ No L 72 of 20.3.1975.

Products	Marketing year 1974/75		Marketing-year 1975/76
	April 1974	Oktober 1974	
Target price			
– colza and rape seeds	21.90	23.00	25.53
– sunflower seeds	22.54	23.67	26.51
Basic intervention price			
– colza and rape seeds	21.27	22.33	24.79
– sunflower seeds	21.89	22.98	25.74

425. Taking into account this increase in the target and basic intervention prices for colza and rape seeds (11%) and also for sunflower seeds (12%), the Council also adopted Regulation (EEC) No 1603/75,¹ fixing the main intervention centres for oilseeds and the derived intervention prices applicable at these centres, and Regulation (EEC) No 1604/75,¹ fixing the monthly increase in the target and intervention prices for oil seeds, taking into consideration the increased storage and interest charges recorded in the Community.

The Council also adopted Regulation (EEC) No 1605/75,¹ fixing the compensatory amounts for colza and rape seeds harvested in Denmark and the United Kingdom, where the intervention prices applicable in these two Member States are to move in stages towards alignment with the common prices in accordance with Article 52 of the Act of Accession.

426. Further, with reference to quality, the Council adopted the following resolution at its meeting of 10 to 13 February 1975 in connection with its overall decision concerning prices and related measures for the 1975/76 marketing year:

¹ OJ No L 164 of 27.6.1975.

'The Council of Ministers of the Community notes the recommendations made by the Scientific Committee for Food in its opinion on colza oil issued on 16 November 1974.

The Council considers that further research is necessary on long-chain fatty acids and fat oils used in human foodstuffs.

Pending the outcome of such research the Council nevertheless calls on the Commission, in a spirit of caution, to submit health proposals as soon as possible along the lines of the opinion of the Scientific Committee for Food to the effect that, where colza oil is used in food, preference should be given to colza oil having a low erucic acid content.

The Council also asks the Commission to investigate the advisability of modifying the organization of the market in oils and fats, so as to encourage colza producers to use varieties having a low erucic acid content, and to submit appropriate proposals before 1 July 1975.'

As a result of this move by the Council on 25 June 1975 the Commission submitted a proposal for a directive fixing the maximum level of erucic acid to be applied to foodstuffs,¹ a communication on the problems of erucic acid in colza seed and a proposal for a regulation altering the standard quality for colza and rape seed.

Initially, after consulting Parliament² and the Economic and Social Committee,³ during its meeting on 29 and 30 September 1975 the Council adopted Regulation (EEC) No 2505/75, the purpose of which is to alter the standard quality for colza seeds in such a way that the use of varieties of colza with a low erucic acid content is not to the detriment of producers.⁴

(b) *Olive oil*

427. The various price levels for olive for the 1975/76 marketing year were fixed by the Council in accordance with the existing basic Regulation, since the Commission proposal to set up a new market

¹ See paragraph 459 of this Review.

² Opinion given on 26.9.1975.

³ Opinion given on 24.9.1975.

⁴ OJ No L 256 of 2.10.1975.

organization for this product was not submitted to the Council during 1975.¹

Consequently, in connection with its overall deliberations on agricultural prices, the Council adopted Regulation (EEC) No 662/75 on 4 March 1975, fixing the production target price.² The market target price and the threshold price were fixed by Regulations (EEC) Nos 1442/75 of 26 May 1975³ and 1597/75 of 24 June 1975.⁴ Both were adopted on the proposal of the Commission and after Parliament had been consulted on the first of them.

It should be noted that in view of the difficult market situation the date on which the threshold price came into force was put forward to 27 June 1975.

The monthly increases in the market target price, the intervention price and the threshold price applicable as from 1 January 1975 were covered by Regulation (EEC) No 2965/75, which was adopted by the Council on a proposal from the Commission on 10 November 1975.⁵

The table below gives the movements in the various prices for olive oil as from the 1973/74 marketing year.

(u.a./100 kg)

Prices: u.a./100 kg	Marketing year 1973/74	Marketing year 1974/75	Marketing year 1975/76
Production target price	137.17	144.03	185.00
Market target price	95.00	101.86	149.96
Intervention price	87.75	94.61	142.71
Threshold price	93.00	99.86	146.96

¹ See paragraph 383 of the present Review.

² OJ No L 72 of 20.3.1975.

³ OJ No L 141 of 3.6.1975.

⁴ OJ No L 163 of 26.6.1975.

⁵ OJ No L 295 of 14.11.1975.

The principles previously formulated regarding aids to producers remained valid for the 1975/76 marketing year pending a new basic regulation on olive oil.¹

428. At its meeting of 19 and 20 November 1973 the Council had adopted the principle of setting up an olive cultivation register in the Community.² In this connection, on 16 September 1974³ the Commission submitted a proposal for a regulation on which Parliament gave its opinion on 16 January 1975.

The Council's decision to establish this register of olive cultivation was embodied in Regulation (EEC) No 154/75.⁴ The provisions of this Regulation should make it possible to obtain the information needed to determine the Community's potential production of olives and olive oil, and also to improve the operation of the Community aid system for the latter product. They also lay down the minimum information to be included in the olive cultivation register. To facilitate the establishment of the register provision is made for financing the necessary operations by allocating thereto part of the aid to producers provided for in Council Regulation No 136/66/EEC of 22 September 1966, on the establishment of a common organization of the market in oils and fats. To the same end provision is made for relevant operations to be carried out by stages. Lastly, representatives of the trade interests concerned may participate in the work of the agencies appointed to establish the register of olive cultivation, which must be set up by 1981.

9. TOBACCO

429. In connection with the fixing of agricultural prices for the marketing year 1975/1976, the Council, after consulting the European Parliament, on 4 March 1975 decided on the provision governing prices and premiums provided for in the basic Regulation on the management of the Community tobacco market.⁵

In the case of the norm prices, intended to ensure that planters received a fair income and to guide production along the lines desired, the Council decided to increase the prices of ten varieties grown in the

¹ Regulation (EEC) No 2807/75, OJ No L 280 of 31.10.1975.

² See paragraph 183 of 21st Review.

³ See paragraph 382 of the 22nd Review.

⁴ OJ No L 19 of 24.1.1975.

⁵ Regulation (EEC) No 673/75, OJ No L 72 of 20.3.1975.

Community, to maintain the prices of eight varieties produced in Italy at the level established in 1974, and to decrease the price of the Kentucky variety.

The intervention prices to be fixed, in accordance with the basic Regulation, at a level of 90% of the said norm prices, together with – for German and Italian production – the derived intervention prices depending on the former, were decided by the Council on the same occasion.¹

Finally, the Council introduced the premium to be granted to purchasers of tobacco produced in the Community. That measure is intended to ensure for the producer a price close to the norm price, the latter being in principle higher than the price of comparable products imported from third countries. In order to make up, for the 1975 crop, the difference between those two prices, the Council increased, in a differentiated manner, the level of the premium for 14 varieties, maintained for 3 varieties the amount granted in 1974, and decreased the premium for two varieties.²

10. PROTEINS

(a) *Dehydrated fodder*

430. When fixing the amount of aid for dehydrated fodder the Council took into consideration what constituted a fair financial yield per hectare in relation to the yield from cereals or sugar beet, and also the increase in the cost of dehydration, which was above the average of the increases recorded for other processes to which agricultural products are subjected. Further, aid had to be in balance with the cost of soya oilcakes. The level of production aid was therefore fixed by the Council³ at 8 u.a./tonne for the 1975/76 marketing year, compared with 6 u.a./tonne in October 1974.

