

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



**1 January
31 December 1976**

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

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of the
COUNCIL'S WORK**

1 January – 31 December 1976

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Introduction

Among the major problems facing the Community during 1976 first place must go to the serious economic crisis which has persisted throughout the world for the past few years. Although there were signs of an upturn in certain areas of economic activity at the end of 1975 and these signs became more pronounced in 1976, the trend did not become general and the situation as a whole showed little improvement. The high level of unemployment continued and whilst the rate of price increases slowed down to some extent inflation continued to cause strain in most of the Member States.

The situation was one of persistent divergencies and imbalances, and there appeared to be a greater need than ever for a new drive to strengthen the Community's internal economic and monetary cohesion. Discussions on these matters were therefore held within the Council, in particular in the light of the suggestions made in July 1976 by Mr Duisenberg, the Dutch Minister for Finance and at that time President-in-Office of the Council.

It must be said that in spite of the serious economic difficulties which the Member States had to contend with in 1976, and which affected several sectors of Community activity, the Member States resisted the temptation to adopt protectionist measures.

Any selection of the Council's activities carried out in 1976 in other spheres must be arbitrary, but attention may be drawn more particularly to a number of salient facts.

In the sphere of external relations the Community made significant progress and this has certainly helped to consolidate its position in world affairs. The attraction it holds for third countries was again demonstrated, in particular by the wish expressed by some to

join the Community. Negotiations with Greece began immediately and Portugal expressed its intention of submitting an application for accession at the appropriate time.

In 1976 important international dialogues were initiated and continued – the Euro-Arab Dialogue and the North-South Dialogue, to mention but two in the series.

On 1 April 1976 the Lomé Convention entered fully into force, after it had been ratified by all the Member States and all the ACP States within 13 months of signing. There followed in turn the inaugural meeting of the ACP-EEC Consultative Assembly held on 1 to 3 June 1976 in Luxembourg, and the first meeting of the ACP-EEC Council of Ministers on 14 and 15 July in Brussels. Since the Convention entered into force three further newly independent States also became parties to it: the Comoros, the Seychelles and Surinam.

Lastly, the negotiations based on the Community's overall approach to the countries of the Mediterranean Basin were reaching conclusion.

The Council held numerous discussions, particularly in the second half of 1976, in connection with developments in the work of the International Conference on the Law of the Sea concerning in particular the system of fishing zones which in future will apply to what are at present the high seas, and the increasing number of declarations made by third countries unilaterally extending their fishing zones to 200 miles.

The Council's discussions concerned both internal fishing arrangements within the Community and the Community's external relations in this sphere. The main outcome was the Resolution adopted by the Council on 3 November 1976. With a view to protecting the legitimate interests of the Community in the sea areas most threatened by the establishment on the part of certain third countries of 200-mile economic zones, the Council agreed in this Resolution to extend by concerted action the fishing zones of the Member States to 200 miles with effect from 1 January 1977, on their North Sea and Atlantic coasts. This decision was the starting point for further discussions which continued within the Council until the end of the year without, however,

reaching any final conclusion. In this connection negotiations were undertaken with several third countries.

However, the main event in 1976 from the political and institutional point of view was the decision regarding the election of Members to the European Parliament by direct universal suffrage. Following the guidelines laid down by the European Council which had discussed these problems on several occasions – the last time on 12 and 13 July 1976, when the thorny question of the distribution of seats in the new Parliament was settled – the Council of the European Communities adopted a Decision on 20 September 1976 to which is annexed an act providing for the election of representatives to the European Parliament by direct universal suffrage. This election is planned for 1978, and the number of seats will be increased from 198 to 410. However, the first election will still be conducted in accordance with national electoral procedures. It will be the task of the new Parliament to draw up a single draft electoral procedure applicable to all the Member States.

The entry into force of these texts presupposes that Member States will have adopted the provisions in the Council Decision of 20 September 1976 in accordance with their own respective constitutional rules.

On 12 January 1977 the late Mr Anthony Crosland, President-in-Office of the Council, addressed the European Parliament. Referring to the decision on direct elections he said that in this field the Community had an encouraging example of practical political development. The Member States would soon have an opportunity to make the Community a more democratic institution. A directly-elected Parliament would be in a better position to strengthen the democratic voice in the Community. It would be better able to fulfil its role in relation to the Commission, and would no doubt wish to influence the Council.

Lastly, the approval by the Council at its meeting on 29 and 30 June 1976 of a total of 18 Directives on the elimination of technical barriers to trade in a large number of industrial products, which follow 62 other Directives previously adopted by the Council, marks a major

advance along the road to achieving a real common market in this sector.

As in previous years, this Review has been prepared by the General Secretariat of the Council, and is intended purely as a reference document for public use.

CHAPTER I

The work of the Institutions

A – The Council

1. The Presidency of the Council was held by Luxembourg in the first half of 1976, and by the Netherlands in the second half. The meetings in the first half of the year were chaired successively by Mr Thorn, President and Minister for Foreign Affairs, Mr Vouël, Vice-President and Minister for Finance, Mr Hamilius, Minister for Agriculture and Public Works, Mr Berg, Minister for Labour and Social Security, and Mr Mart, Minister for Economic Affairs, Transport and Tourism. The meetings in the second half of the year were chaired successively by Mr van der Stoel, Minister for Foreign Affairs, Mr Duisenberg, Minister for Finance, Mr Lubbers, Minister for Economic Affairs, Mr van der Stee, Minister for Agriculture and Fisheries, Mr Westerterp, Minister for Transport, Water Control and Construction, Mr van Kemenade, Minister for Education and Scientific Research, Mr Boersma, Minister for Social Affairs, Mr Pronk, Minister responsible for Development Cooperation, Mr Brinkhorst, Secretary of State at the Ministry of Foreign Affairs, and Mr Mertens, Secretary of State at the Ministry of Social Affairs.

Fifty-three meetings were held, of which 14 were devoted to external relations, 13 to agricultural matters, 7 to economic and financial problems, 3 to research and energy, 2 to fiscal matters, development cooperation, the budget, transport and social affairs and 1 each to the environment, education, and preparations for the first ACP/EEC Council meeting.

B – Parliamentary affairs

2. As regards relations between Parliament and the Council, 1976 will be remembered for the adoption by the Council of the Decision and

the Act appended to it concerning the election of members to the European Parliament by direct universal suffrage. However, this extremely important event should not be allowed to overshadow the normal relations between Parliament and the Council, in particular, the participation of the President-in-Office in all the Parliamentary part-sessions, and his increasing participation in the proceedings of Parliamentary committees and other bodies.

1. PARTICIPATION OF THE COUNCIL IN THE PLENARY SESSIONS OF PARLIAMENT

3. The regular attendance of the Council at the plenary sessions of Parliament was due to the fact that the President-in-Office was called on in the course of each session to reply to questions put at Question Time – 80 questions in 1976 and to oral questions, with or without debate – 26 questions in 1976.

The Council also took part in the proceedings of the Parliament in plenary session on the occasion of the budget proceedings, and also during a number of particularly important debates.

(a) Budgetary procedure¹

4. Following the agreement reached by the European Council at its meeting in December 1975 a Council of Ministers for Foreign Affairs and Ministers for Finance met on 8 April 1976 and made an overall assessment of budgetary problems. The President-in-Office, Mr Thom, Président du Conseil of the Grand Duchy of Luxembourg, and Minister for Foreign Affairs, informed the Parliamentary Committee on Budgets of the results of this Council. Before drawing up the draft general budget of the Communities for 1977 the Council heard the opinions of Parliament on this matter. The President-in-Office, Mr Brinkhorst, Secretary of State at the Netherlands Ministry of Foreign Affairs, presented this draft budget. He emphasized that in preparing this draft 'the Council's manoeuvre was very limited, and it had done its best to balance the need to develop Community policies with the need to combat inflation, and the great sacrifices this entailed'.

¹ See paragraphs 428 *et seq.*

After taking part in the proceedings of the Committee on Budgets, Mr Brinkhorst took part in the general debate which Parliament held during a special budgetary part-session at the end of October.

Before making a statement on the amendments and modifications proposed by Parliament, on 23 November the Council met a delegation of Members of Parliament who explained the reasons why Parliament had adopted these amendments and proposals.

On 14 December 1976 Mr Brinkhorst informed Parliament of the results of the Council's deliberations on this matter. At the end of the debate he thanked 'the many political groups which had indicated their appreciation of the way in which the 1977 budget had been dealt with'. He 'welcomed these words of appreciation for the Council as a whole'. He considered them 'as evidence that we had in fact made progress in the past few years as regards conciliation and a genuine dialogue'.

After this debate, but before the vote taken in Parliament, a Parliamentary delegation met the Council. During this meeting there was some reconciliation of the position of these two bodies before the vote was taken.

(b) Statement on the conclusions reached by the European Council

5. On 7 April 1976 Mr Thorn made a statement on the conclusions reached by the European Council which met in Luxembourg on 1 and 2 April 1976. He emphasized that people should rid themselves of the 'notion that the European Council . . . should act as a substitute for all the other institutions'.

6. At the sitting of Parliament on 15 September 1976 Mr Brinkhorst made a statement on the results of the European Council which was held in Brussels on 12 and 13 July 1976. He mentioned the agreement which had been reached on the subject of the election of members to the European Parliament by direct universal suffrage. He said that this decision 'should be a real breakthrough towards increased cooperation at European level and deepening of the concept of European integration . . . '.

7. Mr Brinkhorst made a statement on the proceedings of the European Council at its meeting held in The Hague on 29 and 30 November 1976, concluding with an assessment of the functioning of the European Council and of the significance of the fact that the European Heads of Governments met regularly. He said:

'I believe that people, quite wrongly, often get the feeling that this is in itself not a good thing. I say "wrongly", since, in my view, the fact that the leading statesmen, the leaders of our governments, meet to discuss European problems is *per se* something to be welcomed. This is sometimes forgotten in all the negative criticism which is levelled at these meetings. Naturally, after a period of only two years the role of the European Council is not yet fully clear – how could it be otherwise? No one would claim that the European Council has settled into its final form – the Heads of Governments themselves are as aware of this as anyone else. Perhaps in the future more emphasis will be put on preparing the European Council in connection with items on the agenda which involve the competencies of the Communities. This would be completely in accordance with the characteristic procedures and decision-making machinery of our Community which call for full participation of the European Commission and the other institutions involved.'

(c) *Statements on the programmes of the Presidency*

8. On 14 January 1976 Mr Thorn made a statement on the programme of the Luxembourg Presidency for the first half of 1976. He stated emphatically, 'only our efforts to unite and our action as a single entity can offer all our countries an opportunity of confronting the problems of tomorrow's world'.

9. On 7 July 1976 Mr van der Stoep, Netherlands Minister for Foreign Affairs, and President-in-Office of the Council, presented the programme of the Netherlands Presidency for the second half of 1976. Speaking of the internal situation in the Community, Mr van der Stoep stated, 'I honestly think that we have every reason to be very worried indeed, because the erosion of the Community structure is already well advanced, and one wonders how far we are from a stage where the European Treaties, and everything that has been brought into being on the basis of them, will be no more than an historical curiosity. I urge

everyone, just as I shall urge my colleagues in the Council of Ministers, to be thoroughly aware of the dangers facing us and to make an all-out personal effort to avert these dangers.'

(d) *Other debates*

(i) CIEC

10. On 11 February 1976 Parliament listened to a Council statement made by Mr Thorn on the Conference on International Economic Cooperation and the Seventh Special Session of the United Nations General Assembly. In his closing remarks at the end of the debate on this statement Mr Thorn emphasized that the CIEC negotiations would be difficult, and added: 'but we hope that the outcome will be positive; for, as the speakers here have said, we are compelled to succeed'.

(ii) Relations between the EEC and Greece

11. At the sitting on 10 March 1976 Parliament heard a Council statement made by Mr Thorn on relations between the EEC and Greece. The President-in-Office mentioned the Council's decision of 9 February 1976 regarding Greece's application for membership, and went on to say: 'It is not the policy of our Community to seek enlargement by any or all means and at any cost. Every European country must examine and decide for itself whether our common enterprise corresponds to its own vision of a European future and to its own legitimate interest.'

(iii) Elections of members of the European Parliament by direct universal suffrage.

12. Speaking in connection with the debate which Parliament held on this matter at its sitting on 16 June 1976, Mr Thorn spoke to members of Parliament about the problems which arose concerning the allocation of seats.

(iv) Council statement on the Nairobi Conference

13. Mr Thorn made a statement at the Parliamentary sitting on 16 June 1976 in which he presented the results of the proceedings of UNCTAD 4.¹

¹ See paragraph 185 of this Review.

(v) Puerto-Rico Summit

14. In the Parliamentary sitting on 16 June 1976 Mr Thorn also spoke during the debate on the Puerto-Rico Summit.

(vi) Social affairs

15. Mr Boersma, Netherlands Minister for Social Affairs, and President-in-Office of the Council, took part in the debate which Parliament held on 14 September 1976 on the development of the social situation in the Community in 1975. At the end of his speech Mr Boersma stated: 'In my opinion, looking back over recent events, a common solution to the problem which has so justifiably been at the centre of our discussion has been helped by the declaration of the tripartite conference on employment and stability in the Community. Now we have to continue the dialogue in order to keep up with developments.'

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

(a) *Parliamentary Committees*

(i) Luns – Westerterp procedure

16. Under this procedure the President-in-Office of the Council informed the Parliamentary Committees concerned of the content of various agreements.

(ii) Committee on Economic and Monetary Affairs

17. On 3 June 1976 Mr Vouel, Luxembourg Minister for Finance and President-in-Office of the Council, took part in this Committee's proceedings which covered the Community's economic policy.

On 4 November 1976 Mr Duisenberg, Netherlands Minister for Finance and President-in-Office of the Council, and the members of this Committee exchanged views on current problems of economic and monetary policy.

(b) Parliamentary Association bodies

18. The ACP-EEC Consultative Assembly held its inaugural meeting in Luxembourg on 1–3 June 1976. Mr Vouel spoke during the solemn opening ceremony, which was attended by the Grand Duke and Grand Duchess of Luxembourg. The Joint Committee of the Consultative Assembly met on 1–4 December 1976 in Lome, when Mr Brinkhorst represented the Council.

19. The Joint EEC–Turkey Parliamentary Committee held two meetings. The first meeting was in Nice, and was attended by Mr Mart of the Grand Duchy of Luxembourg, Minister for Economic Affairs, Transport and Tourism. Mr Destremeau, French Secretary of State for Foreign Affairs, also attended this meeting.

The second meeting was in Ankara on 6–9 November. The Council, in the person of Mr Brinkhorst, also took part in the proceedings of this Committee.

20. The Joint EEC – Greece Parliamentary Committee also met twice. The first meeting was at Aghios Nicolaos, in Crete on 18–20 May, when Mr Vouel represented the Council.

The second meeting was in Berlin on 22–24 November, when Mr Kooijmans, Netherlands Secretary of State for Foreign Affairs, represented the Council.

3. WRITTEN QUESTIONS

21. During 1976 the Council received 140 written questions.¹

C – Institutional affairs

22. In implementation of paragraphs 10 and 11 of the communiqué published after the meeting of the Heads of Government in Paris on 9–10 October 1974, the Council dealt with the election of members to the European Parliament by direct universal suffrage, and also the passport union and special rights of citizens.

¹ Seven of these were concerned in part with political cooperation.

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

23. , On 20 September 1976 the Council, 'intending to give effect to the conclusions of the European Council in Rome on 1 and 2 December 1975, that the election of the Assembly should be held on a single date within the period May/June 1978', adopted a Decision to which is annexed an 'Act concerning the election of the representatives of the Assembly by direct universal suffrage'.

The entry into force of these texts assumes that the Member States have adopted the Council Decision of 20 September 1976 in accordance with their respective constitutional rules.

Furthermore, the Member States must adopt the national provisions laid down in Article 7 of this Decision, and these must govern the electoral procedure in each Member State pending the entry into force of a uniform electoral procedure.

2. PASSPORT UNION

24. The Council continued its work on the passport union. The Council devoted particular attention to that part of the file relating to the establishment of a uniform passport.

3. SPECIAL RIGHTS OF CITIZENS

25. As a result of the Council's work it was possible to draw up a list of rights which might be conferred upon the citizens of the nine Member States of the Community in their capacity as members of the Community. The Council started its examination of the position with regard to the conferring of these rights by listing the problems which would arise as a result of conferring voting rights upon nationals of the Member States with a view to their participation in local government elections in a host Member State.

4. BASIC RIGHTS

26. Following a request from Parliament, the Commission drew up a joint draft statement on behalf of Parliament, the Council and the Commission on the observance of human rights.

On 16 November 1976 the Council produced a joint guideline on this draft joint statement.

D – Council – Court of Justice

27. During 1976 the Council appeared before the Court of Justice of the European Communities in 15 cases.

One case was an action brought by an official against the Council and the Commission.

Seven identical cases concerned actions for damages, and were brought against the Council and the Commission. In these cases, and in five other cases concerning actions for damages, private firms were claiming damages.

One case was an action to declare a Council act void, and the last case was also an action to declare an act void, brought by a trade union against the decision of the Council nominating the representative organizations called on to draw up lists of candidates for the ECSC Consultative Committee.

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

E – Relations with the Economic and Social Committee

28. At the two plenary sessions of the Committee the Council was represented by its President – on 26 May 1976, by Mr Mart, the Luxembourg Minister for Economic Affairs and Transport, and on 24 November 1976 by Mr Brinkhorst, the Netherlands Secretary of State at the Ministry of Foreign Affairs.

The Council took note of the Committee's serious concern expressed on 4 March 1976, regarding unemployment in the Community and of its request for urgent concerted action at European level.

CHAPTER II

Freedom of movement and common rules

A – Customs union, free movement of goods

1. COMMON CUSTOMS TARIFF

29. During 1976 the Council continued its normal work on tariffs.

It adopted one Regulation amending the Common Customs Tariff, six Regulations temporarily suspending the autonomous duties in the Common Customs Tariff on a large number of products and three Regulations temporarily suspending, pursuant to the Act of Accession, duties applicable in the Community as originally constituted to a certain number of products. The Council also adopted 31 Regulations either on the opening, allocation and administration of Community Tariff quotas for certain products or on the increase or amendment of quotas previously decided on by the Council.

2. INTERNATIONAL CUSTOMS CONVENTIONS

30. On 21 December 1976 the Council adopted a Decision on the signing, on behalf of the Community, of the Customs Convention on the international transport of goods under cover of TIR carnets, provided that it is concluded. This was signed at the end of 1976.

31. The Council had adopted Decisions in previous years authorizing the Commission to negotiate, on behalf of the Community and according to an *ad hoc* coordination procedure with the Member States, several annexes to the International Convention for simplifying and harmonizing customs procedures (known as the Kyoto Convention), each annex governing a specific customs procedure; and

the establishment of an additional protocol to the Unesco International Agreement on the importation of educational, scientific and cultural materials (Florence Agreement).

In implementation of these Decisions the task of coordination proceeded on a regular basis within the Council with a view to establishing the common standpoint to be adopted by the Community and its Member States during negotiations in the international areas concerned.

The 19th Unesco General Conference, which was held in Nairobi on 26–30 November 1976, adopted the additional protocol to the Florence Agreement, in which a clause was inserted allowing the European Economic Community to become a Contracting Party.

B – Right of establishment, freedom to provide services, company law, public supply contracts

1. INSURANCE AGENTS AND BROKERS

32. At its meeting on 13 and 14 December 1976 the Council adopted a Directive on measures to facilitate the effective exercise by insurance agents and brokers of freedom of establishment and freedom to provide services on the territories of other Member States. In particular, transitional measures were enacted – in the absence of harmonized requirements regarding training and competence – designed to give access on the basis of periods of experience recognized as being equivalent.

This Directive is part of the wider process of establishing a more homogeneous insurance market, and the Council is continuing to examine other aspects of this matter.

33. It should also be noted, in connection with insurance, that on 29 June 1976 the Council adopted a Directive amending Directive 73/239/EEC of 24 July 1973 introducing the new European unit of account (EUA).¹

¹ OJ L 189 of 13. 7. 1976.

2. COMPANY LAW

34. At its meeting on 13 and 14 December 1976 the Council adopted the second Directive on company law designed to coordinate, by making them equivalent, the safeguards required by Member States of companies within the meaning of the second paragraph of Article 58 of the EEC Treaty, to protect the interest of members and others, in respect of the formation of limited liability companies and the maintenance and alteration of their capital. The Directive is concerned with ensuring minimum equivalent protection of the interests of shareholders and third parties and to this end it provides for the coordination of national provisions relating to the following: the setting up of companies together with the relevant procedure, in particular the subscription of a minimum amount of capital; regulations on the issuing of shares to shareholders and the protection of net assets equal to the values of the share capital; prohibition of the acquisition by a company of its own shares, except in strictly limited cases; rules on increasing and reducing capital and preferential rights of shareholders; rules on the quorum and majority of the general meeting of the company.

The Directive lays down that the provisions on fixing minimum capital may be revised every five years, account being taken of economic and monetary developments in the Community and also of trends to restrict the choice of the form of limited liability companies to large and medium-size undertakings.

Some progress was made on the third Directive (internal mergers), the fourth Directive (annual statement of accounts) and the sixth Directive (prospectus to be published when securities issued by companies are admitted to official stock exchange quotation).

Work also continued within the Council on a Council Regulation concerning the Statute of European joint stock companies ('SE').

The Statute seeks to establish a special law at Community level to ensure cooperation between undertakings in the Community.

3. PUBLIC SUPPLY CONTRACTS

35. At its meeting on 20–21 December 1976 the Council adopted the Directive coordinating procedures for the award of public supply contracts and certain related texts.¹

This decision is another important milestone along the road to a more genuine common market, since it makes the public supply contracts concluded by public purchasing bodies in the Community subject to Community procedures.

The new regulations seek to ensure that the awarding authorities in the Member States such as ministries, decentralized public bodies, regions, provinces, départements, and municipalities submit their plans for purchases of supplies to competing Community contractors.

With the exception of certain sectors (transport, production and supply of water and energy and telecommunications), all contracts of a certain value – not less than 200 000 ECU – concerning, for example, equipment for administrations, hospital, university and schools equipment, equipment for scientific research and civilian material for defence, must be notified to the public, i.e. to undertakings capable of supplying the goods in question.

A limited number of exceptions are also laid down for supply contracts for data-processing equipment. However, Member States will not be able to avail themselves of these exceptions after 1 January 1981, unless the Council expressly decides to amend this date.

The notices will appear in the Official Journal of the European Communities, in a uniform layout and translated into the six Community languages.

Undertakings which fulfil the technical and financial conditions laid down – and these will be identical for all undertakings – may participate. All undertakings will be treated alike. The purchaser will make his decision on the basis of criteria published in advance which seek to limit as far as possible any arbitrary action on the part of the

¹ OJ L 13 of 15. 1. 1977.

administration. An 'Advisory Committee' has been made responsible for monitoring the operation of the Directive and for ensuring that in practice it is implemented in a uniform manner in all the Member States.

C – Common rules

1. RULES OF COMPETITION

36. On the subject of aids granted by the Member States, on 15 November 1976 the Council adopted an amendment to Directive 75/432/EEC on aid to shipbuilding.

2. APPROXIMATION OF LAWS

HARMONIZATION OF LAWS

(a) Harmonization of customs laws

37. The Council continued its work on harmonization in this field, which has been going on for several years. Concrete results were achieved in the form of several Regulations and Directives, viz. on 25 March 1976 a Directive implementing Directive 63/73/EEC as regards the repair of goods under inward processing arrangements; 20 July 1976, a Directive on the application of Directive 69/73/EEC with regard to inward processing authorizations for certain products originating in EFTA states and The Faeroes; 22 July 1976, a Directive amending Directives 69/74/EEC, 69/75/EEC and 71/235/EEC on the harmonization of provisions laid down by law, regulation or administrative action relating respectively to customs warehousing procedure, free zones and to the usual forms of handling which may be carried out in customs warehouses and in free zones; also on 22 July 1976, a Regulation on the tariff treatment applicable to goods imported for test purposes. This Regulation introduces into the Community a uniform customs procedure which provides for privileged treatment to be given to goods which are imported, not for consumption, but to be submitted as samples to test for quality. It follows a recommendation from the Customs Cooperation Council and the wishes expressed by the Council of Europe. Its aim is to encourage the public and private organizations which endeavour to control the quality of products placed on the market, so as to provide the consumer with the best possible

information; 13 December 1976, a Regulation concerning Community transit to codify the regulations relating to the Community transit procedure established by Regulation (EEC) No 542/69 which has been amended several times since its adoption.

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

38. As at 31 December 1976 the number of Directives adopted by the Council in this field stood at 81, of which 21, i.e. more than a quarter, were adopted in 1976.

This very high figure is evidence of the Council's continued interest in making harmonization a reality. It is a reward for the perseverance which this work has entailed, particularly during 1976, and which enabled the Council to give its assent on 29 June to a set of 18 Directives covering very varied sectors of economic activity, such as motor vehicles, wheeled agricultural or forestry tractors, measuring instruments, electrical equipment, pressure equipment, cosmetics and dangerous substances.

This achievement helps to strengthen the Community's internal market and thus the internal cohesion of the Community, and will also enable it to establish its identity more clearly in the eyes of its trading partners. However, this harmonization must primarily be to the advantage of Community consumers and users. In enabling firms to offer their products on the whole of the common market it stimulates competition by improving the range of products available and their quality. Furthermore, stringent health protection and safety requirements have been set for these products so as to protect and in many cases improve the quality of life.

D – Industrial property

1. COMMUNITY PATENT

39. The Interim Committee for the Community Patent, which comprises representatives of the nine Member States and the Commission, held its inaugural meeting on 3 December 1976. This was opened by Mr van Oorschot, Netherlands Minister Plenipotentiary on

behalf of the Council Presidency. It is the task of this Committee to complete the preparatory work for the implementation of the Convention on the Community Patent, which was signed in Luxembourg on 15 December 1975, in particular to take all preparatory measures so as to enable the special departments of the European Patent Office which will deal with Community patents to begin their work in due time.

The Committee has drawn up the programme and timetable for its work and has set up three working parties to deal with the following fields: organization, staff and financial matters in the special departments; preparation of applications to special tribunals and general legal matters; matters arising in connection with litigation concerning the Community Patent.

2. CURRENT NEGOTIATIONS WITHIN THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

40. During the year several sets of negotiations within the WIPO have been of particular interest to the Communities. A case in point is the revision of the Paris Convention for the Protection of Industrial Property of 20 March 1883.

Mainly at the request of the developing countries, this should involve alterations to the worldwide system regarding industrial property, which is based on the Paris Convention. The Member States and the Commission have held several coordinating meetings in preparation for these negotiations. In view of the scope of the current negotiations, at its meeting on 20 September 1976 the Council instructed the delegation holding the Presidency to submit to the administrative bodies of WIPO a request from the European Communities to be granted observer status at meetings of WIPO and of the international unions which this organization administers.

3. EUROPEAN PATENT CONVENTION

41. The Interim Committee of the European Patent Organization, which comprises the representatives of the 16 states which have signed the Munich European Patent Convention (the nine EEC Member States

and Austria, Greece, Liechtenstein, Monaco, Norway, Sweden and Switzerland) held its sixth, seventh and eighth meetings in Brussels during 1976. The Interim Committee, which is responsible for the preparations for opening the European Patent Office has almost completed its initial programme. It has carried out its work on the basis of the proposals and studies submitted by the seven working parties which it set up.

42. During the year the Interim Committee has been working in the following fields:

As regards organization, Working Party I fulfilled its mandate. It drew up the detailed organization chart of the new European Patent Office and projects relating to electronic information-processing and the Office's publication system. These various projects were adopted by the Interim Committee.

The directives relating to the examination carried out at the European Patent Office which are designed to guide the examiners of the Office in their work, were finalized by Working Party II (Research) and Working Party III (Examination, Opposition and Appeal) which fulfilled their mandate. The directives were adopted by the Interim Committee, and most of them were published by the Official Publications Office of the European Communities.

As regards staff, Working Party IV continued its work on drawing up the Staff Regulations for the European Patent Office. The Interim Committee adopted the coordinated organizations' system of remuneration.

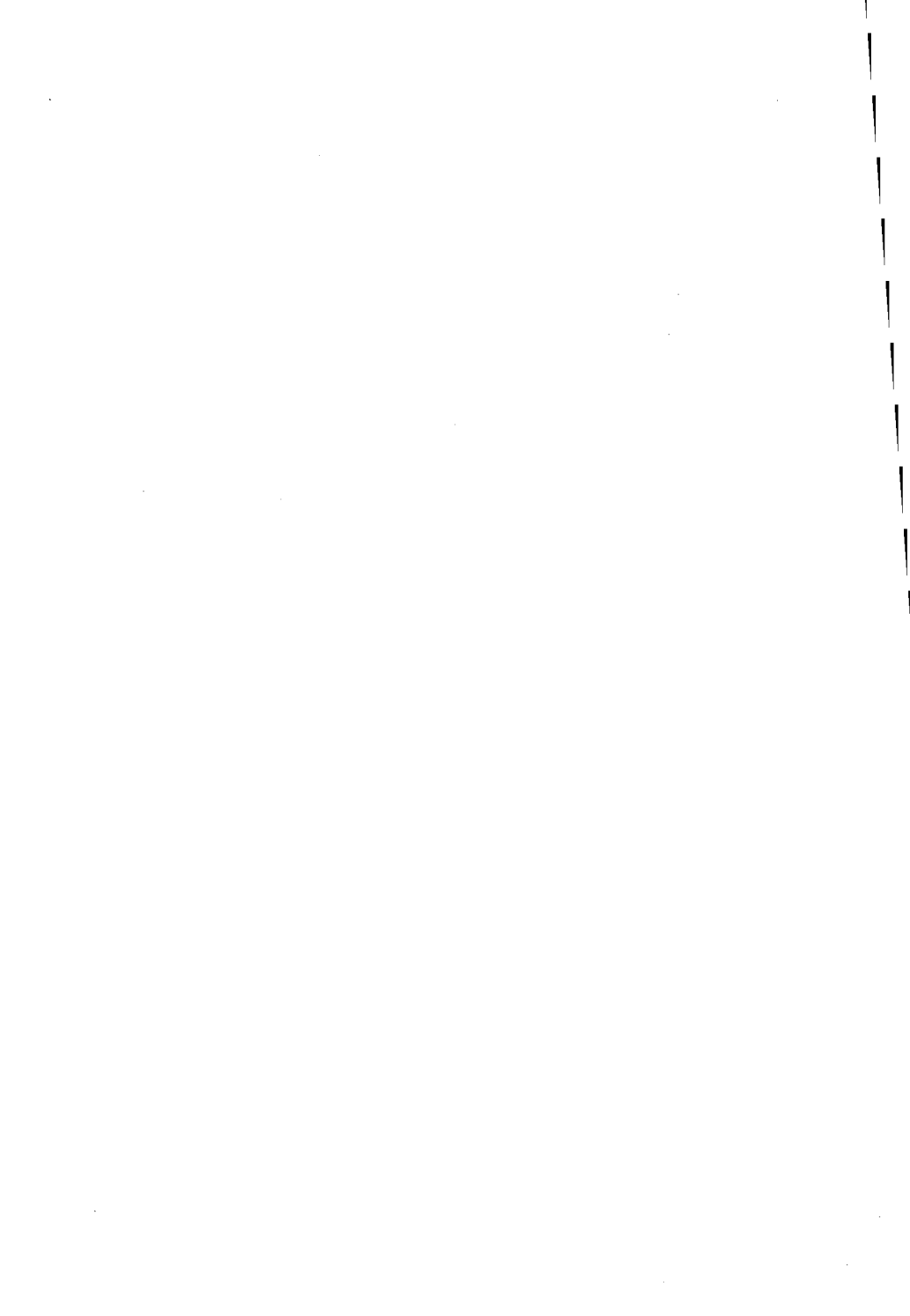
With regard to finance, the budgets for the first two financial years and a long-term finance plan were adopted by the Interim Committee. In addition Working Party V, which is concerned with this field, drew up the draft financial regulation.

In the field of legal matters Working Party VI drew up draft agreements on location and draft documents relating to the transfer of work to certain national offices. The Interim Committee adopted a set of regulations concerning agents authorized by the European Patent Office, which provide for the establishment of an Institute of Authorized

Agents, and lay down the procedures for a European qualifying examination and professional rules of conduct. Working Party VI, in close liaison with the Administrative and Financial Committee of the European Schools, drew up a draft agreement between the Board of Governors and the European Patent Organization on the operation of a European School in Munich. The final agreement between the two parties concerned should be concluded within the next few months.

As regards building, Working Party VII has followed up at its meetings in Munich the construction works which commenced at the beginning of the year. It has completed the study of the arrangements for allocating premises among the various departments.

The Interim Committee and its dependent bodies held a total of 67 meetings (173 days of meetings) during 1976.



CHAPTER III

Economic and social policy

A – Economic and financial questions

43. During 1976 seven meetings of the Council were devoted to economic and financial questions. Two meetings dealt with problems relating to tax harmonization. On various occasions the Council considered matters connected with export credit insurance.

1. COORDINATION OF THE ECONOMIC POLICIES OF THE MEMBER STATES

44. In accordance with its Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States,¹ on 15 March 1976 the Council carried out its first examination of the economic situation in the Community.

On that occasion it decided on the adjustments to be made to the economic policy guidelines laid down in the Annual Report for 1976.²

At its meeting on 26 July 1976 the Council made its second examination of the economic situation in the Community, as laid down in Article 3 of the Decision of 18 February 1974 mentioned above.

On this occasion it adopted a Decision on the preparation of public budgets for 1977.³ It also took note of the quantitative guidelines for draft public budgets for 1977 as submitted by the Commission.

¹ OJ L 63 of 5. 3. 1974.

² OJ L 119 of 6. 5. 1976.

³ OJ L 229 of 20. 9. 1976.

The third examination of the economic situation in the Community, as laid down in Article 4 of the Decision of 18 February 1974, was carried out on 22 November 1976. The Council adopted the Annual Report on the economic situation in the Community laying down the economic policy guidelines for 1977.¹

This Decision was notified to the governments of the Member States for communication to their respective parliaments. The report and guidelines on economic policy should constitute a point of reference during budgetary discussions in each Member State.

2. FOURTH MEDIUM-TERM ECONOMIC POLICY PROGRAMME

45. In accordance with Article 6 of the Decision of 18 February 1976, in October 1976 the Commission submitted to the Council the draft of the fourth medium-term economic policy programme.

This programme is drawn up by the Commission on the basis of an initial draft prepared by the Economic Policy Committee. Its aim is to facilitate and guide structural changes of a sectoral, regional and social nature and to ensure the convergence of overall economic policies.

Parliament and the Economic and Social Committee were consulted on the draft submitted by the Commission.

Pending receipt of the opinions requested, on 22 November 1976 the Council held a policy debate on this programme. The Council is expected to adopt the programme in the early part of 1977.

3. COMMUNICATION FROM THE PRESIDENCY ON STRENGTHENING THE INTERNAL COHESION OF THE COMMUNITY AS REGARDS ECONOMIC AND MONETARY MATTERS

46. At its meeting on 26 July 1976 a communication was submitted to the Council by Mr Duisenberg, Netherlands Minister for Finance, on the subject of strengthening the internal cohesion of the Community in economic and financial matters.

¹ OJ L 358 of 29. 12. 1976.

This communication from the Presidency contained a number of suggestions on economic and monetary matters.

On the subject of economics, Mr Duisenberg suggested that the Community's medium-term economic policy programme should be made to play an essential part in connection with the periodic examination of individual national programmes. The Member States should undertake to follow the directives of the medium-term programme and their national programmes should be examined from the point of view of their compatibility with the Community's medium-term programme and the aim to prevent national measures from compromising the functioning of the common market. The findings of these examinations would appear in the annual report on the economic situation in the Community. The use of Community funds should be adapted as far as possible to the objectives and measures agreed on under the medium-term programme. Furthermore, any appropriations granted should be made available in tranches, and the granting of each successive tranche should be conditional on the countries concerned satisfying the conditions relating to the policy envisaged.

With regard to monetary matters, Mr Duisenberg proposed that general machinery should be set up at Community level for consultation and monitoring exchange-rate policies, on the basis of 'directives on floating rates'. These directives are based mainly on the concept of agreed target zones for exchange rates. They do not put any country under the obligation of maintaining the exchange rate for its currency within these target zones, but at the same time they assume that the countries in question will not take any measures which would push the exchange rate for their currency out of the target zone.

This communication was examined by the Monetary Committee and the Economic Policy Committee and their reports were submitted to the Council at its meeting of 8 November 1976.

At this meeting the Council expressed the belief that the development of the Community and greater stability in intra-Community exchange-rate relations required the convergence of economic policies and further approximation of the economic situations of the Member States. It was considered that current efforts in the Community to control inflation and to produce steady and balanced growth met this

requirement to a large extent and that they should therefore be resolutely continued.

In order to incorporate the conjunctural and structural policies of the Member States into the medium-term Community programme, the Council undertook to adopt as soon as possible the draft fourth medium-term economic policy programme submitted by the Commission in October 1976. It took note of the Commission's intention to supplement this general programme with detailed proposals. The Community Member States and Institutions would need to ensure that the medium- and short-term policies laid down complied as far as possible with this programme.

The Council also considered that it would be appropriate to take every practical opportunity to try to reconcile monetary objectives without trespassing on the prerogatives and jurisdiction of individual Member States. It was agreed that the Monetary Committee should periodically examine the monetary objectives adopted within each Member State, which differed from one country to another. In the course of this examination the Monetary Committee should compare performance against stated objectives, examine and explain discrepancies and discuss possible remedies. It should also carry out theoretical and technical work on the possibility of the progressive approximation of intermediate objectives.

In the Council's opinion a large degree of stability in intra-Community exchange-rate relations was highly desirable and the Dutch proposals on this matter could make a useful contribution. The Council requested the Monetary Committee and the Committee of the Governors of the Central Banks to expand these ideas and to consider how and under what circumstances they could be put into practice, and to report back as soon as possible.

4. COMMUNITY LOANS

47. At its meeting on 15 March 1976 the Council, in implementation of Regulation (EEC) No 397/75 of 17 February 1975,¹ decided to conclude a package of loan agreements comprising for one part three

¹ OJ L 46 of 20. 2. 1975.

issues of bonds and notes, two of which were for a total sum of US \$800 million and one of DM500 million, and for the other part a variable interest bank loan amounting to US \$300 million.¹ One tranche of this loan at variable rates of interest for an amount of US \$100 million was subsequently changed to a loan at fixed rates.²

Also on 15 March 1976 the Council decided that the conditions of the loan to the Italian Republic (US \$1 000 000 000) and Ireland (US \$300 000 000) must correspond to those of the loan concluded by the Community. The Council also laid down the economic policy conditions to be observed by the two countries.¹

48. On 22 November 1976, following the decision of the United Kingdom government not to renew its short-term contribution to the medium-term financial aid granted to the Italian Republic, the Council authorized the Commission, under Article 2 of Regulation (EEC) No 397/75 to open negotiations with a view to contracting a loan in the form of a bank loan at variable rates for a sum of US \$500 million. In its mandate the Council also laid down that the bank loan should later be consolidated into one or more loans at a fixed rate and that the amount raised by the loan should be earmarked for a loan of the same sum to the Italian Republic.

5. EURATOM LOANS

49. At its meetings held on 15 and 25 March 1976 the Council produced guidelines on the financial provisions for possible EURATOM loans. The Commission would have to be empowered, to contract loans on behalf of EURATOM and within the limits of the sums laid down by the Council. The yield from these would be allocated, in the form of further loans, to financing investment projects for the industrial production of electricity from nuclear energy and industrial facilities for operations connected with the fuel cycle.

¹ OJ L 77 of 24. 3. 1976.

² OJ L 265 of 29. 9. 1976.