431. The Council took several measures in connection with the management of the common organization of the markets in the light of practical experience and the enlargement of the scope of the basic Regulation. By Regulation (EEC) No 156/75⁴ the Council extended the

¹ Regulation (EEC) No 674/75, OJ No L 72 of 20.3.1975.

² Regulation (EEC) No 675/75, OJ No L 72 of 20.3.1975.

³ Regulation (EEC) No 573/75, OJ No L 61 of 7.3.1975.

⁴ OJ No L 19 of 24.1.1975.

transitional period, which was initially to end on 30 June 1974, to 31 July 1974, so as to avoid the unfair penalization of producers which would have occurred as a result of administrative difficulties in implementing the system laid down by the basic Regulation.

432. The inclusion of potatoes in the basic Regulation¹ necessitated two amendments to Regulation (EEC) No 1192/74. One amendment was made by Regulation (EEC) No 1421/75,² which defined the crop year for these products as running from 1 July to 30 June, an extension which necessitated an amendment to Regulation (EEC) No 865/68 on processed fruits and vegetables.³ The other amendment was made by Regulation (EEC) No 2029/75,⁴ by which the Council replaced the requirement for a declaration of area by the requirement that the quantities of potatoes to be dehydrated should be communicated in advance, since they differed from other forms of dehydrated fodder by reason of their two end uses, i.e. human and animal food.

(b) *Soya beans*

433. The guide price for soya beans had been fixed for the first time for the 1974/75 marketing year.⁵ In order to alleviate the shortage it was raised by the Council in February 1975 to 26.11 u.a./100 kg, as compared with 23.31 u.a./100 kg in October 1974.⁶

434. Regulation (EEC) No 1900/74 specifies that the Council must lay down the criteria for the determination of the average world market price and the general rules concerning the subsidy and eligibility for it. Since no experience had been gained in this matter the Council⁷ decided to extend the provisions for the previous marketing year to cover the 1975/76 marketing year.⁸ No experience had been gained from price movements because soya prices on the world market during the representative period had been higher than the guide price fixed for soya beans of Community origin.

¹ See paragraph 384 of the present Review.

² OJ No L 141 of 3.6.1975.

³ See paragraph 379 of the present Review.

⁴ OJ No L 207 of 6.8.1975.

⁵ See paragraph 386 of the 22nd Review.

⁶ Regulation (EEC) No 658/75, OJ No L 72 of 20.3.1975.

⁷ Regulation (EEC) No 2809/75, OJ No L 280 of 31.10.1975.

⁸ See paragraph 386 of the 22nd Review

11. TEXTILE FIBRES AND SILKWORMS

(a) *Flax and hemp*

435. When deciding the amount of aid for the 1975/76 marketing year the Council took account of the fact that an appreciable drop in demand for flax fibres was most unlikely, in view of the fact that stocks needed to be built up at the spinning stage and that few changes were expected in either the quality or quantity of imported goods. In view of the world shortage of paper the Council wanted the production of hemp for paper to be developed in the Community, while maintaining the production of hemp for textiles. The levels of aid were therefore laid down as follows¹: 128.20 u.a./ha for flax for the United Kingdom, compared with 92 u.a./ha for the previous year, and 188.15 u.a./ha for the other Member States, compared with 160 u.a./ha for the previous year, 160.90 u.a./ha for hemp for all Member States, compared with 135 u.a./ha for the previous year.

(b) *Cotton seeds*

436. When considering this aid the Council took account of the desirability of maintaining cultivation of this crop, which is on a very small scale.

It fixed the amount of aid for the 1975/76 marketing year at 96 u.a./ha, compared with 83.60 u.a./ha for 1974/75.²

(c) *Silkworms*

437. The aid for the 1975/76 marketing year was fixed by the Council at 36.50 u.a. per box of silkworm eggs used, compared with 31.60 u.a. for the previous year.³

In response to a Council Resolution of 10 and 11 February 1975, on 7 July 1975 the Commission submitted a proposal establishing a system of aid to organizations of silkworm rearers.

Consultation of Parliament was mandatory, and this institution gave an opinion favourable to the system of aid proposed. The

¹ Regulation (EEC) No 663/75, OJ No L 72 of 20.3.1975.

² Regulation (EEC) No 664/75, OJ No L 72 of 20.3.1975.

³ Regulation (EEC) No 574/75, OJ No L 61 of 7.3.1975.

Economic and Social Committee expressed itself as being in favour of supplementary measures so as to ensure a fair return to the producers.

However, during discussions held by the Council departments this proposal gave rise to certain legal and financial problems which prompted the Commission to submit two new proposals on 15 December 1975 to replace that of 7 July 1975. These later proposals are being studied by the Council.

12. HOPS

Production aid

438. During the period under review, the Council, after consulting the European Parliament, fixed the amounts of aid to be granted to producers of hops for the 1973 and 1974 harvests. As provided in the basic Regulation on hops, the Council, in determining the varieties intitled to aid and the amount of the latter, took into account the average returns per hectare achieved as compared with those for the previous harvests, the market situation and the price trend.

On the basis of those criteria, it decided to grant for the 1973 harvest, and for the first time, aid for seven varieties of hops grown exclusively in the United Kingdom, thus raising the number of varieties benefiting from this measure from 11 (1972) to 18. The amounts of aid granted were fixed at levels varying between 750 u.a./ha (4 'English' varieties) and 100 u.a./ha (3 varieties).¹

As regards the aid for the 1974 harvest decided on by the Council after consulting the European Parliament on 14 October 1975,² it is to be noted that, to the 18 varieties which benefited from aid in the previous year, an extra variety was added, which was also grown mainly in the United Kingdom. Taking into account the variations in the amount of aid fixed for the different varieties, the total resulting expenditure shows an increase of some 16% as compared with that for 1973.

The Council decided to grant aid for each variety only in respect of those areas on which that variety was already grown in 1973. That measure was adopted in order to meet the collapse in

¹ Regulation (EEC) No 677/75, OJ No L 72 of 20.3.1975.

² Regulation (EEC) No 2610/75, OJ No L 267 of 16.10.1975.

market prices due to the appearance of structural surpluses caused, in particular, by the excessive development of varieties rich in alpha acid.

13. SEEDS

439. After having added, on 4 March 1975, monoecious hemp and fodder peas to the annex to the basic Regulation on seeds¹ in order to be able, by granting aid, to ensure a fair income for producers of monoecious hemp and to encourage production of fodder peas, the Council, after consulting the European Parliament, fixed the amount of the aid for the said seeds, and also of that to be granted for a certain number of other products, mainly grasses and legumes.² The amount of the aid thus fixed for the 1975/1976 marketing year was not very different from that for the previous year, bearing in mind the foreseeable trend in the market situation.

14. FISHERIES

440. As regards the management of the market in the fisheries sector, the Council, on 24 June 1975, adopted two Regulations: one, taking account of the tendency of prices to drop abnormally and of the difficulties of disposal leading to the build-up of surplus stocks, setting up a temporary system of aid for the private storage of certain fishery products;³ the other, concerning the opening, allocation and administration of a Community tariff quota for certain oils and fats of fish and marine mammals.⁴ Within the limits of that tariff quota, which is valid for the year 1975 and covers a quantity of 6 206 tonnes, customs duty will be suspended at 10%. The allocation among Member States is as follows:

United Kingdom	3000
Denmark	2700
Ireland	500
Benelux	3
Germany	1
France	1
Italy	1

¹ Regulation (EEC) No 671/75, OJ No L 72 of 20.3.1975.

² Regulation (EEC) No 672/75, OJ No L 72 of 20.3.1975.

³ Regulation (EEC) No 1629/75, OJ No L 165 of 28.6.1975.

⁴ Regulation (EEC) No 1631/75, OJ No L 165 of 28.6.1975..

In December, the Council had to fix the new prices for the 1976 fishing year, that is to say the guide prices for fresh¹ and frozen² products, the Community production price for tunny fish³ and the intervention prices for sardines and anchovies.⁴ Most of the prices were increased to take account of the rise in market prices recorded during the reference period. Prices fixed for fresh products were the following:

	1975	1976
Cod	465 u.a./t.	535 u.a./t.
Saithe	273	306
Haddock	347	399
Herrings	206	227
Whiting	380	426
Mackrel	210	221
Plaice	435	522
Red fish	427	478
Shrimps	897	1 076
Anchovies	411	432
Atlantic sardines	440	440
Mediterranean sardines	249	274
Hake	—	1 120

¹ Regulation (EEC) No 3305/75, OJ No L 328 of 20.12.1975.

² Regulation (EEC) No 3304/75, OJ No L 328 of 20.12.1975.

³ Regulation (EEC) No 3307/75, OJ No L 328 of 20.12.1975. As the Council could not agree within the time-limit laid down on a price applicable for the whole of the 1976 fishing year, it extended for two months, as a transitional measure, the price applicable for 1975.

⁴ Regulation (EEC) No 3306/75, OJ No L 328 of 20.12.1975.

D – Trade arrangements

1. GOODS NOT COVERED BY ANNEX II RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

441. During 1975 the Council's decisions regarding this sector have mainly concerned management questions.

With the two-fold aim of reducing administrative effort and of taking account of the effects of inflation the Council adopted Regulation (EEC) No 1589/75, which increases the minimum of the variable component of the charge levied from 0.25 u.a./100 kg to 1 u.a./100 kg.¹

After consulting Parliament the Council also adopted a regulation amending the classification in the Common Customs Tariff of certain types of sorbitol, one particular reason being that there are in commercial use varieties of sorbitol which contain more than 20% by weight in proportion to their dry matter of other substances, such as oligosaccharides.

This amendment to Regulation (EEC) No 1059/69 also entailed amendment of Regulations (EEC) Nos 1060/69, 2682/72, 2727/75, 3330/74, 765/68 and 950/68.²

442. One of the measures taken by the Council because of the sugar shortage was to introduce an export charge on certain goods not covered by Annex II containing sugar.³ In order to adapt the regulations governing these goods to current regulations on basic agricultural products and in the interests of clarity the Council adopted Regulation (EEC) No 575/75 amending Regulation (EEC) No 3185/74, specifying that the export charge should only be applicable to goods with a sucrose content of more than 35% by weight, and also laying down a list of these goods.⁴

Because of the legal basis of these regulations they were due to expire on 22 June 1975. On 6 May 1975 the Commission therefore submitted a proposal, designed to avoid a hiatus in the application of the export charge by adopting a general legal basis. The latter would

¹ OJ No L 163 of 26.6.1975.

² OJ No L 306 of 26.11.1975.

³ See paragraph 395 of the 22nd Review.

⁴ OJ No L 61 of 7.3.1975.

have enabled it to institute such a charge and to define the criteria to be applied and the procedure to be followed.

Since Parliament did not deliver its opinion on the matter during 1975 the Council was unable to adopt this Regulation.

At its meeting on 13 and 14 October 1975 the Council noted the fourth Report from the Commission concerning the development of production of and trade in sorbitol and mannitol in the period from 1971 to 1973.

Lastly, during its meeting of 10 July 1975, the Council adopted a Statement concerning the interpretation of the 'maximum rate of duty' applicable to the 'charge' provided for under Article 8 (1) of Regulation (EEC) No 1059/69, according to which the maximum rate of duty refers to the overall amount arrived at by adding the fixed component of the charge and the variable component thereof, regardless of the respective share of each of these components in the total charge.

E – Financing of the common agricultural policy

1. GUARANTEE SECTION

443. The Council, in connection with its constant scrutiny of the financial effects of the policy, was forced to recognize that owing to a number of factors the expenditure in 1975 which was necessary for the regularization of the markets and was chargeable to the Guarantee Section of EAGGF, would be higher than anticipated in the forecasts made at the end of 1974 with a view to drawing up the 1975 budget.

While it was clear that the Council, in view of the general economic trend in the Member States, and in particular of the rise in the costs in production in agriculture, would have to allow for the 1975/1976 year a certain rise in the common prices in connection with the annual price review, it was nevertheless not possible in December 1974, when the final budget for 1975 was adopted, to assess its extent.

Further, the year 1975 showed once again how difficult it is to foresee the financial impact of a policy which like agriculture, depends to such a large extent on climatological and seasonal factors. To give just a few examples, it will be recalled that, following the poor sugar crop in the 1974/1975 marketing year, the Community, in order to

ensure supplies for consumers in the Community, had to increase imports at the cost of considerable subsidies, owing to the high price for that product on the world market, and the cost of those subsidies was borne by EAGGF.

On the other hand, the production cycle in the beef and veal sector having reached its height, the interventions by the intervention bodies, following a collapse of market prices, assumed proportions beyond those known hitherto, and consequently involved additional unforeseeable expenditure for the EAGGF, Guarantee Section. Similarly the exceptional wine harvest added to the difficulties.

Fortunately, the financial incidence of the cereals sector was less than expected, because for part of the year the payment of export refunds could be suspended because of the high level of prices on the world market.

It should also be recalled that phenomena of monetary origin helped to increase the financial burden of the Common Agricultural Policy in 1975.

Following these events, the Community institutions, in order to cover the additional agricultural expenditure in 1975, had to establish a supplementary budget of 200 million u.a. for that financial year. That budget was finally adopted on 3 December 1975.

2. GUIDANCE SECTION

444. As far as expenditure from the guidance section of FEOGA was concerned, 1975 was characterized notably by the relatively slow implementation of the common actions established by the Council directives Nos 159, 160 and 161 of 1972. The Council's activity was in consequence concentrated on the area concerning the financing of individual projects intended to improve agricultural structures, as per Regulation 17/64/EEC, with the adoption of two regulations¹ fixing the amount of guidance section expenditure for individual projects for the years 1974 and 1975, and an amending regulation to Regulation 17/64/EEC permitting the re-utilization of appropriations originally made available for individual projects subsequently abandoned or only

¹ Regulations (EEC) No 1215/75 of 5.5.1975, OJ No L 121 of 14.5.1975, and No 3309/75 of 16.12.1975, OJ No L 328 of 20.12.1975.

partially carried out.¹ Other developments in the field of common actions in 1975, include the adoption in May of the directive on mountain and hillfarming² and discussions at various levels on proposals concerning, *inter alia*, a common forestry policy, aid to young farmers, the establishment of producer groups and the setting up of marketing and transformation organization for agricultural produce. These policies, if adopted, would bear increasingly on the annual amount of 325 MUA set aside in the Community budget for guidance section expenditure and, once the latter amount has been fully committed, necessitate drawings on the 'Mansholt' reserve, currently standing at approximately 525 MUA.