The whole problem of granting EURATOM loans, however, is still being studied by the Council as part of the Community's overall energy policy.

6. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS

50. During 1976 the Council devoted particular attention to three problems on which the Commission submitted proposals.

The first problem concerned an amendment to the consultation procedure as it stood after Decision 73/391 (EEC) of the Council of 3 December 1973. Decision 76/641 (EEC) of the Council of 27 July 1976¹ was designed to take account of the amendments to the definition of the duration of credits made in the Berne Union, and also to extend the range of categories relating to the scale of values used to indicate the order of magnitude of the amounts involved in cases where consultation takes place.

51. The second problem concerns a Commission proposal of 5 May 1976 on the system of guarantees against increases in costs for export operations to third countries. This makes provision for an undertaking not to introduce such systems for those Member States which do not follow them, and also lays down the obligation to phase out existing systems in other Member States. This proposal is still being examined by the Council.

52. In connection with the third problem, in January 1976 the Commission submitted to the Council a recommendation for a decision with the object of obtaining authorization to open negotiations on an international 'gentlemen's agreement' in the field of export credit. It should be recalled in this connection that, in view of the desirability of avoiding an escalation of export credits, negotiations had previously been initiated between the Nine and the United States and Japan. These were suspended in May 1975, in the hope that the difficulties which so far had stood in the way of a solution would be overcome through further contact.

¹ OJ L 223 of 16. 8. 1976.

The Council did not make a decision on this proposal. Furthermore, following the Puerto Rico Conference on 28–29 June 1976, several credit-supplying countries – both members of the Community (France, Germany, Italy and the United Kingdom) and non-members (the United States and Japan) – began to operate convergent practices with regard to most export credits. In view of this situation the Commission applied the ‘violation’ procedure provided for under Article 169 of the EEC Treaty, against the four Member States mentioned above. It was pointed out that these Member States had taken part individually in international discussions and, acting together, had taken among themselves and with third countries implementing measures relating to export credits which, under Articles 113 and 114 of the EEC Treaty, fell exclusively within the competence of the Community.

On 22 November 1976 the Commission submitted a proposal for a Decision to the Council on the application of certain guidelines in the field of export credits. The Council has begun its examination of this proposal for a Decision.

7. TAX HARMONIZATION

53. On 20 January 1976 the Council adopted a Directive on a derogation accorded to the Kingdom of Denmark relating to the rules governing turnover tax and excise duty applicable in international travel.¹ Under this Directive, the Kingdom of Denmark had the right to maintain up to and including 31 December 1976 the rules in force for exemptions applicable to travellers involved in international travel for the products set out in annex VII, part V, (1) (A) of the Act of Accession.

54. During 1976 the various Council departments accelerated their examination of the proposal for a sixth VAT Directive. Following its meeting on 16 December 1976, which itself followed another meeting also devoted to these problems, and held on 21 October 1976, the Council reached solutions for all the political problems raised by the proposal for a sixth VAT Directive.

¹ OJ L 21 of 29. 1. 1976.

At the end of this meeting the Council expressed the wish that the definitive text of the Directive be speedily finalized, with a view to its adoption by 1 March 1977.

55. On 21 December 1976 the Council adopted a Directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco.¹ Under this Directive the first stage of the harmonization of the excise duty structures on manufactured tobacco was extended for six months, until 31 December 1977, and the Council agreed to adopt – not later than six months before the expiry of the first stage – a Directive laying down the special criteria applicable during the following stage or stages.

B – Social policy

56. During 1976 the problems of employment and unemployment, particularly among young people, were among the main items in the Council's activities. Two meetings of the Standing Committee on Employment were held in 1976, as well as a tripartite conference of the representatives of the workers' organizations, the employers' organizations and members of the Council and of the Commission.² The Council continued its work in the other spheres of social policy, where it adopted some important decisions.

1. EMPLOYMENT POLICY

(a) Employment and unemployment situation in the Community

57. At its meeting on 30 April 1976 the Council held an exchange of views on the situation and the prospects for employment and unemployment in the Community as a whole and in the different Member States.

It was considered that in spite of the signs of an upturn which were at present being noted in certain Member States, the problem of unemployment, and particularly unemployment amongst young people, was still particularly serious.

¹ OJ L 354 of 24. 12. 1976.

² See paragraphs 152 and 153 of this Review.

The exchange of views was particularly significant in view of the preparations being made for the next tripartite conference of the Ministers for Economic Affairs and Labour, the Commission, the workers' representatives and the employers' representatives.

(b) *Vocational preparation for young people who are unemployed or threatened with unemployment*

58. At its meeting on 9 December 1976 the Council adopted a number of conclusions relating to a communication from the Commission in which the Commission had stated its intention to address a recommendation to the Member States on this matter, after consulting Parliament and the Economic and Social Committee.

The Council stressed the importance of measures to facilitate young people's transition to working life, with special reference to the following points: introducing, in accordance with the methods most appropriate to the age and level of maturity of those concerned, vocational preparation courses enabling young people to acquire the basic knowledge, information, skills and abilities, and practical experience of work, that would increase their chances of fitting smoothly into working life and enjoying greater stability of employment; monitoring the quality of these courses and their suitability for the aims in view; making available to those concerned the facilities necessary to enable them to undergo such preparation.

(c) *Employment statistics programme*

59. At a meeting on 19 July 1976 the Council confirmed the importance attached to the implementation of an employment statistics programme, and approved the guidelines contained in a communication from the Commission.

The programme proposed by the Commission is designed to meet the request made by the Council at its meeting on 26 November 1970, following the Conference on Employment Problems held in Luxembourg on 26 and 27 April 1970.

This programme sets out the Commission's needs regarding employment statistics for administering Community policies in different sectors, the limited range of statistics currently available and future plans for the employment statistics system.

(d) *Tripartite World Conference on Employment, Income Distribution, Social Progress and the International Division of Labour organized under the auspices of the ILO (Geneva, June 1976)*

60. At its meeting on 30 April 1976 the Council held an exchange of views on the attitude to adopt at the Tripartite World Conference, on the basis of an ILO report, 'Employment, Growth and Basic Needs: A One-World Problem', and a document submitted by the Commission.

The Council stressed the importance of this Conference, which compares the problems of developing countries with those of the industrialized countries, particularly as regards employment. There was a wide measure of agreement on the analysis put forward in the Commission's communication which recommended an actively cooperative attitude towards delegations to the Conference.

The Council considered that, with the help of the Commission, the nine Member States should endeavour to reach a common or coordinated position, particularly on the main questions which would be dealt with by the Conference and which were covered in the Commission's communication. For this reason it was important to prepare this common or coordinated position before the Conference opened and during the Conference itself, so that the Presidency would express the Community's position as far as practicable.

To facilitate this work the Council asked the Commission to supplement its communication with the Conference in view – in particular as regards the problem of the international division of labour and the question of the effects of multi-nationals on employment.

2. IMPROVEMENT OF LIVING AND WORKING CONDITIONS

(a) *Safeguarding of employees' rights in the case of transfers*

61. At its meeting on 9 December 1976 the Council recorded its agreement on a Directive on the harmonization of the legislation of Member States on the safeguarding of employees' rights in the case of transfers of undertakings, businesses or parts of businesses.

The Directive implements an important point in the section devoted to the improvement of living and working conditions in the Council Resolution of 21 January 1974 concerning a social action programme: in recording its agreement on the Directive, the Council has thus acted on all the formal Commission proposals specified in the said Resolution.

The scope of the Directive is as follows: from the point of view of the substance covered, it is to apply to any transfers of undertakings, businesses or parts of businesses to another employer as a result of a legal transfer or merger. From the geographical point of view it is to apply where, and in so far as the undertaking, business or part of the business to be transferred is situated within the territorial scope of the Treaty establishing the EEC.

The aim of the Directive is to protect employees who would be affected by the transfer, mainly by the following three means:

- the automatic transfer of employees' rights
- ban on dismissal by reason of a transfer
- procedure for informing and consulting the representatives of the employees affected by the transfer.

The Directive lays down that the transferer's rights and obligations arising from an employment relationship existing on the date of the transfer shall be automatically transferred to the transferee. The resulting responsibility of the transferee shall not prejudice the Member States' rights to provide for the transferer likewise to continue to be responsible, i.e. for the joint responsibility of the transferer and the transferee.

The transferee is obliged to retain, after the transfer, all the working conditions agreed in a collective agreement until the date of termination of expiry of the collective agreement or the entry into force or application of another collective agreement.

Moreover, the Directive stipulates as one of its three basic principles that the transfer of undertakings, businesses or parts of businesses shall not in itself constitute grounds for the dismissal for the transferer or the transferee. Dismissals may only take place for economic, technical or organizational reasons entailing changes in the employment situation.

If the employment relationship is terminated because the transfer of the undertaking, business or part of business involves a substantial change in working conditions, to the detriment of the employee, the employer shall be regarded as having been responsible for termination of the employment relationship.

Finally, the Directive does not affect the right of a Member State to apply or introduce laws, regulations or administrative provisions which are more favourable to employees.

(b) Humanization of working conditions

62. At its meeting on 9 December 1976 the Council took note of a Commission communication on the humanization of working conditions – which refers to the Council Resolution of 21 January 1974 on a social action programme – and recorded its interest in the development of the activities conducted at Community level to promote the achievement of this objective.

It stressed that priority must be given at Community level to the study of the problem of shift work, particularly that of continuous and semi-continuous work; this problem was an ideal topic, in view of its social and economic implications, for handling within the Community framework.

The Council noted the interest expressed by several delegations in environmental conditions, with particular regard to the establishment of new industries, and of the Commission's intention to take action in this matter.

3. MIGRANT WORKERS

(a) *Social security*

63. At its meeting on 30 April 1976 the Council adopted Regulation (EEC) No 1209/76 amending Regulations (EEC) No 1408/71 and (EEC) No 574/72 on the application of social security schemes to employed persons and their families moving within the Community.¹

The purpose of this Regulation is to adapt Community regulations on social security to developments in certain laws of the Member States, and it also takes account of administrative changes which have been made concerning the distribution of responsibilities among national social security bodies and institutions. It covers in particular – following changes in the United Kingdom laws – new procedures for applying the rules relating to aggregation of insurance and other periods, so that when determining the right to benefits provided for by the United Kingdom legislation, periods completed in the other Member States may be taken into account, and, when determining rights under the legislation of other Member States, contributions paid in the United Kingdom may also be taken into account.

64. At its meeting on 9 December 1976 the Council continued its examination of the questions raised by the Commission's proposal intended to standardize the rules governing family allowance grants to workers whose families live in a Member State other than the country of employment.² It noted that the delegations concerned proposed to make contact in order to seek a solution to these problems, together with the Commission.

(b) *Trade union rights*

65. At its meeting on 9 February 1976 the Council adopted Regulation (EEC) No 312/76 amending the provisions relating to the trade union rights of workers contained in Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community.³

¹ OJ L 138 of 26. 5. 1976.

² See 23rd Review, paragraph 90.

³ OJ L 39 of 14. 2. 1976.

This Regulation specifies that workers who are nationals of one Member State and who are employed in the territory of another Member State must also enjoy equality of treatment as regards the exercise of trade union rights with respect to eligibility for the administration or management posts of a trade union.

(c) Schooling for the children of migrants

66. At its meeting on 9 December 1976, following an exchange of views in depth on a proposal for a Directive from the Commission, the Council agreed to take a decision on this matter at its next meeting on social questions.

4. EUROPEAN SOCIAL FUND

(a) Reexamination of the Council Decision of 1 February 1971 on the reform of the European Social Fund¹

67. The Minister for Labour and Social Affairs, at a meeting connected with the Council meeting of 30 April 1976, held an exchange of views on the functioning of the new European Social Fund with a view to providing the Commission with some considerations to take into account when preparing the opinion under Article 11 of the above-mentioned Decision.

(b) Examination of the fourth report on the new European Social Fund—financial year 1975.

68. At its meeting of 9 December 1976 the Council took note of the report submitted by the Commission and the comments made by certain delegations when that report was examined.

5. INSTRUMENTS OF INFORMATION (EUROPEAN SOCIAL BUDGET, INFORMATION SYSTEMS, SURVEYS AND STATISTICS)²

69. At its meeting on 30 April 1976 the Council recorded its agreement on the preparation of the second European social budget on the basis of the Commission's guidelines.

¹ OJ L 28 of 4. 2. 1971.

² See paragraph 59 of this Review.

From the point of view of social policy in the Community, the European social budget is an important source of information. It contains statistical data on social security expenditure and revenue. In a general way it can take account of all the spheres relating to social policy. It comprises medium-term estimates on the basis of legislation in force when the social budget is being drawn up. The indicators reproduced in the social budget will enable the Member States and the Community to assess the financial effects of social policy, and, in this context, the effects of the amendments to social legislation on which the estimates are based.

The Council agreed that before the third European social budget was drawn up the experience gained from the current second social budget should be assessed and any methodological adjustments made.

70. At its meeting on 27 July 1976 the Council approved the guidelines contained in a Commission communication on the establishment of a standing information system to cover social security in agriculture.

These guidelines, which were drawn up in response to the Council's request at its meeting on 26 November 1970, concern the concept of the farmer, the determination of the number of farmers and agricultural employees, and also the nature and incidence of their work. They form part of the action to promote the coordination of Member States' policies with regard to social protection.

The Council stressed the need for continued efforts to improve the comparability of the data supplied by the Member States, extend the study to agricultural employees and update the study.

71. At its meeting on 23 November 1976 the Council adopted Regulation (EEC) No 2877/76 on the organization of a sample survey of manpower,¹ to be made in spring 1977. Surveys of this kind have been made every second year since 1973 and constitute an important source of information on the level and structure of employment and unemployment throughout the Community.

¹ OJ L 331 of 30. 11. 1976.

72. At its meeting on 30 April 1976 the Council adopted Regulation (EEC) No 1035/76 relating to the organization of a survey on the earnings of permanent workers employed in agriculture.¹ The purpose of this Regulation is to supplement the Community-wide system of comparable statistics on earnings and follows on from the survey made in 1974 and 1975.

The Regulation provides for the Commission 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 1976.

73. At its meeting on 9 February 1976 the Council adopted Regulation (EEC) No 311/76 on the compilation of statistics on foreign workers,² under which the Member States compile statistics once a year on workers who are nationals of another Member State or of a third country. These statistics cover the number of workers and the first employment taken up in their respective territories in a given year. They must comprise information on nationality, sex, age, branch of activity or occupational group and region, and must be compiled from the various sources normally available to the Member States.

6. AIDS WITHIN THE ECSC

(a) Aids for the conversion of industry

74. Under paragraph 2 (a) of Article 56 of the ECSC Treaty the Commission requested the Council to give its assent in several cases so that the Commission could facilitate the productive re-employment of the manpower made available where coal and iron and steel enterprises had permanently discontinued, curtailed or changed their activities. The Council replied favourably to the Commission's requests and at its meetings in February, April, May and October 1976 gave its assent, thus allowing the Commission to grant a loan of 3 million u.a. (approximately Lit 2 700 million) to Cokitalia S.p.A., Italy; 1.97 million u.a. (approximately £1.4 million) to Vald Birn Ltd, United Kingdom; 1.64 million u.a. (approximately £950 000) and 0.22 million u.a.

¹ OJ L 118 of 5. 5. 1976.

² OJ L 39 of 14. 2. 1976.

(approximately £136 000) to Natural Gas Tubes Ltd, United Kingdom; 0.34 million u.a. (approximately Lit 300 million) and 4.86 million u.a. (approximately Lit 4 300 million) to Italsider, Italy; 215 000 u.a. (approximately US \$250 000) to Sierra Chemical Europe B.V., Netherlands; 9.6 million u.a. (approximately £5.5 million) to Courtaulds Ltd, United Kingdom; 1.2 million EUA (approximately FF 6 million) to Société industrielle de Bruay, France; 7.74 million EUA (approximately FF 40 million) to Société Artésienne de Vinyle, France; 4 million EUA (approximately Lit 3 500 million) to Società Nazionale Gogne S.p.A., Italy; 1 152 million EUA (approximately FF 6 million) to l'Unité Hermétique SA, France.

(b) *Aid for social research (safety, hygiene and health protection at work)*

75. Under Article 55 of the ECSC Treaty the Commission also requested the Council to give its assent in two cases: in one so that the Commission could undertake a third programme of medical research on 'chronic respiratory diseases' (the appropriations required to carry out this programme amounting to 5 million EUA) and in the other so that the Commission could set up a research programme on mines safety to which it would expect to allocate 7.5 million EUA over a period of five years. The Council gave a favourable reply to these requests and gave its assent at its meetings held in October 1976.

7. RULES OF PROCEDURE FOR ORGANIZATIONS IN THE SOCIAL FIELD

76. In the course of 1976 the Council adopted three sets of rules of procedure drawn up by organizations in the social field, following work carried out by Council departments. These were the rules of procedure for the Consultative Committee on Safety, Hygiene and Health, Protection at Work (approved 30 April 1976), the Consultative Committee on Social Security for Migrant Workers (adopted on 20 September 1976) and for the Management Board of the European Centre for the development of vocational training (adopted 9 December 1976).

8. SOCIAL POLICY REPORT

77. At its meeting on 9 December 1976 the Council held an exchange of views on the communication drafted under the responsibility of Mr Hillery, former Vice-President of the Commission.

This exchange of views enabled the delegations to express their views on future social policy.

The Commission indicated that it would examine these suggestions with a view to drawing up guidelines on social policy which it could submit to the Council at a future meeting on social affairs.

9. STANDING COMMITTEE ON EMPLOYMENT

78. The Standing Committee on Employment held its ninth meeting on 18 May 1976 in Brussels under the chairmanship of Mr Berg, Luxembourg, Minister for Labour and Social Security. The proceedings of this meeting concerned the following points: Community action in the field of the employment of young people; the communication from the President on the deliberations of the Council meetings devoted to social affairs held on 18 December 1975 and 30 April 1976; and the Commission communication on the nature of the instrument to be adopted at Community level on illegal immigration.

79. The Committee held its tenth meeting on 13 December 1976 in Brussels under the chairmanship of Mr Boersma, Netherlands, Minister for Social Affairs. The proceedings of this meeting concerned the following points: employment of young people; coordination of Community financial resources; follow-up to the tripartite conference held on 24 June 1976 and employment prospects.

C – Regional policy

EUROPEAN REGIONAL DEVELOPMENT FUND

80. On 28 June 1976 the Commission, in conformity with the obligation laid upon it by the Regulation setting up the European

Regional Development Fund, submitted to the Council its first report on the activities of this Fund for 1975.

Since the Fund was set up only on 18 March 1975 and the supplementary budget relating to it only adopted at the end of April in that year, the report covers but a brief period of the Fund's activities.

This report was examined by the Council departments during the second half of 1976. In connection with this examination and in view of the reexamination of the regulation on the Fund which is to take place before 1978, some thought was given to the direction in which the policy of granting aids under the Fund and Community regional policy in general might be orientated, and to the methods which might be adopted.

D – Energy

1. ENERGY POLICY

Drafting a Community energy policy

81. Following the guidelines laid down by the European Council on 1 and 2 December 1975 for protecting and developing Community energy resources, on 20 January 1976 the Commission submitted to the Council a communication on the implementation of these guidelines, accompanied by a draft Resolution,¹ a report on the achievement of the objectives for 1985 of the Community energy policy and the first of a series of reports and a number of draft recommendations to the Council on the rational use of energy programme.

82. Following an exchange of views on the communication and draft Resolution on 25 March 1976 the Council instructed the Permanent Representatives Committee to continue the examination of this draft Resolution in the light of the Council's debates and taking account of the memoranda on the common energy policy submitted to the Council by the French and Italian governments on 9 April and 14 May 1976 respectively.

¹ See 23rd Review, paragraph 118.

With regard to the Commission's report on the achievement of the objectives for 1985, the Council took note of the Commission's intention to draw up a supplementary report proposing that some of these objectives be revised and an assessment made of the investments and financial means required to achieve them.

83. The Council also took note of the first of a series of reports by the Commission on the rational use of energy programme (RUE), which was accompanied by five draft recommendations. On 25 March 1976¹ the Council agreed in principle to these drafts and finally adopted the recommendations on 4 May 1976.² They concern: the rational use of energy by promoting the thermal insulation of buildings; the rational use of energy in the heating systems of existing buildings; the rational use of energy, through better driving habits, of energy consumed by road vehicles; the rational use of energy in urban passenger transport and the rational use of energy for electrical household appliances.

84. Following the exchange of views held at the Council's meeting on 25 March 1976, on 4 October 1976 the Commission submitted a communication to the Council on Community energy policy. This communication deals with reducing the Community's dependency on energy imports and improving the security of energy supplies which the Community is forced to import.

85. At its meeting on 19 October 1976 devoted to energy questions and subsequently to an exchange of views on this communication, the Council took note of the work programme which the Commission had proposed as a basis for further work by the Council, recognizing at the same time that delegations might put forward other suggestions and/or amendments for examination at the next meeting; adopted the Commission communication as a basic document for the implementation of the future work programme; observed that the delegations would comment on the various specific proposals considered separately; and agreed to devote further meetings to examining the various specific proposals which had been or would be submitted by the Commission on the basis of the work programme and to take decisions as progress in the practical preparatory work involved made a Council Decision possible.

¹ OJ C 153 of 9. 7. 1975.

² OJ L 140 of 28. 5. 1976.

86. On 21 December 1976 the Council agreed on the following text of the Community's work programme for 1977 in the field of energy policy and asked the Commission to submit the related proposals and communications as soon as possible so that the deadlines laid down in the programme could be observed.

First half of 1977

- (1) Rational use of energy and energy economy policy, taking account of its economic and social repercussions, particularly on employment.
- (2) Protection and promotion of investments.
- (3) Energy prices.
- (4) Promotion of the use of coal in electrical power stations.
- (5) Aid for the storage of coal.
- (6) Petroleum refining policy
 - problems linked with excess refining capacity and adjustment of capacity to the demand structure;
 - protection of the refineries against imports from third countries.
- (7) Emergency stocks of crude petroleum and/or petroleum products
 - problem of multilateral agreements on stocks built up on the territory of one Member State on behalf of undertakings established in other Member States;
 - financing of emergency stocks.

Second half of 1977

- (8) Examination of national programmes and Community objectives.

- (9) Nuclear fuel supplies and the fuel cycle, including the problem of radioactive waste.
- (10) Technological problems of Community interest in the hydrocarbons sector
 - allocation of the third series of subsidies under Regulation No 3056/73/EEC.
- (11) Oil and gas prospecting.
- (12) Underground gasification of coal.

2. PROBLEMS SPECIFIC TO THE DIFFERENT ENERGY SECTORS

(a) *Coal*

- (i) Community system of measures taken by Member States to assist the coal-mining industry.

87. Since the validity of Commission Decision 3/71/ECSC was due to expire on 31 December 1975, the Commission, in a letter dated 15 September 1975, had requested the Council's assent, pursuant to the first paragraph of Article 95 of the ECSC Treaty, to a draft Commission ECSC Decision on the Community system of financial measures taken by Member States to assist the coal-mining industry. The substance of this Decision was adapted to the new energy situation in the Community brought about by the 1973 oil crisis and based on the Commission's guidelines on energy policy and the related Council Resolutions.

In a letter dated 12 February 1976 the Commission subsequently amended certain points in its draft Decision in the light of the preparatory deliberations held by the Working Party on ECSC Questions and the Permanent Representatives Committee.

On 16 February 1976,¹ the Council, acting unanimously, delivered the assent to this draft Decision, as requested by the Commission.

¹ OJ C 43 of 25. 2. 1976.

- (ii) Consultation of the Council on a draft Commission Decision (ECSC) implementing Commission Decision 528/76/ECSC regarding the Community system of measures taken by the Member States to assist the coal-mining industry.

88. In a letter dated 15 June 1976 the Commission consulted the Council under Article 17 of Commission Decision 528/76/ECSC of 25 February 1976 on a new draft Commission Decision (ECSC) implementing its previous Decision on this point and specifying the common framework within which all information relating to the financial measures taken by Member States to assist the Community coal-mining industry are to be notified to the Commission.

The Working Party on ECSC Questions, followed by the Permanent Representatives Committee, examined this draft Decision and on 27 July 1976¹ the Council granted the consultation requested by the Commission on this point.

- (iii) System for coal and coke for the iron and steel industry in the Community.

89. In response to a request for its assent under the first paragraph of Article 95 of the ECSC Treaty to a draft provision amending Decision 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community, on 21 December 1976 the Council delivered the following assent: Under the first paragraph of Article 95 of the ECSC Treaty the Council, acting unanimously delivers its assent to the prorogation for one year of the present system for coking coal, which implies the postponement for one year of the phased reduction in aids and contributions initially provided for under this system. The Council also instructs the Permanent Representatives Committee to continue its examination of the Commission's proposals and to submit a proposal for a Decision on this matter at one of its forthcoming meetings on energy problems, and if possible before the end of April 1977. Lastly, the Council notes that the Commission has undertaken to examine without delay the particular difficulties which Belgium is meeting in applying the present system of the target cif prices fixed by the Commission.

¹ OJ C 188 of 11. 8. 1976.

(iv) Situation regarding the Community coal industry

90. On 21 December 1976 the Council took note of a Commission Communication on the position of the Community's coal industry.

The purpose of this communication was to draw the Council's attention to the serious situation which was developing in the Community's coal industry.

(v) Investment aids

91. On 30 December 1975 the Commission addressed a communication to the Council concerning a request for the assent required under Article 54 (2) of the ECSC Treaty to enable it to grant a loan to the Stadtwerke Münster GmbH to finance the construction of a 50 MW coal-fired power station in Münster (Federal Republic of Germany).

On 9 February 1976 the Council delivered the assent requested.¹

92. In a communication dated 19 March 1976 the Commission requested the Council, under the second paragraph of Article 54 of the ECSC Treaty, to give its assent to enable it to grant a loan to finance the construction of the middle section of the Ruhr long-distance trunk line (Ruhrschiene), by Steag Aktiengesellschaft, and the construction by Kraftwerk Mehrum GmbH of a 660 MW power station unit based on hard coal in Hohenhameln-Mehrum (Federal Republic of Germany).

On 30 April 1976 the Council gave its assent as requested.²

93. On 5 August the Commission addressed a communication to the Council concerning a request for its assent, pursuant to the second paragraph of Article 54 of the ECSC Treaty, to the part-financing of a programme of Hawley Charbon France, the French coal and steel joint venture, comprising the acquisition of 80% of the capital of the Hawley Coal Mining Corporation (HCMC) in the United States.

¹ OJ C 38 of 19. 2. 1976

² OJ C 111 of 19. 5. 1976.

On 25–26 October 1976 the Council gave its assent as requested.¹

(b) *Hydrocarbons*

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

This proposal was submitted in accordance with Regulation (EEC) No 3056/73 of the Council of 9 November 1973,² which lays down that the Community may promote projects of technological development directly associated with prospecting for, extracting, storing or transport of hydrocarbons, and tending by their nature to improve the security of the Community's energy supplies. The proposal concerned 38 projects, which in the Commission's opinion, could not be carried out or would have to be postponed unless support was given.

In a letter dated 16 March 1976 the Commission amended its initial proposal so as to take account of the new budgetary limits and restrict it to the appropriations available in the budget. This meant that some projects were withdrawn for the current financial year and that the amount of support requested for other projects was reduced.

Pursuant to Regulation (EEC) No 3056/73, on 4 May the Council, on a proposal from the Commission, decided to grant support for the period 1975–1977 to these Community projects to the extent of an overall maximum of 38 448 635 u.a., in the form of subsidies which would be repayable in the event of commercial exploitation.

95. On 4 May 1976,³ the Council also adopted the Regulation amending Regulation (EEC) No 1056/72⁴ on notifying the Commission of investment projects of interest to the Community in the petroleum, natural gas and electricity sectors. The draft of this Regulation had been submitted to the Council by the Commission on 7 August 1975.⁵

¹ OJ C 261 of 6. 11. 1976.

² OJ L 312 of 13. 11. 1973.

³ OJ L 140 of 28. 5. 1976.

⁴ OJ L 120 of 28. 5. 1972.

⁵ See 23rd Review, paragraph 135.

96. On 1 August 1975 the Commission submitted 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 object of this draft was to lay down a consumer price policy regarding hydrocarbons, based on competition and transparency of costs and prices.

In a letter dated 2 February 1976 the Commission decided to adopt a Parliament amendment relating to the addition of a new Article and consequently to amend, on the basis of the second paragraph of Article 194 of the EEC Treaty, its initial proposal.

On 25 March 1976 the Council agreed that the instrument to be enacted at a later date should be in the form of a Directive and not a Regulation. It reserved the right one year after the Directive entered into force to examine whether it was appropriate to change it into a Regulation.

The Council adopted this Directive on 4 May 1976.¹

97. In a letter dated 30 December 1975 the Commission submitted to the Council a draft Council Regulation (EEC) concerning information on the state of the Community's energy supplies.

This draft was intended to replace Council Regulation (EEC) No 293/74² which no longer met the requirements of the current situation. Its purpose was to enable the Commission to compile the necessary data concerning Community energy supplies in periods of difficulty as well as under normal circumstances.

The Council adopted this Regulation on 21 June 1976.³

98. On 29 November 1974 the Commission submitted two proposals regarding measures to be taken in case of supply difficulties.

The first proposal was for a Council Decision fixing as a Community objective a reduction in the consumption of primary energy

¹ OJ L 140 of 28. 5. 1976.

² OJ L 32 of 5. 2. 1974.

³ OJ L 198 of 23. 7. 1976.

in the event of difficulties regarding supplies of crude oil and petroleum products. The second proposal was for a Council Decision on intra-Community trade in crude oil and petroleum products in the event of supply difficulties.

On 21 December 1976 the Council approved the substance of the second proposal and agreed to continue its deliberations on the first at its next meeting.

(c) *Nuclear energy*

(i) Health protection

99. Considering that the Council Directives laying down the basic standards for the health protection of the general public and workers against the dangers of ionizing radiation, which were adopted on 2 February 1959¹ and partly amended on 5 March 1962² and 27 October 1966,³ should be brought into line with the latest scientific data, on 4 December 1973 the Commission submitted a proposal to the Council for a Directive amending the previous Directives.

In a letter dated 21 August 1974 the Commission amended certain points in its original proposal so as to adapt it to the values which were adopted and published in 1974 by the International Commission on Radiological Protection.

On 1 June 1976⁴ the Council adopted the Directive laying down the revised basic standards for the health protection of the general public and workers against the dangers of ionizing radiation.

(ii) Euratom safeguards

100. On 23 September 1976, pursuant to Article 79 of the Treaty establishing the European Atomic Energy Community, the Commission submitted for the Council's approval the Commission Regulation concerning the application of the provisions on Euratom safeguards.

¹ OJ 11 of 20. 2. 1959.

² OJ 57 of 9. 7. 1962.

³ OJ 216 of 26. 11. 1966.

⁴ OJ L 187 12. 7. 1976.

The Council approved this Regulation at its meeting on 18–19 October 1976. When implemented this Regulation will allow the Community to fulfil its obligations under the control agreement concluded on 5 April 1973 with the IAEA in implementation of the Treaty on the Non-Proliferation of Nuclear Weapons.

(iii) Euratom/United Kingdom/IAEA safeguards agreement

101. On 24 May 1976 the Commission submitted to the Council a communication comprising a draft agreement between the United Kingdom of Great Britain and Northern Ireland, the European Atomic Energy Community and the International Atomic Energy Agency for the application of safeguards in the United Kingdom in connection with the Treaty on the Non-Proliferation of Nuclear Weapons (NFT).

On 14 June 1976 the Council recorded its agreement by written procedure on the text of this agreement which had been negotiated in accordance with the Council Directives of 7 May 1974.

(iv) Inspection and control activities on the territories of the Member States of the EAEC.

102. On 8 July 1976 the Commission submitted to the Council a proposal for a Council Regulation containing provisions to enable the International Atomic Energy Agency (IAEA) to carry out inspection and control activities on the territories of the Member States of the European Atomic Energy Community.

The purpose of this proposal is to ensure that the control agreement concluded on 5 April 1973 with the IAEA is implemented in the most uniform way possible in the Member States where it is to be applied, in order to avoid any discrimination or disparity of treatment in the application of the IAEA control measures.

The Council did not accept the proposed procedure, and the inspections will therefore be carried out on the basis of legislative measures enacted individually by the Member States which are parties to the control agreement.

(v) Euratom/Canada Agreement

103. On 1 April 1976 the Commission submitted to the Council a communication, accompanied by a draft Council Decision, on directives to the Commission regarding the negotiation of a new cooperation agreement between Euratom and Canada on the peaceful uses of nuclear energy.

On 30 June 1976 the Council approved the draft Decision regarding interim directives to the Commission on the negotiation of one or more exchanges of letters to supplement or interpret the current provisions of the Euratom/Canada Agreement in the field of safeguards.

(vi) Financing nuclear power stations

104. On 24 January 1975 the Commission submitted to the Council a draft Council Decision which would empower the Commission to make Euratom loans as a Community contribution to the financing of nuclear power stations.

This proposal is being examined by the Council.

(vii) Commission financial support for uranium prospecting programmes within the territories of the Member States of the Community.

105. On 21 December 1976 the Council took note of the Commission's current or planned financial support in the sphere of uranium prospecting for 1976 and 1977.

E – Industry

Industrial policy

106. In the shipbuilding sector the Council set out to define, on the basis of a Commission communication, a common attitude of the Community and its Member States in their search for solutions to the crisis affecting this sector.

In this connection, at its meeting on 20 December 1976 the Council approved a draft OECD arrangement for the prevention of imbalances concerning the regional placing of new orders in this sector. This draft was submitted by the Community to its partner states in the OECD through that organization's Working Party No 6.

107. In the sphere of air transport, that part of the Commission communication of 3 October 1975 dealing with the establishment of a common civil aircraft transport programme is being examined by the Council departments.

108. In the data-processing sector, the Council followed up its Resolution of 15 July 1974 on a Community data-processing policy by adopting on 22 July 1976 three common projects which the Commission, assisted by an advisory committee, would be responsible for carrying out. These three projects are concerned with data-processing applications and involve the following studies: study on the establishment of a data bank for blood- and organ-matching; studies of needs in the field of legal documentation retrieval systems in the Community and two development studies in connection with computer-assisted design. A second series of projects following up these initial priority activities will be submitted to the Council in the near future.

F – Transport

1. DEVELOPMENT OF THE COMMON TRANSPORT POLICY

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

One of these proposals recommends the establishment of an observation system for the transport markets. In order to specify the working procedures and the operating costs of such a system, at its meeting on 4 November 1976 the Council asked the Commission to

collaborate with national experts in examining certain questions concerning the statistics required to set up this system and the part which the proposed special committees would play, and to report back within six months. The Council also instructed the Permanent Representatives Committee to continue to examine the proposed Regulation in the light of the Commission's report.

At this same meeting of the Council the Commission submitted a statement on the progress made in implementing the common transport policy over the period 1974-1976.

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

(a) Procedure for the temporary laying-up of vessels used for goods transport

110. 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, together with the European Economic Community, are taking part in the negotiations and conclusion of the agreement.

The Commission negotiated this agreement on the basis of the directives laid down by the Council, and annexed to the Decision, which had already been amended by the Council Decision of 17 February 1975. At its meeting on 17 May 1976 the Council made additions to these directives, which enabled the negotiations to be concluded on 9 July 1976 when the negotiators for all the Contracting Parties initialled the text of the draft agreement and signed a protocol concluding the negotiations. Subsequently, on 28 July 1976 a proposal for a Council Regulation was submitted to the Council concluding the agreement and adopting the provisions bringing it into force.

However, it should be noted that the Commission decided to submit a request to the Court of Justice, under Article 228 of the Treaty, for a preliminary opinion on the compatibility of the agreement with the Treaty. It should also be noted that the Swiss delegation stated that for the present and subject to confirmation they would maintain certain reservations with regard to Article 44 of the rules relating to the competence of the Fund tribunal to give preliminary rulings on the interpretation of the agreement and the rules and on the validity and the interpretation of the decisions taken by the Fund bodies.

(b) Admission to the occupation of navigable waterway transport operator

111. The Council departments began their examination of the proposal for a Directive concerning admission to the occupations of goods and passenger transport operators respectively in national and international transport operations.

This proposal for a Directive follows the same pattern as for road transport and haulage. It should be examined in the light of the present market situation where there is a certain amount of spare capacity, and in the context of the effective exercise of the right of establishment and freedom to provide services.

3. SOCIAL HARMONIZATION REGARDING TRANSPORT BY NAVIGABLE WATERWAY

112. The Council departments began their examination of the proposal for a Regulation on the harmonization of certain provisions on social matters regarding goods transport by navigable waterway.

The main aims of this proposal for a Regulation are: harmonization of conditions of competition, improvement of social condition, and transport safety. These aims stem from the Council Decision of 13 May 1965 regarding social harmonization.¹

¹ OJ No 88 of 25. 5. 1965.

4. ORGANIZATION OF THE ROAD TRANSPORT MARKET

(a) *Tariff regulations*

113. On 21 December 1976 the Council adopted a Regulation extending for one year, until 31 December 1977, Regulation (EEC) No 1174/68 – last extended and amended by Regulation (EEC) No 3330/75, on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States.¹

The Council will use this period of one year to continue its examination of the proposal regarding the tariffs in question with a view to adopting a Decision during 1977.

(b) *Community quota*

114. On 16 December 1976 the Council adopted a Regulation establishing the Community quota system on a permanent basis.²

(c) *Joint rules for certain types of freight haulage between Member States*

115. This proposal for a Directive constitutes a new extension of the measures to liberalize the road transport of goods between Member States as provided for in the first Directive of 23 July 1962³ and extended by the Directives of 19 December 1972⁴ and 4 March 1974.⁵ The proposal takes account of the priorities laid down by the Council in its Decision of 30 November 1973 to examine the amendments proposed by some delegations in order to attain a higher degree of liberalization.

At its meeting on 16 December 1976 the Council agreed to extend the scope of the first Council Directive of 23 July 1962 on the establishment of common rules for certain types of road haulage between Member States, to the transport of all live animals using special vehicles.

¹ Regulation (EEC) No 3181/76, OJ L 359 of 30. 12. 1976.

² Regulation (EEC) No 3164/76, OJ No L 357 of 29. 12. 1976.

³ OJ No 70 of 6. 8. 1962.

⁴ OJ L 291 of 28. 12. 1972.

⁵ OJ L 84 of 28. 3. 1974.

(d) *Regular coach and bus services*

116. The Council departments began their examination of the proposal for a Council Regulation amending Council Regulation (EEC) No 517/72 of 28 February 1972 on the introduction of common rules for regular and special regular services by coach and bus between Member States.

(e) *Negotiations with third countries concerning the carriage of passengers by road*

117. The Council Decision of 15 March 1976 added Finland to the countries listed in the Decision of 15 October 1975 authorizing the Commission to negotiate an agreement between the European Economic Community and third countries on the system applicable to the international road carriage of passengers by coach and bus.

The Council is negotiating this agreement on the basis of the guidelines laid down by the Council in its Decision of 15 October 1975.

5. HARMONIZATION OF CONDITIONS OF COMPETITION IN THE SPHERE OF ROAD TRANSPORT

(a) *Roadworthiness tests for commercial vehicles*

118. On 17 August 1972 the Commission submitted to the Council a proposal for a Council Directive on the harmonization of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers. On 13 June 1974, pursuant to Article 149 of the Treaty, the Commission notified the Council of the amendments which it had made to its original proposal.

At its meeting on 16 December 1976 the Council recorded its agreement in principle on the proposal for a Directive, which was subsequently approved in the Community languages on 29 December 1976 by written procedure.¹

¹ OJ L 47 of 18. 2. 1977.

On the entry into force of the provisions of the Directive all commercial vehicles within the Community will be subject in all the Member States at least once a year to a roadworthiness test covering the items listed in Annex II to the Directive.

(b) Adjustment of national taxation systems covering commercial vehicles

119. This proposal for a Directive was submitted to the Council on 17 July 1968. At its meeting on 10–11 December 1975 the Council had laid down certain guidelines with a view to resuming work in this sphere and instructed the Permanent Representatives Committee to continue the work so as to enable it to make a decision on the Directive at its next meeting on transport questions.

Subsequently the Commission departments were asked to make a series of bilateral contacts with national experts in order to reexamine the questions outstanding and to try to establish the broad outlines of an overall solution. Agreement was subsequently reached on several points, but certain questions still remained unresolved.

At its meeting on 4 November 1976 the Council took note of an interim report from the Permanent Representatives Committee and discussed this problem again. It renewed its instructions to the Permanent Representatives Committee to proceed with the work so as to enable it to make a decision on the Directive at one of its forthcoming meetings.

(c) Weight and dimensions of commercial vehicles

120. On 22 November 1976 the Commission departments sent a working document to the Council on a practical solution to the problem of the weight and dimensions of road vehicles.

The object of this document was to define the technical characteristics of certain types of vehicles which could be used in traffic between Member States.

At its meeting on 16 December 1976 the Council agreed to instruct the Commission to submit a proposal on the basis of the guidelines in this working document.

(d) Social harmonization in the sphere of road transport

121. On 3 March 1976 the Commission submitted to the Council a proposal for a Council Regulation amending and supplementing Regulation (EEC) No 543/69 relating to the harmonization of certain provisions on social matters in the field of road transport. In the course of 1976 the Council departments began their examination of this proposal.

At the Council's meeting on 4 November 1976 the Commission submitted a report on progress made in this field.

Subsequently, at its meeting on 16 December 1976, the Council returned to the examination of this problem on the basis of an interim report from the Permanent Representatives Committee. It drew up certain guidelines and instructed the Permanent Representatives Committee to continue the work with a view to submitting its conclusions as soon as possible.

122. The Council departments continued their examination of the proposal for a Council Regulation amending Council Regulation (EEC) No 1463/70 of 20 July 1970 on the introduction of recording equipment in road transport, submitted to the Council by the Commission on 29 October 1975.

The object of this proposed Regulation is to facilitate the application of the Regulation mentioned above and to take account of practical requirements on the basis of the experience acquired since its adoption.

123. The Council departments also continued their examination of the proposal for a Council Regulation on the entry into force of the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR) of 1 June 1970 submitted to the Council on 5 May 1975.

(e) *Minimum level of training for road transport drivers*

124. On 16 December 1976 the Council adopted a Directive on the minimum level of training for some road transport drivers.¹ The aim of this Directive is to remedy the lack of qualifications on the part of the inexperienced drivers referred to in Article 5 (1) b, second sub-paragraph, and (2) c of Regulation (EEC) No 543/69, on the harmonization of certain social legislation relating to road transport. Apart from the appropriate driving licence, it obliges them to acquire a certain amount of theoretical knowledge and practical competence.

6. RAIL TRANSPORT

(a) *Through international railway tariffs for the carriage of coal and steel*

125. The Council departments began their examination of the draft of the new agreement relating to the establishment of through international railway tariffs for the carriage of coal and steel. They will continue this examination when they receive a background document prepared by the Commission departments.

(b) *Cooperation between railway undertakings*

126. On 16 December 1976 the Council decided to send a letter to the nine railway undertakings of the European Communities asking them to pursue and intensify cooperation among themselves within the framework of their own administrative autonomy. For the time being the Council refrained from asking the undertakings to submit the joint progress report on cooperation provided for in item IV of the Resolution of 7 December 1970 relating to cooperation between railway undertakings. Furthermore, the Commission informed the Council of its intention to take the necessary steps to study, with the cooperation of the Member States and the railway undertakings, additional measures designed to promote cooperation between these undertakings.

¹ OJ L 357 of 29. 12. 1976.

7. RIGHT OF ESTABLISHMENT IN THE SPHERE OF ROAD AND NAVIGABLE WATERWAY TRANSPORT

127. The Council departments began their examination of the proposal for a Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications for carriers of passengers and goods by road and navigable waterway and comprising measures designed to encourage the effective exercise of these carriers' freedom of establishment.

This proposal for a Directive constitutes an application of Article 57 of the EEC Treaty, under which there should be freedom of establishment for all the economic categories and activities.

8. MARITIME TRANSPORT

(a) Convention establishing a Code of Conduct for Liner Conferences

128. At its meeting on 4 November 1976 the Council took note of an interim report from the Permanent Representatives Committee on a proposal for a Council Decision on the opening of negotiations regarding the United Nations Convention establishing a Code of Conduct for Liner Conferences. The Council recognized the desirability of reaching a common position as soon as possible on this Code and instructed the Permanent Representatives Committee to continue its examination of this file with a view to reporting back in the near future.

(b) Instigation of joint action in the sphere of sea transport

129. At its meeting of 4 November 1976 the Council also made an in-depth examination for the first time of the possibility of formulating a joint sea transport policy. It came to the conclusion that it was impossible at present to determine a policy which would cover all aspects of sea transport. It would therefore be necessary to consider the various aspects of the problem separately and to make a start on measures or sets of measures which could be put into effect, in the knowledge that they could ultimately be welded together into an overall system of interdependent measures.

Working on this principle, the Council instructed the Commission to prepare a report on the qualifications required by the Member States for seamen and on the mutual recognition of their diplomas and certificates. The Council also decided to establish a consultation procedure for relations in the sphere of sea transport between the Member States and third countries and for deliberations on these matters which took place within international organizations. The Permanent Representatives Committee was instructed to prepare a text setting out the practical details relating to this kind of procedure.

130. Lastly, the Council departments conferred together with regard to the 62nd Session (maritime) of the International Labour Conference, which was held in Geneva from 13 to 29 October 1976, and also with regard to certain questions relating to sea transport raised by the developing countries at the Conference on International Economic Cooperation (the North-South Dialogue).

9. MISCELLANEOUS

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

131. On 3 February 1976 the Commission submitted to the Council a proposal for a Council Directive on provisions regarding the establishment of a summertime system. The object of this proposal was that those Member States which intended to operate the summertime system for the period 1977–1979 should standardize the dates and times for the beginning and end of the period.

The Council departments began their examination of this proposal. However, it was not possible to reach agreement within the period required to introduce a Community system in 1977.

(b) *Agreement on the carriage of perishable foodstuffs (ATP)*

132. The Agreement of the United Nations Economic Commission for Europe relating to the international carriage of perishable foodstuffs and the special equipment to be used for such carriage (known as the ATP), was given the number of ratifications required – namely by Denmark,

France and the Federal Republic of Germany – and entered into force on 21 November 1976. On 9 August 1976 the Commission had submitted to the Council a proposal for a Council Decision relating to the entry into force of this Agreement, which provided for the joint ratification of the Agreement by the Member States on behalf of the Community by 21 November 1976.

At its meeting on 4 November 1976 the Council noted that, for reasons of a constitutional nature, certain Member States were not in a position to make the joint ratification of the Agreement recommended in the proposal within the period stated.

Subsequently, at the Council's meeting on 16 December 1976, the Commission reported on the practical arrangements for implementing the ATP Agreement during the interim period before the other Member States joined Denmark, France and the Federal Republic of Germany in the full implementation of this Agreement.

Meanwhile the Council departments are continuing their examination of the Commission's proposal.

(c) Duty-free admission of fuel

133. The Council retained on its agenda a proposal for a Directive amending Council Directive 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles. This proposal seeks to increase the minimum quantity of fuel admitted duty free from 50 to 100 litres.

G – Research

1. SCIENCE AND TECHNOLOGY

(a) Development of a common policy in the Community

134. On the basis of the guidelines laid down at the Council's meeting on 15 December 1975 the Scientific and Technical Research Committee (CREST) endeavoured to determine the elements of a common policy on science and technology in objectives and priorities. The CREST Committee also laid down a number of guidelines with a view to facilitating progress towards closer coordination of national policies in the sphere of scientific and technological research.

The CREST Committee also initiated studies on primary and secondary raw materials, and delivered opinions on research programmes proposed by the Commission to the Council in the spheres of data processing, scientific and technical information, town planning, energy, and the footwear industry.

The CREST committee organized regular preliminary consultations between Member States on cooperation with third countries and within international organizations.

(b) *Financial aid for technical research on coal*

135. To encourage technical and economic research aimed at improving methods of production, beneficiation and utilization of coal in the Community, on 9 February 1976 the Council gave its assent, as requested by the Commission, under Article 55 2 (c) of the Treaty establishing the European Coal and Steel Community, to the allocation of funds from the levies provided for in Article 50 of the Treaty to financial aid for certain research projects, to cover the expenses of disseminating the results of such research and expense connected with the projects described in the following table:

Research projects	Aid in u.a. (includes cost of disseminating the results and connected expenses)
<i>Mining technique</i>	9 062 778
— Drivage of roadways	
— Firedamp, strata-pressures and support systems	
— Winning techniques	
— Outbye services	
<i>Beneficiation of coal industry products</i>	4 693 266
— Production of coke and briquettes	
— New physical and chemical processes and products	
Total	13 755 044

2. RESEARCH PROGRAMMES AND BUDGETS

(a) *Research programmes*

136. In the course of 1976 the Council adopted four research and training programmes following up projects already undertaken under previous programmes. The main items are as follows:

Date when programmes adopted	Period	Commencing date	Funds allocated	Maximum staff
<i>15 March 1976:</i> ¹ Biology – health protection (radiological protection)	5 years	1. 1. 1976	39 million u.a.	68
Reference materials and methods – Community Bureau of Reference (CBR)	3 years	1. 1. 1976	2.7 million u.a.	7
Environment	5 years	1. 1. 1976	16 million u.a.	10
<i>21 December 1976:</i> ² Scientific and technical education and training	4 years	1. 1. 1977	4.6 million u.a.	6

¹ OJ L 74 of 20. 3. 1976.

² OJ L 10 of 13. 1. 1977.

The research work will be carried out under contract.

On 25 March 1976,¹ the Council adopted a new Community research programme in the field of thermonuclear fusion and plasma physics. 124 million u.a. and a maximum staff of 113 have been allocated to this programme, which will extend over five years as from 1 January 1976 and does not include the JET project. It will be carried out under contract.

On 21 December 1976² the Council reviewed the energy research and development programme which it had adopted on 22 August 1975³ for a period of four years as from 1 July 1975.

¹ OJ L 90 of 3. 4. 1976.

² OJ L 10 of 13. 1. 1977.

³ OJ L 231 of 2. 9. 1975.

(b) *Budget*

137. To enable the new Staff Regulations for research personnel approved by the Council on 21 October 1976,¹ to be implemented, a rectifying budget No 3 for the 1976 financial year was adopted by Parliament on 14 December 1976.

The 'research' section of the budget for the 1977 financial year adopted by Parliament on 17 December 1976 includes 213.3 million u.a. in commitment appropriations and 183.3 million u.a. in payment appropriations.

3. EXTERNAL RELATIONS

(a) *Negotiation of an agreement for cooperation between the European Atomic Energy Community and Switzerland in the field of controlled thermonuclear fusion and plasma physics*

138. Following a request from the Swiss Government to the Commission, at its meeting on 31 May–1 June 1976 the Council approved directives to the Commission on the negotiation of an agreement for cooperation between the European Atomic Energy Community and Switzerland in the field of controlled thermonuclear fusion and plasma physics. This agreement will lay down the framework and general conditions for the fullest possible participation by Switzerland in the Community's joint research and training programme in this field. It will ensure that as far as is appropriate this cooperation will cover all Switzerland's activities in the field of controlled thermonuclear fusion.

(b) *Cooperation with the International Energy Agency (IEA)*

139. On 21 June 1976 the Council approved the conclusion of a cooperation agreement between the Communities and the International Energy Agency in the field of energy research and development; the conclusion – within the framework of this agreement – of two specific agreements with the Agency concerning the exchange of technical information in the field of research and development on reactor safety and a research and development programme on the construction of a large neutron source.

¹ OJ L 299 of 29. 10. 1976.

H – Other matters

1. EDUCATION, YOUTH AND CULTURE

(a) Education

(i) Action programme

140. The Council and the Ministers of Education, meeting within the Council, formally adopted on 9 February 1976 the Resolution covering an action programme in the field of education resulting from the deliberations held on 10 December 1975.¹

This Resolution sets up on a permanent basis the Education Committee consisting of representatives of the Member States and of the Commission. Its chairman is provided by the country holding the office of President of the Council. By virtue of this Resolution, the Committee is responsible for coordinating and supervising a vast action programme. It must report at regular intervals on the execution of this programme in accordance with Community procedures. The programme covers the following fields: education of migrants; relations between educational systems; documentation and statistics; cooperation in the field of higher education; teaching of foreign languages and equal opportunity in education.

The Education Committee, together with the Commission, selected a number of tasks to be undertaken immediately, leaving other parts of the programme for later. For 1976 it has undertaken one or more projects in each of the fields mentioned above.

At their meeting on 29 November 1976 the Council and the Ministers of Education, meeting within the Council, took formal note of a report by the Education Committee on its work pursuant to the Resolution of 9 February 1976, and indicated the direction in which the work should proceed.

¹ OJ C 38 of 19. 2. 1976.

- (ii) Vocational preparation of young people and transition from education to working life.

141. The closing paragraphs of the Resolution of 9 February 1976 made it a priority task of the Education Committee to prepare a report proposing measures in this field.

During 1976, with the help of the Commission departments assisted by experts, the Education Committee worked intensively in this field. It completed its report in September and used it as a basis for a draft Resolution to be submitted to the Council and the Ministers of Education meeting within the Council. This draft made provision for a series of actions on the part of the Member States and the Community, including a number of pilot projects and studies.

At the meeting on 29 November 1976 the Council and the Ministers of Education meeting within the Council agreed on the Resolution concerning measures to be taken to improve the vocational preparation of young people and to facilitate their transition from education to working life. The Resolution was formally adopted in the Community languages on 13 December 1976 and 11.4 million u.a. were earmarked for the period 1978–1980 to finance the Community's contribution to the projects arising from it.

- (iii) European University Institute

142. In accordance with the stated programme the Florence Institute opened its doors to 70 research workers in October 1976. A great deal of preparatory work on the part of the Institute and its Academic Committee was necessary to meet this deadline and to overcome the numerous inevitable difficulties which arise in connection with a project of this nature when there is no directly comparable precedent.

A formal opening ceremony was held on 15 November 1976 in the presence of Mr G. Leone, President of the Italian Republic, and Mr J. van Kemenade, President of the Council.

(b) *Youth and culture*

(i) Youth

143. On 29 June 1976 the Council completed its examination of the two recommendations for Decisions submitted by the Commission on 7 March 1975, one concerning the establishment of a Committee for Youth Questions (composed of officials) and the other on the establishment of an Advisory Youth Committee (to be nominated by the youth movements), the name of which was changed to 'European Youth Forum' at the request of Parliament.

The Council was unable to give its agreement to the first recommendation for a Decision, since it considered that the Commission could, at any time, consult experts in the Member States and that there was therefore no need to set up a new committee.

As regards the European Youth Forum project, the Council considered that the youth movements were not in complete agreement. Hence it did not accept the proposed Decision but agreed to the transfer of an appropriation of 50 000 u.a. to enable a temporary secretariat, formed from the youth organizations, to study the advisability of setting up such a forum.

(ii) Culture

144. On 21 January 1976 the Commission published a working document by Mr Brunner, member of the Commission, entitled 'Community action in the cultural sector'.

This memorandum explores the field concerned and indicates a number of areas in which the Community might take action – possible cultural projects under the EEC Treaty, the cultural preparation for European Union and the conservation of the architectural heritage – on the basis of formal proposals to be submitted subsequently by the Commission.

On 9 August 1976 the Commission requested the Council to make a transfer of 30 700 u.a. under Article 393 – 'expenditure on cultural projects' – to enable it to undertake a number of these projects.

The Council considered that in the absence of a formal proposal from the Commission in the cultural sector the request for this transfer could not be met, and accordingly decided on 23 November 1976 to make the following transfers on the understanding that these appropriations would be specialized: to Article 391 'an action programme relating to scientific and technological policy': 16 500 u.a. intended for an information project on nuclear conservation and preparations for the increased use of this method; to Article 392 'Education measures': 4 200 u.a. intended to cover the granting of six scholarships (first term of the 1976–1977 academic year) to the Conservation Department of the College of Europe in Bruges.

Lastly, at the request of Parliament, the Council gave Article 393 the title 'Expenditure relating to the preservation of the architectural heritage and the development of cultural exchanges' and entered as a reserve for 1977 an appropriation of 60 000 u.a., pending a formal proposal from the Commission.

2. ENVIRONMENT

(a) *Directives adopted by the Council*

145. At its meeting on 6 April 1976, the Council adopted the Directive on the disposal of polychlorinated biphenyls (PCB) and polychlorinated terphenyls (PCT).¹

This Directive covers the treatment of waste PCBs and PCTs, and in particular those contained in equipment no longer capable of being used. In particular it lays down that Member States should set up systems for collecting, destroying or recycling PCB and PCT in appropriate installations.

This Directive should be read in conjunction with that adopted by the Council on 27 July 1976² on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations. The joint aim of these two Directives is to ensure that no PCB or PCT are discharged into the environment.

¹ OJ L 108 of 26. 4. 1976.

² OJ L 262 of 27. 9. 1976.

On 4 May 1976 the Council adopted the Directive on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community.¹

This outline Directive contains two lists. The first, known as the 'black list', covers substances which are particularly dangerous because of their toxicity, persistence or bioaccumulation. The second list, known as the 'grey list', covers substances which also have a deleterious effect on the aquatic environment. Their effect can, however, be confined to a given area and depends on the properties of the water into which the substances are discharged.

The authorization to discharge substances on the 'black list', which must be obtained from the Member State, will lay down the emission standards in each case, e.g. the quantity of a 'black' substance permissible in factory waste. The authorization to discharge substance on the 'grey list', which must be issued by the Member State, also lays down the emission standards which will be calculated with regard to the quality objectives set in the programmes drawn up by each Member State. The Commission and the Member States will arrange for these national programmes to be compared with each other.

This important Directive provides the Community and the Member States with a basis for the negotiation of several conventions or draft conventions aimed at protecting international waterways and the marine environment from pollution, in particular under the Convention on the protection of the Rhine against chemical pollution.

(b) Implementation of the action programme of 22 November 1973

146. During 1976, the Council continued to carry out the Communities' action programme on the environment which was adopted on 22 November 1973.

Apart from the two Directives mentioned above, on 9 December 1976 the Council gave its agreement to the Directive on biological screening of the population for lead.

¹ OJ L 129 of 18. 5. 1976. See 23rd Review, paragraph 188.

This is an important Directive from the point of view of public health protection. It provides for the organization, on a joint basis, of a system designed to assess the exposure of the population to lead, based on blood lead levels. Because of the numerous uses of lead, e.g. in petrol, paint, ceramics and drinking water pipes, and its presence throughout the environment – in the air, in water and in food – this overall assessment of exposure is essential for an objective appraisal of the consequences as regards health.

The Directive specifies two campaigns to measure blood lead levels in the population of the Community, to be carried out over a four-year period, using a sample of a minimum of 50 analyses per million inhabitants per campaign.

The Member States will inform the Commission at regular intervals of the analysis results and the measures they have taken or planned to take if the reference levels are exceeded.

On the basis of the results of this programme the Commission will submit appropriate proposals to the Council.

(c) Preparation of the action programme for 1977–1981

147. At its meeting on 9 December 1976 the Council gave its agreement to the second action programme of the European Communities on the environment for the period 1977–1981.

This programme, which is the follow-up to the first programme adopted on 22 November 1973, is designed to ensure the continuity of the projects already undertaken by the Communities with a view to ensuring a qualitative improvement in their economies and preserving the natural environment.

The new items in this programme include the following: environmental impact assessment; development of a mapping system indicating the different regions of the Community by activity; control of atmospheric pollution; measures against noise, and anti-wastage measures and waste management.

(d) *International matters*

(i) International conventions

148. At its meeting on 9 December 1976 the Council signified its agreement on the Decision concluding on behalf of the Community the Bonn Convention on the protection of the Rhine against chemical pollution, signed on 3 December 1976.

149. At the same meeting the Council signified its agreement in principle on the Decision concluding on behalf of the Community the Barcelona Convention on the protection of the Mediterranean Sea against pollution. The fact that the Community is a signatory to this Convention demonstrates the Community's interest in resolving the problem of pollution in the Mediterranean Sea by international agreement.

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

150. In accordance with the action programme of 22 November 1973 and the Agreement on information of 5 March 1973¹ the Member States adopted a common position on the activities of the international organizations which deal with environmental problems, in particular the OECD, the UN Conference on the Law of the Sea and the United Nations Environment Programme (UNEP).

3. CONSUMER PROTECTION AND INFORMATION

151. 1976 was the first year when the preliminary programme of the European Economic Community for a consumer protection and information policy was implemented. This programme was adopted by the Council on 14 and 15 April 1975.

Among the measures connected with this programme which are of direct concern to consumers, the following proposals for Directives were submitted by the Commission to the Council in the course of 1976:

¹ OJ C 9 of 15. 3. 1973 and OJ C 86 of 20. 7. 1974.

a proposal for a Directive on the approximation of the laws of the Member States on the labelling, presentation and advertising of foodstuffs intended for the final consumer; a proposal for a Directive on the approximation of the laws of the Member States on the range of nominal quantities permitted for certain prepackaged products; and a proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to liability on account of defective products.

In September 1976 the Council experts began to examine the proposal for a Directive on the labelling of foodstuffs and their activities were steadily pursued up to the end of the year.

Apart from these proposals for Directives of a general nature, the Council continued its work and adopted a certain number of measures in other specific sectors¹ likewise of interest to the consumer, such as the foodstuffs sector (e.g. authorized colouring matters and preservatives, and product standards), the veterinary and animal nutrition sector, the health protection sector (e.g. cosmetics), and the industrial products sector.

4. TRIPARTITE CONFERENCE ON EMPLOYMENT AND STABILITY IN THE COMMUNITY – LUXEMBOURG 24 JUNE 1976

152. The representatives of the workers' and employers' organizations met in Luxembourg on 24 June 1976 with members of the Council (the Ministers for Finance, Economic Affairs and Labour), and the Commission of the European Communities, under the chairmanship of Mr Raymond Vouel, President-in-Office of the Council of the European Communities.²

The conference expressed the resolve of all the participants to unify their efforts in order:

- to consolidate the economic recovery, so as to
- achieve growth while maintaining stability over the coming years, and thus

¹ For all these sectors reference should be made to the appropriate paragraphs of this Review.

² OJ C 173 of 28. 7. 1976.

— to create the conditions for full employment and further social progress.

All the participants emphasized the need for the rapid and simultaneous restoration of full and better employment and stability in the Community. They noted that these two aims were closely linked.

They also noted that it would not be possible in the future to solve any of these problems in isolation.

The conference noted that as regards both supply and demand, economic policies should be directed at achieving the conditions for sustained and balanced growth in all the regions of the Community over the coming years in order to speed up the absorption of unemployment and a return to full employment by 1980.

To attain these targets, joint and coordinated efforts would have to be made by the governments, by employers and labour and by the Community institutions, with each party acting within its own field of responsibility.

A policy of regular and lasting growth pre-supposes that all suitable measures to avoid further inflationary tendencies are taken in good time.

The parties to this conference also discussed a number of specific measures for improving the employment situation, particularly for young people. Such measures would be taken according to the circumstances obtaining in the various Member States, and would be periodically examined by the Community institutions. Employers and labour would be associated with this examination.

Both governments and employers and labour would take appropriate measures to promote workers' interests and their participation in the life of undertakings.

An improvement in the coordination of the economic and monetary policies of the Member States should, moreover, contribute towards a greater alignment of economic development in the member countries and thus help towards the achievement of the common

targets. For this purpose particular attention should be paid to structural and regional problems.

153. It was agreed that the dialogue begun at this conference should be continued. For this purpose, a further conference could be convened in due course to review developments in the situation and to take stock of the results achieved.

Until then, informal contacts would be maintained between the representatives of the institutions and of employers and labour whenever this appeared necessary to one of these parties.

The Standing Committee on Employment would continue with its work, paying particular attention to the specific measures designed to help improve the employment situation. The Economic Policy Committee would, moreover, establish contact with the representatives of employers and labour for the purpose of periodically examining with them short-term economic prospects and the Community's medium-term programme.

5. ADAPTATION OF THE BRUSSELS CONVENTION

(Convention on jurisdiction and enforcement of judgments in civil and commercial matters)

154. The work on adapting the Brussels Convention of 27 September 1968, following the accession of the three new Member States, was completed by the Working Party. This body will submit to the Permanent Representatives Committee the draft accession Convention and the Report prepared by Professor Schlosser at the beginning of 1977.

It is not unrealistic to consider that the Convention could be signed by the representatives of the Member States, meeting within the Council, by the end of 1977.

CHAPTER IV

External relations and relations with the associated states

A – General commercial policy

1. COMMERCIAL POLICY REGULATIONS

(a) Express or tacit extension of commercial agreements

155. Under the terms of the Council Decision of 16 December 1969 the express or tacit extension of commercial agreements concluded by Member States with third countries is subject to a procedure of Community authorization, which is granted only insofar as the common commercial policy is not affected. Under this Decision the Council, on a proposal from the Commission, authorized the express or tacit extension of a number of bilateral agreements in its Decisions of 24 February, 8 April, 20 September, 4 October and 20 December 1976.

(b) Common import arrangements

(i) Liberalized products

156. On the basis of a proposal submitted by the Commission at the beginning of the year, work continued within the Council with a view to making a number of amendments to Regulations (EEC) No 109/70 and 1439/74 establishing common arrangements applicable to imports from state-trading countries and third countries respectively.

In implementation of Regulations No 109/70 and No 1439/74 the Council also adopted a number of Regulations to confirm the safeguard

measures taken by the Commission *vis-à-vis* certain third countries in respect of specific products.

(ii) Products subject to quantitative restrictions

157. As regards the unilateral import arrangements relating to state-trading countries, on 13 December 1976 the Council followed its annual procedure of adopting import quotas for 1977. This Council Decision, which is based on the Decision of 27 March 1975,¹ provides for amendments to 1976 quotas in the form of a moderate increase. However, in amending these import arrangements, account has been taken of the trading difficulties which certain economic sectors in the Community are facing.

(c) *Cooperation agreements*

158. Consultations under Council Decision of 22 July 1974² took place regularly within the Select Committee set up by this Decision. It will be recalled³ that this Decision was mandatory only as regards state-trading countries and oil-producing countries. On 20 January 1976 the Council extended the geographical area covered by this Decision, which now applies generally to cooperation agreements concluded with all third countries.

2. GATT MULILATERAL TRADE NEGOTIATIONS

159. The multilateral trade negotiations held in Geneva following the Tokyo Ministerial Conference in September 1973 were practically confined to work of a technical nature throughout 1976. This was because the American delegation, with the forthcoming presidential elections in view, was unable to adopt a position on the crucial points in the negotiations.

The economic situation also played its part in discouraging any major developments.

¹ OJ L 99 of 21. 4. 1975

² See 22nd Review, paragraph 1.

³ See 23rd Review, paragraph 199.

Nevertheless, negotiations were vigorously pursued with a view to introducing procedures and defining the practical points to be taken into consideration by the parties concerned when a decisive phase was reached in the negotiations.

As regards the Community, the Article 113 Committee met at frequent intervals throughout 1976, both in Brussels and in Geneva, in order to help the Commission in the negotiations.

A great deal of work was done at this stage in the field of non-tariff barriers.

However, in two sectors of basic importance in the negotiations – agriculture and the tariff reduction formula – there were differences of approach between the Community and some of its most important trading partners, in particular the United States, which prevented any substantial progress from being made even on technicalities, if only by reason of procedural difficulties.

160. On the other hand, in another important area of the negotiations – tropical products – urgent practical work was carried out in accordance with the commitments undertaken by the industrialized countries with regard to the developing countries in the Tokyo Declaration. As a result all the industrialized countries offered appreciable concessions, most of which will be put into effect as from the beginning of 1977. This was certainly true of the Community, whose tariff concessions cover some 180 agricultural products, including coffee, cocoa, tobacco, spices, vegetable oils, fish and flowers. Under these concessions duty will be reduced and bound on the basis of the 'most favoured nation' clause and improvements made in the Community scheme of generalized preferences.

161. The developing countries, which took part in the negotiations, sought throughout the year to obtain decisions on principle which would give them differentiated treatment, in line with their demands regarding the establishment of a new international economic order.

The industrialized countries, including the Community, accepted the procedure for setting up a new negotiating group whose main task would be, in the eyes of the developing countries, to create a basis on

which the operation of GATT could in future be adapted to their requirements as regards the restructuring of international economic relations. This new group met for the first time in December 1976 and will settle down to work in the course of 1977.

162. Although it must be generally acknowledged that the GATT multilateral trade negotiations did not make substantial progress during 1976, the mere fact of their existence should be regarded as a positive factor. Given the trade situation obtaining in 1976 there is no doubt that they constituted a basic argument for the governments to use in order to resist the protectionist pressures to which they found themselves exposed. As regards future negotiations, the main parties stressed on several occasions that they were interested in resuming multilateral trade negotiations, and it may be expected that steps will be taken at the beginning of 1977 to resume negotiations on the basic questions.

3. ADMINISTRATIVE PROBLEMS IN INTERNATIONAL TRADE

163. As was stressed in the 23rd Review,¹ the delegations of the Member States and the Commission representatives continued to pay constant attention to developments in international trade and the specific problems confronting the Community, with particular regard to the difficulties of the international economic situation in 1976. Frequent meetings were held in Geneva and in Brussels to establish what measures should be taken in order to continue the multilateral and bilateral liberalization of international trade in general and to safeguard the Community's export interests in particular.

In this connection also the Community joined in the efforts of the OECD to maintain the highest possible degree of trade liberalization. In particular, the Article 113 Committee regularly followed the preparatory work, which enabled the Community to agree, at the Ministerial Conference of the OECD in June 1976, to the renewal for one year of the 'Trade Pledge' of 30 May 1974.

164. In its bilateral relations with certain industrialized countries, the Community was faced with developments which threatened to have adverse effects on trade.

¹ See 23rd Review, paragraphs 202 and 203.

Thus, the Community was confronted by restrictive measures on the part of the United States regarding special steels. In June 1976 the United States introduced an annual quota system for the main suppliers. The Community, which formally reserved its rights under the General Agreement on Tariffs and Trade, intensified its efforts to find solutions which would not harm European industry.

Turning to Japan, the accent was on the Community's growing trade deficit with this country, which was causing anxiety, and the need for both sides to take appropriate measures to remedy the situation. This matter received attention at the highest level when the European Council met at The Hague on 29 and 30 November 1976 and published the following statement:

The European Council stresses the importance it attaches to maintaining good relations between the Community and Japan and its strong desire that these relations should develop to the advantage of both the Community and Japan.

The European Council notes with concern the effects of import and export practices followed hitherto in Japan as well as the rapid deterioration in the trade situation between the Community and Japan and the problems which have arisen in certain important industrial sectors. Determined efforts are called for to remedy this situation, paying particular attention to the need for rapid expansion of Japanese imports from the Community, with a view to the development of mutually advantageous trade relations.

The European Council accordingly invites the Community institutions concerned to give further urgent consideration to these problems and to pursue vigorously this important aspect of the common commercial policy in discussions with Japan. It expects that substantial progress will have been achieved before its next meeting on the solutions which are urgently needed to realize the Community's objectives.

The European Council notes with satisfaction that the Japanese Government is willing to cooperate with the European Community, on the basis of mutual understanding, in solving the problems which arise.'

4. INTERNATIONAL ARRANGEMENT ON TRADE IN TEXTILE PRODUCTS

165. In accordance with the provisions of this arrangement, to which the Community agreed in March 1974, and, more specifically, Article 4, the Community continued to implement its policy of concluding voluntary restraint agreements with countries who are the major suppliers of textile products.

Thus the Council concluded – or is preparing to conclude – agreements with Brazil, Colombia, Egypt, Hong Kong, Japan, Macao, Malaysia, Romania, Singapore, South Korea and Yugoslavia.

Exactly as in the case of the agreements concluded with India and Pakistan the previous year, the agreements mentioned above cover a range of products selected because they are 'sensitive', the aim being an orderly expansion of trade and the gradual elimination of barriers to trade in textile products, while avoiding the risk of disorganizing the Community market.

B – Development cooperation policy

1. THE COMMUNITY'S OVERALL POLICY

166. The Community's development cooperation policy is based on an overall view which was broadly defined in 1972 by the Heads of State and Government. The aim of this policy is the progressive implementation of a group of projects adapted as far as possible to the wide diversity of development situations in the developing countries. These projects are outlined in the different Resolutions and conclusions on development cooperation which have been adopted by the Council over the past few years.¹

(a) Coordination and harmonization of development cooperation policies within the Community

167. In 1976 the Council explored in greater depth the problems regarding intensified coordination and harmonization of development cooperation policy within the Community.

¹ See previous Reviews.

Following the debates held at its meetings on 8 April and 8 November 1976, and on the basis of the Commission's concrete proposals and memoranda from the German and Netherlands Governments, on 2 December 1976 the Council adopted by written procedure a new Resolution which enlarges on the different aspects of this subject on which a previous Resolution had already been passed on 16 July 1974.

The Resolution of 2 December 1976, the text of which is given as an annex to this Review, sets out first of all the objectives which should govern measures to achieve coordination and harmonization. It goes on to state that substantial progress has already been made, particularly in 1976, in reconciling the positions of the Member States, and specifies the guidelines which should be followed in seeking to achieve and improve coordination and harmonization of the policies followed by the Member States of the Community, both at general level and as regards operational coordination.

(b) *Financial and technical aid*

168. An appropriation of 20 million u.a. was entered in the 1976 general Community budget for financial and technical aid from the Community to non-associated developing countries – the principle of supplying this aid having been confirmed in the Council Resolution of 16 July 1974. At its meeting on 18–19 October 1976, the Council gave its agreement in principle on the commitment to this appropriation for 1976 and at its meeting of 8 November 1976 allocated it on the basis of guidelines submitted by the Commission.

The projects approved for 1976 mainly concern the development of agricultural production and cover to the following countries: Bangladesh (2.5 million u.a. – joint financing project with the IDA), Bolivia (2 million u.a.), India (6 million u.a.), Indonesia (1 million u.a. in association with the Asian Development Bank), Pakistan (3 million u.a. – joint financing project with the IDA) and Sri Lanka (2 million u.a.).

In addition payments were made from Community funds to two regional projects, viz. the 'Special Technical Assistance Fund' of the Asian Development Bank (1.5 million u.a. from Community funds) and

the ICRISAT (International Crop Research Institute for the Semi-arid Tropics in Hyderabad – India) Programme (2 million u.a. from Community funds).

(c) *Assistance in regional integration and trade promotion*

169. The Community also undertook specific projects in the sphere of assistance in regional integration and trade promotion.

The trade promotion projects form part of the Community's policy which seeks to open the EEC market to manufactured and semi-finished goods from the developing countries, and which is based on the system of generalized preferences.

These measures also constitute an essential means of implementing the trade cooperation agreements concluded with the countries of Asia and Latin America such as Bangladesh, India, Pakistan, Sri Lanka and Mexico, and also the cooperation programmes established in conjunction with regional integration groups such as ASEAN (Association of South East Asian Nations), the Andin Group and the Common Market of Central America.

Following the adoption of the Council Resolution of 30 April 1974 a total of 4.3 million u.a. was therefore provided for in the 1976 budget for the projects mentioned above, as compared with 600 000 u.a. in 1975. They comprise the following projects (which concern the countries of Asia and Latin America): financing participation in trade fairs in Europe; organization of trade missions from the developing countries to the Community; organization of European purchasing missions to the developing countries, etc.

(d) *Projects involving non-governmental organization*

170. It will also be noted that a sum of 2.5 million u.a. was entered in the 1976 budget for cooperation projects with the developing countries involving non-governmental organizations (NGO). At its meeting on 8 April 1976, the President of the Council officially noted the Commission communication on Community relations with the NGO in development matters.

(e) *Generalized preferences*

171. Since its introduction on 1 July 1971 the application of the system of generalized preferences on the part of the Community forms part of the effort gradually to restructure the economic relations between industrialized and developing countries in order to make them fairer and more in keeping with the requirements of the modern world.

In spite of difficult economic circumstances, when the Community was preparing its 1977 schedule it agreed to make a fresh effort to come to the aid of the developing countries and, particularly, the least-favoured countries among them, following the guidelines laid down in Nairobi at UNCTAD IV. The Community thus confirms that, in accordance with the Council Resolution of 3 March 1975 on the future development of the European Community's generalized preferences, these remain a basic part of the Community's global policy towards the third world. In 1977, the potential volume of preferential imports will rise from 4 600 to 6 500 million u.a. – an increase of more than 40 % by value, which indicates the importance of generalized preferences.

The main features of the provisions adopted for 1977 by the Council on 13 December 1976 are given below.¹

(i) Industrial products other than textiles

172. The Council signified its agreement to changing from 1971 to 1974 the year adopted as the basis for calculating the ceiling level for industrial products other than textiles (chapters 25–99 of the CCT).

This measure applies to all industrial products other than textiles, except footwear and certain steel products for which the Community decided to maintain the ceilings at the 1976 levels because of the difficult situation facing these sectors. It involves an overall increase of the order of 50 % of the potential volume of preferential imports for the majority of these products.

¹ The text of all the Council Regulations and Decisions appears in OJ L 349 of 20. 12. 1976.

(ii) Textiles

173. The total volume ceiling for textiles is increased by 5 % and will be raised from some 75 000 tonnes to 79 000 tonnes. However, apart from the quantity aspect, the 1977 schedule comprises a number of important innovations. Firstly it will eliminate the distinction between cotton textiles and others, which will mean that both the administration and the utilization of these preferences will be greatly simplified. Secondly, a dual system will be set up for sensitive textile products, designed to restrict the preferences enjoyed by the most competitive countries and also to ease the system applied to the other beneficiaries which include the least-favoured developing countries. Lastly the 1977 schedule for textile products also extends the list of beneficiary countries, in particular dependent territories, for most of these products.

Moreover, the existing system is maintained for jute and coir products, but with additional reductions in duties, under agreements concluded with the exporting developing countries.

Because of these improvements the import ceilings over the whole industrial sector will rise to a trade figure exceeding 5 200 million u.a.

(iii) Measures to help the least developed countries

174. With regard to the management of the system of generalized preferences in the industrial sector, it should also be stressed that, following the guidelines laid down at international level relating to the measures to be taken to help the least developed countries, the Council agreed to suspend for 1977 the imposition of cut-offs for all semi-sensitive and non-sensitive industrial products so as to assist the least developed countries shown on the list adopted by the United Nations (Resolution 3487 (XXX)).

(iv) Processed agricultural products

175. With regard to the processed agricultural products sector (chapters 1-24 of the CCT), the preferential system for 1977 includes the improvements adopted by the Council on 6 April 1976 for supplies of tropical products under the GATT multilateral trade negotiations. In the

course of these negotiations a large number of developing countries submitted lists of requests to the European Economic Community so that emphasis could be placed on a whole series of products which they were currently or potentially interested in exporting.

The agricultural section of the 1977 schedule will therefore include 46 new items as well as 70 improvements in the preferential margins for products already included in the Community schedule.

A total of 296 agricultural products will be covered by the scheme, with an estimated value of 1 235 million u.a. for 1977 (compared with 250 products with a trade value of 1 000 million u.a. in 1976). Most of these improvements represent a special effort to help the least-favoured countries: Virginia tobacco, spices, vegetable oils and certain cut flowers.