3. ACTION AGAINST IRREGULARITIES

445. In the light of a number of factors – the increasing complexity of Community legislation in the agricultural sector with the greater scope this allows fraudulent operators, the growing volume and value of agricultural production and of inter- and extra- Community trade in agricultural products resulting in an increased financial burden on Community funds, the need to make optimum use of scarce financial resources in a time of stringent national economy measures, and last but not least, a growing public interest in and awareness of the manner in which funds are utilized – the need to improve as far as possible the administration and financial control of the Community agricultural fund, in particular in respect of the detection and prevention of frauds and irregularities, has become increasingly evident.

The Council demonstrated its awareness of the growing importance of this need by a number of actions, most notable amongst which was the adoption, on 16 December 1975, of a resolution on the stricter prevention of and proceedings against irregularities in the financing of the common agricultural policy.³ This resolution is inspired by the general recommendations and conclusions contained in the Commission reports on the guarantee section of the FEOGA, milk products and oil-seeds and olive-oil sectors, and in particular calls on Member States, the Council and the Commission to take, where necessary, appropriate measures on the basis of the Commission's

¹ Regulation (EEC) No 3171/75 of 3.12.1975, OJ No L 315 of 5.12.1975.

² Council Directive No 75/268/EEC of 28.4.1975, OJ No L 128 of 19.5.1975.

³ OJ No C 298 of 30.12.1975.

findings to intensify the campaign to detect and prevent irregularities, as well as recommending an improved cooperation between Member States and the various interested authorities within each individual Member State and the utilization of computerized data in this field.

F – Harmonization of provisions laid down by law, regulation and administrative action

1. GENERAL REVIEW

446. In the agricultural and foodstuffs sectors, the Council continued its work of harmonization, making a point of respecting the order of priority laid down, firstly, in its Resolution of 17 December 1973¹ on industrial policy which outlines a programme for the abolition of barriers to trade in foodstuffs, and, secondly, in its Resolution of 22 July 1974² concerning harmonization in the veterinary, plant health and animal feedingstuffs sectors.

In conformity with those Resolutions, of the various proposals submitted by the Commission, nine were the subject of a decision in the course of the year, and the examination of the others still pending is being actively pursued.

Several amendments were also adopted as adjustments of the rules already in existence.

447. In those same fields, and parallel with harmonization, much work was done within the framework of the Council on coordinating the Member States viewpoint in other international organizations, particularly as regards drawing up the standards of the Codex alimentarius (FAO/WHO).

2. VETERINARY AND HEALTH LEGISLATION

448. On 24 June 1975, the Council amended the basic Directives currently governing the veterinary sector, namely Directives Nos 64/432/EEC,³ 71/118, 64/433/EEC,³ 71/118/EEC,⁴ 72/461/EEC,⁵

¹ OJ No C 117 of 30.12.1973.

² OJ No C 92 of 6. 8.1974.

³ OJ No L 121 of 29.7.1964.

⁴ OJ No L 55 of 8.3.1971.

⁵ OJ No L 302 of 31.12.1972.

72/462/EEC,¹ together with Decision No 73/88/EEC,² so as to extend until 22 June 1981 the validity of the procedures of the Standing Veterinary Committee.³

449. The Council, by its Directive No 75/431/EEC,⁴ on 10 July 1975 amended Directive No 71/118/EEC on health problems affecting trade in fresh poultry meat. In view of the fact that the basic Directive contained no provisions relating to cutting premises, it considers it necessary to complete the existing legislation in such a way as to render uniform the hygiene and supervision standards applicable to such premises. Further, provision is made for the extension of the requirement concerning approval to such premises.

In addition, being obliged to take into account the situation existing as regards the methods of production of certain types of poultry meat, it considered it advisable to provide for certain derogations, in particular as regards evisceration, and certain structural and administrative adaptations to be introduced. The Council also decided to postpone, until 1 January 1978 at the latest, the date from which the use of the 'Spinchiller' chilling process is prohibited, in order to allow additional studies on other processes for chilling poultrymeat to be carried out. Finally, it appeared necessary to the Council to introduce Community control arrangements to ensure that the standards laid down were applied uniformly in all Member States, the procedure for such controls to be determined by the Standing Veterinary Committee.

450. On 20 August 1975, a codified version was issued of the Directives of 26 June 1964 on animal health problems affecting intra-Community trade in bovine animals and swine⁵ and of 26 June 1964 on health problems affecting intra-Community trade in fresh meat.⁵

451. Finally, on 9 December 1975, the Council contributed 280 000 u.a. for the FAO campaign in the countries of South-East Europe against exotic foot-and-mouth disease viruses.⁶ That action forms part

¹ OJ No L 302 of 31.12.1972.

² OJ No L 202 of 24. 7.1974.

³ OJ No L 172 of 3. 7.1975.

⁴ OJ No L 192 of 24. 7.1975.

⁵ OJ No C 189 of 20.8.1975.

⁶ Council Decision 75/768/EEC, OJ No L 321 of 12.12.1975.

of the series of preventive actions which the Community has been undertaking for some years past in order to protect livestock against certain foot-and-mouth disease viruses, in particular by financing the creation around the territory of the Community of buffer zones free of epizootic diseases.

452. Similarly, the Council on 16 December 1975 decided to contribute up to a maximum amount of US dollars 1 million to the financing of the cost of new equipment for the Foot-and-Mouth Disease Institute at Ankara, and of the cost of veterinary technical assistance by Community experts.¹ By that action, the Community should enable the Turkish authorities to reinforce the means hitherto employed to eliminate foot-and-mouth disease in Turkey.

453. In addition, the Council authorities continued the work already undertaken in connection with the Commission's proposals concerning the following matters: health and health inspection requirements for raw whole milk and heat-processed milk, preparation of a list of the third countries authorized to export to the Community, financial measures by the Community in certain emergency situations, and health requirements in relation to intra-Community trade in meat products.

3. ANIMAL HUSBANDRY

454. The Council departments concerned continued their examination of the proposal for a regulation concerning thoroughbred animals of the bovine species for herd replacement, and of the draft decision setting up a Standing Animal Husbandry Committee.

4. LEGISLATION ON FOODSTUFFS

(a) General provisions

455. It is important to note that, without prejudice to the timetable adopted for its harmonization activities, the Council agreed to give special priority to the texts relating to general, or 'horizontal', provisions.

¹ Council Decision 75/776/EEC, OJ No L 326 of 18.12.1975.

456. As regards the lists of additives which it is permitted to use in foodstuffs, the Community rules are already largely established (e.g. as regards colouring matters, preservatives, anti-oxidants and emulsifiers). However, in connection with the regular adjustment of those regulations, the Council received three proposals for amendments, one concerning Directive No 64/54/EEC on preservatives, and the two others concerning Directive No 65/66/EEC on criteria of purity of preservatives. The European Parliament and the Economic and Social Committee have been asked for their opinion on the first of those proposals.

457. Further, in the course of the year, examination was started and continued of the proposal for an outline directive on materials and objects coming in contact with foodstuffs.