The Council signified its agreement to a substantial increase in the tariff quota for tinned pineapple other than in slices – this quota will be increased from 30 000 tonnes to 45 000 tonnes – and to the opening of a tariff quota of 28 000 tonnes for tinned pineapple in slices.

The Council also decided to renew for 1977 the quotas for soluble coffee and cocoa butter.

Lastly the Council agreed to open a quota of 60 000 tonnes for Virginia type tobacco (the quota for 1976 was 38 000 tonnes). In addition, preferences will be granted up to a ceiling of 2 500 tonnes for certain tobaccos other than Virginia type.

It will therefore be seen that in total the extra effort made by the Community for 1977 is considerable, particularly in view of the economic uncertainties facing the Community's industry and economy.

In this context the extent of the improvements made annually since the introduction of preferences in 1971 should also be stressed. In the industrial sector the volume of trade covered initially was of the order of 1 200 million u.a., whereas the provisions for 1977 cover a trade volume of more than 5 200 million u.a. Furthermore, the first schedule in 1971 comprised 147 processed agricultural products with an annual import value of 45 million u.a., whereas in 1977 the number of such

products will be 296 and the trade volume will exceed 200 000 million u.a.

It should also be noted that in 1977 the Commission will continue its information campaign in the form of training schemes, seminars, etc., for commercial operators and public authorities, particularly in the case of those countries which so far have not been able to take full advantage of the benefits open to them.

Lastly, it should be recorded that in October 1976 the Commission submitted to the Council a proposal to set up a European Agency for Trade Cooperation with the Developing Countries. This agency should contribute to a better utilization of the Community generalized tariff preferences. It will also be responsible for implementing trade promotion programmes to help the developing countries.

(f) *Food aid*

176. As in the past the Community's activities regarding food aid centred on preparing annual aid programmes and on implementing aid projects adopted during 1976 and in previous years. Nevertheless, in 1976 some work was also done on more general lines and resulted in the Community's acceptance of the idea of forward planning as regards food aid.

(i) General

Food aid planning

177. The Community's acceptance of the idea of forward planning was announced at the second session of the World Food Council held in Rome towards mid-June 1976.

In this connection it should be specified that for the Community the planning concept refers to a three-year period and, apart from a few exceptions, involves target and overall figures. It is considered that it would not be in conformity with the aims of food aid to guarantee a certain volume of aid for a number of years to a given country. Apart from

the fact that food requirements cannot be determined accurately except in the short-term, such a guarantee could constitute a form of disincentive for local agricultural production. For this reason, the planning which the Community intends to carry out will aim at reassuring all the developing countries as regards the continuity of Community efforts on food aid. Nevertheless, the Community considers that, whilst specific planning may not always be possible for each beneficiary country, it may have a valid application in the case of international organizations. These would find it useful to have the assurance of a certain volume of supplies for the purpose of drawing up their own aid programmes, and in general to make their efforts more effective. Furthermore, it is also conceded that in specific cases it would be possible to give certain forward indications regarding the aid which could be granted for specific projects covering a number of years and implemented by developing countries which have a structural deficit as regards food aid. In this case, projects would have to represent a useful investment from the development point of view and be on such a scale as to require certain assurances regarding the supply of products to ensure their operation, for example supplies of skimmed milk powder and butter oil for the operation of a milk recombination factory.

Increase in the volume of food aid

178. The Community's work also concentrated on the question of a possible increase in the volume of Community food aid in response to the recommendations made by the World Food Conference held in Rome in November 1974. Work on this question continues within the Council. Nevertheless, when drawing up the general budget of the European Communities for 1977, the Council signified its agreement to the entry of an additional appropriation of 14 million u.a. under chapter 100 – provisional appropriations – against food aid. When sanctioning this additional appropriation, the Council specified that the procedures for using it would be decided at a later date in the light of the requirements of the beneficiary countries.

Reallocation of responsibilities as between the Community and Member States regarding aid in cereals for 1977.

179. In connection with the work undertaken at Community level with a view to the third extension of the 1971 International Wheat Agreement,

and in this context, of the Food Aid Convention, the Council reallocated the total amount of food aid among the Community and the Member States.

As a result of this reallocation the situation is now as follows: the share of the Community projects as such has increased from 708 000 tonnes to 720 500 tonnes; the proportion of aid on a national basis – i.e. 566 500 tonnes – is divided among the Member States as follows:

Belgium	33 870 tonnes	Italy	82 000 tonnes
Denmark	12 314 tonnes	Luxembourg	1 025 tonnes
Germany	147 812 tonnes	Netherlands	37 978 tonnes
France	147 812 tonnes	United Kingdom	100 607 tonnes
Ireland	3 082 tonnes		

(ii) 1976 aid programmes

Aid in the form of cereals

180. On 25 March 1976 the Council laid down the 1975–1976 operating schedule.

This schedule provides for a total of 1 287 000 tonnes of supplies, 55 % on a Community basis and 45 % on a national basis.

On this subject it should be noted that 45 countries and international organizations, such as WFAP, UNICEF, UNRWA, ICRC, UNHCR and the League of Red Cross Societies are recipients of this aid. The main recipients were Bangladesh (228 200 tonnes cereals including 150 000 tonnes under Community projects) and India (244 000 tonnes cereals including 175 000 tonnes under Community projects). Egypt and Pakistan were also among the major recipients.

Aid in the form of milk products

181. The Council adopted programmes for 1976 providing for the supply of 150 000 tonnes skimmed milk powder and 45 000 tonnes butter oil.

The quantities of skimmed milk powder initially provided for in the 1976 budget amounted to 55 000 tonnes. Following a Council decision on 2 and 3 March 1976 an additional quantity (95 000 tonnes) of skimmed milk powder was added to the ordinary programme. This means that the programme of aid in skimmed milk powder was drawn up in two tranches, each consisting of the quantities mentioned above, once the overall view necessary for the cohesion of the programme had been established.

As regards the recipients of the aid, it must be stressed that a large proportion was allocated to the multilateral organizations, such as the WFAP (30 000 tonnes skimmed milk powder and 16 000 tonnes butter oil), UNICEF (15 000 tonnes skimmed milk powder and 2 000 tonnes butter oil) and as emergency aid agreed by the Council for a number of countries, viz. Chile, Guatemala, the Lebanon, Mozambique, Niger, Senegal and Zambia, and also for repatriates and refugees from Angola in Portugal and Zaïre.

(iii) Extension of the Convention with UNRWA on assistance to refugees from the countries of the Middle East

182. At its meeting on 20 July 1976 the Council signified its agreement to the renewal, for the period 1 July 1975 to 31 December 1976, of the Convention signed with UNRWA on 18 December 1972. It should be noted that this Convention can be extended, with or without amendments, for further periods by mutual agreement of the two parties up to 30 June 1978.

This Convention provides for supplies in kind – wheat flour, rice, skimmed milk powder, white sugar – and payments in cash to refugees from the countries of the Middle East required to cover the entire operation of UNRWA's supplementary feeding programme, as well as contributions towards UNRWA's basic rations programme.

2. PARTICIPATION IN INTERNATIONAL DISCUSSIONS

(a) UNCTAD

183. Four years after the meeting in Santiago, Chile, the United Nations Conference on Trade and Development held its fourth session in Nairobi on 5–31 May 1976.

The Community as such participated as an observer at this session which brought together some 140 countries, including the nine Member States of the Community.

The Council agreed that throughout the UNCTAD discussions, and also in the event of any votes being taken, a joint position should be defined on matters falling within the competence of the Community. Joint action would take place on matters of particular interest to the common market and would also be sought on those falling within the competence of the Member States.

To this end, at its meeting on 3-4 May 1976 the Council discussed in depth the main questions on the agenda of the Nairobi Conference, and finalized a number of guidelines which were to serve as a basis for the negotiations. However, with regard to two subjects on which a joint position could not be reached in Brussels, i.e. commodities and debt burden, the Council left it to the delegations in Nairobi to finalize the Community's position.

184. On the basis of these discussions, the President-in-Office of the Council, Mr Gaston Thorn, gave an important address to UNCTAD on behalf of the Community on 6 May 1976.

The President of the Council first called to mind the major principles of the policy of the Nine regarding the continent of Africa, and went on to say that since the third session of the Conference the world economy had been shaken by major events which had terminated politically in the seventh special session of the United Nations. Resolution 3362 (S-VII), which was adopted on that occasion, enabled the international community to set itself the target of bringing into being a fairer economic order which would give the developing countries a greater share in the fruits of world growth as well as more weight in the international decision-making machinery. World peace, stability and growth would depend on the attainment of this objective. The Community had the political will to undertake all its responsibilities in this process of development. The multiplicity of projects carried out by the Community in the field of development cooperation, such as the Lomé Convention, policies of giving aid to the Mediterranean countries, and the Euro-Arab dialogue, as well as numerous projects on the world scale in the field of trade and financial and technical cooperation, formed part

of a global view which sought to implement steadily a policy which would enable a series of instruments to be applied consistently and also differently according to the various situations and needs in the developing countries. These projects were a clear indication of the Community's concern regarding the problem of under-development, and of its unremitting efforts.

Mr Thorn then outlined the general approach of the Community to the major issues for the Conference – i.e. commodities and the question of a common fund, trade and manufactured products, transfer of resources and the debt burden of the developing countries, transfer of technology and the least-favoured countries which, in view of their specific needs, ought to benefit preferentially from increased aid.

185. As regards the general conclusions which could be drawn from the Nairobi Conference, Mr Thorn considered¹ that in spite of the initially wide gap between the positions of the developing and industrialized countries something constructive had been achieved, and that this was not always sufficiently brought out by public opinion. This real progress was reflected in the resolutions on the transfer of technology, manufactured products, multilateral negotiations and special measures in favour of the least-developed countries. On the other hand, in the fields of commodities and debt burden, the Conference had to make do with procedural provisions leading to further negotiations. All the elements which emerged on these two important matters were nevertheless in the final analysis deemed appropriate to permit a generally satisfactory agreement for all concerned. One of the main results of UNCTAD was that at world level, politically and psychologically, the spirit of dialogue and cooperation between industrialized and developing countries had been maintained.

The Community had therefore been able to play an important part in Nairobi, even if it had not always maintained its unity. Thanks to work carried out within the Community or in connection with the North-South Dialogue, and also to the joint guidelines laid down by the Council or defined in Nairobi, the Community negotiators managed to persuade the industrialized countries to adopt constructive positions on a number of points, which were spread throughout the compromise texts finally

¹ Mr Thorn's address to Parliament on 16 June 1976.

adopted by all the participants in UNCTAD. Nevertheless, the President of the Council did not conceal his regret that on certain occasions the Community delegations had expressed divergent views on the questions of commodities and debt burden, although in the final analysis the Community succeeded in reaching agreement on some basic points. He expressed the hope that in the negotiations which would follow the Nairobi Conference this common base would be broadened so that the Community could also adopt a joint position on these questions.

(b) *North-South Dialogue*

186. Following the inaugural ministerial meeting on 16–19 December 1975, the work of the Conference on International Economic Cooperation was vigorously continued in Paris throughout 1976.

This Conference, in which there are 27 participants, 8 from the industrialized countries and 19 from the developing countries, appointed to the chair a representative of the Group of Eight and a representative of the Group of Nineteen. Four commissions were set up – on energy, raw materials, development and financial affairs – each commission having two co-chairmen, one representing the industrialized countries and the other the developing countries. The Group of Eight invited the Community to fill the office of co-chairman for two of these commissions, the Commission on Development – assigned to a Commission representative – and the Commission on Financial Affairs – assigned to a representative of the Member State holding the Council presidency. During 1976 the four commissions held eight meetings, each lasting approximately seven days. A meeting of senior officials was held on 8–10 July to consider progress on the Dialogue.

187. In accordance with the decisions of the European Council held in Rome in December 1975, the Community defended a joint position throughout the proceedings of the Conference, and this was expounded by two spokesmen, i.e. a Commission representative and a representative of the Council presidency.

In view of the importance and complexity of the work, the Community adopted special measures to finalize this joint position. The necessary preparatory work had been carried out at regular intervals inbetween the meetings in Brussels. To this end four sectoral groups were set up corresponding to the four commissions, and the Council and the Permanent Representatives Committee discussed the problems of the CIEC at each of their meetings. During the meetings of the commissions in Paris, there was daily coordination between the Community spokesmen and the delegation from the Member States, both at the level of the four commissions and also horizontally in the form of a Head-of-Delegation Coordination Group. This group also ensured that the Permanent Representatives Committee and the Council were represented in Brussels. These measures enabled the Community to remain united throughout the Conference and to play an active part in the negotiations.

188. The work of the Conference on the basic issues fell into two phases, beginning on the senior officials' meeting in July.

During the first half of the year the proceedings of the commissions were mainly of an analytical nature and covered a wide range of international economic problems of concern both to the developing countries and to the industrialized countries.

At their July meeting the senior officials agreed that the initial phase of the work be considered complete and that the second phase be directed towards action with a view to submitting for adoption by the Ministerial Conference proposals for an equitable and comprehensive programme for international economic cooperation. The senior officials decided that the final ministerial meeting of the Conference would be held in mid-December. They instructed the commissions to finalize their work programmes during their July session.

In the event, the commissions did not reach agreement, and there was a crisis in the Conference which was overcome by an agreement negotiated by the two co-chairmen in September in consultation with their respective groups. The cause of the crisis lay in the fact that it had proved impossible to reconcile the approach of the Eight, who wanted a work programme in the second phase centred on a reasonable number of topics on which progress could be made between

then and December and expressed in neutral terms which did not involve commitments as to the final results, whereas the Nineteen wished to retain in practice the work programme from the first phase, and wanted the wording of this programme to involve commitments as to the final results. The compromise which was reached consisted of a programme and wording which were very close to the views of the Nineteen, but this was preceded by a preamble stating that the programme did not involve commitments as to the final results of the CIEC. This compromise did nothing to lessen the differences in approach or in substance between the Eight and the Nineteen, and it is one of the factors at the root of subsequent difficulties encountered by the Conference.

The commissions held three sessions during the second half of 1976. The Council of the European Communities had taken the necessary steps to define the Community's basic position in view of the final phase of the Conference during its meeting on 15–16 November 1976, but, at the request of the Government of the Federal Republic of Germany, the matter was put on the agenda of the European Council in the Hague on 29–30 November 1976. At the same time, however, a number of uncertainties had built up to block the Paris negotiations: the change of administration in the United States following the presidential elections, the prospects of a rise in petroleum prices with the OPEC meeting planned for mid-December and its effects on an already difficult economic situation of which the prospects of improvement were doubtful, and the complete refusal of the Nineteen to move from their established position – a situation paralleled in the camp of the Eight.

189. Under these circumstances the co-chairmen of the Conference took the step of beginning consultations, at the November session of the commissions, with a view to the possibility of postponing the December ministerial meeting. On 9 December 1976 the members of the Conference finally agreed to this postponement. The co-chairmen will begin consultations as soon as possible in 1977 on a new date for the ministerial meeting and preparations for it.

Given the prospect of a postponement of the concluding ministerial meeting in December, the European Council in the Hague could obviously not be expected to take any basic decisions. On the other hand, conclusions were adopted and published defining the spirit

in which the Community Institutions are invited to continue their work on the North-South Dialogue. These conclusions are given below:

'The European Council reaffirms the importance which it attaches to the whole range of problems relating to international economic cooperation, and therefore to the CIEC.

In its view, the nature and composition of the Conference and the scope of the matters with which it is concerned bestow upon it a particular significance which justifies the pursuit of the efforts already made.

The European Council considers that further progress must be made by all concerned to reach mutually satisfactory conclusions, which would permit considerable progress to be achieved in international economic cooperation and enable an important contribution to be made to the economic development of the developing countries.

The Community, for its part – conscious of the growing interdependence of world economies and anxious to encourage an atmosphere conducive to international economic cooperation – is prepared to make as positive a contribution as it can to the extent that developments in its own economy permit.

At the end of its exchange of views on this question, the European Council confirmed the importance which it attaches to the success of the North-South Dialogue and requested the competent bodies of the Community to proceed in this light with their work on all of the matters under discussion.'

C – Commodities and world agreements

190. In 1976 international action in this field was devoted in part to preparing a global approach which was negotiated within UNCTAD and is known as the 'integrated programme for commodities'. The importance of this development does not need to be emphasized. Work also continued along the usual lines of negotiating product by product, and covered such matters as the adoption of measures providing for the entry into force of product agreements negotiated in 1975, day-to-day

management measures, and participation in the proceedings of autonomous international bodies and also of bodies directly linked to the United Nations network of organizations, such as the FAO and UNCTAD.¹

1. INTEGRATED PROGRAMME FOR COMMODITIES

191. In 1975 the proposals by the UNCTAD Secretariat for a global integrated programme formed the basis of new activity at international level. After long negotiations this culminated in the adoption by UNCTAD IV, which met in May 1976 in Nairobi, of Resolution 93 (IV) on an integrated programme for commodities.²

Although this Resolution was accompanied by several unilateral declarations, it is the starting point for a whole series of negotiations and preparatory meetings within UNCTAD on 18 basic commodities, and also on a common finance fund.

The products expressly mentioned in this Resolution are listed below, but other products may be included in the programme at a later stage:

- | | |
|----------------------------|-------------------------------|
| — bananas | — manganese |
| — bauxite | — meat |
| — cocoa | — phosphates |
| — coffee | — rubber |
| — copper | — sugar |
| — cotton ¹ | — tea |
| — hard fibres ¹ | — tropical woods |
| — iron ores | — tin |
| — jute ² | — vegetable oils ³ |

¹ For general references to UNCTAD IV see paragraphs 183, 184 and 185 of this Review.

² Including cotton yarn, hard fibre and jute products.

³ Including olive oil and oilseeds.

192. Preparatory work under Resolution 93 (IV) began in autumn 1976 with preparatory meetings on copper, jute, hard fibres and the common fund. In the course of these initial meetings it became apparent that detailed work would need to be carried out by experts before the actual negotiating stage could be reached.

The Community took appropriate steps to try to define a common position for these negotiations, which in any case is necessary for matters concerning commercial policy and the common agricultural policy.

2. COMMODITY AGREEMENTS

193. Three commodity agreements had been renegotiated in 1975: the Fifth International Tin Agreement, the 1976 International Coffee Agreement, and the Second International Cocoa Agreement.

The Council took the decisions required within the deadlines laid down first for the signature and subsequently for the provisional implementation of these three Agreements. As regards the Coffee and Cocoa Agreements, the Council also adopted the necessary measures – in the form of Regulations – for the implementation of certain control rules within the customs territory of the Community. More specifically, these are the economic and control rules for the Cocoa Agreement which are very similar to the existing rules on the First Agreement,¹ and also the system of certificates of origin under the Coffee Agreement when the quota system is not operating. The system of certificates of origin is designed to provide statistical reference bases for allocating quotas among the different exporting countries if the market situation calls for supplies to be restricted and quotas to be fixed.

All these instruments were published in the Official Journal of the European Communities.²

For the salient features of the three agreements concerned reference should be made to the 23rd Review. Two aspects are worth

¹ OJ L 324 of 24. 11. 1973.

² Tin agreement: OJ L 222 of 14. 8. 1976.

Coffee agreement: OJ L 309 of 10. 11. 1976.

Cocoa agreement: OJ L 321 of 20. 11. 1976.

noting: first, after the procedures mentioned above had been completed, the Community found itself participating in the Coffee Agreement as a member for the first time; it had already been involved in the work on this agreement for several years, but only as an observer. Secondly, the Community decided to participate in the Second Cocoa Agreement, whereas one of the major consumer countries (the United States) is not participating and a number of producer countries, in particular the Ivory Coast, considering that the prices laid down in the Agreement were at unremunerative levels, acceded to the Agreement on a provisional basis and made their definitive participation conditional on the renegotiation of price levels during the first year covered by the new Agreement.

194. The 1971 International Wheat Agreement which expired on 30 June 1974 was extended twice for consecutive periods of one year up to 30 June 1976. In view of this expiry date the authorities dealing with the Agreement considered the advisability of a further extension, this time for a period of two years, which would apply to the Wheat Trade Convention and to the Food Aid Convention. Following a Council Decision of 1 June 1976 the Community acceded to the Protocols extending these two Conventions by a Declaration of provisional implementation.

It should be noted that this Council Decision followed work within the Council on the reallocation of the responsibilities of the Member States regarding food aid.¹

195. The 1973 International Sugar Agreement was extended until 31 December 1977. This Agreement contains no economic provisions, but provides for preparatory work to be done within the International Sugar Council with a view to drawing up a new Agreement.

The European Economic Community is not a party to the current Agreement. Nevertheless, taking account of the importance of the preparatory work with a view to negotiating a new Sugar Agreement, the Community informed the International Sugar Council, at its meeting on 18 June 1976, that it would like to see a new International Sugar Agreement established and that it wished to be a party to it. In view of

¹ See paragraph 179 of this Review.

this, to enable the Community to take part in the negotiations, the Sugar Council decided to postpone the Conference to negotiate a new Agreement until spring 1977 and to resume its preparatory work. This work is at present in hand and the Community has communicated the position which was laid down by the Council concerning sugar with a view to the GATT multilateral trade negotiations. This position is based on the concept of market stabilization using price brackets and buffer stock machinery.

D – Relations with the ACP States

1. THE LOMÉ CONVENTION

196. On 1 April 1976 the ACP-EEC Convention of Lomé entered into force in its entirety, all the Member States and ACP States, then numbering 46, having ratified it within 13 months of signing. The history of this matter is of the greatest interest since, 13 years earlier, on 1 April 1963, when the Yaoundé convention entered into force, the Council made a statement of intent and for the first time opened the way to cooperation with states having an economic and production structure comparable to those of the 18 AASM.

The Lomé Convention goes beyond the traditional measures of trade cooperation and financial and technical cooperation. It forms a package of incomparably broader measures which, in the context of an institutionalized system of relations between the Community and an enlarged group of developing countries, become evident following a long maturing period. The Council, acting within the ACP-EEC Institutions, set itself the task of ensuring that the Convention bore fruit for the first time.

197. There were four major stages in the application of the Lomé Convention in 1976: its entry into force on 1 April, the inaugural meeting of the ACP-EEC Consultative Assembly, held in Luxembourg on 1–3 June, the first meeting of the ACP-EEC Council of Ministers on 14–15 July in Brussels, and the meeting between the President of the Council and the President of the ACP-EEC Ministers on 20 October, also in Brussels. Throughout the year, in order to provide the impetus necessary to maintain progress with this work, the Council found it necessary to

devote part of its meetings to it, but the results show that these efforts have been worth while.

198. The interim ACP-EEC Institutions, the Interim Committee at ambassador level assisted by six subcommittees and the Permanent Group on Bananas, continued their work up to the entry into force of the Convention. This enabled active preparations to be made during the first three months of 1976 for the first meeting of the ACP-EEC Council of Ministers. The texts of the new rules of procedure of the Council of Ministers and those of the Committee on Industrial Cooperation and of the Centre for Industrial Development were finalized by the interim bodies. Lastly, as regards trade, the ACP States were fully consulted by the Community on the offer to be made in accordance with the intentions expressed in the Tokyo Declaration, under the GATT multilateral trade negotiations regarding tropical products. Since this gave the Community a better knowledge of the interests of the ACP States in relation to the developing countries as a whole, it was able to put forward a well-balanced offer in April 1976.

199. The President of the Council, accompanied by the President of the Council of the Ministers of the ACP States, Mr King of Guyana, took part in the inaugural meeting of the ACP-EEC Consultative Assembly in Luxembourg. This body adopted resolutions in which it noted with pleasure the entry into force of the Lomé Convention and the highly favourable prospects opened up by this Convention. Being the first among the Institutions of the Convention, it opened a general debate which is due to continue, with the participation of the ACP-EEC Council of Ministers, throughout the period of validity of the Convention.

200. The same atmosphere conducive to dialogue prevailed at the first meeting of the ACP-EEC Council of Ministers, held on 14–15 July 1976 at the Palais d'Egmont in Brussels. The Council first adopted provisions of an internal nature necessary to ensure smooth working and dealt with a number of other matters, including a fairly extensive delegation of responsibilities to the ACP-EEC Committee of Ambassadors. It then went on to adopt decisions approving the accession of the Comoro State, the Seychelles and Surinam to the Convention, and also the applications for accession submitted by São Tomé and Príncipe, Cape Verde and Papua New Guinea on the basis of Articles 89 and 90 respectively of the Convention.

201. The ACP-EEC Council of Ministers also adopted several instruments relating to the bodies dealing with industrial cooperation between the Community and the ACP States – i.e. the Committee on Industrial Cooperation and the Centre for Industrial Development – which were to begin operations as soon as the last practical difficulties, inherent in this type of completely new cooperation, had been resolved. The Director and deputy Director of the Centre were appointed accordingly and took up their duties. The Council of Ministers also took note that the system of stabilizing export earnings had got off to a good start. In 1976 transfers of the order of 75 million EUA were made to offset a large proportion of the loss of revenue suffered in 1975 by a number of ACP States.

202. Lastly, a large proportion of the work of the ACP-EEC Council of Ministers concerned the problems raised by the ACP States regarding trade and sugar. The ACP States gave a detailed explanation of their difficulties regarding such products as groundnut oilcakes, bananas, beef and veal, rum and sugar. The dialogue which was thus initiated at the highest level, and which may constitute the real driving force behind the trade cooperation for which the Lomé Convention has set up an institutional framework, demonstrated the Community's willingness to assist in promoting trade and in marketing the products of the ACP States, even though it was not possible to resolve all the problems immediately.

203. In this spirit the President of the Council and the President of the ACP Council of Ministers met on 20 October 1976, as agreed at the first meeting of the Council of Ministers, in order to discuss possible solutions to seven problems which the Council of Ministers had not been able to resolve as regards their substance. This extra meeting, which was outside the institutional procedures laid down by the Lomé Convention, took place in a friendly and constructive atmosphere. As the Council of the Communities was informed, possible solutions to all the problems were put forward. It will be up to the Community or the Institutions of the Convention, as the case may be, to finalize these issues by adopting appropriate measures.

204. Regarding problems such as that of cane sugar from the ACP States – a basic product for 13 of the States which enjoy sales at a guaranteed price under the Protocol on Sugar – the Community let it be

known that it was considering a new approach to determining the guaranteed price. This would be based on the proposition that the ACP Sugar Protocol is designed to ensure that the return to the ACP cane sugar producers, under the Protocol, is comparable to the net return guaranteed to Community beet sugar producers. This new approach would mean that the discussion on prices for the 1977-1978 marketing year could be held in a new atmosphere and that the problem of the storage levy could also be examined in the same atmosphere. In any event, it was understood that the negotiation of the guaranteed price for the 1977-1978 marketing year would be accelerated and concluded as soon as possible in 1977.

205. Moreover, following the meeting of the two Presidents, on 22 November 1977 the Council of the Communities adopted a Regulation on beef and veal from certain ACP States.

This Regulation extends the system at present applicable by making provision, as an exception, for a substantial reduction in import charges, which will apply up to 1 January 1978, whereas previously the system has only been adopted for consecutive six-monthly periods.

206. Finally it should be noted that, as in previous years, the Community did not adopt its 1977 schedule of generalized preferences until it had consulted the ACP States, at their request.

207. In the sphere of financial and technical cooperation the work done by the Council, together with that done by the Commission and the EIB, made it possible to initiate the first projects financed under the Lomé Convention and the Decision relating to the Association of Overseas Countries and Territories.

During the past months almost all the target aid programmes, designed to give each ACP States as clear an idea as possible of the aid which could be expected during the period covered by the Convention, were established by mutual agreement between the competent bodies of the Community and the ACP States.

208. On 27 July 1976 the Council adopted the Financial Regulation applicable to the fourth European Development Fund. This Regulation lays down the procedures for the financial operations and also the

provisions relating to measures and bodies connected with the administration of the aid. On the basis of these programmes the Commission and EIB departments were able to take preparatory measures on the initial projects and investment programmes.

In addition, on 4 May 1976 the Council adopted the rules of procedure for the EDF Committee and on 21 June 1976 those of the Committee set up in connection with the EIB (Article 22 Committee).

Under the 1975 Internal Financial Agreement these Committees, composed of representatives of Member States' governments, give their opinions on the requests and proposals for finance prepared by the Commission and the EIB. Since these two Committees were set up the Commission and the Bank have adopted the first decisions on finance and signed the first loan contracts.

209. By the end of November 1976 approximately 20 million EUA had been committed from the resources of the fourth EDF, and the EIB had signed contracts for approximately 26 million EUA.

The commitments include a sum of approximately 50 million EUA for exceptional aid. Most of these funds have been allocated to several countries which are facing serious difficulties as a result of events in southern Africa.

At the same time the departments of the Council have continued steadily with the work of preparing the Community's position in the joint ACP-EEC organizations and of examining questions arising from the day-to-day management of financial and technical cooperation matters.

210. Alongside its global policy of development aid, in 1976 the Council also pursued a policy of in-depth cooperation between the Community and the many developing countries which had established with it – on the basis of complete equality between the partners – bonds of close and continuing cooperation in a spirit of international solidarity. This work has not only proved to be effective, but has been recognized as such by international public opinion. It augurs well for the future of the highly original formula established by the negotiators of the ACP-EEC Lomé Convention.

This Convention has made it possible for original and even earlier instruments, such as the 'stabilization of export earnings' (STABEX) to be implemented systematically and on a broader basis than hitherto. Their effects and the interest they have aroused throughout the world can already be perceived. By establishing on a basis of equality such a far-reaching, comprehensive and innovatory project, Europe has expressed in the deeds both its political capacity and the reality of its role *vis-à-vis* the third world.

2. THE ASSOCIATION OF OVERSEAS COUNTRIES AND TERRITORIES

211. The entry into force of the ACP-EEC Lomé Convention made it necessary to extend for a further period the provisions covering the Association of Overseas Countries and Territories with the Community. On 29 June 1976 the Council adopted a Decision relating to the association of these countries, based on Article 136 of the Treaty and forming part of the Community's efforts to establish – as in the case of the Lomé Convention – a new model for relations between industrialized and developing areas.

The analogy between the Lomé Convention and the Association Decision is valid for all aspects except those concerning the Institutions.

The procedures for commercial cooperation, as regards the trading system and trade promotion, stabilization of export earnings, the specific provisions concerning sugar, financial and technical cooperation, the provisions relating to establishment, services, payments and capital movements, do not differ in substance from the corresponding provisions of the Lomé Convention, apart from those adaptations required by the legal position in the countries and territories. The Decision entered into force at the same time as the Convention and is due to expire on the same date – i.e. 1 March 1980. Before this expiry date the Council will establish the provisions to be made with a view to the subsequent application of the principles contained in Articles 131–135 of the Treaty.

212. The Decision on the Association of the Overseas Countries and Territories provides that they will receive a total of 162 million u.a.

in Community aid, of which 150 million will be supplied under the European Development Fund, a maximum of 10 million in the form of loans from the European Investment Bank and 2 million levied on the repayments made by the AASM and the OCT under the special loans or contributions to the formation of Venture capital granted since 1 June 1964. The financial and technical cooperation established by the Association Decision also applies to the French overseas departments and 7.7 million EUA are allocated to these. In fixing this figure account was taken of the fact that the EAGGF (Guidance Section) would be applied in full to these departments.

Furthermore, the Association Decision provides in a general way that the arrangements concerned may continue to apply provisionally, on conditions laid down by the Council, to countries and territories which become independent.

This means that in its relations with the overseas countries for which the Kingdom of the Netherlands has responsibility, the overseas territories of the French Republic, the overseas countries and territories for which the United Kingdom has responsibility, the Anglo-French Condominium of the New Hebrides and, on a transitional basis, the Comoro State and Surinam, the Community has a balanced and comprehensive system of means of cooperation. These means are well adapted to the economic situation in each of these countries and territories which in general are widely dispersed, cover small areas and have small populations. They should make it possible to pursue under satisfactory conditions the objectives and principles laid down by the Treaty of Rome regarding overseas countries and territories.

E – Relations with the countries of the Mediterranean Basin and the Euro-Arab dialogue

The Community's policy of development cooperation and aid was also extended, towards the south, to most of the third countries on the Mediterranean seaboard.

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

(a) *Continuance of the global approach in 1976*

213. 1976 saw concrete results on a broad front in the overall approach policy which the Community has followed since 1972 with regard to the Mediterranean countries.

Early in the year cooperation agreements were signed: with Malta in March, and then with Algeria, Morocco, Tunisia (the Maghreb countries) in April. These countries form part of the 'first generation' of the Mediterranean countries included in this approach.¹

The Council endeavoured to progress as far as possible, in present circumstances, towards the fulfilment of this overall policy by giving directives to the Commission in January regarding the negotiation of similar cooperation agreements with the 'second generation' countries i.e. the Arab Republic of Egypt, the Lebanon, Jordan and Syria (the Mashrek countries).

In February negotiations were opened with the Arab Republic of Egypt, Jordan and Syria. Negotiations with the Lebanon could not be entered into at the same time because of the situation in that country.

Meanwhile, in June, the Council laid down the Community's financial commitments *vis-à-vis* the different Mediterranean countries with which negotiations were proceeding or envisaged, and in September gave the Commission additional negotiating directives which specified the procedures for financial cooperation with the Mashrek countries.

The negotiations with the Arab Republic of Egypt, Jordan and Syria continued during October and were finally concluded by the end of the year. It was expected that the agreements negotiated with these countries would be signed at the beginning of 1977.

¹ For the content of these Agreements see paragraphs 214 *et seq.* of this Review.

In October the Council also gave the Commission directives for negotiating an additional Protocol to the agreement signed in 1975 with Israel – one of the ‘first generation’ countries – so as to extend the trade agreement to the sphere of cooperation.

Negotiations on this additional Protocol began at the end of October and were also concluded by the end of the year. It was likewise expected that this Protocol would be signed at the beginning of 1977.

Finally, as regards Spain, the Council stated at its meeting on 20 January 1976 that the situation no longer prevented the resumption of contacts with this country – also one of the ‘first generation’ countries covered by the overall approach policy – as regards the negotiations which had been interrupted in October 1975.¹

However, because of developments in Spain during the first half of 1976 the Spanish delegation let it be known that it was hoping to be able to submit an application for accession in the near future and therefore wished to negotiate – as an interim measure – only an additional Protocol to the 1970 Agreement and not a full-scale extended Agreement under the Community’s policy of an overall Mediterranean approach. In July the Commission therefore submitted to the Council proposals for resuming negotiations with Spain with a view to concluding an additional Protocol to the 1970 Agreement with that country.

The matter was still under consideration at the end of the year.

(b) *The new Cooperation Agreements*

(i) Malta

214. Two Protocols were signed between the European Economic Community and Malta on 4 March 1976, under the Community’s policy of an overall Mediterranean approach² – i.e. a Protocol laying down

¹ See 23rd Review, paragraph 221.

² See paragraph 213 of this Review.

certain provisions relating to the Agreement establishing an Association between the Community and Malta, and a Financial Protocol.

The Protocol laying down certain provisions relating to the Association Agreement between the Community and Malta entered into force on 1 January 1976. This Protocol has two aims: to adapt the 1970 Association Agreement – negotiated between the Six and Malta – to the situation resulting from the enlargement of the Community, and to extend the 1970 Agreement – which covered only the industrial sector – to agriculture and cooperation.

The main provisions of this Protocol relate to cooperation, the aim of which is to contribute to the development of Malta by supplementing that country's own efforts.

The areas covered by these provisions are very broad and are set out in full in the Protocol.¹

Means and methods of implementing the provisions on cooperation will be devised by the Institutions as specified in the actual Association Agreement.

215. Concessions in favour of Malta are provided for in the agricultural sector regarding specific products of the country, in particular, new potatoes, fresh onions, cut flowers and wines. The concessions consist mainly of tariff reductions which vary depending on the product, and in some cases are effective only between certain dates.

The adaptation of the 1970 Agreement to the situation resulting from the enlargement of the Community consists mainly of an increase in the volume of the annual tariff quotas for Malta laid down in the Association Agreement for certain textile products, transitional measures with regard to the application of the 1970 Association Agreement in relations between the new Member States and Malta, and updating of the rules of origin.²

¹ OJ L 111 of 28. 4. 1976.

² For further details see the joint press release issued on the occasion of the signature of the two Protocols with Malta in Brussels on 4 March 1976 (Doc. 261/76 (presse 17)).

The Financial Protocol will enter into force in Malta and in the Community Member States on completion of the necessary ratification procedures. This Protocol is for a period of five years and is designed to support Malta's efforts to develop and restructure its industry as part of the development plan which it is currently implementing.

Community financial aid amounts to 26 million EUA, which may be committed as follows: 16 million EUA in the form of loans from the European Investment Bank granted from its own resources on the terms set out in its Statute, 5 million EUA in the form of loans on special terms and 5 million EUA in the form of grants.

(ii) Algeria, Morocco and Tunisia

216. The negotiation of overall agreements with the Maghreb countries was concluded by the Commission in January 1976. Thus the Community signed new cooperation agreements with these countries on 25 April in Tunis, 26 April in Algiers and 27 April in Rabat respectively. Apart from these cooperation agreements, agreements with the Maghreb countries were signed at the same time on products within the province of the ECSC, and also interim agreements designed to bring into force, in anticipation, provisions regarding trade under the cooperation agreements. These interim agreements entered into force on 1 July 1976. The cooperation agreements and ESCE agreements are subject to national ratification procedures and will accordingly enter into force when these procedures have been completed.

Pending the entry into force of the agreements on products within the province of the ECSC on 29 June 1976, the representatives of the Member States and the ECSC, meeting within the Council, adopted Decisions opening, as from 1 July 1976 and on an autonomous basis, tariff preferences for such products originating in Algeria, Morocco or Tunisia.

217. The new Agreements between the Community and the Maghreb countries represent positive progress since the 1969 Association Agreements with Morocco and Tunisia, because of the following points in particular: unlimited duration, extension of the list of trading items, inclusion of cooperation measures (including financial aid) and a section on labour, clauses on strengthening institutions and

provision for changes in the Agreements in the form of a general review clause. The first review is to take place in 1978.

The basic innovation in the 1976 Agreements, as compared with the 1969 Agreements with Morocco and Tunisia, lies in the provision for the implementation of measures and projects concerned with economic, financial and technical cooperation. The objective is to contribute to the development of the Maghreb countries by supplementing the efforts already made by them and to strengthen existing economic links on the widest possible basis, to the mutual benefit of the parties.

Financial Protocols have been concluded for a period of five and a half years after signature, under which the following amounts are made available:

- 95 million u.a. to Tunisia (EIB loans: 41 million; grants: 15 million; special loans: 39 million);
- 130 million u.a. to Morocco (EIB loans: 56 million; grants: 16 million; special loans: 58 million);
- 114 million u.a. to Algeria (EIB loans: 70 million; grants: 25 million;¹ special loans: 19 million).

As regards labour, the new Agreements contain social security provisions for workers from the Maghreb countries and the freedom of transfer to their country of origin of certain rights acquired as regards pensions, annuities, etc. during their period of activity in the Member States of the Community.

In addition, an exchange of letters makes provision for exchanges of views on matters not covered by the Agreements and in particular social and cultural problems.

As regards trade, industrial products from the Maghreb countries imported into the Community will be exempt from customs

¹ Including 12 million for a five-year period as aid for the redevelopment of vineyards and as aid for the promotion of export diversification, particularly with regard to quality wines.

duties.¹ There will be ceilings for cork products and petroleum products which will be raised at intervals and abolished by the end of 1979 at the latest.²

For agricultural products originating in the Maghreb countries provision is made for tariff reductions ranging from 20 to 100 %, depending on the product and in some cases subject to a timetable. These concessions are an improvement on those contained in the 1969 Agreements with Morocco and Tunisia, even though the provisions of the common agricultural policy remain in force in order to safeguard the interests of Community producers.