(b) Provisions in respect of specific products

458. Two new Directives were adopted by the Council: Directive No 75/726/EEC of 17 November 1975 concerning fruit juices and similar products¹ and the Directive of 18 December 1975 concerning preserved milk.²

Like the previous Directives already adopted concerning other foodstuffs (sugars, cocoa and chocolate, and honey), these Directives contain a comprehensive restatement of the various Community provisions governing the trade in those products and relating to specification, composition, reserved descriptions, additives and manufacturing processes authorized, and mandatory and optional labelling inscriptions. By way of exception to those Community rules, it is provided that in certain particular cases, and taking current usage into account, national legislation may be maintained for a period, at the end of which the matter would be reviewed by the Council on a proposal from the Commission.

The Directives also provide for implementation measures to be adopted either by the Council (criteria of purity, microbiological criteria or criteria of quality) or in accordance with the procedure of the Standing Committee on Foodstuffs (methods of analysis and sampling procedures).

¹ OJ No L 311 of 1.12.1975.

² OJ No L 24 of 30.1.1976.

The Member States have a period of one year in which to adjust their national legislation. Legislation thus amended is applicable to products marketed three years after notification in the case of fruit juices, and two years after notification in the case of preserved milk.

459. As regards the oil and fats sectors, the Commission in June 1975 submitted to the Council a proposal for a directive concerning the fixing of a maximum content of erucic acid in oils, fats and margarine.

That proposal represents the first item in the harmonization planned for that sector. But, in addition to the agricultural aspect, it also has a standardization aspect in connection with the standardization of all the measures proposed by the Commission in accordance with the Council Resolution of 13 February 1975 with a view to solving the problems arising in connection with the presence of erucic acid in colza seeds.¹ Examination of the technical aspects of that proposal was concluded at the end of 1975.

460. In accordance with the order of priority established by the Council, examination of the proposal for an outline directive on dietetic foodstuffs was resumed. In addition, the Council received in the second half of the year two amended proposals concerning, respectively, jam and mayonnaise. The Council asked the European Parliament and the Economic and Social Committee for their opinions on those two proposals.

461. In connection with the adaptation of existing regulations, the Council on 4 March 1975 adopted a third amendment to its Directive No 73/241/EEC of 24 July 1973 on cocoa and chocolate.² The adaptations concern certain names and certain rules on packaging and labelling. At the same time, the date of application of all the rules thus amended was postponed until 1 July 1977.

Finally, in implementation of Article 6 of the abovementioned Directive, the Commission submitted to the Council a proposal for the completion of the existing rules by a scale of mandatory weights for the packaging of and trade-in cocoa powder products. The European Parliament and the Economic and Social Committee were consulted on this matter.

¹ See paragraph 426 of this Review.

² OJ No L 228 of 16.8.1973.

5. LEGISLATION ON ANIMAL FEEDINGSTUFFS

462. In accordance with the time-limits laid down by the Council (Resolution of 22 July 1974) work in this sector has mainly been devoted to continuing the examination of the Commission's proposal concerning the marketing of animal feedingstuffs, as regards the section concerning 'straight feedingstuffs'.

463. However, in the case of Directive No 70/524/EEC concerning additives in feedingstuffs,¹ the Council on 28 April 1975 adopted a new amendment (Directive No 75/296/EEC² adapting the basic text. That amendment was aimed mainly at a better definition and completion of the principles governing the amendment of the lists of authorized additives. Moreover, the laying down of criteria for additives will henceforth, like the amendment of the annexes, come within the competence of the Commission in accordance with the procedure of the Standing Committee on Feedingstuffs.

6. LEGISLATION ON PLANT PROTECTION

464. In the above sector, the work done under the auspices of the Council has continued, and related on the one hand to the measures to be adopted to prevent the introduction into the territory of Member States of various organisms harmful to plants, and, on the other, to the determination of maximum permitted contents of pesticide residues on and in fruit and vegetables.

7. LEGISLATION ON SEEDS AND SEEDLINGS

465. Community regulations in this sector have been in existence for several years, but adaptations or editions still appeared necessary in the light of experience. Thus it was that the Council, this year, adopted two new amending Directives.

Directive No 75/444/EEC of 26.6.1975³ made further additions and gave specific details as regards the marketing of certified seed in small packages of beet, cereals and potatoes.

¹ Directive of 23.11.1970, OJ No L 270 of 24.12.1970.

² Directive of 28.4.1975, OJ No L 124 of 15.5.1975.

³ OJ No L 196 of 26.7.1975.

Directive No 75/445/EEC of 26.6.1975¹ similarly dealt with technical adaptations of the regulations concerning forest reproductive material. It also provides, along the lines of similar decisions already made in the sector as a whole, that the annexes be amended in accordance with the procedure of the Standing Committee on seeds and seedlings.

8. COORDINATION OF MEMBER STATES CONCERNING INTERNATIONAL PROJECTS

(a) Codex alimentarius

466. The large number of standards of the Codex alimentarius (joint FAO/WHO programme) are gradually reaching more advanced stages in the process of being worked out, or even in that of being accepted. Those standards, in the majority of cases, closely concern the very purpose of the corresponding work of harmonization undertaken or already carried out in the Community.

That being so, within the framework of the Council, the necessary coordination work of the Member States' delegations and the Commission's representatives in that connection proceeded steadily throughout 1975. Generally, it made the adoption of a common position possible.

(b) International Vine and Wine Office

467. The work of coordinating the approach of the Member States within the Office has assumed particular importance during the period under review because of the election of the chairman of this organization. The experts from the Member States have also continued the task of working out a joint position on the International Code of technical processes.

(c) Coordination of Community Member States' positions at international fishery meetings

468. On several occasions the Member States and the Commission have had to coordinate their position at international meetings, in particular as regards preparation for the Third Conference on the Law

¹ OJ No L 196 of 26.7.1975.

of the Sea, of the meetings held in connection with the 'Codex alimentarius' and of the various meetings in connection with the North-East Atlantic Fisheries Commission (NEAFC) and the International Commission for North-East Atlantic Fisheries (ICNAF). As the main purpose of the latter organizations is the preservation of the constantly dwindling fish stocks, the coordination work deals in particular with the allocation of national quotas by fish species and fishing zones, and often proves to be a delicate as well as an important matter.

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 1975

469. On 21 January 1975 the Commission submitted to the Council the preliminary draft Supplementary and Rectifying Budget No 1/1975. That preliminary draft budget was primarily intended to make possible the implementation of the European Regional Development Fund. The Council established draft Supplementary and Rectifying Budget No 1 of the European Communities for the financial year 1975 at its meeting on 3 and 4 March 1975 on the basis of that preliminary draft. The draft budget comprises 300 million u.a. in appropriations for commitment and 152 129 416 u.a. in appropriations for payment.

The draft budget was forwarded to the European Parliament on 7 March 1975. At its sitting of 8 April 1975, the Parliament adopted amendments to that draft supplementary and rectifying budget.

470. At its meeting on 14 and 15 April 1975, the Council held a meeting with a delegation of the Parliament which informed it of the latter's debates particularly as regards the nature and amount of the expenditure in that draft budget. The Council discussed the said draft budget with the Commission at its meeting on 21 April 1975; it considered that the Regulation setting up the European Regional Development Fund, and particularly Article 2(1) of that Regulation, had the result that the expenditure involved for the period from 1975 to 1977 must be considered as necessarily resulting from an act adopted

in accordance with the Treaty. The Council consequently considered the Parliament's amendments as proposed modifications, which it was unable to accept.