Furthermore, since there were special arrangements for importing onto the French market certain products originating in the three Maghreb countries³ the following provisions were made:

- for products not covered by the new Agreements France – as already laid down in the 1969 Agreements with Morocco and Tunisia – retains the right to maintain the special arrangements;
- for a small number of other products particularly sensitive for the Maghreb countries, the advantages deriving from the special arrangements applying on the French market could be 'combined' with Community concessions on the markets of the other eight Member States as a transitional measure, pending the general review scheduled for 1978.

The general and final provisions of the new Agreements include an arbitration clause of the type contained in the Lomé Convention, a non-discrimination clause based on that contained in the 1972 Agreement between the EEC and Egypt, and a system of safeguard clauses.

¹ This was already the case for products originating in Morocco and Tunisia, under the 1969 Agreements with these countries.

² The ceilings for petroleum products for the first year covered by the Agreements are 1 100 000 tonnes for Algeria, 175 000 tonnes for Morocco and 175 000 tonnes for Tunisia.

³ In the case of Morocco and Tunisia these special arrangements stemmed from a right conceded to France in Protocol 1/7 annexed to the Treaty of Rome. In the case of Algeria a particularly favourable bilateral arrangement was granted by France in respect of certain products originating in Algeria.

218. In view of the entry into force on 1 July 1976¹ of the Interim Agreements signed with these countries at the same time as the Cooperation Agreements² the Council adopted a number of Regulations implementing these Interim Agreements, concerning mainly agricultural produce and processed agricultural products.³

2. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES

(a) Association Agreements

(1) Greece⁴

219. At the ministerial Association Council held in Athens on 27 July 1975 the Community and Greece had agreed that the work undertaken in connection with Greece's application for accession should not be allowed to hinder the development of the Association, in conformity with the Athens Agreement.

Pending the results of the current accession negotiations the EEC-Greece Association continues to operate in accordance with its own rules.

220. The two main questions at issue since the reactivation of the Association Agreement, following the fall of the dictatorship in Greece in July 1974, continued to dominate the work of the Association organizations in 1976. These were, firstly, agricultural problems, in particular the question of harmonization and, secondly, problems relating to the conclusion of a second Financial Protocol, which had been accepted in principle by the Council of the Community in the autumn of 1974.

¹ The Council had adopted an autonomous measure (see 23rd Review, paragraph 240) extending until 30 June 1976 the trading system covering Morocco and Tunisia, as laid down in the Rabat and Tunis Agreements.

² See paragraph 216 of this Review.

³ See OJ L 169 of 28. 6. 1976 and L 175 of 1. 7. 1976.

⁴ For matters relating to accession negotiations with this country see paragraphs 235 and 236 of this Review.

The discussions which took place during the three meetings held by the EEC-Greece Association Council in 1976 (which included one meeting at ministerial level, on 27 July, and two at ambassadorial level on 24 March and 18 June) were mainly concerned with these two matters.

221. As regards agriculture, it should be noted that the Joint Group set up by the Association Council on 27 July 1975 and composed of Greek and Commission experts, continued its work on harmonizing agricultural policies. In May 1976 it submitted to the Association Committee a report showing that the positions of the Community and Greece on certain matters of principle were widely divergent. Thus it has not been possible so far to harmonize the agricultural policies of the Community and Greece in the two most important sectors – fruit and vegetables, and wine.

There was also a difference of opinion regarding the provisional arrangements for importation into the Community of Greek Agricultural products specified in declarations on harmonization in 1962 (fruit and vegetables in particular) pending achievement of such harmonization (the pre-harmonization scheme).

Because of the cooperation on practical administrative matters between the Commission departments and Greece and, more importantly, because of the relaxed situation on the Community market, throughout 1975 no countervailing charges or safeguard measures needed to be applied by the Community to imports of agricultural produce from Greece. In 1976, however, the situation changed and countervailing charges had to be imposed on oranges, cucumbers, and in particular on peaches imported from Greece. In addition, because of the difficulties on the Community market regarding tomato concentrates, the Community was forced to introduce on 27 February 1976, at the same time as measures adopted *vis-à-vis* third countries, a special minimum price – more favourable than that applied to third countries – to be applied by Greece to its exports of tomato concentrates to the Community. There was a further increase in the minimum 'third country' price and on 29 June 1976 there followed a corresponding increase in the minimum price for Greece.

The Greek delegation protested vigorously to the Association Committee and Council against these Community measures, particularly those regarding tomato concentrates.

222. In its general decision taken at the end of June 1976 on the Community's external financial commitments for the next few years, the Council agreed to allocate 280 million u.a. to Greece, of which 225 million u.a. was to come from the European Investment Bank's own resources and 55 million u.a. from budgetary funds.

Several meetings were held in the autumn of 1976 when specific proposals for a second EEC-Greece Financial Protocol were finalized by the Council departments. These proposals were submitted to the Greek delegation during the negotiations which took place on 6 December 1976 within the EEC-Greece Association Committee. The Greek delegation signified its agreement to these proposals, but asked for certain further improvements to be made, i.e. that the duration of the Protocol be shortened and that certain provisions be inserted which would make for the early release of Community financial aid immediately after the entry into force of the Protocol.

223. The work of the Association Committee, which met six times during 1976, was concerned with the agricultural and financial matters discussed above, preparations for the three meetings of the Association Council, and the different questions relating to the normal operation of the Agreement.

It was with this body that the consultations with Greece, laid down in Article 64 of the Agreement, were held on the various agreements negotiated by the Community with Mediterranean third countries, and on different measures planned by the Community – particularly the system of generalized preferences for 1977.

In addition the Association Committee held exchanges of views on the Community's requests aimed at obtaining the prior agreement of Greece – required under Protocol No 10, paragraph 3 of the Agreement – on the Community's intention to include raw tobacco in its offer regarding tropical products which it was proposed to make in the multilateral trade negotiations being conducted under the GATT, and on extending the period of suspension of the CCT at 3 % for spirits of

turpentine. Greece's agreement to these two requests from the Community was communicated by letter from the Permanent Greek Delegate on 30 April and 24 May 1976 respectively.

Consultations with Greece were also held within the Association Committee on Community regulations concerning the arrangements applicable to imports of olive oil from Greece. Lastly, certain problems were discussed relating to the operation of the customs union as regards the arrangements applicable to imports into Greece of certain products of interest to the Community.

224. The two meetings held by the joint EEC-Greece Parliamentary Committee in 1976 were attended by the President-in-Office of the Council, in the persons of Mr Vouel at the May meeting in Crete and Mr Kooijmans at the November meeting in Berlin. Both spoke on behalf of the Council and took an active part in the parliamentary debates, thus demonstrating the importance which the Council attaches to the role of the Joint Parliamentary Committee in the EEC-Greece Association.

(ii) Turkey

225. In 1976 several meetings were held at all levels within the Council on the problems connected with the EEC-Turkey Association.

The EEC-Turkey Association Council met twice at ministerial level. The first of these meetings was held on 1 and 2 March 1976 in Brussels. Turkey and the Community held a wide-ranging exchange of views on the state of the Association. During this meeting they also discussed all the matters of current interest at the time regarding relations between Turkey and the Community – i.e. the implementation of Article 39 of the Additional Protocol (measures to be taken by the Association Council on social security for Turkish workers), negotiations to be entered into with a view to concluding a third Financial Protocol, progress made by the Association Committee on the problems raised by the deficit in Turkey's trade balance with the Nine and the application of Article 56 of the Additional Protocol regarding the accession negotiations between the Community and Greece.

As regards the problem of the concessions envisaged by the Community under the second agricultural review provided for in Article 35 of the Additional Protocol, Turkey considered that the Community's offer on agriculture, submitted in December 1975, did not constitute an acceptable basis for negotiation.¹

At the end of the Association Council's meeting on 1–2 March 1976, the Community gave certain assurances to Turkey on this point and made the following statement:

'The Community notes that the implementation of the provisions of the Ankara Agreement makes it possible to grant Turkey very favourable arrangements, leading ultimately to customs union.

The Community is aware of the consequent importance of enabling Turkey to develop and diversify its exports – particularly its agricultural exports – to the Community.

The Community is therefore ready to facilitate access to the Community market for agricultural products of particular export interest to Turkey, taking due account of the competition which they face on that market from other exporting countries.'

The Council of the Community approved the terms of this statement and added a statement to its minutes stipulating that it should be understood that the new agricultural concessions to Turkey to be determined should not have the effect of aggravating still further the difficulties facing Community producers.

226. Aware of the danger that relations between the Community and Turkey might deteriorate in the absence of a solution to the outstanding major problems concerning the Association, the Council of the Community subsequently agreed to draw up a general offer regarding the four main items under discussion – i.e. the problems arising from Turkey's increasing deficit in its trade balance with the Community; the new agricultural concessions to be made by the Community under the second agricultural review provided for in Article 35 of the Additional Protocol; the provisions to be adopted for implementing Article 36 of

¹ See 23rd Review, paragraph 232.

the Additional Protocol on the freedom of movement of workers; and the conclusion of a third EEC-Turkey Financial Protocol. This overall offer, which was to be submitted to Turkey at the ministerial meeting of the Association Council scheduled to take place on 24 July 1976 in Turkey, was approved by the Council of the Community at its meeting on 19–20 July 1976.

Regarding the difficulties arising from the deficit in Turkey's trade balance, the Community was prepared to make a statement showing a large measure of understanding for Turkey's problems in this sphere, and recommending that the scope of the Association should be extended to a new sphere – that of cooperation. The Community proposals regarding the conclusion of a third Financial Protocol were basically confined to specifying the amount of aid (310 million u.a.) and its allocation between funds from budgetary resources (220 million u.a.) and funds from the European Investments Bank's own resources (90 million u.a.), in accordance with the Decision adopted by the Council during the summer of 1976 on the Community's external financial commitments over the next few years.

In the agricultural sector the Council was able to approve a concrete offer which was a vast improvement on that submitted in December 1975.

The Council agreed to record in its proceedings a resolution in which it emphasized that the Community producers alone could not shoulder the consequences of the Community's open policy towards the rest of the world, and instructed the Commission to draw up before the end of the year a balance sheet for the Mediterranean policy and at the same time to submit any proposals which might appear necessary to allay the concern expressed in this context.

Lastly, on the question of freedom of movement for workers, the Council of the Community approved a statement to be made by the spokesman for the Nine to the Association Council. In this statement the Community reaffirmed that, in spite of the difficulties in the Nine's labour market, it intended to honour the commitments arising from Article 36 of the Additional Protocol which lays down that between 1 December 1976 and 30 November 1986 freedom of movement for workers between the Member States of the Community and Turkey will be

secured by progressive stages on the basis of Articles 48, 49 and 50 of the Treaty of Rome.

This overall offer was examined by the EEC-Turkey Association Committee, which was immediately convened. However, the Community and Turkish delegations realized that it was not possible to make preparations in time for the EEC-Turkey Association Council meeting planned for 24 July. They accordingly agreed to continue this preparatory work at Association Committee level and to fix another date for the Association Council meeting concerned, to be held before the end of October in Ankara.

At its meeting on 27 July 1976 the Council of the Community examined the situation resulting from the deferment of the ministerial meeting with Turkey and signified its agreement for the President of the Council and Sir Christopher Soames, Vice-President of the Commission, to go to Ankara at the beginning of September, explain the Community's position to the representatives of the Turkish Government and put forward comments.

227. After the summer holiday period preparatory work for the Ministerial Association Council was resumed actively both within the Community and by the EEC-Turkey Association Committee. Following a further postponement of the ministerial meeting, which this time was planned for 16 October 1976 in Istanbul, an Association Council meeting was finally held on 20 December in Brussels.

Because of the efforts made by Turkey and the Community, and also because of the very detailed preparatory work carried out by the Association Committee, agreement was reached at the meeting held on 20 December on the four main questions under discussion.

Regarding implementation of the provisions in the Agreement concerning freedom of movement for workers, the Association Council formally adopted a decision laying down the measures to be taken in this sphere during an initial four-year period due to expire on 30 November 1979. In the agricultural sector the Association Council reached an agreement on the substance of a draft decision defining the new concessions to be made by the Community on Turkish agricultural products under the second agricultural review provided for under

Article 35 of the Additional Protocol, on the basis of the Community's offer made in July, but further improved by a concession on a very important export for Turkey – i.e. olive oil. The Association Council also reached agreement in principle on the content of the third Financial Protocol. It was agreed that negotiations on the final text of this Protocol be conducted within the Association Committee and the wish was expressed that the Protocol be signed in the near future. Lastly, as regards problems concerning the development of the Association, the Association Committee was instructed to continue its work on the basis of the ideas put forward by the Community and taking into account the outcome of the work still being done in Ankara.

In signifying its agreement to the overall offer submitted by the Community at the ministerial meeting on 20 December, the Turkish delegation, while not underestimating the efforts made by the Nine to finalize their offer, made a point of specifying that the Community proposals concerning these three spheres in which decisions had just been taken nevertheless did not meet all its expectations. The Community delegation, for its part, emphasized the value placed on maintaining and developing still further the close relations which existed between the Community and Turkey.

228. Besides the preparatory work for the ministerial meetings, the EEC-Turkey Association Committee, which held seven meetings in 1976, discussed a series of problems concerning the implementation of the Agreement in the various spheres covered. In particular the Committee examined certain questions relating to the operation of the customs union regulations (such as the opening of quotas by Turkey and difficulties regarding cotton yarns). It was also through this Committee that the information and consultation procedure was followed, as provided for in Article 53 of the Additional Protocol, regarding certain trade policy measures taken by the Community.

229. The Council was represented by its President at the two sessions held in 1976 by the EEC – Turkey Joint Parliamentary Committee – by Mr Mart at the April session in Nice and Mr Brinkhorst at the November session in Ankara. Both made statements on behalf of the Council and took an active part in the parliamentary debates.

230. Lastly, as in previous years, the Council of the Community adopted Regulations opening Community tariff quotas for Turkey in 1977 for products falling under headings 55.05 and 55.09 (cotton yarn and woven fabrics) and subheading 58.01 A (knotted carpets), certain petroleum products and hazelnuts, all quotas provided for in the Additional Protocol.

(iii) Malta

231. The provisions governing the first stage of the Association Agreement between the Community and Malta were due to expire on 31 March 1976. Pending the entry into force of the second stage provided for in this Agreement and still to be negotiated, it was mutually agreed between the Community and Malta on 27 February 1976 to extend the provisions governing the first stage from 1 April 1976 to 30 June 1977 at the latest.

In view of this extension and under the Association Agreement and its Protocol¹ on 9 December 1976 the Council adopted, as in previous years, four Regulations opening, allocating and providing for the administration of Community tariff quotas in 1977 for certain textile products falling within heading Nos 55.05, 56.04, 60.05 and 61.01 of the Common Customs Tariff, originating in Malta.²

Furthermore, on the same date the Council adopted a Regulation totally suspending for 1977 the customs duties of certain industrial products originating in Malta, and another Regulation totally or partially suspending – also for 1977 – customs duties on certain agricultural products originating in Malta.

(iv) Cyprus

232. The EEC-Cyprus Association Council met at ministerial level on 4 May 1976 in Brussels.

The delegation of the Republic of Cyprus expressed its views on a number of outstanding problems relating to the operation,

¹ For the content of this Protocol see paragraph 214 of this Review.

² OJ L 350 of 20. 12. 1976.

implementation and development of the Association Agreement and in particular the problems involved in the Community's overall approach to the Mediterranean as well as the question of Cyprus sherry.¹

The Community delegation expressed its concern with the situation in Cyprus and the fact that no development truly satisfactory for the parties concerned had taken place since the last meeting of the Association Council.² It recalled that its ambition was to contribute towards the re-establishment of conditions enabling all the citizens of Cyprus to live once more in a climate of peace and stability.

The Community also stated that it remained committed to developing its relations with Cyprus, in particular by the enlargement and strengthening of the present Agreement for the benefit of the economy of Cyprus as a whole.

233. As regards the application of the provisions of the Association Agreement and the Supplementary Protocol consequent on enlargement, on 9 December 1976 the Council adopted a number of Regulations.³ Two of these are on the opening, allocating and providing for the administration of Community tariff quotas for certain textiles falling within heading numbers 56.04 and 61.01 of the CCT, originating in Cyprus. Another Regulation is on the opening of a tariff quota – between 1 January 1977 and 30 June 1977, under Article 13 of the Supplementary Protocol consequent on enlargement – on the United Kingdom market for new potatoes falling within subheading 07.01 A II, originating in Cyprus.

(b) The other Mediterranean Agreements: the Arab Republic of Egypt, Israel and Spain

234. Under the 1970 Agreement between the Community as originally constituted and Spain, the 1972 Agreement between the

¹ Regarding Cyprus sherry, on 29 June 1976 the Council agreed to extend once again, until 30 June 1977, the transitional arrangements for this product on the basis of the exchange of letters annexed to the Supplementary EEC-Cyprus Protocol consequent on enlargement: OJ L 175 of 1. 7. 1976.

² See 23rd Review, paragraph 244.

³ OJ L 350 of 20. 12. 1976.

Community and the Arab Republic of Egypt and the Agreement of 11 May 1975 between the Community and Israel, on 9 December 1976, as in previous years, the Council adopted Regulations for 1977 opening, allocating and providing for the administration of Community tariff quotas for other woven fabrics of cotton falling within heading No 55.09 of the CCT (originating in the Arab Republic of Egypt or Spain), certain petroleum products falling within Chapter 27 of the CCT (refined in the Arab Republic of Egypt or Spain) and certain agricultural products (certain wines originating in Spain, dried figs falling within subheading ex 08.03 B of the CCT and dried grapes falling within subheading 08.04 B I of the CCT, originating in Spain, and apricot pulp originating in Israel.¹

On 9 December 1976 the Council also adopted a Regulation concerning Israel establishing ceilings and Community supervision of imports of certain industrial products originating in Israel.¹

(c) Accession negotiations with Greece

235. On 29 January 1976 the Commission submitted to the Council the Opinion which it had been asked to deliver on 24 June 1975 on Greece's application to become a member of the three European Communities.²

At its meeting on 9 February 1976 the Council took note of the Commission's opinion and stated that it welcomed Greece's application for accession.

Negotiations were formally opened at ministerial level on 27 July 1976 in Brussels. It was stressed that while the prospect of accession was already written into the Association Agreement, this official opening of accession negotiations represented far more than just a further stage along the road traced out in 1961 when the Association Agreement was signed, since it denoted a real 'instant upgrading' in relations between the Community and Greece.

¹ OJ L 350 of 20.12.1976.

² See 23rd Review, paragraph 225.

236. The first negotiating meeting as such was also held at ministerial level on 19 October 1976, and its main object was to lay down negotiating procedures. In particular provision was made for one meeting every quarter at ministerial level and one meeting per month at deputy level, on the understanding that these meetings could be held more frequently if it proved necessary.

It was also agreed between the Community and Greece that negotiations would be held in two stages. During the first stage existing problems would be listed together with the negotiating parties' positions on them, so as to gain an overall view which would include all aspects material to the negotiations. Once this had been achieved negotiations would pass into the second stage – i.e. of seeking appropriate solutions.

On 10 December 1976 the deputy ministers held their first meeting, which was devoted to an initial examination of matters concerning the customs union and the free circulation of goods in the industrial sector.

3. THE EURO-ARAB DIALOGUE

237. In March 1976, in anticipation of the forthcoming initial meeting of the General Committee, the Council took stock of the moves which might possibly be made in the Euro-Arab Dialogue. At the same time the Commission outlined the economic factors providing the basic motivation for the Euro-Arab Dialogue and informed the Council of the preparatory work done so far, following the Euro-Arab meetings in Cairo, Rome and Abu Dhabi on different aspects of the Dialogue – i.e. industry, the infrastructure, agriculture and rural development, trade financial matters, investment incentives, science and technology, migration and vocational training and the financing of projects specified and agreed in the course of the Dialogue.

The first meeting of the General Committee was held in Luxembourg on 18–20 May 1976, when the two parties stated their views on all aspects of the Euro-Arab Dialogue, including political questions, and expressed their wish to continue the Dialogue. In addition the General Committee established the organizational

arrangements relating to the Dialogue so as to provide an institutionalized framework for the relations between the European Community and the Arab world. The General Committee laid down certain guidelines regarding the work to be undertaken by the various working groups whose instructions were to report to the second meeting of the General Committee to be held in Tunis on 10–12 February 1977.

Work started within the Council in September to prepare the Community's position for this meeting. It covered three major aspects of the Dialogue: the Community's contribution to financing practical projects with a view to initiating projects which had been specified and agreed in the course of the Dialogue, cooperation on trade matters and the drafting of a statement on migrant workers.

F – Relations with the other third countries

1. INDUSTRIALIZED COUNTRIES¹

(a) Member countries and associates of EFTA

238. During 1976 one of the Council's main concerns, as regards relations between the Community and the Member Countries and Associates of EFTA, was to give practical effect to the political commitments undertaken concerning Portugal in 1975.²

Another important and long-awaited action was the application of Protocol No 6 of the EEC-Iceland Agreement.

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.

¹ See also paragraphs 163 and 164 of this Review.

² See 23rd Review, paragraphs 259–262.

(i) Portugal

Extension of the relations established by the Agreements of 1972

239. On 20 January 1976 the Council adopted the directives enabling the Commission to open 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.

These negotiations opened on 13 February 1976 and came to a successful conclusion on 9 July 1976 when an Additional Protocol to the Agreement of 1972 and a Financial Protocol were initialled by the representatives of both parties.

The Additional Protocol, as intended, provides for the improvement of the commercial dispositions of the original Agreement both in the agricultural and in the industrial sector. It also sets up a broader cooperation covering the social sphere and industrial and technological cooperation. Financial cooperation is covered by the Financial Protocol.

Although the freedom of movement of Portuguese workers to and within the Community has been excluded, the Community has been able to grant to Portuguese workers the same treatment in the social security and manpower sphere as is provided in the agreements signed in April 1976 with the Maghreb countries.

Industrial and technological cooperation, the aim of which is to contribute to the economic and social benefit of Portugal, will be the complementary element to the participation of the private sector.

In relation to financial cooperation, the Community and its Member States foresee a Financial Protocol with a life of five years. It is provided in the Protocol that it will put at the disposal of Portugal a credit of 200 million u.a. in the form of loans from the European Investment Bank, of which 150 million u.a. would represent aid towards the payment of interest.

This Financial Protocol is expressly intended to follow on the urgent aid of 180 million u.a. granted to Portugal in October 1975 and should enter into force on 1 January 1978 when all the necessary ratification procedures have been completed on both sides.

As the Protocol relating to industrial and technological cooperation is, like the Financial Protocol, subject to ratification by the Parliaments of the Member States, the Council – in order to speed up as much as possible the entry into force of the commercial dispositions of the Additional Protocol – on 27 July 1976 authorized the Commission to open negotiations with Portugal with a view to concluding an Interim Agreement with Portugal based on Article 113 of the Treaty of Rome.

These negotiations were also concluded successfully and on 20 September 1976 in Brussels both Protocols and the Interim Agreement were signed by the Foreign Ministers of the Community, the President of the Council and Mr José Madeiros Ferreira, the Portuguese Foreign Minister.

240. In the meantime, the Council had adopted on 16 June 1976 a Regulation which provided that from 1 July 1976 most of the products falling under chapters 25 to 99 of the Common Customs Tariff and originating in Portugal would be admitted into the Community free of customs duty. This autonomous measure anticipates the dispositions of the 1972 Agreement by 12 months.¹

On 1 November 1976 the Interim Agreement² entered into force as did three separate Regulations which for the remainder of 1976 increased the indicative ceilings for certain textiles products originating in Portugal,³ opened tariff quotas for certain types of paper and paper board originating in Portugal⁴ and increased tariff quotas for certain wines originating in Portugal and reduced duties on others.⁵

¹ Regulation (EEC) No 1384/76 of 16. 6. 1976.

² Regulation (EEC) No 2338/76 of 20. 9. 1976.

³ Regulation (EEC) No 2551/76 of 19. 10. 1976.

⁴ Regulation (EEC) No 2580/76 of 21. 10. 1976.

⁵ Regulation (EEC) No 2635/76 of 29. 10. 1976.

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

241. In respect of all the free-trade agreements concluded with the EFTA countries, as regards both the EEC and the ECSC, the fourth 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 80 %.

242. As regards the administration of the EEC-EFTA Agreements, the Joint Committees, provided for by these Agreements,¹ met twice in 1976 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 certain Regulations on the implementation of those decisions of the Joint Committees.

Furthermore, the Council took a certain number of measures in relation to the EFTA countries generally. In January, because of short-term economic difficulties, the Council decided to maintain for a year the level fixed for originating in Austria, Finland, Norway and Sweden.

In May the Council adopted Regulation (EEC) No 1050/76 suspending the application of indicative ceilings for certain paper, metal, cork and textile products originating in Finland, Norway, Portugal and Sweden.

In December 1975 the Council authorized Ireland to adopt safeguard measures for six months in relation to footwear coming from the EFTA countries and in June 1976 it authorized Ireland to prolong these measures until the end of the year.

In July the Council also adopted Regulations (EEC) Nos 2957/76 to 2962/76 approving agreements in the form of exchanges of letters which amend Protocol No 1 of the EEC-EFTA Agreements and

¹ With the exception of the EEC-Portugal Joint Committee which met once in Lisbon in October.

allow quotas for the importation into the United Kingdom of printed books, newspapers and other products of the printing industry to be expressed in weight rather than in terms of sterling. In view of the fall in the value of the pound sterling, this measure is of considerable importance to the EFTA countries.

(iii) Special matters

Iceland

243. On 18 June 1976 the Council, recognizing that a solution satisfactory to the Member States of the Community had been found at that time to the economic difficulties caused by the measures adopted by Iceland in fishery matters, adopted Regulation (EEC) No 1440/76 which applied for the first time Protocol No 6 of the EEC-Iceland Agreement. The customs duties to be applied to products originating in Iceland under this Protocol were those provided for as from 1 January 1976. The Regulation entered into force on 1 July 1976.

In July by an exchange of letters certain amendments were made to this Protocol.¹

Portugal

244. In February 1976 the Council adopted Regulation (EEC) No 494/76 concluding an Agreement in the form of an exchange of letters continuing the arrangement set out in the exchange of letters concerning the importation of tomato preparations or preserves.²

In December 1976 the Council adopted Regulation (EEC) No 2995/76 on the opening, allocation and administration of tariff quotas for 1977 for certain types of paper and paperboard.

(b) *Canada*

245. On 6 July 1976 the Council signed a Framework Agreement on trade and economic cooperation between Canada and the European

¹ Regulation (EEC) No 1976/76 of 20. 7. 1976; OJ L 217 of 10. 8. 1976.

² See 23rd Review, paragraph 272.

Communities, which was negotiated on the basis of directives drawn up in February 1976.

The Agreement entered into force on 1 October 1976 as regards the EEC and the ECSC. Under a Protocol signed in Brussels on 26 July 1976 the provisions of the Framework Agreement will also apply to the ECSC once the ratification procedures required in certain Member States have been completed.

In the section dealing with trade the Agreement reaffirms the commitment of both parties to the principles of the GATT and confirms their desire to accord each other, on a basis of equality and reciprocity, most favoured nation treatment. The parties undertake to promote the development and diversification of their reciprocal trade to the highest possible level by means of extensive commercial cooperation.

The provisions on economic cooperation include the encouragement of industrial development on both sides, the opening of new sources of supply and new markets, the creation of new jobs, the reduction of regional imbalances, the protection and improvement of the environment – this to be achieved by fostering closer ties between the industries of both parties, particularly in the form of 'joint ventures', stepping up two-way investment, and promoting technological and scientific exchanges, joint actions by the parties' private sectors in third countries, and regular exchanges of information on industrial and economic matters.

The Agreement was concluded for an indefinite period but may be terminated by either of the contracting parties after a period of five years, subject to a year's notice.

2. LATIN AMERICA

246. Relations between the Community and the Latin American countries continue to develop through two sets of channels – i.e. in the context of the dialogue procedure with all the Latin American countries which are members of ECLA, and also through a number of bilateral agreements.

3. ASIA

247. In 1974 the Council had authorized the Commission to open negotiations with Bangladesh, Pakistan and Sri Lanka with a view to concluding trade cooperation agreements on the same lines as that concluded with India¹ but adapted to the economic conditions and specific problems of each of these countries.

Of these three agreements, which are fairly similar, that with Sri Lanka entered into force in 1975, that negotiated with Pakistan was signed on 1 June 1976 and entered into force one month later, and that negotiated with Bangladesh was signed on 19 October 1976 and entered into force on 1 December 1976.

On 15 November 1976 the Council authorized the Commission to open formal negotiations with Iran with a view to concluding a framework agreement on trade and economic cooperation.

4. STATE-TRADING COUNTRIES²

(a) *Relations with COMECON*

248. It will be recalled that initial contacts between the Community and COMECON had been established in 1974 and that, in this context, a Commission delegation had held conversations in Moscow in 1975 with representatives of the COMECON Secretariat General. The two delegations had agreed to resume this exchange of views at a later date. The Commission delegation had proposed that the next meeting be held in Brussels.³

On 16 February 1976, Mr Weiss, President-in-Office of the Executive Committee of COMECON and Vice-President of the Council of Ministers of the German Democratic Republic sent a letter to Mr Thorn, President-in-Office of the Council of the European Communities, in Luxembourg, in which COMECON proposed that an agreement be negotiated with the Community on the basis of a draft attached to his letter.

¹ For details of this type of agreement see 22nd Review, paragraph 240.

² See paragraph 155 of this Review.

³ See 23rd Review, paragraph 327.

At its meeting on 1–2 March 1976 the Council drafted an interim reply which was sent to the Ambassador of the German Democratic Republic in Luxembourg. In this reply the President of the Council mentioned previous moves made on both sides, and went on to state that the Community institutions would study the questions raised by COMECON's move, in accordance with the procedures which governed their activities.

All the problems concerning relations with COMECON and its member countries were examined in depth in the course of this study which culminated in the adoption of a position by the Council at its meeting on 15–16 November 1976. This was communicated to COMECON in the form of a letter to which a draft agreement was annexed. In this letter the Council stressed the importance attached to developing relations between the Community and COMECON and also with each of its member countries, and indicated that the Community was prepared at any time to open negotiations with COMECON on the basis of that draft agreement. At the same time the Council recorded that, on the question of trade relations, the Community had shown its willingness to begin trade negotiations with each of the COMECON member countries by the offer made in November 1974, which was still open.

On 17 November 1976 this letter and draft agreement were sent by the Ambassador of the Netherlands – the country holding the Council presidency – to Mr Olszewski in Warsaw, President of the Executive Committee of COMECON and Deputy Prime Minister of the Government of the Polish People's Republic.

(b) *Outcome of the CSCE*

249. During the 31st meeting of the Economic Commission for Europe held in Geneva on 30 March–10 April 1976 the Soviet Union submitted proposals, which form part of the 'outcome' of the CSCE,¹ on organizing Pan-European Conferences on energy, transport and the environment. Since these topics concern matters which fall within the competence of the Community, these proposals are being studied by Community departments.

¹ See 23rd Review, paragraphs 331–333.

5. YUGOSLAVIA

250. At its meeting on 20 January 1976, the Council, in view of the political importance which it attaches to cooperation with Yugoslavia,¹ gave a favourable reply in the first instance to Yugoslavia's requests by taking a decision on the principle of the Community's financial cooperation on projects of common interest in Yugoslavia.

On 30 January 1976 the President of the Council therefore sent a letter to the President of the EIB recommending that Yugoslavia be granted by that Institution's Board of Governors the possibility of access to the EIB normal loans up to a certain amount, insofar as its projects were compatible with the Bank's financing capacity and its standard criteria regarding eligibility, in accordance with the Statute of the EIB.

When deliberating on the Community's external financial commitments the Council decided on 5 May 1976 that the Community's financial participation could amount to a maximum of 50 million u.a.

Subsequently, with a view to expressing fully the importance attached by the Community and Yugoslavia to their mutual relations, and their common desire to strengthen them, at its meetings on 18 October and 15 November 1976 the Council considered the possibility of demonstrating this political goodwill in a statement from the two parties on the occasion of a visit which the President of the Council and a member of the Commission were to make to Belgrade.

On 1 and 2 December 1976 Mr Max van der Stoep, President of the Council and Mr Finn Olav Gundelach, Member of the Commission, went to Belgrade. At the end of this visit both parties signed a statement containing the guidelines on practical means of strengthening economic cooperation between the Community and Yugoslavia.²

They agreed to convene the Joint EEC-Yugoslavia Committee as soon as possible so as to begin the examination of the plans announced in their statement and to work out measures to implement

¹ See 23rd Review, paragraph 328.

² The text of this statement was published in a press release dated 3 December 1976.

the principles laid down in that statement, in accordance with the provisions of Article VI of the 1973 Agreement.

At its meeting on 13 December the Council expressed pleasure at this statement and signified its agreement that the Joint Committee should meet at the beginning of 1977 with a view to preparing the negotiations which were to put the statement into practice.

6. THE FAEROES

251. On 4 May 1976 the Council adopted Regulation (EEC) No 1048/76 adjusting the customs duties applies by Ireland and the United Kingdom in respect of certain fishery products originating in The Faeroes to the rates applied by these countries to the other Member States including Denmark.

7. COORDINATION OF THE VIEWPOINT OF THE NINE WITHIN THE OECD

252. During 1975 preliminary meetings between Member States' delegates 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.¹

Special mention should be made of the preliminary work undertaken for the OECD Council meeting at ministerial level, which was held on 21 and 22 June 1976.

At this meeting the Governments of the Member States of the OECD first of all examined economic relations and trade between the Western countries, and agreed that the increasing economic interdependence between nations was a source of strength and effectiveness which could be expected to improve the prospects of world peace and stability and to raise living standards everywhere.

In addition the Ministers recognized that the continuing high levels of unemployment and inflation were unacceptable, and agreed

¹ Preliminary coordinating meetings were also held between officials of the Nine Member States and the Commission in preparation for the meetings of the main International Energy Agency Committees and working parties.

on the main elements of a strategy for sustained economic expansion. The basic premise on which the strategy rests is that the steady economic growth needed to restore full employment and satisfy rising economic and social aspirations will not prove sustainable unless all Member countries make further progress towards eradicating inflation.

253. The Governments of the member countries also decided to renew for one year the 'Trade Pledge' made in 1974, the object of which is to avoid restrictions on trade and other current transactions which might start chain reactions and jeopardize economic recovery.

254. On the subject of relations with developing countries the Member governments reaffirmed their determination, as expressed in the statement on relations with developing countries adopted by the Council in 1975,¹ to continue the dialogue with the developing countries on all appropriate topics.

255. Lastly, the Member governments adopted a declaration setting out guidelines for multinationals, national treatment, international investment incentives and disincentives, and consultation and review procedures relating to these matters. The OECD Council adopted three decisions on the inter-governmental consultation procedures necessary in these fields.

G – Fishing limits

1. PROBLEMS RAISED FOR THE COMMUNITY FISHING INDUSTRY BY THE ESTABLISHMENT OF 200-MILE ECONOMIC ZONES

256. The most important aspect of the Community's activities on fishing during 1976 is without doubt the Resolution adopted by the Council on 3 November 1976, according to which the Member States will extend the limits of their fishing zones as from 1 January 1977 to 200 miles off their North Sea and North Atlantic coasts.

This decision represented the culmination of a long debate dating from the beginning of 1976, and its many implications both

¹ See 23rd Review, paragraph 329.

internally and as regards the Community's external relations constituted the starting point for further discussions which continued, without reaching any definite conclusions, up to the end of 1976.

257. In January 1976 the Commission submitted a communication drawing the Council's attention to developments in concepts regarding the law of the sea as reflected in the proceedings of the Third United Nations Conference, and to the imminent probability that 200-mile economic zones would be created either under a general agreement or on the basis of unilateral decisions. The Commission considered that under the circumstances the Community should examine the implications of such developments and a number of points were put forward for consideration.

258. The whole question was covered in a further communication from the Commission dated 18 February 1976, which specified in detail possible solutions in the event of fishing zones being extended to 200 miles, both regarding the management of Community resources and the negotiations to be opened with non-member countries. On the management of resources the Commission suggested that measures be taken to ensure optimum stock conservation by laying down each year total allowable catches (TAC) and also fair allocation of stocks among the Member States by using a system of quotas calculated on the basis of reference periods to be determined. Furthermore, the Commission envisaged a special scheme for coastal waters based essentially on a 12-mile coastal band which should eventually be the exclusive preserve of vessels operating from the coast.

These suggestions were all to be debated at length by the bodies responsible for preparing the Council's work. This work was undoubtedly useful in that a number of questions were elucidated and the interests of the parties concerned were specified. However, differences of opinion appeared at an early stage, particularly on the question of special measures on coastal fishing, and discussions continued until July without producing any positive outcome.

259. Meanwhile, in the absence of any results from the Conference on the Law of the Sea and in view of the increasing tendency on the part of certain non-member countries to declare their intention of extending their fishing limits to 200 miles, on 13 July 1976 the European Council

adopted a statement expressing its determination to protect the legitimate interests of the Community's fishing industry and invited the Council to consider issuing a declaration of intent on the part of the Member States regarding the extension of fishing limits to 200 miles.

Following this invitation the Council adopted its declaration of 27 July 1976. The Council felt that the measures to be adopted in view of the new situation in the fisheries sector should be taken in accordance with the conclusions reached by the Third United Nations Conference on the Law of the Sea. However, Member States were compelled by circumstances to take action before the proceedings of the Conference had terminated.

Hence the Council had decided that the Member States, as part of a concerted action, would be led to extend the fishing limits to 200 miles, fishing within the zone concerned being governed by the provisions of the Community's common fisheries policy.

At the same time the Council was taking note of the Commission's intention to submit formal proposals within the near future on Community arrangements for the management of fishery resources and proposed mandates for negotiations with non-member countries.

260. In September and October 1976 the Commission submitted a set of formal proposals on future external fisheries policy and an internal fisheries system comprising the following:

- a draft Resolution on the creation of a Community fishing zone and on the management of the resources thereof;
- a Recommendation for a Council Decision authorizing the Commission to negotiate fishing agreements with non-member countries;
- a proposal for a Regulation establishing a Community system of conservation and management of fishery resources.

261. Without going into the details of these texts, it is useful to give the broad outlines of the proposal relating to the internal system insofar as

this was to constitute the source of divergent views in the Council's subsequent debates.

The Commission's objective was twofold – to conserve stocks and to allocate them fairly among the Member States. Accordingly three types of measures were proposed:

- a total allowable catch to be laid down and the available resources¹ to be allocated among the Member States in accordance with quotas calculated on the basis of previous performance. At the same time a Community reserve would be established so that an additional quantity could be allocated to certain peripheral maritime zones near major fishing grounds, e.g. areas to the north of the United Kingdom and Ireland;
- a 12-mile coastal band to be established which would be restricted to vessels operating from that coast. Historic rights would be maintained and it would be understood that catches made within this band would be included in the TAC;
- lastly, a social/structural policy would be determined under which allowable catches would be laid down according to available resources.

Furthermore, such a policy would be designed to assist certain less-favoured areas.

262. The Council's debates on this set of measures, and also on the external aspects, were held in Luxembourg on 18 and 19 October 1976. No agreement was reached. Although in itself the principle of extending limits to 200 miles met with no further opposition and the increasingly urgent need to open negotiations with non-member countries was generally recognized certain Member States maintained the opinion that no decisions on external policy could be taken without at the same time drawing up at least the guidelines for new internal arrangements. On this latter point serious differences remained outstanding between the delegations, particularly on the question of the in-shore fishing scheme. Since these differences could not be overcome the whole matter was handed over to a meeting of the

¹ i.e. the TAC plus or minus the proportion for non-member countries and minus the Community reserve.

Ministers for Foreign Affairs which was to be held in the Hague at the end of October.

263. Following this meeting, at which it was possible to break the deadlock, the Council adopted the Resolution of 3 November 1976, as mentioned above.

In view of the need to protect their legitimate interests in those maritime zones most threatened by the consequences of the unilateral measures taken by certain non-member countries, it was agreed in that Resolution that the Member States would, by concerted action and as from 1 January 1977, extend the limits of their fishing zones to 200 miles from their North Sea and Atlantic coastlines without prejudice to such action being taken in relation to the other fishing zones under their jurisdiction, in particular the Mediterranean.

Furthermore it was agreed that exploitation by non-member countries of fishery resources in those zones would be governed by agreements with the Community.

The need for Community fishermen to obtain rights in the waters of non-member countries was also agreed and the Commission was instructed to initiate negotiations with the non-member countries concerned with a view to framework agreements covering the general conditions which would be applicable in the future.

There was also a Resolution on the organization of the internal fisheries system which contained certain general considerations on the necessity of protecting and building up stocks of fish. It also recognized the existence of specific regional problems, with special mention of Ireland, which was given assurances regarding the continued and progressive development of its fishing industry on the basis of the government's programme for the development of coastal fisheries.

Work was therefore resumed on the basis of these guiding principles, but it soon became apparent that because of the time factor it was unlikely that the Council would reach an agreement on the final system by the end of the year.

264. Under these circumstances, and in view of the urgent necessity to find a Community solution for 1977 to the problem of conserving fishery resources, the Commission proposed the adoption of interim measures, to apply until 31 December 1977 at the latest, with the aim of preventing stocks from deteriorating. These proposals basically provided for the maintenance of the traditional conservation measures (i.e. non-quantitative measures) applied by the Member States in 1976, the determination of the TAC by stock or group of stocks, and the allocation of quotas to the Member States, taking account of the particular needs of the United Kingdom and Ireland. In this way the latter country was assured of catch possibilities for the interim year of 1977 which were 30% greater than catches in 1976. Lastly, a monitoring system was to be set up based mainly on the obligation on the part of the captain of each fishing vessel to declare his catches and on the establishment of a list of authorized landing points.

265. The Council had to discuss the whole matter on several occasions on this new basis, the last discussion being held at its meeting on 20 December 1976. However, at least as regards the internal aspects, no definite conclusion could be reached, mainly because of the difficulty in finding a solution which would satisfy the recognized special interests of certain coastal states without impairing the legitimate needs of other Member States.

Since it was impossible to reach unanimous agreement, at its meeting on 20 December 1976 the Council confined itself to adopting a 'standstill' declaration on fishing activities during January 1977, under which catches made during that month must not exceed the January 1976 catches, and would form part of the quotas to be laid down for the interim period.

It should be noted that in spite of the provisional nature of these decisions the Council took care that they should not imperil stock conservation, and also that they should help to achieve that aim, insofar as their immediate effect would be to reduce catches to a certain extent.

2. MORE SPECIFIC QUESTIONS CONCERNING RELATIONS WITH NON-MEMBER COUNTRIES

266. During 1976 the Community played an active part in the proceedings of the United Nations Conference on the Law of the Sea, concerning, among other matters, procedures for exploiting marine resources and the fishery system to be applied in future in waters which hitherto had been considered as the high seas. As indicated above,¹ a number of coastal states were not disposed to await the conclusions of the Conference before establishing an exclusive 200-mile fishing zone.¹ Canada, Iceland, Norway and the United States were to announce, in autumn 1976, that they had decided to set 200-mile fishing limits as from 1 January 1977 or, in the case of the United States, as from 1 March 1977.

On 3 November 1976 the Council also agreed that as from 1 January 1977 exploitation by non-member countries' fishing vessels of fishery resources within these limits would be governed by agreements between the Community and the non-member countries concerned. Lastly, in order to be sure of obtaining fishing rights in the waters of non-member countries and of maintaining existing rights, the Council agreed that the Community would open negotiations immediately with the non-member countries concerned.

The Council therefore decided on the same date to authorize the Commission to negotiate fishing agreements with Canada, The Faeroes, Finland, the German Democratic Republic, Iceland, Norway, Poland, Spain, Sweden, the United States and the USSR.

These agreements would be regarded as framework agreements on general conditions which in future would govern access to resources in the fishing zones of non-member countries and in the fishing zones of Community Member States.

267. On 13 December 1976, the Council also adopted a number of provisions seeking to maintain existing bilateral relations, on a provisional basis, between Italy and Yugoslavia and between Italy and Senegal, and also between France and Guinea-Bissau.

¹ See paragraph 259 of this Review.

On 20 December 1976 the Council adopted a Decision specifying the basic points in the autonomous arrangements applicable to certain non-member countries during the first three months of 1977, or, in the case of Canada and the United States, throughout 1977.

It was agreed that this Decision would be notified immediately to the countries concerned, and action was taken accordingly.

On the same date the Council also defined the position to be adopted by those Community Member States which are members of the North East Atlantic Fisheries Commission, so as to safeguard the Community's interests within that organization.

CHAPTER V

Agriculture

A – Problems concerning all the sectors covered by the common agricultural policy

1. 1976–77 AGRICULTURAL PRICES¹

268. At the end of December 1975 the Commission submitted to the Council a set of proposals on fixing prices for certain agricultural products for the forthcoming 1976–77 marketing year, accompanied by various related measures. The price increase proposed by the Commission averaged 7.5 % on prices for the previous year.

During its meetings held in January and February, 1976 the Council discussed the various proposals and held its usual 'marathon' meeting on 2 to 6 March 1976, at the end of which it adopted prices for the main agricultural products for the 1976/77 marketing year, together with various measures, particularly in the agricultural/monetary sector.

On average the prices adopted by the Council, expressed in units of account, were increased by 7.7 %, which was very close to the figure proposed by the Commission. Taking into account the devaluation of the green lira and the green Irish pound, the average increase, which in national currency would have been 5.8 % according to the Commission, finally turned out to be 7.9 %. When related to the monetary zones, the price increases range from 4.9 % for the Federal Republic of Germany to 13 % for Italy, when monetary measures have been taken into account.

The Council made these decisions taking account of the fact that market and prices policy remains a major instrument of farmers'

¹ Details of the questions relating to the prices and various related measures are given in paragraphs 274 and 308 of this Review.

incomes policy. Account was also taken of the different situations in the various Member States and the variable rate of inflation in each of the countries concerned.

269. At the same time as making these decisions on prices the Council was faced with the problem of surplus milk products, and particularly of skimmed-milk powder. It therefore imposed an obligation on the intervention agencies to purchase 400 000 tonnes of skimmed-milk powder for animal feedingstuffs.

In addition, the compromise reached by the Council on price was accompanied by an agreement on all the problems concerning wine, which for some time had been a source of differences of opinion, particularly between the French and Italian delegations. These concerned various measures, including, in particular, distilling operations.

Other related decisions were also taken. In the cereals market the Council finally adopted a system very close to that proposed by the Commission, designed to establish a single intervention price for all feed-grain and a target price for maize and barley. The system is to be implemented as from the 1977/78 marketing year.

2. CONSEQUENCES OF EXCEPTIONAL WEATHER CONDITIONS

270. The 1976 agricultural year was dominated by the problems raised on the one hand by the drought which directly affected a large number of regions in the Community and, on the other hand – to a lesser extent – by the exceptional rainfall which occurred in some one-crop regions in the southern parts of the Community.

Various measures were taken at national and Community level in an attempt to mitigate the most serious consequences of this situation.

The Council gave a great deal of attention to this situation throughout the summer, initially at its meeting on 19 and 20 July 1976 and, in a more detailed way, on the basis of a provisional report submitted by the Commission at its extraordinary meeting of 9 September 1976 which was specially convened.

Discussions covered the incidence of exceptional weather conditions, production of cereals, meat, fruit and vegetables and wine, and Community supplies of foodstuffs and animal feedingstuffs. The Council also discussed the problem of the mobility of agricultural products and animal feedingstuffs within the Community, with the particular aim of guaranteeing the transfer of fodder from areas of surplus to areas of shortage.

271. Exercising the responsibilities vested in each of the Community Institutions, the Council and the Commission took a number of immediate short-term measures to maintain farmers' incomes, avoid a price explosion at consumer level, ensure supplies of animal feedingstuffs and prevent the situation from deteriorating during the winter of 1976/77. These measures were of various kinds: imposition of export charges, suspension of customs duties, specific intervention measures, derogations to regulations governing the wine sector, Community aids, and authorization of transport aids. They concerned such diversified production sectors as dehydrated fodder, feedgrain, beef and veal, milk and milk products, fresh and chilled vegetables, certain preserved vegetables, ware potatoes, etc.¹

At its extraordinary meeting on 9 September 1976 the Council, taking a longer-term view, gave a favourable reception to the ideas put forward by a number of delegations and to the Commission's plans on what the Community could undertake in the sphere of structural policy and the environment.²

In this context the Council discussed a programme of hydrological development and measures relating to improving the environment so as to ensure in particular that water resources were protected and their supply maintained.

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

272. 1976 was characterized by an increasing divergence in the evolution on the money markets of the currencies of the Member States

¹ Details of the measures adopted by the Council are given below by production sector; see paragraph 308 of this Review.

² OJ C 112 of 20. 12. 1973.

of the Community. On the one hand, speculative pressures on the Deutschmark led to the revaluation of the central rate of this currency in October 1976, while on the other hand the pound sterling, Irish pound and Italian lira continued their steady depreciation throughout most of the year, the pound sterling and Irish pound undergoing an especially rapid fall in the third quarter. Moreover, the French franc joined the ranks of the downwards floating currencies after leaving the joint float in March 1976.

These developments had as their consequence a fairly general and continuing increase in the level of the monetary compensatory amounts applied to intra- and extra-Community trade in agricultural products. These compensatory amounts – the original function of which had been to iron out, on a temporary basis, trade distortions resulting from currency movements – thus involved increasing expenditure from the Community budget and, in certain cases, were considered to create significant strains and distortions in agricultural trade.

Adjustments in the monetary compensatory amounts took place on a pragmatic basis, mainly in the context of the annual price-fixing. Thus the Council, when fixing the agricultural prices for the 1975/76 farming year in February 1975, took a general step toward restoring the unity of the agricultural market by reducing the compensatory amounts applied by Member States.¹ In March 1976 the Council decided, within the framework of the 1976/77 price decisions, on a second similar general reduction of the compensatory amounts.² This was again achieved by bringing the conversion rates used by Member States in the agricultural sector (henceforth called 'representative rates') partially into line with current money market realities, which moreover permitted the increase in farmers' incomes in the individual Member States to be modulated in line with the development of production costs in these countries. Further adjustments of the representative rates were decided by the Council in respect of the lira (April 1976³) and the Irish pound (October and December 1976⁴), which meant a supplementary

¹ See 23rd Review, paragraph 344.

² Regulation (EEC) No 557/76 of 15. 3. 1976, OJ L 68 of 15. 3. 1976.

³ Regulation (EEC) No 1020/76 of 29. 4. 1976, OJ L 115 of 1. 5. 1976.

⁴ Regulation (EEC) No 2423/76 of 5. 10. 1976, OJ L 274 of 6. 10. 1976, and Regulation (EEC) No 3206/76 of 21. 12. 1976, OJ L 362 of 31. 12. 1976. The latter Regulation would only however take effect from 17. 1. 1977.

adaptation of farmers' incomes in those countries and decrease in the compensatory amounts applicable.

Finally, the Council is examining a proposal from the Commission intended to bring about the reduction of monetary compensatory amounts on a more systematic basis than hitherto by means of an automatic and regular adjustment of representative rates to market realities.

4. SIMPLIFICATION OF AGRICULTURAL REGULATIONS

273. On 8 November 1975 the Commission submitted a communication to the Council on the action undertaken in the sphere of simplifying agricultural regulations, accompanied by a draft Resolution defining the future policy to be followed in this matter.

The Council departments examined this communication which concerned the practical matters that might be taken into consideration in the context of the day-to-day work of the national and Community administrations, the intention being to streamline interdepartmental working methods in particular. A number of conclusions were drawn from this examination. Progress already made was acknowledged. It was stressed that the work of consolidation should be stepped up, and the wish was expressed that the Commission should take the administrative measures required to ensure that work on simplifying the system continued on a regular basis. It was confirmed that regular cooperation between all the departments concerned was useful not only in implementing Community regulations, but also at the drafting stage.

Lastly, on 23 November 1976,¹ the Council adopted a Resolution concerning measures to simplify agricultural legislation, and the Commission was instructed to report on this matter by 31 December 1977.

¹ OJ C 287 of 4. 12. 1976.

B – Drafting of regulations on the common organization of markets and basic amendments

1. DRAFTING OF NEW BASIC REGULATIONS

(a) Mutton and lamb

274. During the period under review the Council continued its examination of the problems raised by the Commission's proposal in September 1975 regarding the establishment of a common organization of the market in the mutton and lamb sector.

The Council reached the conclusion that the time was not ripe for introducing definitive regulations, and on the basis of an amended proposal regarding the interim common organization of the market turned its attention to the introduction of interim measures to improve the conditions of intra-Community trade in this sector.

These measures are still being examined by the Council departments.

(b) Potatoes

275. On 16 June 1976 the Commission submitted a proposal to the Council seeking to establish a common organization of the markets in the potatoes sector. The Council decided to consult Parliament and the Economic and Social Committee on this proposal and instructed the relevant departments to examine it subsequently.

(c) Ethyl alcohol of agricultural origin

276. Pending the revised proposal for the common organization of the market for this product¹ developments in world and Community markets for alcohol of agricultural origin and synthetic alcohol were closely followed by the Council, and the matter was discussed on several occasions during 1976.

¹ See 23rd Review, paragraph 356.

Increasing difficulties arose regarding trade in alcohol and spirits in the Community because of the wide differences between economic and fiscal provisions in the different countries, because of developments in Community law¹ regarding alcohol and the measures taken in consequence by certain Member States, and lastly because of the distilling operations decided on in the wine sector.²

In order to mitigate these difficulties and to avoid more serious disturbances certain measures were taken by the Commission on several occasions.

277. Lastly, on 7 December 1976 the Commission submitted an amended proposal to the Council for a Regulation on the common organization of the market in ethyl alcohol of agricultural origin and additional provisions for certain products containing ethyl alcohol. This amended proposal takes account of the situation in the enlarged Community and the development of the alcohol market, and also of the effects of the oil crisis on the production of synthetic alcohol.³ The proposal was submitted to Parliament and the ESC for their opinions.

2. AMENDMENTS TO THE BASIC REGULATIONS

(a) Problems concerning several sectors

278. In connection with its efforts to simplify the agricultural regulations⁴ and in particular the task of the customs administrations, on 18 November 1975 the Commission submitted a proposal to the Council for a Regulation amending Regulations No 359/67/EEC, (EEC) No 950/68, (EEC) No 3330/74, EEC No 2727/75 and (EEC) No 2744/75 regarding the tariff nomenclature of certain products covered by these Regulations.

After receiving Parliament's opinion on 6 April 1976 the Council adopted Regulation (EEC) no 832/76 on the basis of this proposal. It contains an initial set of measures designed to simplify customs

¹ e.g. Judgments by the Court of Justice in cases 48/74, 59/75, 45/75 and 91/75.

² See paragraph 337 of this Review.

³ OJ C 309 of 31. 12. 1976.

⁴ See paragraph 273 of this Review.

administration by abolishing some thirty tariff headings concerning products of minor economic importance in the cereals, rice, beef and veal and sugar sectors.¹

279. Furthermore, on 5 August 1976 the Commission submitted a proposal to the Council relating to the storage of products purchased by an intervention agency.

The Commission envisages harmonization of this matter at Community level and makes the following proposals in the form of a Council Regulation:

- the introduction of a Community authorization system for storage elsewhere than in the Member State in which the intervention measures have been taken;
- customs duties and other amounts to be collected or disbursed under the common agricultural policy not to be collected at the frontier, in the case of movement of goods;
- measures providing that products are marketed at the prices and under the conditions obtaining at the place of storage.

Once these three starting points are harmonized horizontally by the Council, further application measures will have to be taken following the 'Management Committee' procedure, either across the board or product by product.

On 31 December 1976 the Council departments had not yet arrived at any definite conclusions in their deliberations on these proposals.

(c) *Cereals*

280. The experience of past years regarding the common organization of the market in cereals which was established on 1 July 1967, is that the price system which it uses and the structure resulting from its application have not fully achieved the desired aims, in particular those of price stability and market fluidity.

¹ OJ L 100 of 14. 4. 1976.

This unfortunate situation was singularly aggravated by the appearance on the Community markets of increasing quantities of varieties of high yield common wheat which had high protein contents but which attracted the price guarantees applicable to common wheat under the current regulations even though they could only be used for fodder since their poor baking properties made them practically 'of non-breadmaking quality'. In order to deal with this situation which was causing anxiety – particularly from the budgetary point of view – in July 1975 the Council had already taken certain measures to restore equilibrium in the cereals market.¹

These measures were put into practice and supplemented in March 1976 by the Council's decisions on cereal prices for the 1976/77 year, the relevant instruments – i.e. the amendment to the basic Regulation on cereals and different implementing regulations arising from it – having been adopted by the Council on 17 May 1976.

These adjustments to the common organization of the cereals market² mainly concerned the price system and the system of aid for the production of durum wheat.

(i) Reform of the price system

281. The new scheme adopted by the Council may be summarized as follows:

In accordance with pre-determined rules the Council lays down² a common single intervention price for the main cereals by aligning the intervention prices of common wheat 'of non-breadmaking quality' with those of barley and maize. The common intervention level for feed-grain to be established as from the 1977/78 marketing year constitutes the minimum guarantee granted to the producer. The market prices for these cereals must rise to a level above this minimum in accordance with their value as animal feedingstuffs. This will improve fluidity in the whole of the market in cereals and particularly as regards common

¹ See 23rd Review, paragraph 370.

² Regulation (EEC) No 1143/76, OJ L 130 of 19. 5. 1976.

wheat, which will be consigned for use as animal feedingstuffs without further treatment, such as denaturing.

The most significant and innovatory amendment in this connection however concerns common wheat of breadmaking quality. Under the new system for this cereal, which does not come into force until the 1977/78 marketing year, the conventional intervention price applied hitherto will be replaced by a 'reference price'.

The aim of this measure is to guide the producer and to encourage the production of common wheat of good breadmaking quality. To this end the reference price will be fixed at a level which reflects the difference in return between the production of common wheat of breadmaking quality and that of non-breadmaking quality.

As in the case of the other prices, this price will be subject to monthly increase. If the need arises it may be supported by special intervention measures, for which the Council has already laid down the general rules.¹

The reference price will be coupled with a special device – i.e. a 'baking test', making it possible to distinguish for intervention purposes between wheat of breadmaking quality and wheat not of this quality which will be classed as feed-grain.

The third item in the price reforms is the Council's decision to widen the gap between the target and intervention prices in order to strengthen Community preference. To attain this objective, target prices will be established taking into consideration, in addition to the element reflecting the cost of transport between the area having the largest surplus and that having the largest deficit, a 'market element' reflecting the difference between the intervention price and the market price in the area having the largest surplus.

The new price system, as broadly outlined, made it possible to dispense with certain intervention and market regulation methods during the 1976/77 marketing year, without compromising the basic principle of producers' guarantees. For this reason denaturing is no longer included among intervention measures, and the derived

¹ Regulation (EEC) No 1146/76 of 17. 5. 1976, OJ L 130 of 19. 5. 1976.

intervention prices which were still in force during the 1975/76 marketing year for common wheat ('regionalization of prices' policy) have been abolished. To ensure the smooth working of the intervention system following the abolition of derived intervention prices, on 17 May 1976 the Council adopted the rules for determining the intervention centres in which the single intervention prices would apply.¹

282. Lastly, it should be noted that a special system was established for rye. This provides for target and intervention prices at higher levels than those for feed-grain. In this way the Council took account of the fact that in certain regions of the Community rye is considered to be of good breadmaking quality, and that production of this cereal has dropped significantly, particularly in regions where the soil is poor.

Furthermore the provision was retained under which a special premium may be granted for rye of breadmaking quality offered for intervention, whilst such a premium is no longer payable on barley.

(ii) System of aids for the production of durum wheat

283. The system of aids as established by the basic Regulation on cereals made provision for aid to be granted to all producers of durum wheat for the quantities harvested in order to encourage the production of this cereal and also to compensate for its higher production costs and comparatively low yield. The amount of this aid was equal to the difference between the minimum price guaranteed to the producer and the intervention price.

As a result of the situation which arose in certain regions of the Community, where harvests exceeded demand but were of inadequate quality, the Council amended the conditions for granting this aid to make them more conducive to the desired production. It thus decided that as from the 1976/77 marketing year this aid would be granted per hectare and not per tonne. In addition the aid could be restricted to certain production regions which the Council determined by dividing them into two groups, the first of which would receive 50 u.a./ha and the second 21 u.a./ha.²

¹ Regulation (EEC) No 1145/76, OJ L 130 of 19. 5. 1976.

² Regulation (EEC) No 1144/76, OJ L 130 of 19. 5. 1976.

Lastly, the Council laid down the qualitative and technical characteristics which durum wheat must possess in order to be eligible for aid and the methods for checking the areas of land sown and harvested.¹

However, the introduction of the new system for the 1976/77 marketing year gave rise to certain difficulties in connection with the declarations of land sown and harvested, and the checking of these by the national administrations. To rectify this, on 16 December 1976 the Council adopted a Regulation making the necessary practical amendments to the system of aid for durum wheat outlined above.²

(c) *Rice*

Legislative consolidation of the Regulations drawn up by the Council since 1967 in the rice sector

284. In 1975 the Commission submitted a proposal to the Council on the legislative consolidation of the Council's acts subsequent to the adoption of the basic Regulation No 359/67 in the rice sector.³ The Council consulted Parliament and, in accordance with the procedure followed in 1975 in the cereals sector,³ on 21 June 1976 adopted 18 Regulations which replace the previous basic Regulation and the numerous amendments and implementing Regulations relating to it.⁴

(d) *Products processed from cereals: pigmeat, eggs and poultry meat*

285. On 16 February 1976 the Council adopted a series of five Regulations⁵ amending the basic Regulations and corresponding implementing Regulations so as to update the basis for calculating the sluice-gate price and the Community levies by substantially reducing the reference periods for fixing the prices laid down by the Regulations.

¹ Regulation (EEC) No 1147/76, OJ L 130 of 19. 5. 1976.

² Regulation (EEC) No 3103/76, OJ L 351 of 21. 12. 1976.

³ See 23rd Review, paragraph 371.

⁴ Regulations (EEC) No 1418/76 to 1435/76, OJ L 166 of 25. 6. 1976.

⁵ OJ L 45 of 21. 2. 1976.

(e) *Milk and milk products*

(i) Practical adjustments

286. During 1976, apart from the measures adopted by the Council concerning the day-to-day management of the market in order to prevent milk surpluses¹ practical adjustments were made to the current Regulations on milk and milk products.

On 22 June the Council adopted Regulation (EEC) No 1530/76² amending Regulation (EEC) No 986/68 laying down general rules for granting aid for skimmed milk and skimmed-milk powder for use as feed. In order to facilitate intra-Community trade it provides that Member States dispatching skimmed-milk powder to be denatured or incorporated into compound feedingstuffs within the territory of another Member State, should in future be authorized to pay the aid themselves, rather than the intervention agency of the Member States within whose territory the skimmed-milk powder is denatured or incorporated in compound feedingstuffs, as previously laid down. The restriction limiting this facility to the period ending on 31 December 1976, as specified in the original regulation, was lifted by the Council on 23 November 1976.³

(ii) Situation regarding Protocol No 18 annexed to the Accession Treaty: imports of New Zealand butter into the United Kingdom

287. Firstly, during 1976 the Commission submitted to the Council a report on the circumstances under which the provisions of Protocol No 18 had been applied during 1975. Secondly the Commission submitted to the Council a proposal on the application of the Protocol for the period following 1977. The outcome of this proposal was Council Regulation (EEC) No 1655/76 of 29 June 1976⁴ extending the transitional arrangements for the import of New Zealand butter into the United Kingdom. The main provisions of this Regulation are that the United Kingdom is authorized to import the following quantities of butter from New Zealand: 125 000 tonnes in 1978, 120 000 tonnes in 1979 and 115 000 tonnes in 1980.

¹ See paragraph 319 of this Review.

² OJ L 170 of 29. 6. 1976.

³ Regulation (EEC) No 2879/76 of 23. 11. 1976; OJ L 331 of 30. 11. 1976.

⁴ OJ L 185 of 9. 7. 1976

(f) *Beef and veal*

288. On 15 March 1976 the Council amended¹ Regulation (EEC) No 805/68 to allow export refunds in the beef and veal sector to be fixed in advance.

At its meeting on 20 and 21 December 1976 a decision was taken on the principles governing the adjustments to be made to the system of trade with third countries in the beef and veal sector.

As regards the basic Regulation (EEC) No 805/68, protection of the Community, before enlargement, was based on the difference between the guide price and an import price (plus customs duty), this import price being obtained on the basis of the prices on the four representative world markets – Austria, Denmark, Ireland and the United Kingdom. Since the accession to the Community of three of these countries the import price has been calculated on the basis of the free-at-frontier prices related to the most representative buying prospects as regards quality and quantity, and to market trends in these products.

The Commission felt that the text of the basic Regulation should be brought into line with current practice, and considered it appropriate to make certain adjustments while maintaining the same overall level of protection in this sector.

The Council amended the scale and the rates of levies applicable to imports of bovine animals and beef and veal. Thus at the end of the discussions the Council achieved a wide consensus on a number of points which are set out below.

(i) *Levies*

289. As regards the main products in this sector:

- When the market price is higher than the guide price, the levy payable is equal to the following percentages of the basic levy:
 - 75 % if the market price does not exceed 102 % of the guide price;

¹ Regulation (EEC) No 568/76, OJ L 67 of 15. 3. 1976.

50 % if the market price exceeds 102 % but does not exceed 104 % of the guide price;

25 % if the market price exceeds 104 % but does not exceed 106 % of the guide price;

0 % if the market price exceeds 106 % of the guide price;

- When the market price does not exceed the guide price, the levy applicable is equal to the following percentages of the basic levy:
 - 100 % if the market price is not less than 98 % of the guide price;
 - 105 % if the market price is less than 98 % but not less than 96 % of the guide price;
 - 110 % if the market price is less than 96 % but not less than 90 % of the guide price;
 - 114 % if the market price is less than 90 % of the guide price.

This system also applies to frozen beef and veal. However, if the price for adult bovine animals on the representative Community markets does not exceed 10 % of the guide price but is not less than 100 % of this price, the levy on frozen beef and veal may be fixed by the Commission at more than 75 %, up to a maximum of 100 %.

The Commission fixes the basic import levies each month. However, if necessary, the Commission can vary the levy in the interim.

In adopting this new scale of levies the Council intends to ensure that future management of the market is more in line with trends in Community prices as related to the guide price, so as to avoid a return to such extreme situations as the introduction of measures to deal with shortages in 1972 and the application of the safeguard clause as from 1974.

(ii) Young animals for fattening

290. The Council also amended the system applicable to young animals for fattening so as to make the import arrangements under total or partial suspension of levies dependent on an annual report to be drawn up by the Council.

For 1977 the Council decided to fix at 150 000 head the total of young male bovine animals weighing not more than 300 kg and intended

for fattening, with a view to importation at a reduced levy between 1 April and 31 December 1977. The Council took note of the Commission's intention to suspend 50 % of the levy applicable to all the categories indicated.

As regards future years the Council agreed to take the necessary decisions to allow the annual importation of 200 000 head of young male bovine animals intended for fattening under special conditions, with the particular aim of ensuring supplies for the Italian market.

(iii) Pure-bred breeding animals

291. Lastly, the Council decided that pure-bred breeding animals should be covered by the Regulation on beef and veal.¹

(g) *Sugar*

292. In continuing its work on the implementation of the future sugar policy² and in particular the establishment of the provisions arising from the application of Protocol No 3 on ACP sugar, annexed to the Lomé Convention, the decision on the importation of cane sugar from the overseas countries and territories and the agreement between the Community and the Republic of India on cane sugar, and also in view of its decisions in connection with fixing agricultural prices for the 1976/77 year, the Council supplemented and amended the basic Regulation on sugar in several particulars.³

Thus the Council made preferential sugar subject to the provisions of the basic Regulation relating to the system of reimbursing storage costs and the minimum stock system. This sugar was regarded as enjoying a guarantee that it would be purchased at a negotiated price and that intervention guarantees would be provided, and also a guarantee that it would be imported into the Community. It was also considered that these guarantees should be implemented under the

¹ On the subject of the proposal for a Regulation on the definition of 'pure-bred breeding animals' of the bovine species, submitted on 4 March 1974, see paragraph 410 of this Review.

² See 23rd Review, paragraph 359.

³ Regulation (EEC) No 1487/76, OJ L 167 of 26. 6. 1976.

common organization of the market in sugar, and that consequently this preferential sugar should be covered by the measures providing for the supply to be spread evenly over the entire marketing year and those guaranteeing Community supplies.

In order to safeguard this supply on a more general level the Council also extended the possibility of excluding the use of the inward processing traffic system in the case of the refining of raw sugar.

(h) *Wine*

293. On 5 November 1974 negotiations had begun on the basis of a general proposal from the Commission regarding the wine sector.¹ In the course of these negotiations increasing difficulties were encountered because of developments in the wine market which on several occasions gave rise to politically delicate situations.² Following these negotiations, in 1976 the Council specified the main points in a fundamental revision of the common organization of the market in wine on a short-, medium- and long-term basis. During these negotiations the Council and the Commission took note of the fact that the French Government declared its readiness to abolish, with effect from 1 April 1976, the import charge on wine imposed in 1975. Following an agreement in principle on the broad issues discussed during the annual negotiations on agricultural prices,³ on 17 May 1976 the Council formally adopted a number of general regulations governing the future policy on wine which would apply as from the 1976/77 marketing year. This set of measures was supplemented by a number of major amendments – some adopted on the same date and some later – to other basic regulations, various general provisions to be applied in the cases laid down by the basic Regulations on wine, and lastly special measures adapting Community Regulations in the wine sector on specific points.

Lastly it will be recalled that certain gaps, ambiguities and discrepancies of wording noted in the wine sector Regulations following this revision were corrected by Regulation (EEC) No 2892/76, adopted by the Council on 23 November 1976 on a proposal from the Commission.⁴

¹ See 22nd Review, paragraph 323.

² See 23rd Review, paragraphs 360 to 367.

³ See paragraph 269 of this Review.

⁴ OJ L 326 of 25. 11. 1976.

(i) Revision of the basic Regulations in the wine sector

294. This revision was effected by Regulations (EEC) No 1160/76 and 1161/76 amending Regulations (EEC) No 816/70 and 817/70 respectively, and adopted by the Council on 17 May 1976. The revision covers measures designed to adjust wine-growing potential to market requirements and the granting of a conversion premium in the wine sector.¹

It also relates to an amendment to Annex IV of Regulation (EEC) No 816/70 involving an amendment to the customs nomenclature.²

These new regulations are designed mainly to improve the effectiveness of the intervention machinery and the maintenance of producers' incomes, to ensure a better balance between supply and demand, to lay down a strict quality policy for vines and wine products, and to give a more effective guarantee to consumers by implementing stricter rules on the marketing of certain products and improving cooperation between the competent national authorities on fraud prevention. They are also designed to establish a trade policy more appropriate to trends in the Community and international markets in the products concerned – *inter alia*, in the matter of a countervailing charge – and to implement the initial provisions under a policy of mutual recognition of quality wines and a stricter policy on structures by means of a number of measures regarding new planting, replanting and grubbing.³

It should be noticed that the strengthening of the intervention procedures was considered by the Council in the light of the implementation of its Resolution of 21 April 1975 concerning new guidelines designed to balance the market in table wines⁴ and was regarded as prevention rather than cure. Thus 'preventive distillation' should allow the competent institution to initiate distillation on an optional basis, subject to certain conditions regarding quantity, in the first months of the marketing year, i.e. between 1 September and 15 December. Moreover, the minimum purchase price for wine intended for

¹ OJ L 135 of 24. 5. 1976.

² See paragraph 345 of this Review.

³ For the implementing rules, see paragraph 298 of this Review.

⁴ OJ C 90 of 23. 4. 1975.

distillation in this way will be fixed in accordance with a decreasing scale of prices until, as from the 1979/80 marketing year, it reaches a level equal to 55 % of the guide price for Type A I white wine.

A second instrument, known as the 'performance guarantee', is designed to act – in some measure at least, as a 'price guarantee', such as exists in certain agricultural sectors. To this end it lays down that at the end of a long-term period of private storage (nine months) distillation can be carried out at the price level established for attracting intervention payments, subject to certain objective parameters. This provision may not be applied after the 1979/80 marketing year.

Regarding the system known as 'wine deliveries', i.e. the compulsory distillation of the by-products of wine making, the new feature is the facility of fixing an additional distillation rate of up to 6 % of the normal rate. This must be laid down in accordance with the market situation and before 15 December each year. The price for this distillation reduces until, as from the 1979/80 marketing year, it reaches 50 % of the guide price for Type A I white wine. It should be noted that Italian producers are exempt from this measure, but that, on the other hand, they must distil the wines produced from table grapes unless an exception is made by the Commission after consulting the Management Committee on Wine and with regard to exceptional circumstances.

295. As far as British and Irish wines are concerned, on 6 March 1976 the Council decided that the reference price for musts and juice introduced elsewhere should not apply to Ireland and the United Kingdom until 1 January 1978. Before that date the Commission would submit a report and appropriate proposals, on the understanding that this industry must be safeguarded. The new Member States undertook to bring themselves into line with the CCT by 1 July 1976.

296. The Council also adopted a number of measures to improve quality which may be briefly summarized as follows:

- increase in alcoholic strength of 0.5° in zones C1, C2 and C3 and minimum actual alcoholic strength of table wines to be 9° actual, but 8.5° actual for zones A and B;
- increase of 0.5° in the minimum natural alcoholic strength of quality wines;

- traffic in wines suitable for yielding table wines prohibited;
- cultivation of varieties temporarily authorized and hybrid varieties to be discontinued in 1983 and 1979 respectively;
- wines produced from table grapes not to be marketed, except for vines under glass.

297. The Council also revised Regulation (EEC) No 817/70, in particular Article 10 relating to the target yield per hectare for quality wines p.s.r., with a view to specifying the conditions under which this provision applies as regards the Member States. This revision was embodied in Regulation (EEC) No 2878/76, adopted on a proposal from the Commission and after consultation of Parliament and the Economic and Social Committee.¹

(ii) Adjustment of production to requirements

298. In order to control wine-growing potential the Council adopted Regulation (EEC) No 1162/76,² and amended it by Regulation (EEC), No 3140/76 of 21 December 1976.³ This contains the immediate measure of prohibiting any new planting of vines during the period from 1 December 1976 to 30 November 1978, except for a number of very specific cases, such as expropriation measures in the public interest, reparcelling measures, quality wines p.s.r. In addition the choice of vine varieties for replanting will be restricted during this period.

Measures to adjust wine-growing potential to market requirements on a longer-term basis will be adopted by the Council by 1 October 1978, taking account of the nature of the wine sector in the Community zones.

299. In its Regulation (EEC) No 1163/76 the Council established a system of conversion premiums designed to encourage vine growers to grub up the poor quality vines which have to a large extent been at the root of the economic difficulties in the wine sector during the past two years.²

¹ OJ L 331 of 30. 11. 1976.

² OJ L 135 of 24. 5. 1976.

³ OJ L 354 of 24. 12. 1976.

The main feature of this system is that as a counterpart to the granting of a degressive premium, which may be 1 000, 1 500 or 2 000 u.a./ha for the first year as applicable, a series of constraints will be placed on the vine growers with the aim of limiting the wine-growing potential in the Community.

In view of certain practical difficulties in applying this system, and also the desirability of safeguarding and improving the effectiveness of the premium system, the Council found it necessary to make two amendments to Regulation (EEC) No 1163/76: Regulation (EEC) No 2428/76 of 4 October 1976¹ postponed by two months and one month respectively the periods laid down for applying for premiums and for grubbing up vines for the 1976/77 year, and Regulation (EEC) No 3141/76 of 21 December 1976² extended and detailed the scope of this system in certain specific cases – particularly regarding vines under glass and areas planted with a mixture of several vine varieties. This Regulation also extends the time limit for lodging applications to 16 January 1977.

(iii) Sparkling wines and quality sparkling wines produced in specified regions

300. In 1974³ the Council had adopted the specific rules governing the production of sparkling wines in the Community, which were to enter into force on 1 September 1975. In the event this date was postponed for one year by derogation measures.

In view particularly of the large stocks of sparkling wine produced prior to the entry into force of the new rules and still in existence on 1 September 1976, the Council agreed, by way of derogation, to allow these wines to be marketed after this date until stocks were exhausted.

This decision was contained in Regulation (EEC) No 2426/76, with effect from 1 September 1976¹.

This Regulation also contains a technical amendment to Regulation (EEC) No 2893/74 on sparkling wines and also to

¹ OJ L 276 of 7. 10. 1976.

² OJ L 354 of 24. 12. 1976.

³ See 22nd Review, paragraph 318.

Regulation (EEC) No 817/70, as regards quality sparkling wines p.s.r. It embodies the decision to extend by six months the dates relating to maximum contents of sulphur dioxide for the different types of sparkling wine, by analogy with the measure which had been taken in this respect under Regulation (EEC) No 1160/76¹ regarding table wines and quality wines p.s.r.

(iv) Oenological practices

301. During 1976 the Council departments actively continued their technical examination of the complex matter of drawing up common rules concerning oenological practices and processes.² The progress made on this work is such that a regulation might well be adopted during 1977, and early enough for specific rules to be introduced as from the 1977/78 wine production year.

(v) Related amendments to other basic regulations

302. The effect of the revision of the common organization of the market in the wine sector on other agricultural sectors made it necessary to adopt amendments to Regulation (EEC) No 865/68 on the common organization of the market in products processed from fruit and vegetables,³ Regulation (EEC) No 827/68 on the common organization of the markets for certain products specified in Annex II to the Treaty,⁴ and lastly to Regulation (EEC) No 950/68 on the common customs tariff.⁵

(i) *Fresh fruit and vegetables*

Application of quality standards to sweet peppers

303. The Council made another amendment to the basic Regulation on fresh fruit and vegetables which provides for quality standards to be applied to sweet peppers. In this way the Council took account of the

¹ See paragraph 294 of this Review.

² See 22nd Review, paragraph 318.

³ Regulation (EEC) 1164/76, OJ L 135 of 24. 5.1976.

⁴ Regulation (EEC) 2427/76, OJ L 276 of 7. 10. 1976 and paragraph 278 of this Review.

⁵ Regulation (EEC) 1165/76, OJ L 135 of 24. 5. 1976.

scale of Community production and also of intra- and extra-Community trade relating to this product.¹

(j) *Hops*

Measures designed to balance the market

304. As indicated in the preceding Review, for some time there had been a certain structural imbalance between supply and demand on the hops market, particularly in the case of varieties rich in alpha acid.²

To correct this situation, on 18 February 1976 the Commission submitted to the Council a proposal aimed at revising the basic Regulation on hops. On 21 September 1976 it amended this proposal in order to adapt it to the guidelines which meanwhile had been drawn up by the Council regarding future policy on hops. Under a Resolution adopted on 10 July 1976³ the Council had declared its intention of taking appropriate steps to enable it to act more effectively by supplementing the structural measures envisaged for the cultivation of hops and also by supplementing the measures designed to control the market in this product.

The Council decided to consult Parliament and the Economic and Social Committee on the two proposed amendments to the basic Regulation and instructed the departments concerned to study them subsequently.

(k) *Flax and hemp*

305. The production of linseed is becoming of increasing interest to the Community. In order to promote the development of this production, which is subject to direct competition from linseed imported from third countries duty free, it was considered that provision should be made for appropriate measures of support. To this end the marketing of

¹ Regulation (EEC) No 795/76, OJ L 93 of 8. 4. 1976.