The European Parliament was informed of those decisions of the Council in a letter of 22 April 1975. In a resolution adopted at its sitting of 29 April 1975 on draft Supplementary and Rectifying budget No 1/1975, the Parliament found it could not support the classification of expenditure of the Regional Fund as envisaged by the Council, and recalled that the Regulation setting up a European Regional Development Fund was based on Article 235 of the Treaty establishing the EEC. It gave its approval to draft Supplementary and Rectifying budget No 1 for the financial year 1975, and accordingly adopted it. The President of the European Parliament took note that Supplementary and Rectifying budget No 1 of the European Communities for the financial year 1975 was finally adopted. That budget was published in the Official Journal of the European Communities.¹

2. PRELIMINARY DRAFT SUPPLEMENTARY AND RECTIFYING BUDGET NO 2 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1975

471. The Commission submitted to the Council, on 24 February 1975, the preliminary draft of Supplementary and Rectifying Budget No 2/1975. That preliminary draft budget is devoted, on the one hand, to the provision of supplementary appropriations to cover the second instalment of the Community's contribution to the United Nations emergency action in favour of the developing countries most adversely affected by recent international price movements, and, on the other hand, to the provision of appropriations in the field of research activities on the basis of the proposal for a programme submitted to the Council by the Commission on 22 January 1975.

That preliminary draft budget was forwarded to Parliament in order to enable the latter to carry out an initial examination of a political nature.

The Council took note of the views of Parliament and also consulted the Commission. Because of the urgency attaching to the 'Cheysson Fund' part of that preliminary draft, the Council decided, at

¹ CJ No L 175 of 7.7.1975.

its meeting on 21 April 1975, to separate that part from the part relating to research activities; and it established draft Supplementary Budget No 2 of the Communities for the financial year 1975 on that basis. The supplementary appropriations in that draft budget amount to 84 178 227 u.a.

The draft budget was forwarded to the Parliament, and the latter, at its sitting of 29 April 1975, approved it without amendments, thus finally adopting Supplementary Budget No 2 of the European Communities for the financial year 1975.

That budget was published in the Official Journal of the European Communities. ¹

3. PRELIMINARY DRAFT SUPPLEMENTARY BUDGET NO 3 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1975

472. The Commission submitted to the Council, on 30 June 1975, preliminary draft Supplementary Budget No 3/1975, aimed at making it possible to strengthen the staff resources of Directorate-General VIII 'Development Cooperation' of the Commission, in order to be able to implement the Lomé Convention and the cooperation agreements with certain Mediterranean countries to be concluded very shortly.

This preliminary draft budget was submitted to Parliament in order to enable it to carry out an initial political examination.

By a letter dated 5 September 1975, the President of the European Parliament informed the President of the Council of the views of the Committee on Budgets of the Parliament concerning that preliminary draft Budget No 3/75. The Committee on Budgets considered that the adoption of a supplementary budget was not justified. It asked the Commission to provide for the necessary posts by filling vacant posts, and it agreed to authorize the Commission to proceed with the creation of posts which it was not possible to provide for in that way by anticipating the budget for the financial year 1976.

The Council took note of the views of Parliament and also consulted the Commission. At its meeting on 22 September 1975, the Council decided not to establish a draft supplementary budget on the

¹ OJ No L 175 of 7.7.1975.

basis of that preliminary draft budget. It examined the staff requirements of D.G. VIII in connection with the draft preliminary budget for the financial year 1976, and decided to grant the Commission 42 supplementary posts for D.G. VIII in the draft General Budget of the European Communities for 1976, authorizing the Commission to initiate immediately the recruitment procedures for staff to be allotted to those posts.

By a letter of 6 October 1975, Parliament was informed of the result of those discussions.

4. PRELIMINARY DRAFT SUPPLEMENTARY AND RECTIFYING BUDGET NO 4 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1975

473. In a letter dated 15 September 1975, the Commission submitted the preliminary draft Supplementary and Rectifying Budget No 4/1975 to the Council. The preliminary draft Supplementary and Rectifying Budget deals with the opening of supplementary appropriations for the EAGGF Guarantee Section (Supplementary Budget), accompanied by an adjustment in the allocation of appropriations within Titles 6, 7 and 8 and by a transfer of an appropriation from Chapter 92 to the EAGGF Guarantee Section, and the opening of supplementary appropriations for Chapter 33 (Research Expenditure). The necessary appropriations to be added to Chapter 33 stem, however, from within the existing budget (Rectifying Budget).

That preliminary draft budget was forwarded to the European Parliament to enable it to proceed with an initial examination of a political nature.

On 22 September 1975, the Council held an exchange of views with a delegation from Parliament which informed it of its reactions to the general tenor of that preliminary draft budget. The Council subsequently established, on the same day, and on the basis of that preliminary draft budget as well as on the basis of Supplementary and Rectifying preliminary draft Budget No 2, Supplementary Budget No 3 of the European Communities for the financial year 1975, in which the supplementary appropriations amount to 204 167 354 u.a.

On 4 October 1975 that draft was forwarded to Parliament, which at its sitting of 30 November 1975 adopted a draft amendment of that draft budget, and forwarded to the Council that draft budget amended in respect of one item under cover of a letter dated 17

November 1975. At its meeting on 3 December 1975; the Council in taking a decision on that draft budget, did not modify the amendment made by Parliament. Thus Supplementary and Rectifying Budget No 3 for the financial year 1975 is considered to be finally adopted. The President of the European Parliament took note, on 3 December 1975, of the fact that Supplementary and Rectifying Budget No 3 of the European Communities for the financial year 1975 was finally adopted. He so informed the Council in a letter dated 5 December 1975.

5. BUDGET OF THE EUROPEAN COMMUNITIES FOR 1976

Draft General Budget of the European Communities for 1976

474. The preliminary draft of the General Budget of the European Communities for 1976 was submitted by the Commission to the Council on 25 August 1975. In a letter dated 15 September 1975 the Commission made amendments to that preliminary draft budget. During its meeting on 22 and 29 September 1975, the Council established the draft General Budget of the European Communities for 1976, 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 1976, the Council was informed by a delegation of the European Parliament of the latter's initial reactions from the political point of view to the general tenor of the preliminary draft. These gave rise to an exchange of views between the Council and the delegation from Parliament. This exchange of views mainly concerned the problems raised by the application of Article 203 (8) of the EEC Treaty.

The Council also wished to inform the delegation from Parliament before the end of its deliberations about its views, in particular as regards the question of non-mandatory expenditure.

475. The total appropriations in the draft General Budget of the European Communities for 1976 amount to 7 456 563 862 u.a.

They are broken down as follows: administrative and operating expenditure; intervention expenditure covering expenditure in the agricultural, social, regional, technology, industry and energy research and development cooperation sectors; other items include 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 5 4 thousand million u.a.