² See 23rd Review, paragraph 438.

³ Council Resolution on the new guidelines for stabilizing the market in hops, OJ C 176 of 31. 7. 1976.

Community crops should ensure producers a fair income, the level of which is to be defined by a guide price. The difference between this price and the price ascertained for linseed on the world market corresponds to the amount of the subsidy which in future will be granted in order to achieve the desired objective.

These principles were implemented by the Council Regulation of 15 March 1976 which lays down special measures for linseed.¹ In this Regulation the Council confirmed that in future, because of the intrinsic differences between the two products, different provisions should apply to seed flax (differential aid) and to fibre flax (flat-rate per hectare), provision being made for transitional measures covering the current year.

This amendment to the system of aid for seed flax meant that an appropriate amendment had to be made to Regulation (EEC) No 1308/70 as regards the system of aid for flax, and this was adopted by the Council on 6 April 1976.² As from this date 'flat-rate per hectare' system of aid is limited to flax grown mainly for fibre, and to hemp.

(I) *Fisheries*

306. On 19 January 1976 the Council adopted a number of texts consolidating the Regulations in force on that date concerning fisheries.³ This had become desirable because of the large number of amendments which had been made since the texts constituting the common organization of the market in fishery products were adopted, and because their complexity and their dispersal among various Official Journals made these texts very difficult to use.

With regard to the legislation relating to the organization of the market, the Council made adjustments on several occasions to the Regulations on tunny, the market for which was seriously disturbed for part of 1976, particularly in France. In order to improve this situation the Council adopted Regulation (EEC) No 816/76 of 8 April 1976 extending from 31 March to 30 April 1976 the protective measures applicable to

¹ Regulation (EEC) No 569/76 of 15. 3. 1976, OJ L 67 of 15. 3. 1976.

² Regulation (EEC) No 814/76 of 6. 4. 1976, OJ L 94 of 9. 4. 1976.

³ Regulations Nos 100/76 to 117/76, OJ L 20 of 28. 1. 1976.

imports into France of tunny intended for the canning industry,¹ Regulation (EEC) No 1196/76 of 17 May 1976 introducing new arrangements for granting compensation to producers of tunny for the canning industry,² and Regulation (EEC) No 2429/76 of 4 October 1976 amending the basic Regulation as regards the conversion factor applicable to long-finned tunny.³

With regard to the catch quotas decided on by the International Fisheries Commissions – the NEAFC and the ICNAF⁴ – on 6 April 1976 the Council adopted Regulation (EEC) No 811/76⁵ authorizing the Member States to limit the catches of their fishing fleets – up to 31 December 1976 – in accordance with international undertakings contracted or to be contracted. This authorization was granted pending the introduction of definitive regulations to limit production at Community level under a general revision of Community fishing arrangements which was planned following the decision of the Member States of the Community to extend their fishing zones simultaneously to 200 miles as from 1 January 1977.⁶

(m) *'Remnant' Regulation*

307. When revising the common wine policy⁷ argol was excluded, in the light of experience and because of the restricted market for this product, from the products governed by Regulation (EEC) No 816/70.

It became necessary to add this product to those listed in the Annex to Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty, and this was done by means of Council Regulation (EEC) No 2427/76 of 4 October 1976.⁸

¹ OJ L 94 of 9. 4. 1976.

² OJ L 133 of 22. 5. 1976.

³ OJ L 276 of 7. 10. 1976.

⁴ See paragraph 424 of this Review.

⁵ OJ L 94 of 9. 4. 1976.

⁶ See paragraph 256 *et seq.* of this Review.

⁷ See paragraph 294 of this Review.

⁸ OJ L 297 of 7. 10. 1976.

C – Management of the common organization of the markets

1. CEREALS AND RICE

(a) Cereal prices

308. In accordance with the agreement in principle which was reached in March 1976 on the prices for agricultural products and on certain connected measures for the 1976/77 marketing year,¹ at its meeting on 17 May 1976 the Council adopted the main prices for cereals and rice.²

These decisions, which are for the most part in line with the Commission's proposals (see table on p. 173), provide for increases in the prices of cereals ranging from 4.5 % for barley and 9.5 % for the threshold prices for maize and wheat. They will reflect the new guidelines laid down by the Council regarding the market and price policy to be followed by the Community on cereals³ including the derogations specified for the 1976/77 marketing year.

The difference between the target and intervention prices has come about because the target prices have been more substantially increased than in the previous year, compared with the intervention prices.

The threshold prices fixed by the Council on 22 June 1976⁴ were subject to the same percentage increases as the target prices, resulting in a certain rise in import prices – hence a strengthening of Community preference.

Under the exceptional arrangements for common wheat of breadmaking quality, the Council maintained a guaranteed intervention price for this cereal. This was fixed at 15 u.a. above that for fodder wheat, for which the intervention price is the same as that for barley. The price scales thus laid down for the two categories of wheat take account

¹ See paragraph 280. (Section 1 of V, A) of this Review.

² Regulation (EEC) No 1151/76, OJ L 130 of 19. 5. 1976. This Regulation was replaced when consolidating regulations on rice by Regulation (EEC) No 1421/76 of 21. 6. 1976, OJ L 166 of 25. 6. 1976.

³ See paragraph 280 of this Review.

⁴ Regulation (EEC) No 1619/76, OJ L 180 of 6. 7. 1976.

of the fact that the yield from fodder wheat is substantially greater than the yield from wheat of breadmaking quality.

Products	Type of price	Price for 1975/76 marketing year (u.a./tonne)	Price for 1976/77 marketing year (u.a./tonne)	Percentage increase over 1975/76 price
<i>Common wheat</i>	Target price	139.44	152.00	9.0
	Basic intervention price	125.93	—	—
	Single intervention price for common wheat of bread-making quality	—	131.00	—
<i>Durum wheat</i>	Target price	207.33	218.80	5.5
	Single intervention price	190.53	202.00	6.0
	Minimum price guaranteed to producer (wholesale level)	215.45	—	—
	Aid	24.92	0-21-50 u.a./ha	—
<i>Barley</i>	Target price	126.99	137.80	8.5
	Single intervention price	110.96	116.00	4.5
<i>Rye</i>	Target price	138.74	149.15	7.5
	Single intervention price	119.76	124.00	3.5
<i>Maize</i>	Target price	126.41	137.80	9.0
	Single intervention price	103.43	112.20	8.5

(b) *Prices for cereals and rice related to the Accession Treaty*

309. In accordance with the provisions of the Accession Treaty¹ and as a result of the decisions made on cereals prices for the 1976/77 marketing year,² on 22 June 1976 the Council adjusted the 'accession' compensatory amounts and the related coefficients which had been laid down the previous year.³

This meant that the fifth of the six stages laid down for aligning the cereals prices applicable in the 'new' Member States with the common prices had been reached.

¹ See 23rd Review, paragraph 357.

² See paragraph 302 of this Review.

³ Regulation (EEC) No 1620/76, OJ L 180 of 6. 7. 1976.

(c) *Monthly increases in cereals prices*

310. The aim of the monthly increases is to compensate for the storage costs and interest charges for storing cereals. These costs having remained practically unchanged since the monthly increases were fixed in 1975, at its meeting on 17 May 1976 the Council decided¹ to increase them only by the percentage increase in the agricultural conversion rate for the French franc, which was fixed by the Council at 1.42 % on 6 March 1976.

(d) *Exceptions to the pricing arrangements for the 1976/77 marketing year*

311. Since this revision was of a fundamental nature a certain period of adjustment was required to enable the market to conform to the new system under the most favourable conditions, and it was laid down that the basic provisions of the new system would be applied only as from the 1977/78 marketing year.

For this reason the intervention prices for maize, barley and common wheat of non-breadmaking quality will not be aligned with a single common intervention price in a single stage. The intervention prices for the cereals in question for the 1976/77 marketing year have still been fixed at different levels for each cereal, but each price is applicable throughout the Community.²

In the same way there will be a guaranteed intervention price for common wheat² since the reference price for common wheat of breadmaking quality will be established only as from the 1977/78 marketing year. The distinction between wheat of breadmaking and non-breadmaking quality will be made until the definitive instrument for the purpose, i.e. a baking test, comes into force. This will comprise a mechanical kneading test on the dough, designed to show whether it has been made from common wheat which meets the minimum requirements for breadmaking as laid down by the Council on 22 June 1976.³

¹ Regulation (EEC) No 1150/76, OJ L 130 of 19. 5. 1976.

² See also 'Cereal prices', paragraph 308 of this Review.

³ Regulation (EEC) No 1621/76, OJ L 180 of 6. 7. 1976.

(e) *Measures to avoid disturbances of the cereals market in Italy*

312. Following the freak weather conditions and the earthquake which caused so much damage at Friuli, there was a danger of disturbances on the cereals market during the period under review in certain regions of Italy.

To avert this danger the Council took measures designed for common wheat and feed-grain to be supplied at advantageous prices on the Italian market.

To this end it adopted various regulations placing at the disposal of the Italian intervention agency or the Italian Government itself 300 000 tonnes of common wheat and 100 000 tonnes of feed-grain which were being held by intervention agencies in other Member States.¹

The Council also authorized the Italian Government to reduce the levy on imports by sea of feed-grain by 3 u.a. per tonne for the 1976/77 marketing year, although the period during which the exceptional arrangements apply (until 31 July 1977) remains unchanged.²

(f) *Production refunds for starch products*

313. As reported in the previous Review³ in July 1975 the Council had decided to reduce by more than 50 % as compared with the 1974/75 marketing year the amount of the production refunds for certain products used in the manufacture of starch, potato starch and glucose. In 1976 this policy had to be reviewed because the suppliers' prices to the industries concerned had increased following the increase in the threshold prices of cereals, particularly maize. In order to compensate at least partly for this increase, on 27 July 1976 the Council decided⁴ to increase the amount of these refunds for the 1976/77 marketing year to 25 % for common wheat and 40 % for maize above the levels for the preceding marketing year.

¹ Regulation (EEC) No 873/76 of 13. 4. 1976, OJ L 101 of 15. 4. 1976; Regulation (EEC) No 1022/76 of 30. 4. 1976; OJ L 115 of 30. 4. 1976; Council Decision of 18. 5. 1976, OJ L 136 of 25. 5. 1976; Regulation (EEC) No 1863/76 of 27. 7. 1976, OJ L 206 of 31. 7. 1976; Regulation (EEC) No 2830/76 of 23. 11. 1976, OJ L 326 of 25. 11. 1976.

² Regulation (EEC) No 1864/76 of 27. 7. 1976, OJ L 206 of 31. 7. 1976.

³ See 23rd Review, paragraph 389.

⁴ Regulation (EEC) No 1862/76, OJ L 206 of 31. 7. 1976.

However, as regards products for the manufacture of glucose syrup with a high fructose content using the direct hydrolysis method (the 'Isomerase' method) – starch, potato starch and cereals – the Council decided that for the 1976/77 marketing year refunds would be maintained at the levels applicable to basic products during the preceding marketing year. These refunds, however, will be abolished as from 1 August 1977.

Lastly, the Council decided not to pursue the proposals submitted by the Commission in June 1975, designed to reintroduce the option of granting production refunds for maize groats and meal and also for broken rice as used in brewing.¹

(g) *Rice prices*

314. In view of the situation on the rice markets and also the objectives to be attained by the target price for husked rice, i.e. the control of production and the assurance to the grower of a fair return, on 17 May 1976² the Council increased this price by approximately 9 % over that for the preceding marketing year.

The intervention price for paddy rice and the threshold price for husked rice were also increased, by 6 % and 9 % respectively. On the other hand there was a more substantial increase in the threshold price for broken rice – approximately 13.5 % – so that the Community product could be marketed more easily in the Member States.³

The amount to be included in the threshold price of milled rice for the protection of the industry was held at the same level as for the preceding marketing year.⁴

(h) *Monthly rice price increases*

315. As in the case of cereals, and also for the same reasons, on 17 May 1976⁵ the Council decided to maintain the monthly rice price

¹ See 23rd Review, paragraph 389.

² Regulation (EEC) No 1151/76, OJ L 130 of 19. 5. 1976.

³ Regulation (EEC) No 1778/76, OJ L 199 of 24. 7. 1976.

⁴ Regulation (EEC) No 1148/76, OJ L 130 of 19. 5. 1976.

⁵ Regulation (EEC) No 1149/76, OJ L 130 of 19. 5. 1976.

increases at the levels applicable during the 1975/76 marketing year, but modified them slightly following the adoption of the agri-monetary measures.

2. PRODUCTS OBTAINED FROM CEREALS AND RICE

316. During the first half of the period under review the Council had to deal on various occasions with certain anomalies in the malt market. These appeared in the form of a disproportionate increase in exports of this product to third countries – a cause for concern on the part of other malt-exporting countries which were not members of the Communities. On 17 May 1976¹ the Commission adopted measures aimed at shortening the period of validity of export licences for malt and imposing stricter conditions on their issue.

However, since these measures did not comply with the opinion expressed by the Management Committee for Cereals on this matter, the Commission – in accordance with the rules laid down in the basic Regulation on cereals for such a case – informed the Council of them when they were adopted.

The Council discussed the measures taken by the Commission and decided to make them more flexible on certain points. On 16 June 1976 it therefore adopted a Regulation² replacing the Commission's Regulation.

3. PRODUCTS PROCESSED FROM CEREALS

(a) *Pigmeat*

317. In this sector the Commission had proposed an increase of 8.5% on the basic price because of the cost increases which had occurred or were due to occur before the start of the new marketing year in connection with means of production and other related factors. The basic price is used for calculating the point at which any intervention measures are to be applied and the purchase price level for meat which cannot be absorbed by the market. Nevertheless, the Council did not

¹ Regulation (EEC) No 1157/76, OJ L 130 of 19. 5. 1976.

² Regulation (EEC) No 1381/76 OJ L 156 of 17. 6. 1976.

consider it advisable to follow the Commission on this point and decided to restrict the increase in the basic price for pig carcasses to 8%. However, the Council recognized the justice of the producers' demands regarding income, and wished to make provision for a certain amount of compensation for the price increase in compound animal feedingstuffs resulting from the compulsory incorporation of skimmed-milk powder into these feedingstuffs.

For the period from 1 November 1975 to 1 March 1976 it therefore anticipated the entry into force of the new basic price so as to bring the purchase price, which is derived from it, closer to the real market price. These decisions by the Council were made when fixing prices for the 1976/77 marketing year and embodied in Regulation No 558/76 of 15 March 1976.¹

(b) Eggs and poultry

318. Since the egg market in Denmark was suffering seriously from over-production on 22 June 1976 the Council adopted a Decision² authorizing the Kingdom of Denmark to grant a premium, to be financed by means of a para-fiscal charge to be borne by producers, for the slaughter of hens up to a ceiling of DKr 600 000, for the period up to 1 October 1976.

The Council intervened a second time when, on 23 November 1976, it adopted Regulation (EEC) No 2967/76³ laying down common standards for the water content of frozen and deep-frozen chickens, hens and cocks. This Regulation had been discussed several times within the Council, and, pending fuller Community rules on marketing standards for poultry, lays down with immediate effect the minimum water content for these products if they are to be sold within the Community. The Regulation may constitute the first step in increasing intra-Community trade as intended when harmonizing marketing standards, particularly with respect to improving the quality of poultry.

¹ OJ L 67 of 15. 3. 1976.

² OJ L 168 of 28. 6. 1976.

³ OJ L 339 of 8. 12. 1976.

4. MILK AND MILK PRODUCTS

(a) *Market situation*

319. As in 1975 there was structural over-production (of the order of 10 %) in relation to potential outlets on the Community market for milk and milk products. In spite of the ruinous drought in Europe during the summer of 1976, which had an adverse effect on milk production, this increased by 2 to 2.5 %. Thus the quantities in store at the beginning of 1976 were not substantially different from those recorded at the end of the year,¹ in spite of the measures which the Council had adopted in March 1976 to increase outlets – particularly as regards food aid, where the programme was increased from 55 000 to 200 000 tonnes,² and the use of powdered milk in compound animal feedingsuffs. In view of this situation, and with the prospect of continuing over-production in the milk and milk products sector, on 9 July 1976 the Commission submitted to the Council an 'action programme' for 1977–80 with a view to the establishment by stages of equilibrium in the market for milk and milk products. This programme was followed up by concrete proposals for the following measures:

- the establishment of a system of non-marketing subsidies for milk and milk products and premiums for converting bovine herds into dairy cattle;
- the introduction of a co-responsibility levy and measures to increase the markets for milk and milk products;
- the introduction of a tax on certain oils and fats;
- a price concession on milk and certain milk products for pupils in schools;
- the suspension of certain government and Community aids in respect of milk and milk products;
- the establishment of general rules on the exclusive use of butter fat and milk proteins;

¹ Butter: approximately 350 000 tonnes on 1 January 1977; skimmed-milk powder: approximately 1.1 million tonnes on 1 January 1977.

² At the same time as the food aid programme was increased the Council annulled Regulation (EEC) No 155/75 on the sale of skimmed-milk powder from public stocks for supply to developing countries (Regulation (EEC) No 564/76, OJ L 67 of 15. 3. 1976).

— a Community project to eradicate brucellosis, tuberculosis and leukosis in bovine animals.

This set of proposals was discussed within the Council in the course of the closing months of 1976. However, the Member States had not reached agreement by 1 January 1977.

(b) *Measures taken by the Council on prices*

320. On 15 March 1976 the Council fixed the prices in the milk sector. The target and intervention prices laid down were as follows:¹

	u.a. per 100 kg			
	1975/76 marketing year		1976/77 marketing year	
	3 March	16 Sep- tember	15 March ¹	16 Sep- tember
(a) Target price for milk	14.92	15.59	16.29	16.76
(b) Intervention price:				
Butter:				
— in Ireland	184.14	198.32	210.35	216.03
— in the United Kingdom	134.19	143.68	172.36	176.62
— in the other Member States	194.63	209.58	218.08	223.80
Skimmed-milk powder	88.70	88.70	90.16	91.37
Grana Padano cheese:				
— from 30 to 60 days	195.85	201.45	208.91	213.79
— in batches of an average age of 6 months	230.83	236.74	250.69	255.84
Parmigiano Reggiano cheese, in batches of an average age of 6 months	250.03	255.94	271.81	276.96

¹ The start of the 1976/77 milk year was fixed as 15 March 1976 by Regulation (EEC) No 391/76 of 17. 2. 1976, OJ L 48 of 24. 2. 1976.

¹ Regulation (EEC) No 558/76, OJ L 67 of 15. 3. 1976.

In conjunction with fixing the target and intervention prices the Council, adjusted the threshold prices in this sector¹ and the conditions of entry for certain kinds of cheeses together with their nomenclature in the CCT.²

(c) Measures taken by the Council to increase outlets

321. During 1976 the Council took a number of measures to deal with the continually increasing stocks of skimmed-milk powder and, to a lesser extent, butter. On 15 March 1976, when the prices were fixed in the agricultural sector, an amendment to the basic Regulation – Regulation (EEC) No 804/68 – was adopted³ making provision for the Community to defray a part of the expenditure occasioned by granting aid for the free supply of milk to pupils in schools. Other regulations on subsidies were also adopted: Regulation (EEC) No 562/76⁴ on the granting of a consumer subsidy for butter, and Regulation (EEC) No 565/76⁴ amending Regulation (EEC) No 986/68 laying down general rules for granting aid for skimmed milk and skimmed-milk powder for use as feedingstuffs, providing for an increase in the margin within which the aid for this product is fixed, which became minimum 33 and maximum 43 u.a./100 kg.

At the time of fixing the prices in March 1976 the Council also increased the minimum fat content⁵ of whole milk to 3.5 %.

Of the greatest importance was the adopting of Regulation (EEC) No 563/76,³ which – at least in the milk sector – was the most controversial measure adopted in 1976. This Regulation provides for the compulsory purchase of skimmed-milk powder held by intervention agencies for use in compound feedingstuffs.

There was opposition by producers, particularly in the eggs and poultry sectors and the pigmeat sector, and also by certain third

¹ Regulation (EEC) No 560/76, OJ L 67 of 15. 3. 1976.

² Regulation (EEC) No 561/76, OJ L 67 of 15. 3. 1976.

³ Regulation (EEC) No 559/76, OJ L 67 of 15. 3. 1976.

⁴ OJ L 67 of 15. 3. 1976.

⁵ Regulation (EEC) No 566/76, OJ L 67 of 15. 3. 1976, the fat content guideline figure for Ireland and the United Kingdom was laid down by the Council on 4 October 1976 (see Regulation (EEC) No 3523/76, OJ L 272 of 5. 10. 1976).

countries who regarded the measure as a threat to their exports of products – i.e. soya – for which powdered milk could be substituted. The Council accordingly decided, when some 400 000 tonnes of powder had been sold, not to extend the system beyond 31 October 1976.

On 6 April 1976 the Council made a second technical amendment to Regulation (EEC) No 986/68, which provided for the possibility of excluding denatured skimmed-milk powder from the aid provision, since there was a risk that otherwise it might be incorporated in compound feedingstuffs which did not meet the minimum requirement regarding skimmed-milk powder content.¹

322. The Council wished to help in finding a solution to the problem of surpluses in the milk sector and also to the problems in certain zones of the Community caused by the 1976 drought. Hence on 20 July 1976 the Council adopted Regulation (EEC) No 1807/76² on the granting of special aid for liquid skimmed milk for use as animal feedingstuffs in regions affected by drought, and on 27 July 1976 Regulation (EEC) No 1861/76, on the basis of which 10 000 tonnes of separated milk powder held by the intervention agencies in the other Member States was placed at the disposal of Italy for use in animal feedingstuffs.

A similar operation was carried out on 5 October 1976 involving 10 000 tonnes of butter and 40 000 tonnes of frozen beef and veal. The main aim of this operation was to help to stabilize market prices in Italy and to reduce the stocks held by the intervention agencies in the other Member States.

5. BEEF AND VEAL

(a) *Prices*

323. On 15 March 1976³ the Council fixed the guide prices for calves and adult bovine animals for the 1976/77 marketing year at the following levels:

¹ Regulation (EEC) No 796/76, OJ L 93 of 18. 4. 1976.

² OJ L 202 of 28. 7. 1976.

³ Regulation (EEC) No 558/76, OJ L 67 of 15. 3. 1976.

	Ireland and the United Kingdom	Other Member States
Calves	128.57 u.a./100 kg	139.04 u.a./100 kg
Adult bovine animals	109.81 u.a./100 kg	118.74 u.a./100 kg

In view of the situation regarding market prices and the quantities of intervention stocks, the Council also decided to make an exception to the rules laid down under Article 6 of the basic Regulation and not to pass on the full effect of the increase in the guide price to the intervention price, which was fixed as follows:

	Ireland and the United Kingdom	Other Member States
Intervention price	98.83 u.a./100 kg	106.87 u.a./100 kg

At the same time it decided¹ to make the standing intervention arrangements more flexible so as to provide for the possibility of suspending totally or partially the obligation to purchase when the prices on the representative markets of a Member State remain in excess of 95 % of the guide price during a given period.

(b) *Premium system*

Premium for the birth of calves

324. Because of the decrease in the number of calves in Italy, that country was authorized² to grant a premium for the birth of calves equal to 56 u.a. for every calf born during a further period of 12 months.

(c) *Arrangements regarding third countries*

325. On 21 June 1976 the Council, as in previous years, decided to open a tariff quota of 30 000 head of heifers and cows other than those intended for slaughter, certain mountain breeds falling within

¹ Regulation (EEC) No 568/76, OJ L 67 of 15. 3. 1976.

² Regulation (EEC) No 620/76, OJ L 74 of 20. 3. 1976.

subheading ex 01.02 A II b) 2 of the CCT (Austrian quota)¹ and 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A II b) 2 of the CCT (Swiss quota).²

The Council took note of a Commission report on the exhaustion of 1976 quota and on 21 December 1976³ gave its agreement to the Regulation opening, allocating and providing for the administration of a Community tariff quota for 38 500 tonnes of frozen beef and veal for 1977, in accordance with the commitments entered into by the Community during the most recent GATT multilateral negotiations.

This quota was allocated as follows:

Benelux	4 240 tonnes
Denmark	195 tonnes
France	2 680 tonnes
Germany	7 585 tonnes
Ireland	—
Italy	11 050 tonnes
United Kingdom	12 750 tonnes

326. The Council drew up the Community supply balance for meat for the processing industry, including meat for the production of preserved corned beef.

It determined the Community's needs as 50 000 tonnes and 25 000 tonnes respectively, to be imported after 1 April 1977 when the safeguard measures were due to be discontinued.

(d) *Intervention system*

327. On 5 October 1976 the Council authorized the transfer to the Italian intervention agency of frozen beef and veal held by the intervention agencies of other Member States.⁴

¹ Regulation (EEC) No 1485/76, OJ L 167 of 26. 6. 1976.

² Regulation (EEC) No 1486/76, OJ L 167 of 26. 6. 1976.

³ Regulation (EEC) No 3167/76, OJ L 357 of 29. 12. 1976.

⁴ OJ L 279 of 9. 10. 1976.

The Council was forced to make this decision in order to take account of the fact that prices in Italy were the highest in the Community while large stocks of meat were available in other regions of the Community. The aim of transferring this meat was to help stabilize prices in Italy.

6. SUGAR

(a) Price measures

328. At its meeting on 5 and 6 March 1976¹ the Council decided to increase prices in this sector as shown in the table below, and to adopt a number of related measures resulting from the application of the basic Regulation on sugar.² A further set of price measures was adopted by the Council at its meeting on 21 and 22 June 1976 and, in connection with the guaranteed price for ACP sugar, at its meeting on 29 and 30 June 1976.

Prices in u.a./100 kg	1974-75		1975-76	1976-77
	April 1974	October 1974		
Target price for white sugar	26.55	27.88	32.05	34.87
Intervention price for white sugar	25.22	26.48	30.45	33.14
Derived intervention price for white sugar for Italy	27.43	28.69	33.00	35.70
Derived intervention price for white sugar for the French Overseas Departments	24.99	26.25	30.25	32.94
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	34.14
Intervention price for raw sugar	21.41		25.84	28.15
Minimum price for beet	18.84	19.78	22.75	24.57
Threshold price for white sugar	29.47	30.80	35.52	38.21
Threshold price for raw sugar	25.78	26.90	30.97	33.28
Price for molasses	3.20	3.20	3.20	3.20

¹ See paragraph 268 of this Review.

² Regulation (EEC) No 833/76, Annex IV, OJ L 100 of 14. 4. 1976.

329. When deciding on sugar prices the Council also laid down the maximum quota as 135 % of the basic quota. It decided that the maximum amount of the production levy on the 'B' quota would be 30 % of the intervention price, i.e. 9.94 u.a./100 kg of white sugar. It agreed that the minimum storage charges should be covered by incorporating them into the prices. In connection with the system of mixed prices, it fixed the coefficient at 2.35, on the understanding that any Member State wishing to benefit from this system should make its decision by 1 May 1976.¹

330. In addition, the Council adopted Regulation (EEC) No 1653/76 of 29 June 1976,² which fixes the guaranteed price for ACP sugar at 27.70 u.a./100 kg for raw sugar and 34.14 u.a./100 kg for white sugar. A number of legal and technical difficulties were met in negotiating these prices. It was accordingly proposed in agreement with the ACP States and in conformity with the provisions of Protocol No 3 of the Lomé Convention, to seek a method of calculation to determine the guaranteed prices which was different from that used for the 1976/77 prices, the basic concept being that the Protocol on sugar must ensure that the returns enjoyed by the ACP cane sugar producers under the Protocol should be comparable to the net returns guaranteed to Community beet sugar producers.³

When there is a difference between the margin for refining raw sugar laid down as a basis for the intervention price and threshold price for this sugar and the margin required for refining raw preferential sugar, a differential charge on this sugar is laid down for the sugar year in question. During discussions on the level of this charge the question of the margin required for refining raw preferential sugar in 'pure' refineries was discussed in depth once again at Council level on the basis of the findings of a study, carried out by the European Committee of Sugar Manufacturers, which had been submitted to the Commission.

According to available data, it was noted that the margin required for refining this sugar exceeded that laid down as a basis for calculating the intervention and threshold prices for raw sugar for the 1976/77 sugar year.

¹ Regulations (EEC) No 833/76, Annex IV, and No 834/76 of 6. 4. 1976, OJ L 100 of 14. 4. 1976.

² OJ L 176 of 1. 7. 1976.

³ See paragraph 204 of this Review.

The Council accordingly adopted Regulation (EEC) No 1490/76 of 22 June 1976¹ which fixed this differential charge at 1.20 u.a. for 100 kg of sugar expressed as white sugar. Nevertheless, it was decided that this charge would not be levied on raw preferential sugar refined in Ireland up to a maximum quantity of 30 000 tonnes of sugar expressed as white sugar.

331. Under the basic Regulation on sugar a differential amount equal to the differential charge mentioned above has to be fixed for raw sugar produced in the French Overseas Departments and refined in a 'pure' refinery. The Council accordingly fixed this amount at 1.20 u.a./100 kg white sugar – also in Regulation (EEC) No 1490/76.

332. Lastly, as regards the marketing of sugar produced in the French Overseas Departments, the Council adopted Regulation (EEC) No 1491/76 of 22 June 1976² containing an appropriate measure designed to facilitate the disposal of this sugar by providing that within the maximum quota a subsidy of 1.29 u.a./100 kg sugar expressed as white sugar should be granted for sugar produced in the French Overseas Departments and refined in the Community. This amount was calculated on the basis of the value of the raw sugar delivered at the place of refining, the outlets after processing, the refining margin for sugar refined in a 'pure' refinery and the differential amount and charge mentioned above. This Regulation meets the provisions of the basic Regulation on sugar.

(b) *Procedure for implementing the common organization of the market*

333. At the same time as it adopted these decisions on prices, and on the basis of past experience, the Council instructed the Commission to carry out supplementary studies on the storage costs of sugar, including preferential sugar, and to submit amendments and, if necessary, appropriate proposals.

The Commission stated, furthermore, that it would carry out a study on the possibility of amending the system for taking account of the refining margin, with a view to the 1977/78 marketing year.

¹ OJ L 167 of 26. 6. 1976.

² OJ L 167 of 22. 6. 1976.

Moreover, in view of the situation regarding production of beet and sugar in Italy for the 1976/77 year and the special weather conditions, the Council amended the Commission's initial proposal and, as an exception, made provision for Italy to grant adaptation aid during this year at higher levels than those laid down in Article 38 of Regulation (EEC) No 3330/74. This means that a subsidy of 9.9 u.a./100 kg can be granted for a quantity of white sugar equal to the basic quota plus 100 000 tonnes of white sugar. Lastly, supplementary government aid can be granted by the Italian Republic equal to the amount of production levy. This supplementary aid applies to the amount of white sugar produced during the 1976/77 year in excess of the basic quota but within the maximum quota of 100 000 tonnes.

334. The amendments or additions to the procedures governing the common organization of the markets in the sugar sector were made in conjunction with the enactment of the different instruments resulting from the new sugar policy which for the most part was laid down by the Council in 1974.¹

These concerned the amendment to Regulation (EEC) No 766/68 concerning export refunds. Regulation (EEC) No 1489/76 of 22 June 1976² extended this system to apply to refunds on imported preferential sugars.

335. Furthermore, in its Regulation (EEC) No 1488/76 of 22 June 1976² the Council adopted provisions for the introduction of a system of minimum stocks in the sugar sector. Under this Regulation these stocks must not, as regards Community sugar, be less than 10 % of the basic quota for each undertaking or 10 % of an undertaking's production where this production is smaller than its basic quota; as regards preferential sugar, every refiner of preferential sugar must hold in stock each month of the calendar year a quantity of sugar which may not be less than 10 % of the quantity of preferential sugar refined during the 12 months immediately preceding the month in question. The Regulation also specifies the conditions under which this stock must be held by the sugar manufacturer or refiner and the criteria for proper utilization or sale of the minimum stock. These sales may be made by a manufacturer

¹ See 23rd Review, paragraph 413.

² OJ L 167 of 26. 6. 1976.

against payment of a sum representing profit resulting from taking account of the costs involved in maintaining the minimum stock in fixing sugar prices.

The Regulation also lays down general rules for releasing the minimum stock when the supplies of sugar required by the Community can no longer be ensured under normal conditions, and particularly with a view to ensuring supplies under normal conditions for regions where there is a shortage.

(c) *Isoglucose*

336. The recent development of a new process for the production of glucose syrup with a high fructose content (isoglucose) from certain starches – particularly maize starch – and the prospects of this type of production being carried out in the Community attracted the Council's attention in July 1976 when it was fixing production refunds in the starch products sector. The chemical composition and other properties of isoglucose are similar to those of inverted sugar and it can therefore replace natural sugar in the preparation of refreshing drinks, jams, pastry and confectionery. Manufacture of this product attracts the production refund for starch products and in addition the levies and restrictions on sugar production do not apply. In certain Member States it is exempt from excise duty. It does not come under the same heading in the customs nomenclatures in the different Member States.

In order to avoid distortions in competition, on 27 July 1976 the Council decided that for the 1976/77 marketing year the production refunds for starch products for the manufacture of isoglucose would be fixed at a lower level than that for starch products for other purposes and that they would be abolished as from 1 August 1977.¹

At the same time the Commission undertook to study the situation and to submit a report to the Council before the end of 1976 on the starch products sector in general together with proposals where necessary.

The Commission was unable to submit its report by that date and the Council, which felt some anxiety concerning the development of

¹ Regulation (EEC) No 1862/76, OJ L 206 of 31. 7. 1976.

isoglucose production in the Community, adopted the following resolution at its meeting on 20 and 21 December 1976:

'The Council instructs the Commission to submit as soon as possible proposals relating to glucose syrup with a high fructose content with the object, among others, of prohibiting the grant of national aids to further production.

The Council takes note of the undertaking by the Member States to abstain until 1 February 1977 from taking any decision at national level to assist production of glucose syrup with a high fructose content.'

7. WINE

(a) *The market situation*

337. At the same time as the Council was revising legislation in the wine sector, a task to which it accorded priority,¹ during 1976 the Council also paid very close attention to developments in the wine market with regard to its different technical, economic, climatic and monetary aspects.

As far as the monetary aspect is concerned, it was noted that exchange rate fluctuations had an active influence on the operation of the wine market, particularly as regards the free movement of wine within the Community. In the course of its meeting on 29 April 1976 the Council decided to devalue the green lira by a further 6 % and agreed to study the wine market situation at a later date with a view to determining whether this devaluation could be introduced into this sector as from 16 December 1976 without disturbing the market.

The figures supplied by the Commission departments on production, stocks and market trends showed in December 1976 that the market situation did not require corrective action as envisaged by the Council in its conclusions of 29 April 1976, in particular on the basis of the data contained in the forward estimate.²

¹ See paragraph 294 of this Review.

² OJ C 304 of 24. 12. 1976.

It should also be noted that with regard to the implementation of the instruments provided for in the basic Regulation, the Community once again had to deal with several matters of a conjunctural nature which determined the introduction of operations to rationalize the market both before and after the introduction of the new regulations on wine. These measures,¹ which were introduced largely because of the unfavourable weather conditions for the 1975 and 1976 harvests, did not fail to have an effect on the general market situation, in that the quantities available were stabilized.

Lastly, in accordance with Article 43 of the basic Regulation, in 1976 the Commission submitted to the Council the final report on the wine market situation at the end of the preceding marketing year, and the Council took formal note of this report at its meeting on 4 and 5 October 1976.

(b) *Prices system*

338. When considering common agricultural prices in general the Council fixed the different guide prices in the wine sector for the period between 16 December 1976 and 15 December 1977 at levels which gave a linear increase of 6.5 % over the preceding twelve-month period.²

With regard to the second category of prices concerning the wine sector – i.e. the activating prices which determine the threshold for intervention – the Council adopted Regulation (EEC) No 2996/76 of 9 December 1976,³ fixing them at 93 % of the respective guide prices.

The following table illustrates the price situation in the wine sector for 1976/77 compared with that in the preceding period.⁴

¹ See also paragraph 340 of this Review.

² Regulation (EEC) No 833/76 (Annex II), OJ L 100 of 14. 4. 1976.

³ OJ L 342 of 11. 12. 1976.

⁴ See 23rd Review, paragraph 415.

Type of wine	Guide price 16. 12. 1976 to 15. 12. 1977	Activating price 16. 12. 1976 to 15. 12. 1977	Weighted market price at the beginning of 1976/77
R I: red wine with an actual alcoholic strength of between 10 and 12°	1.96 u.a./°/hl	1.82 u.a./°/hl	1.76 u.a./°/hl
R II: red wine with an actual alcoholic strength of between 13 and 14°	1.96 u.a./°/hl	1.82 u.a./°/hl	1.69 u.a./°/hl
R III: red wine from wine varieties of the 'Portugieser' type	30.58 u.a./hl	28.44 u.a./hl	34.45 u.a./hl
A I: white wine with an actual strength of between 10 and 12°	1.84 u.a./°/hl	1.71 u.a./°/hl	1.52 u.a./°/hl
A II: white wine from wine varieties of the 'Sylvaner' or 'Müller- Thurgau' type	40.75 u.a./hl	37.89 u.a./hl	29.98 u.a./hl
A III: white wine from wine varieties of the 'Riesling' type	46.53 u.a./hl	43.27 u.a./hl	47.50 u.a./hl

339. Furthermore, on 20 July 1976¹ the Council, for the first time, adopted the financial provisions of the 'wine deliveries' system provided for under Article 24 of the basic Regulation on wine, in accordance with the new procedure for implementing this article following the fundamental revision of the common organization of the wine market in 1976.

¹ Regulation (EEC) No 1932/76, OJ L 211 of 5. 8. 1976.

The prices for the 1976/77 wine-growing year, with effect from 1 September 1976, will be as follows:

- 0.55 u.a./°/hl for the buying-in price for wine deliveries;
- 0.88 u.a./°/hl for the price of the alcohol from wine deliveries of marcs, lees and wine;
- 0.14 u.a./°/hl for the maximum amount of the contribution from the Guarantee Section of the EAGGF for expenditure incurred by the intervention agencies on account of the system concerned.

(c) *Intervention system*

340. In spite of the efforts made in 1975 to produce stability, and the distilling operations which had been introduced for this purpose on several occasions,¹ there was further imbalance between supply and demand on the wine market during the first months of 1976 which made it necessary to adopt a number of intervention measures at Community level.

Pending implementation of the new machinery of the basic Regulation on wine, the Council decided on 15 March 1976, on the basis of Article 7 of Regulation (EEC) No 816/70, that there should be a voluntary distillation operation over a four-month period, designed to withdraw approximately 4 million hectolitres of wine from the market.²

In order to attain this objective and taking into account the deadlines laid down, on 1 June 1976, the Council – on a proposal from the Commission – amended Regulation (EEC) No 576/76 and made provision for a second 'phase' for distilling table wines for the period between 15 June and 30 September 1976.³

It should be noted that Regulation (EEC) No 576/76 mentioned above was further amended on 6 April 1976 so as to make explicit the

¹ See 23rd Review, paragraphs 416 and 417.

² Regulation (EEC) No 567/76, OJ L 67 of 15. 3. 1976.