The following table compares estimated expenditure as given above with appropriations in the 1974 budget:

(u.a.)		
Expenses	Appropriations 1975 Budget ¹	Appropriations Draft 1976 Budget 1976 ¹
A. ADMINISTRATIVE AND OPERATING EXPENDITURE	392 749 596	476 401 184
B. INTERVENTION EXPENDITURE		
I – <i>Agricultural sector</i>		
– Specific expenses	2 330 250	5 205 500
– EAGGF (Guarantee section)	4 240 475 000	5 160 300 000
– EAGGF (Guidance section)	325 000 000	325 000 000
II – <i>Social sector</i>		
– Specific expenses	9 355 200	11 600 000
– Reformed Social Fund	355 900 000	401 000 000
– Old Fund	10 240 000	token entry
III – <i>Regional sector</i>		
– Regional Fund	150 000 000 ²	300 000 000
IV – <i>Technology, industry and energy research sector</i>		
– Research and investment	101 229 998	104 182 526
– Other specific expenditure	29 633 000	31 490 000
V – <i>Development Cooperation Sector</i>		
– Food aid	166 000 000	206 600 000
– Developing countries	86 797 000	4 622 000
C – OTHER EXPENDITURE		
VI – <i>Expenditure not specifically provided for</i>	3 000 492	3 000 000
VII – <i>Lump sum repayment to Member States of costs incurred in collecting own resources</i>	393 047 871	427 162 652
Total	6 265 758 407	7 456 563 862

¹ Including appropriations in Chapter 98 for expenditure in these different sectors.

² Appropriations for payment.

476. Estimated administrative and operating expenditure is broken down as follows:

Institutions and bodies	1975 Budget	Draft 1976 Budget
<i>European Parliament</i> (Own expenditure)	40 947 362	51 507 750
<i>Council</i> (Own expenditure)	42 663 600	54 504 762
<i>Economic and Social Committee</i>	7 159 000	9 204 000
<i>Audit Board</i>	1 088 694	1 240 762
<i>ECSC Auditor</i>	211 040	243 030
<i>Commission</i> – Operating expenditure ^{1 2}	291 359 880	348 517 500
<i>Court of Justice</i>	9 320 020	11 183 380
Total	392 749 596	476 401 184

¹ Including appropriations in Chapter 98 under operating expenditure.

² i.e. the expenditure under titles I and II (except Chapter 29), Article 381 and title IV.

477. Staff authorized for each of the Institutions for the financial year 1976 are as follows:

Institution	Posts	
	Permanent	Temporary
<i>European Parliament</i>	1 277	127
<i>Council</i>	1 495	6
<i>Economic and Social Committee</i>	302	–
<i>Audit Board</i>	30	–
<i>ECSC Auditor</i>	5	–
<i>Commission</i> – operating budget	7 798	171
– research and – investment budget ¹	2 199	–
<i>Court of Justice</i>	244	20

¹ 447 of whom are research establishment staff.

The draft General Budget and notes thereto were submitted to Parliament on 4 October 1975. The President of the Council presented it to Parliament at its sitting on 15 October 1975.

478. At its meeting on 5 and 6 November 1975, the Council approved the draft letter amending the draft General Budget of the European Communities for the financial year 1976. That draft letter follows the Council decisions of 6 and 7 October 1975 concerning the aid which the Community is proposing to grant Portugal, and the Council decision of 13 October 1975 on the promotion of trade relations between the Community and non-associated developing countries. The amending letter was forwarded to the European Parliament on 6 November 1975.

At its sitting on 13 November 1975, Parliament adopted some amendments and proposed some modifications to the draft General Budget of the European Communities for the financial year 1976. By letter dated 17 November 1975, Parliament forwarded to the Council the draft General Budget for 1976, with those amendments and proposed modifications.

At its meeting on 3 December 1975, the Council took a decision concerning the draft budget forwarded by Parliament.

479. Before deciding on the draft budget, the Council held an extensive exchange of views with a delegation from Parliament, concerning the most important problems arising in connection with the preparation of the General Budget of the European Communities for the coming financial year. Following that exchange of views, and taking into account the concern expressed by the delegation from Parliament, Council, with reference to Article 203(8) of the EEC Treaty, decided, for its part, to record its agreement on a new maximum rate of increase for 'non-mandatory' expenditure in relation to the 1975 budgets, corresponding to a possible overall increase in such expenditure, on which the final decisions falls to the Parliament, of 90.7 million u.a. in relation to the draft budget adopted in a first reading by the Council.

The Council, after having decided on each of the Parliament's amendments and proposed modifications, modified the amendments concerning research, the Social Fund and Financial Cooperation with the non-associated developing countries. The draft budget, thus modified, was forwarded to Parliament on 4 December 1975.

480. At its sitting on 18 December 1975, Parliament gave a ruling on the modifications made by the Council to the amendments to the draft budget which it had adopted on 13 November 1975. It approved an increase in overall 'non-mandatory' expenditure in the budget of 1976 of 102 900 301 u.a. in relation to the draft budget for the financial year 1976 adopted in a first reading by the Council, and it gave its assent to a new rate of increase in 'non-mandatory' expenditure corresponding to the said increase.

On the same day, at its 378th meeting, the Council, in accordance with the Treaty, recorded its agreement to a new rate which corresponds to an increase in 'non-mandatory' expenditure of 102 900 301 u.a.

Under those circumstances, the Parliament, also on 18 December, adopted the Budget. The procedure laid down in Articles 203 of the EEC Treaty, 78 of the ECSC Treaty and 177 of the EAEC Treaty having been completed, the President of the European Parliament took note that the Budget of the European Communities for the financial year 1976 was finally adopted.

He so informed the Council by letter dated 19 December 1975.

6. OTHER BUDGETARY MATTERS

(a) Transfer of appropriations from one Chapter to another within the budgetary estimates for the Institutions for 1975.

481. The Council approved various requests for appropriations to be transferred from one Chapter to another, as proposed by the Commission.

(b) Carry-over of appropriations from the financial year 1974 to the financial year 1975.

482. The Council approved requests for the following appropriations to be carried over as submitted by the Commission.

At its meeting on 26 May 1975, it approved the initial list of requests for the non-automatic carry-over of appropriations which had been submitted to it by the Commission on 19 March 1975, with the exception of an appropriation in connection with the Social Fund available from Article 500 at the end of the financial year 1974. The

carry-over of that appropriation was approved by the Council at its meeting on 22 to 29 September 1975.

A second list of non-automatic carry-overs, submitted by the Commission to the Council on 30 April 1975, and amendments to that list, forwarded on 29 May 1975, were approved by the Council at its meeting on 15 and 16 July 1976.

(c) Discharge given to the Commission in respect of the implementation of the budgets

483. At its meeting on 15 and 16 September 1975, the Council gave a discharge to the Commission in respect of the implementation of the Budget, and of the Supplementary and Rectifying Budget of the European Communities for the financial year 1971. By letter of 17 September 1975, the President of the Council forwarded that decision to Parliament.

(d) Utilization of the appropriations in Articles 933 and 934 of the 1975 Budget

484. At its meeting on 10 July 1975, the Council authorized the Commission to utilize the appropriations in Section III – Commission – of the 1975 Budget in Articles 933 'Measures to encourage the commercial promotion of exports from non-associated developing countries to Community markets' and 934 'Measures to encourage regional or sub-regional integration between developing countries'. The utilization of those appropriations was linked with an agreement to be concluded between the Council and the Commission on the method of initiating the measures concerned.

7. FINANCIAL REGULATIONS

485. At its meeting on 18 March 1975, the Council adopted the Financial Regulation supplementing the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Communities and containing special provisions applicable to the European Regional Development Fund. That Financial Regulation was published in the Official Journal of the European Communities of 21 March 1975, and entered into force on 22 March 1975. ¹

¹ OJ No L 73 of 21. 3.1975.

During its meeting on 14 and 15 April 1975, the Council took decisions on certain amendments and suggestions put forward concerning the draft Commission regulation introducing procedures for implementing certain provisions of the Financial Regulation about which the Commission had consulted it on 4 June 1974.

At its meeting on 24 November 1975, the Council adopted the Financial Regulation derogating from Article 6(1) of the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Communities as regards appropriations relating to the European Social Fund. That Regulation, which entered into force on 1 December 1975, has been published in the Official Journal of the European Communities.¹

B. – Staff regulations

1. AMENDMENT OF THE REGULATIONS

486. In Regulation No 711/75 of 18 March 1975,² the Council had decided on a general increase in the daily subsistence allowance for officials on mission, and introduced a simplified procedure for the adjustment of such remuneration. That Regulation also does away with some discrimination found to exist in the application of the provisions relating to school allowance.

By Regulation No 1009/75 of 14 April³ and No 1601/75 of 24 June 1975⁴ respectively, the Council amended certain articles of the Staff Regulations in order to enable staff paid from the operational budget to receive allowances for continuous or shift duty, or standby duty at the place of work or at home. The conditions for the granting of those allowances will be the subject of an implementing regulation to be adopted by the Council.

2. DAILY SUBSISTENCE ALLOWANCES ON MISSION

487. Following the measures adopted on 18 March 1975, and taking into account the difficulties experienced by certain officials in the lower

¹ OJ No L 307 of 27.11.1975.

² OJ No L 71 of 20. 3.1975.

³ OJ No L 98 of 19. 4.1975.

⁴ OJ No L 164 of 27. 4.1975.

grades when on mission, the Council considered it advisable to make a further adjustment in the daily subsistence allowances. Therefore, in a Regulation of 7 October 1975,¹ the Council decided, for officials in categories C and D only, on an additional increase in such allowances, differentiated according to the place where the mission is carried out.

3. REMUNERATIONS

488. By Regulation No 2998/75 of 17 November 1975,² the Council adjusted the weightings applied to remunerations and pensions.

¹ OJ No L 263 of 11.10.1975.

² OJ No L 299 of 19.11.1975.

TABLES

TABLE 1

**Evolution of the number of meetings of
the Council and the preparatory organs**

Period	Ministerial level	Ambassadors and delegates of ministerial level	Committees and workgroups level
	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 1/2	146 1/2	744 1/2
1964	102 1/2	229 1/2	1 002 1/2
1965	35	105 1/2	760 1/2
1966	70 1/2	112 1/2	952 1/2
1967	75 1/2	134	1 233
1968	61	132	253
1969	69	129	1 412
1970	81	154	1 403
1971	75 1/2	127 1/2	1 439
1972	73	159	2 135
1973	79 1/2	148	1 820
1974	66	114 1/2	1 999 1/2
1975	67 1/2	118	2 079 1/2

TABLE 2

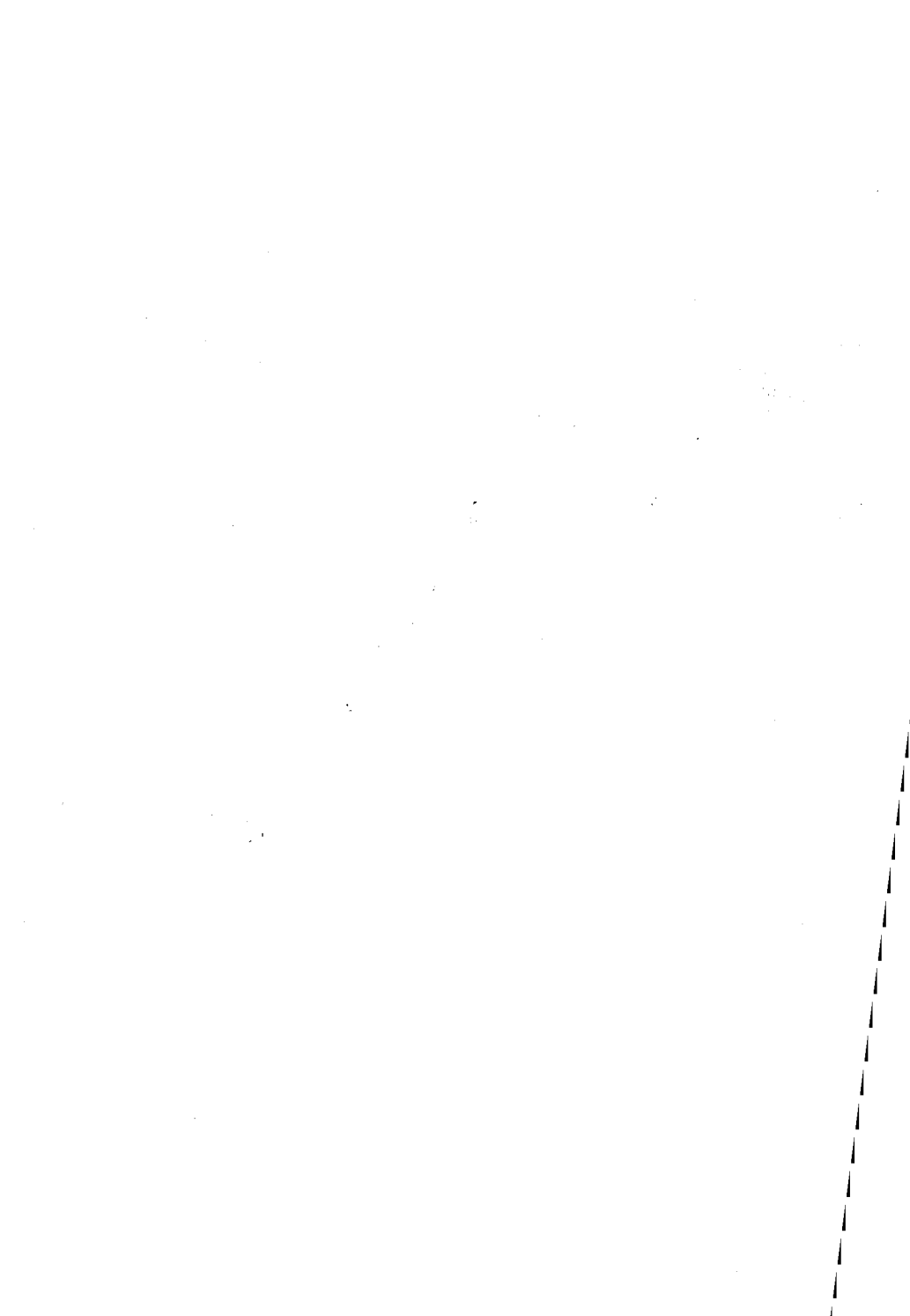
Intergovernmental conferences

Period	Patents	
	Plenary	Groups
1.8.70 - 31.12.70	—	37
1971	8	37 1/2
1972	19	61
1973	24	9
1974	2	76 1/2

TABLE 3

**Interim committee of the
European patent organization**

Period	Plenary	Groups
1974	2	76 1/2
1975	10	142



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