³ Regulation (EEC) No 1281/76, OJ L 144 of 2. 6. 1976.

provisions governing the payment of the distillation price and to avoid any difficulties in the practical application of these measures.¹

Moreover, on 15 March 1976 the Council agreed to the French Government's request for authorization to grant to certain wine growers subject to special production constraints aid amounting to a maximum of FF 1 per degree per hectolitre for a maximum period of three years.²

341. As regards the new wine-growing year commencing 1 September 1976, the Council – on a proposal from the Commission – decided on the implementing procedures resulting from the revision of Community regulations in the wine sector.³

On 20 July 1976 the Council accordingly adopted Regulation (EEC) No 1931/76 laying down general rules governing preventive distillation operations, the distillation of wines under storage contracts (performance guarantee), intensified distillation of the by-products of the wine-making process and compulsory distillation of wines made from table grapes.⁴ The adoption of this Regulation meant that all the instruments enacted to give a basically quantitative check on the market had been introduced. Regulation (EEC) No 2688/76⁵ brought about an amendment of limited scope concerning distillation at the beginning of the year of certain wines suitable for producing potable spirits with a registered designation of origin.

(d) *Production system*

342. On 20 July 1976 the Council adopted the new procedure for implementing the 'wine deliveries' system.⁶ This system, which is compulsory in France and Italy under Article 24 of the basic Regulation on wine, has been introduced because it is necessary to check that the prohibition on overpressing grapes is being observed. It was previously governed by Regulation (CEE) No 1877/74.⁷

¹ Regulation (EEC) No 798/76, OJ L 93 of 8. 4. 1976.

² Decision No 76/306/EEC, OJ L 72 of 18. 3. 1976.

³ See paragraph 294 of this Review.

⁴ OJ L 211 of 5. 8. 1976.

⁵ OJ L 304 of 6. 11. 1976.

⁶ Regulation (EEC) No 1930/76, OJ L 211 of 5. 8. 1976.

⁷ See 22nd Review, paragraph 376.

In accordance with the criteria inserted into Article 24 of Regulation (EEC) No 816/70 as part of the fundamental revision of the common organization of the wine market, these new rules comprise a more coherent system of control as regards the rules governing the obligation of producers to distil the by-products of wine-making and it defines more clearly the distillers' obligations towards the producers and intervention agencies. Furthermore, the price for wine deliveries is no longer considered exclusively from the point of view of the relation between the producer and the intervention agency, but with regard to a minimum price to be paid by the distiller to the producer, known as the 'buying-in price for wine deliveries', and also a price to be paid by the intervention agency to the distiller, known as 'the price of the alcohol from wine deliveries'. These prices are to be fixed by the Council before 1 August of each year for the following wine-growing year. At the same time the Council will fix the maximum amount to be contributed by the EAGGF towards the expenditure incurred by the intervention agencies.¹

In view of the properties of the white quality wines p.s.r. of the 1976 harvest as a result of the exceptional production conditions then obtaining, on 4 November 1976² the Council decided that for the 1976/77 wine year these wines might benefit from a rate of wine deliveries of not less than 7% in alcohol, and that it should be the responsibility of the Commission to apply this provision and to determine the actual rate.

343. Since at the time there was no common organization of the market in alcohol or provisions harmonizing the production of flavoured wines (CCT heading No 22.06), on 9 December 1976 the Council – on a proposal from the Commission – decided to extend until 31 December 1977³ the period of validity of the provisions of Regulation (EEC) 1876/74⁴, due to expire on 31 December 1976. They mainly concern the authorization – notwithstanding Article 25 of the basic Regulation – to add alcohol to grape musts and wines intended for the preparation of flavoured wines.

¹ See paragraph 338 of this Review.

² Regulation (EEC) No 2687/76, OJ L 304 of 6. 11. 1976.

³ Regulation (EEC) No 2997/76, OJ L 342 of 11. 12. 1976.

⁴ See 22nd Review, paragraph 317.

344. Under the provisions of Articles 26 and 28 of Regulation (EEC) No 816/70 the Council adopted Regulation (EEC) No 3168/76 of 21 December 1976¹ concerning winemaking operations in the free zones. This instrument, which will enter into force on 1 March 1977, lays down the conditions for the coupage of a wine originating in a third country with a Community wine, coupage between two wines originating in third countries, the making of wine from imported basic products and the addition of such products to wine.

This Regulation also lays down the administrative procedure regarding the authorization of these operations, and the rules regarding supervision and designation of the end products. It should be emphasized that in any event these products may not be made freely available in the Community, but must be consigned to a third country.

(e) *Trade with third countries*

345. In the sphere of trade with third countries, on 17 May 1976² the Council amended Regulation (EEC) No 2506/75 laying down special rules for the importation of products in the wine sector³ with a view to establishing a legal basis which would enable the Commission to take any necessary transitional measures under the Management Committee procedure – the provision concerned to remain in force until 1 July 1977 at the latest.

346. In adopting Council Regulation (EEC) No 1848/76 of 27 July 1976⁴ the Council introduced the system of imports which will apply in future, on the basis of the new text of Articles 28 and 28a of the basic Regulation on wine, to liqueur wines, sparkling wines, wines for industrial uses, musts and grape juices.

This system replaces that contained in Regulation (EEC) No 1599/71⁵ and lays down the cases in which exemption is granted from submitting certificates and analysis reports, and also the rules which

¹ OJ L 357 of 29. 12. 1976.

² Regulation (EEC) No 1166/76, OJ L 135 of 24. 5. 1976.

³ See 23rd Review paragraph 363.

⁴ OJ L 204 of 30. 7. 1976.

⁵ See 19th Review, paragraph 279.

apply to imported wines manufactured by oenological processes which are not permitted in the Community.

347. Still on the subject of imports, on 29 November 1976 the Council made the necessary adjustments to Regulation (EEC) No 947/70¹ laying down general rules for fixing the reference price and levying the countervailing charge for wine.

Under the new provisions of Article 9 of the basic Regulation, adopted by the Council on 17 May 1976, the system of reference prices, initially established for wines, had been extended to musts and grape juices, whether concentrated or not, and to wine packed in containers holding a maximum of two litres. The amendments made to Regulation (EEC) No 947/70 take account of these provisions.

348. Annex IV to Regulation (EEC) No 816/70 was amended on two occasions in respect of the exchange rate applicable to customs duties on certain imported wines.

In adopting Council Regulation (EEC) No 1167/76 of 17 March 1976² the Council decided to apply the representative rate laid down for operations to be carried out under the rules of the common agricultural policy, known as the 'green rate', when converting into national currency the customs duties expressed in units of account, in respect of the wines falling under subheading 22.05 C of the customs tariff, except for quality wines from certain third countries named under this heading.

In view of the adverse effect which this approach might have on the position of similar competing quality wines from other third countries, the Council subsequently adopted Regulation (EEC) No 2842/76 of 23 November 1976,³ extending this measure to cover the quality wines concerned, and thus making the 'green rate' uniformly applicable to all wines imported under subheading 22.05 C.

The Council's decisions on this matter were aimed at enabling the reference prices system to be applied effectively to imported

¹ Regulation (EEC) No 2918/76, OJ L 333 of 2. 12. 1976.

² OJ L 135 of 24. 5. 1976.

³ OJ L 327 of 26. 12. 1976.

products, taking account of the technical aspects of this particular mechanism and also of the relevant monetary and customs factors.

(f) *Presentation and description of wines*

349. In addition to its priority tasks of adjusting the common organization of the market, in 1976 the Council had to deal with matters relating to specific aspects of the regulations.

It concluded its examination of the Commission's proposal submitted in 1975¹ concerning the description and presentation of wines and grape musts, and on 17 May 1976 adopted Regulation (EEC) No 1168/76² which contains several amendments to Regulation (EEC) No 2133/74 laying down general rules applicable as from 1 September 1976 to the subject concerned. These rules were adapted in particular to administrative requirements and commercial practices.

(g) *Luxembourg Protocol*

350. Harmonization of taxes on wines in the Community had not been achieved by 31 December 1976, and the application of the specific provisions of the Luxembourg Convention on the Economic Union of Belgium and Luxembourg in favour of Luxembourg wines contributes to the agricultural income of the Grand Duchy of Luxembourg. In its Regulation (EEC) No 3166/76 of 21 December 1976 the Council therefore extended for a further year the period of validity of the provisions of the second subparagraph of Article 1(1) of the Protocol in the Grand Duchy of Luxembourg.³ These provisions thus remain applicable until the entry into force of the provisions relating to the harmonization of excise duties on wine in the Community, or until 31 December 1977 at the latest.

¹ See 23rd Review, paragraph 364.

² OJ L 135 of 24. 5. 1976.

³ OJ L 357 of 29. 12. 1976.

8. FRESH FRUIT AND VEGETABLES

(a) *Prices and 'marketing premiums'*

351. When carrying out its annual task of fixing agricultural prices, on 6 April 1976 the Council also fixed the basic and buying-in prices for certain fresh fruit and vegetables¹ for the 1976/77 marketing year.² These prices were increased by some 8 % over those for the preceding year, except for apples and pears: for which the prices were increased by 4 %, in view of the danger of structural surpluses.³

At the same time the Council applied a similar percentage increase to the amount of financial compensation, known as the marketing premium, designed to promote sales in the Member States of oranges, mandarins, clementines and lemons of Community origin.²

(b) *Extension of the period during which a 'marketing premium' is payable for lemons*

352. For the reasons given in the preceding Review,⁴ certain types of citrus fruit, including lemons harvested in the Community, attract, amongst other payments, financial compensation in the form of a 'marketing premium'. However, in the case of lemons, this measure was restricted to the 1975/76 marketing year. Under the general agreement on agricultural prices and related measures (reached in the April 1976 meeting) the Council extended for a further marketing year, i.e. until 31 May 1977, the period during which the marketing premium was payable for lemons of Community origin in order to promote sales of lemons on the markets of the Member States which do not produce this fruit.⁵

(c) *Extension of the marketing year for apples*

353. The marketing year laid down by the basic Regulation ends, in the case of apples, at the end of May. After this date no intervention activities are permitted in the markets for this product. At the end of the

¹ Cauliflowers, tomatoes, peaches, lemons, pears, table grapes, apples, mandarins and sweet oranges.

² Regulation (EEC) No 833/76, OJ L 100 of 14. 4. 1976.

³ See also 23rd Review, paragraph 409.

⁴ See 23rd Review, paragraph 380 and 18th Review, paragraph 154.

⁵ Regulation (EEC) No 793/76, OJ L 93 of 8. 4. 1976.

1975/76 marketing year substantial quantities of Community-produced apples were still in storage. The resultant uncertainty regarding future market prices, and the proximity of the last withdrawals from the market of products for which no purchasers would be found entailed the risk that a large number of producers would be offering their stocks to the intervention agencies during May instead of trying to sell them on the markets, if necessary, in June.

For this reason, on 18 May 1976, the Council decided to extend for one month the 1975/76 marketing year for apples – thus making intervention measures in respect of this product still possible in June 1976 – and at the same time fixed the basic and buying-in prices for that month.¹

(d) *Temporary suspension of CCT customs duties for certain vegetables*

354. Following the substantial reduction in the supply of vegetables due to the drought,² which entailed the risk of a significant increase in the cost of living, on 25 August 1976³ the Council decided to suspend totally the autonomous Common Customs Tariff duties on a number of vegetables⁴ intended for human consumption.

For the same reason, on 9 September 1976⁵ the Council decided to extend this measure to other vegetables,⁶ and to extend its validity for most products until 31 October 1976, but to lay down that as from 1 October 1976 customs duties on certain vegetables⁷ would be suspended only partially, i.e. at the level of 8 %.

(e) *Rationalization of fruit production in the Community*

355. As indicated above,⁸ during the period under review the supply of certain varieties of apples and pears exceeded demand.

¹ Regulation (EEC) No 1198/76, OJ L 133 of 22. 5. 1976.

² See paragraph 270 of this Review.

³ Regulation (EEC) No 2101/76, OJ L 235 of 26. 8. 1976.

⁴ Cauliflowers, white cabbages and red cabbages, pears, carrots and celery.

⁵ Regulation (EEC) No 2223/76, OJ L 251 of 15. 9. 1976.

⁶ Beans of the species *Phaseolus* and onions.

⁷ Beans of the species *Phaseolus*, onions and celery.

⁸ See paragraph 353 of this Review.

In view of the structural nature of this situation,² the Council considered it advisable to supplement its decision on the prices of these products by taking further action which would have a direct effect on the growing potential.² To this end, at the time of fixing the prices, it adopted a Regulation providing for a premium of up to a maximum of 1 100 u.a./ha to be granted to producers who undertook to grub up by 1 April 1977 all or part of their orchard of apples of the following varieties; 'Golden Delicious', 'Starking Delicious' and 'Imperatore' and pears of the 'Passe Crassane' variety.³

(f) *Improvement in the system of reference prices*

356. In order to take account of the difficulties encountered by certain Member States in the practical application of the provisions proposed by the Commission in July 1973 with a view to implementing the Council's decisions of 20 and 21 November and 18 and 19 December 1972 to improve the efficacy of the system of reference prices,⁵ on 28 July 1976 the Commission submitted to the Council a revised proposal on this matter which at present is being examined by the Council departments.

(g) *Technical improvements in the system introduced in 1969 to encourage Community citrus fruit production*

357. On 11 November 1976 the Commission submitted to the Council a proposal aimed at making technical amendments to the system established by Regulation (EEC) No 2511/69 with a view to improving, by means of special measures, the production and marketing of citrus fruits.⁵ The Council decided to consult Parliament on this proposal and instructed its departments to examine it following the issue of an opinion by Parliament.

¹ See also 22nd Review, paragraph 365.

² See 18th Review, paragraph 152.

³ Regulation (EEC) No 794/76, OJ L 93 of 8. 4. 1976.

⁴ See 20th Review, paragraph 116.

⁵ See 18th Review, paragraph 116, and 21st Review, paragraph 178.

9. PROCESSED FRUIT AND VEGETABLES

(a) *Adjustment of minimum prices and compensatory amounts applicable to trade in tomato concentrates*

358. As mentioned in the preceding Review,¹ the Council, in connection with the 'overall Mediterranean approach' had decided in 1975 to liberalize trade in these products with third countries, while adopting a series of measures aimed at safeguarding the competitiveness of certain Community products which were considered vulnerable. During the period under review the Council amended some of these measures so as to adapt them to developments in the market situation which had taken place meanwhile.

On 18 May 1976 the Council accordingly increased the minimum price for imports of tomato concentrates into the Community from 600 u.a./tonne to 640 u.a./tonne for the 'original' Member States and from 400 u.a./tonne to 480 u.a./tonne for the 'new' Member States.²

In addition, on 20 July 1976 the Council decided to increase the compensatory amount applicable to trade in this product between the Community as originally constituted and the three new Member States from 40 % to 50 % of the export refund granted to them.³ The object of this measure is to strengthen the competitiveness of the Community processing industries as against that of the third countries.

(b) *Extension of the system of compensatory amounts to peeled tomatoes*

359. The Council also decided to extend to peeled tomatoes the system of compensatory amounts established for tomato concentrates so as to facilitate the sale within the Community of large quantities of peeled tomatoes produced in the Community and stored there. These compensatory amounts, fixed at 25 % of the export refund, are applicable as from 20 July 1976. They will be reduced by 50 % with effect from 1 July 1977 and withdrawn completely on 1 January 1978.

¹ See 23rd Review, paragraph 375.

² Regulation (EEC) No 1197/76, OJ L 133 of 22. 5. 1976.

³ Regulation (EEC) No 1779/76, OJ L 199 of 24. 7. 1976.

(c) *Production aid for tinned pineapple*

360. Lastly, in accordance with the provisions of the Regulation establishing the system of aid for the production of tinned pineapple,¹ on 22 June 1976 the Council fixed the amount of this aid for the 1976/77 marketing year at 300 u.a./tonne.² The aid is granted on condition that processors undertake to pay at least 152.5 u.a./tonne to the producers of the fresh pineapple.

(d) *Temporary suspension of CCT customs duties on certain preserves*

361. When taking measures to mitigate the effects of the drought³ on the cost of living in the Community, on 9 September 1976 the Council decided to suspend, with immediate effect, and until 31 December 1976, the autonomous CCT duties on preserved beans in pod at the level of 16 %.⁴

The same measure was taken on 4 November 1976 in respect of certain mushrooms on which the customs duty was totally suspended from 1 January to 30 June 1977.⁵

10. NURSERY PRODUCTS

(a) *Suspension of customs duties on asparagus plumosus*

362. Following an improvement in the tariff system for nursery products – in particular asparagus plumosus – to the benefit of the ACP States, on 16 February 1976 the Council, after consulting Parliament, adopted the Regulation partially suspending (at the level of 8 %) the autonomous duty in the common customs tariff on the foliage of asparagus plumosus.¹

¹ See 23rd Review, paragraph 378.

² Regulation (EEC) No 1492/76, OJ L 167 of 26. 6. 1976.

³ See paragraph 270 of this Review.

⁴ Regulation (EEC) No 2226/76, OJ L 251 of 15. 9. 1976.

⁵ Regulation (EEC) No 2689/76, OJ L 304 of 6. 11. 1976.

⁶ Regulation (EEC) No 340/76, OJ L 43 of 19. 2. 1976.

At the same time, with a view to maintaining the Community preference for this product, the Council decided to suspend totally the customs duty applicable by the Community as originally constituted on consignments of asparagus plumosus from the new Member States.¹ These two Regulations entered into force on 1 March 1976 and will remain valid until the end of the transitional period, i.e. 31 December 1977.

(b) *Quality standards*

363. On 14 December 1976 the Commission submitted to the Council two proposals aimed at amending certain practical details of Regulation (EEC) No 315/68 fixing quality standards for flowering bulbs, corms and tubers – i.e. extending the field of application of certain provisions regarding quality standards and simplifying the monitoring of them.²

The Council instructed the competent departments to examine these proposals.

11. VEGETABLES FATS

(a) *Oil seeds (colza, rape seed and sunflower seeds)*

364. During the past year the Council's deliberations on the measures to be taken regarding colza, rape and sunflower seeds hinged on two major factors.

Firstly, the Council had to take account of the effect of the erucic acid problem connected with the efforts made by producers to produce colza with a low erucic acid content but with a smaller yield per hectare than the conventional varieties, and adopted the Directive of 20 July 1976 relating to the fixing of the maximum level of erucic acid in oils and fats intended as such for human consumption.³

Secondly, in the course of discussions on prices and the main intervention centres, the Council came up against the problem of

¹ Regulation (EEC) No 341/76, OJ L 43 of 19. 2. 1976.

² See 16th Review, paragraph 102.

³ See paragraph 415 of this Review.

intra-Community mobility of colza and rape seed. At the end of these discussions, which were held at the meetings on 20 and 21 June 1976 and 20 and 21 December 1976, the Commission announced that it would submit a report to the Council on this matter at the beginning of 1977 which would contain appropriate proposals, should the need arise.

365. The price levels adopted for the 1976/77 marketing year are given in the table below:¹

Products	Marketing year 1974/75		Marketing-year 1975/76	Marketing-year 1976/77
	April 1974	October 1974		
Target price (u.a./100 kg)				
— colza and rape seeds	21.90	23.00	25.53	27.57
— sunflower seeds	22.54	23.67	26.51	28.63
Basic intervention price (u.a./100 kg)				
— colza and rape seeds	21.27	22.33	24.79	26.77
— sunflower seeds	21.89	22.98	25.74	27.80

In view of the increase in the target price and in the basic intervention price for colza, rape and sunflower seeds, the Council also adopted Regulation (EEC) No 812/76² fixing the monthly increases in the target and intervention prices for oil seeds, taking into consideration the increased storage costs and interest charges recorded in the Community. It also adopted Regulation (EEC) No 1462/76 fixing the main intervention centres for oil seeds and the derived intervention prices applicable at these centres.

Lastly, continuing the process of approximation by stages of the intervention prices applicable in Denmark and the United Kingdom to the common price levels in accordance with Article 52 of the Accession Treaty, the Council adopted Regulation (EEC) No 1463/76 fixing the compensatory amounts for colza and rape seed harvested in these two Member States.³

¹ Regulation (EEC) No 833/76, OJ L 100 of 14. 4. 1976.

² OJ L 94 of 9. 4. 1976.

³ OJ L 165 of 25. 6. 1976.

(b) *Olive oil*

366. The unfavourable developments in the olive-oil market during 1976 and the complicated nature of the question of the overall review of the common organization for this product prevented the Institutions concerned from observing the deadlines which had been laid down.¹ The Council therefore took limited and specific measures to mitigate the economic difficulties which arose in this market.

On 15 March 1976, on the basis of the proposals which the Commission had submitted on 2 December 1975,¹ under Article 36 of Regulation No 136/67/EEC the Council adopted two Regulations laying down special measures in particular for the determination of the offers of olive oil on the world market and on the Greek market, valid until 31 October 1976.² These two instruments constituted an amendment to the import levy system so that, under certain circumstances, these levies can be determined under a tendering procedure.

Since it was not appropriate to deprive the Community departments responsible for administering the market in olive oil of this instrument which in practice had proved to be of positive benefit, the Council – pending the introduction of a new basic system for this product – extended the period of validity of these special measures until the end of 1976/77 marketing year.

For this reason Regulation (EEC) No 2600/76 of 26 October 1976³ was adopted in the first instance, replacing the date of 31 October 1976 by that of 31 December 1976 in the two Regulations of 15 March 1976. Subsequently these two Regulations were annulled and replaced by Regulations (EEC) No 2843/76 and No 2844/76, both of 23 November 1976, based on Article 43 of the Treaty and applicable until 31 October 1977.⁴

In accordance with the Regulations mentioned above the Council adopted Regulation (EEC) No 1794/76 of 20 July 1976 which amends Regulation (EEC) No 155/71 relating to the production refund on olive

¹ See 23rd Review, paragraph 383.

² Regulations (EEC) No 601/76 and No 602/76, OJ L 72 of 28. 3. 1976.

³ OJ L 297 of 28. 10. 1976.

⁴ OJ L 327 of 26. 11. 1976.

oil used in the manufacture of certain preserved foods, so as to specify the circumstances under which this system applies when the tendering procedure referred to in Regulations (EEC) No 601/76 and No 602/76 is followed.¹

367. Several Regulations were adopted during the 1976/77 marketing year in connection with the system of common prices for the olive-oil sector and the main procedures for implementing it. These Regulations relate mainly to the fixing of the production target price, market target price, intervention price, threshold price and the monthly increases in these prices.²

The table below shows the movements in these different prices since the 1974/75 marketing year:

(u.a./100 kg)			
Prices: u.a./100 kg	Marketing year 1974/75	Marketing year 1975/76	Marketing year 1976/77
Production target price	144.03	185.00	185.00
Market target price	101.86	149.96	144.89
Intervention price	94.61	142.71	137.64
Threshold price	99.86	146.96	141.89

The general rules relating to the granting of aid to producers and the standard amount for unrefined olive oil from Greece remain unchanged in relation to those adopted for the preceding marketing year.³

(c) *Linseed*

368. Following the introduction of the new system of aids for linseed⁴ it proved necessary to lay down the criteria for the determination of the average world market price together with general rules for granting the

¹ OJ L 201 of 27. 7. 1976.

² Regulation (EEC) No 833/76 (Annex III, I) OJ L 100 of 14. 4. 1976; Regulation (EEC) No 2599/76, OJ L 297 of 28. 10. 1976; Regulation (EEC) No 813/76, OJ L 94 of 9. 4. 1976.

³ See Regulations (EEC) No 2597/76 and No 2598/76 (OJ L 297 of 28. 10. 1976) respectively.

⁴ See paragraph 305 of this Review.

subsidy for this product and for the control of the areas sown and harvested within the Community. These provisions were adopted by the Council on 20 July 1976.¹

When fixing all the prices for 1976/77 the Council, for the first time, fixed the guide price for linseed at 29.00 u.a./kg.²

12. PROTEINS

(a) *Dehydrated fodder*

369. One of the Council's decisions on agricultural prices for the 1976/77 marketing year was to fix the amount of production aid at 9 u.a./tonne,³ as compared with 8 u.a./tonne for the previous year.

The Council also decided that different questions of a technical nature concerning in particular alfalfa and carotene, would be studied as part of the revision of the basic Regulation, which is to be carried out by 31 March 1978.

Lastly dehydrated fodder was discussed in connection with the 'drought' measures.⁴

(b) *Soya beans*

370. The guide price for soya beans for the 1976/77 marketing year was fixed at 28.50 u.a./100 kg,⁵ which bears the same relation to the price for maize as in the previous year.

In the light of past experience, on 20 July 1976 the Council adopted the Regulation on special measures for soya beans. This Regulation⁶ adapts and restates the criteria for the determination of the average world market price for soya beans and the general rules relating to the granting of aid and aid control arrangements for soya beans grown

¹ Regulation (EEC) No 1774/76 of 20. 7. 1976, OJ L 199 of 24. 7. 1976.

² Regulation (EEC) No 833/76 of 6. 4. 1976 (Annex III), OJ L 100 of 14. 4. 1976.

³ Regulation (EEC) No 833/76 (Annex IX), OJ 100 of 14. 4. 1976.

⁴ See paragraph 270 of this Review.

⁵ Regulation (EEC) No 833/76 (Annex III), OJ L 100 of 14. 4. 1976.

⁶ Regulation (EEC) No 1777/76, OJ L 199 of 24. 7. 1976.

in the Community, as set out in Regulations (EEC) No 2783/74¹ and No 2809/75,² for the previous two marketing years. The new Regulation specifies the conditions governing the differentiation of the target yield, taking into account the different methods of soya cultivation and the yields actually recorded in the main producing zones of the Community.

(c) *Aids for the private storage of certain protein products*

371. As part of the measures for rationalizing the Community market for skimmed-milk powder³ on 22 June 1976 the Council adopted a Regulation setting up a temporary system of aids for the private storage of certain protein products for the period July 1976 to 31 October 1976.⁴

13. HOPS

Production aid

372. On 20 July 1976 the Council laid down the amount of aid to producers of hops for the 1975 harvest.⁵

Taking into account the average return per hectare in comparison with that for previous harvests, the Council specified 20 varieties which would attract this aid, compared with 19 varieties in 1974. The average amount of aid was increased from the 1974 figure of 295 u.a./ha to 316 u.a./ha for the 1975 harvest.

However, in order to avoid the structural surpluses which had existed for some time on this market,⁶ the Council made the granting of this aid subject to certain conditions designed to discourage any increase in the area planted with hops.

The Council therefore decided to grant the aid concerned only for the areas on which the different varieties had been grown in 1974, so

¹ OJ L 297 of 5. 11. 1974.

² OJ L 280 of 31. 10. 1975.

³ See paragraph 321 of this Review.

⁴ Regulation (EEC) No 1531/76, OJ L 170 of 29. 6. 1976.

⁵ Regulation (EEC) No 1793/76, OJ L 201 of 27. 7. 1976.

⁶ See paragraph 304 of this Review.

that the extra areas cultivated during 1975 were not taken into account by the Council when calculating the amount of aid for that year.

14. TOBACCO

Prices and premiums

373. The prices and premiums applicable in the tobacco sector for the 1976/77 marketing year¹ were adopted by the Council at the same time as the other agricultural prices and amounts.²

The norm prices and intervention prices were increased by an average of 5 % over those for the preceding year, the increase varying according to variety to encourage producers to change over to the more popular and more competitive varieties.

The Council decided to increase by an average of 8 % the premium granted to the purchaser of Community-produced tobacco. This measure is designed to stimulate sales of Community tobacco and thus to reduce the quantities offered for intervention measures.

15. TEXTILE FIBRES AND SILK WORMS

(a) *Flax and hemp*

374. Taking account of the favourable development of the market for these products and also of the situation created by introducing a new system for linseed, the Council fixed the amount of aid as follows:

- flax – 143.20 u.a./ha for the United Kingdom (compared with 128.20 for the previous year) and 188.15 u.a./ha for the other Member States (unchanged from the previous year);
- hemp: 174.04 u.a./ha for all Member States (compared with 161.90 u.a./ha for the previous year).²

¹ For the mechanism of this system see 18th Review, paragraphs 118 and 119.

² Regulation (EEC) No 833/76, OJ L 100 of 14. 4. 1976.

The introduction of the new system for linseed¹ made it necessary to make a technical amendment to Regulation (EEC) No 619/71 laying down general rules for granting aid for flax and hemp² and also to Regulation (EEC) No 620/71 as regards the outline provisions for contracts for the sale of flax straw.³

(b) *Cotton seed*

375. In fixing this aid the Council took into account the reasons for maintaining cultivation of this product and the outcome of the production improvement programme for the main producing region, which will give greater production and better quality for a given area because of improvements in growing conditions and the adoption of new varieties. It fixed the aid for the 1976/77 marketing year at 103.20 u.a./ha (compared with 83.60 u.a./ha for 1974/75 and 96 u.a./ha for 1975/76).⁴

(c) *Silkworms*

376. Sales of products from the rearing of silkworms in the Community were adversely affected by imports of silk from third countries at particularly low prices under duty-free Community quotas. The rearers' difficulties were aggravated by the inadequate supply organization of the Community market. This resulted in a constant fluctuation in the number of boxes of silkworm eggs used in the Community.

The Council was conscious of the need to stabilize this market and therefore, following discussions at its meeting on 2 to 6 March 1976, adopted measures relating to an increase in the aid per box of silkworm eggs used and also two Regulations aimed at encouraging the centralization of supply and the adaptation of production to the requirements of the market through joint action by rearers.

After a favourable opinion had been given by Parliament and the Economic and Social Committee, the Council accordingly fixed the aid at 40 u.a. per box of silkworm eggs in use during the 1976/77 marketing year (compared with 36.50 u.a. for the previous year) under Regulation (EEC) No 833/76 (Annex V) of 6 April 1976.⁵

¹ See paragraph 305 of this Review.

² Regulation (EEC) No 1775/76, OJ L 199 of 24. 7. 1976.

³ Regulation (EEC) No 1776/76, OJ L 199 of 24. 7. 1976.

⁴ Regulation (EEC) No 833/76, OJ L 100 of 14. 4. 1976.

⁵ OJ L 100 of 14. 4. 1976.

377. Furthermore, on 25 March 1976 the Council adopted Regulation (EEC) No 707/76 on the recognition of producer groups of silkworm rearers, the purpose of which is to make available to the associate rearers adequate technical resources for the preparation, storage and marketing of the products of their silkworm,¹ and also Regulation (EEC) No 708/76 granting supplementary aid of 15 u.a. per box of silkworm eggs used for the 1976/77 marketing year, exclusively for rearers who are members of a producer group.¹

These two complementary Regulations replaced the proposal submitted by the Commission on 7 July 1975 establishing a system of aid to silkworm rearer organizations, and withdrawn by the Commission following the Council's proceedings.² The Regulations were based on proposals submitted by the Commission on 15 December 1975.

The measures concerned were intended to encourage the rearer as to market their cocoons jointly and thus give more rational supply management, greater market stability and ultimately a fair return to the rearers, particularly in the present phase of restructuring and investment in this sector.

16. SEEDS

Production aid

378. In accordance with the provisions of the basic Regulation on seeds, on 6 April 1976 the Council adopted the Regulation fixing the amounts of aid for seeds for the 1976/77 marketing year.³

For most seeds this aid remains unchanged from the previous year, since the Council considered its level sufficient to ensure the supply of certified seed in the Community.

17. FISHERIES

379. The Council took its first measure on prices on 16 February 1976 when it fixed the Community producer price of tunny intended for the

¹ See OJ L 84 of 31. 3. 1976.

² See 23rd Review, paragraph 437.

³ Regulation (EEC) No 833/76, OJ L 100 of 14. 4. 1976.

canning industry for the period from 1 March to 31 December 1976.¹ Subsequently, on 16 December 1976, the Council fixed the prices for the 1977 fishing year – i.e. the guide prices for fresh² and frozen³ products, the Community producer price for tunny⁴ and the intervention prices for sardines and anchovies.⁵ Most of these prices were increased to take account of the increase in market prices recorded during the reference period. The prices fixed for fresh products were as follows:

	1975	1976	1977
Cod	465 u.a./tonne	535 u.a./tonne	572 u.a./tonne
Saithe	273 u.a./tonne	306 u.a./tonne	327 u.a./tonne
Haddock	347 u.a./tonne	399 u.a./tonne	427 u.a./tonne
Herring	206 u.a./tonne	227 u.a./tonne	247 u.a./tonne
Whiting	380 u.a./tonne	426 u.a./tonne	456 u.a./tonne
Mackerel	210 u.a./tonne	221 u.a./tonne	221 u.a./tonne
Plaice	435 u.a./tonne	522 u.a./tonne	569 u.a./tonne
Redfish	427 u.a./tonne	478 u.a./tonne	502 u.a./tonne
Shrimps	897 u.a./tonne	1 076 u.a./tonne	1 001 u.a./tonne
Anchovies	411 u.a./tonne	432 u.a./tonne	441 u.a./tonne
Atlantic sardines	440 u.a./tonne	440 u.a./tonne	440 u.a./tonne
Mediterranean sardines	249 u.a./tonne	274 u.a./tonne	288 u.a./tonne
Hake	—	1 120 u.a./tonne	1 232 u.a./tonne

D – Trade arrangements

1. POTATOES

Measures to improve supplies for Community markets

380. During the period under review the Council had to deal with a particularly difficult situation on the potato markets. Unfavourable

¹ Regulation (EEC) No 339/76, OJ L 43 of 19. 2. 1976. Since the Council could not agree in 1975 within the required period on a valid price for the whole of the 1976 marketing year, it extended the validity of the 1975 price by two months, as a transitional measure (Regulation (EEC) No 117/76, OJ L 20 of 28. 1. 1976).

² Regulation (EEC) No 3120/76, OJ L 353 of 23. 12. 1976.

³ Regulation (EEC) No 3121/76, OJ L 353 of 23. 12. 1976.

⁴ Regulation (EEC) No 3122/76, OJ L 353 of 23. 12. 1976.

⁵ Regulation (EEC) No 3123/76, OJ L 353 of 23. 12. 1976.

weather conditions and other factors had caused a substantial drop in production and a spectacular rise in the prices of this product. The Council followed the situation in this sector very closely and with each new development took appropriate measures to reduce the effects on the cost of living.

Thus at different times the Council temporarily suspended CCT duties on these products, which meant that they could be imported duty free during the following periods: ware potatoes: from 23 January 1976 to 30 June 1976 and from 1 August 1976 to 28 January 1977; new potatoes: from 12 February 1976 to 31 May 1976 and from 1 January 1977 to 28 February 1977; seed potatoes: from 12 February 1976 to 28 March 1976 and from 18 September 1976 to 28 February 1977.¹

In addition, on 17 February 1976, the Council decided to levy a tax of 25 u.a./100 kg during the period from 18 February to 30 June 1976 on exports to third countries of seed potatoes or ware potatoes.²

2. GOODS NOT COVERED BY ANNEX II RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

381. During 1976 the Council's decisions regarding this sector concerned mainly questions of management, improvement and simplification of the trade arrangements established by Regulation (EEC) No 1059/69.³ In this connection, on 25 October 1976, the Council adopted Regulation (EEC) No 2670/76⁴ designed to simplify the procedure for fixing the variable components and also to determine the date of this procedure so that it may follow more closely the date on which the new threshold prices are fixed in respect of raw materials used in the manufacture of the goods covered by Regulation (EEC) No 1059/69.³ This Regulation was adopted after consulting Parliament.⁵

¹ Regulations (EEC) No 128/76, OJ L 14 of 23. 1. 1976; No 288/76, OJ L 37 of 12. 2. 1976; No 667/76, OJ L 81 of 27. 3. 1976; No 815/76, OJ L 94 of 9. 4. 1976; No 1021/76, OJ L 115 of 1. 5. 1976; No 1115/76, OJ L 127 of 15. 5. 1976; No 1180/76, OJ L 132 of 21. 5. 1976; No 1824/76, OJ L 203 of 29. 7. 1976; No 2224/76, OJ L 251 of 15. 9. 1976; No 2225/76, OJ L 251 of 15. 9. 1976; No 2894/76, OJ L 332 of 1. 12. 1976.

² Regulation (EEC) No 348/76, OJ L 43 of 19. 2. 1976.

³ OJ L 141 of 12. 6. 1969.

⁴ OJ L 302 of 4. 11. 1976.

⁵ OJ C 259 of 4. 11. 1976.

The Council also made certain amendments to Regulation (EEC) No 2682/72 laying down general rules for granting export refunds on certain agricultural products exported in the form of goods not covered by Annex II to the Treaty, and the criteria for fixing the amount of such refunds.¹

The Council adopted Regulation (EEC) No 2795/76² altering the quantity of eggs to be taken into consideration in calculating the export refund to the figure laid down for calculating the import duties and sluice-gate prices for ovalbumin and lactalbumin. Furthermore, the Council adopted Regulation (EEC) No 3138/76³ giving a clearer description of certain chemicals falling within subheading 29.16 A ex VIII of the CCT. These amendments were also made to Protocol No 2 of the Agreement between the European Economic Community and the member countries of EFTA.

E – Structural policy

1. IMPROVEMENTS AND ADDITIONS TO DIRECTIVE 75/268/EEC⁴ ON MOUNTAIN AND HILL FARMING AND FARMING IN CERTAIN LESS-FAVoured AREAS

(a) Financial aspects

382. When the Council adopted this Directive in 1975 it undertook to examine by 1 January 1976 the desirability of increasing the proportion (then standing at 25 %) of the Community contribution towards financing the expenses connected with granting the allowance to farmers in mountain and other less-favoured areas to compensate for the natural disadvantages of these areas.

For this reason one of the Commission's proposal to the Council concerning the 1976/77 agricultural prices was that the proportion of this contribution should be increased from 25 % to 40 %. In setting out

¹ OJ L 289 of 27. 12. 1972.

² OJ L 320 of 20. 11. 1976.

³ OJ L 354 of 24. 12. 1976.

⁴ OJ L 128 of 19. 5. 1975.

the reasons behind its proposal the Commission had emphasized that only a substantial increase in the Community contribution towards financing this compensatory allowance would enable the objectives of this joint action to be achieved.

The action was based on the necessity of demonstrating particular sympathy with the problems of these regions, for it had been observed that the inadequacy of the finance provided had considerably delayed the implementation of this Directive and that it had also caused the compensatory allowance to be fixed well below the level required – particularly in the least-favoured areas – given the seriousness of the natural disadvantages.

However, the Commission's reasoning was not accepted by the Council, where there were differences of opinion both on the advisability of adjusting the figure of 25 % and on the new figure.

Only as part of the final compromise regarding prices for the 1976/77 marketing year was the Council able to agree that the Community contribution towards expenditure arising from payment of the compensatory allowance be increased from 25 % to 35 % for the mountain and hill farming regions in Ireland and Italy.¹

383. It should also be noted that at the same time the Council made provision for the possibility of increasing the level of the compensatory allowance itself by 2.81 %, in conjunction with the new representative rates fixed for reconvertng unit-of-account prices into natural currencies.²

The Commission was instructed to draw up the procedure for applying this decision in principle, and in Regulation (EEC) No 571/76¹ it fixed the minimum level of this compensatory allowance at 16 u.a. and its maximum level at 52.50 u.a.

384. Lastly, still with the view to improving or at least maintaining the efficacy of this joint action, on 13 May 1976 the Commission submitted to the Council a proposal to increase the compensatory allowance by

¹ See Directive 76/400/EEC, OJ L 108 of 26. 4. 1976.

² See Article 3 (2) of Regulation (EEC) No 557/76, OJ L 67 of 15. 3. 1976.

³ OJ L 68 of the 15. 3. 1976.

15 % so as to offset to some extent the increase in prices since 1973. When it was agreed that the level of this compensatory amount should be no lower than 15 u.a. and no higher than 50 u.a.

This proposal is part of a more general move to adjust all the aids, premiums or other amounts laid down in the Directives concerning social structures adopted since 1972.¹ At the time of writing it is still being discussed within the different Council departments, and raises the particular question of whether experience to date in applying the Directive on mountain and less-favoured areas is sufficiently conclusive to justify an increase in the compensatory allowance – its level in terms of national currencies moreover, being higher in some Member States than the initial level because of successive devaluations in the representative rates applicable in the agricultural sector.

(b) Geographical aspects

385. On 30 December 1975 and 23 January 1976 the Commission submitted to the Council two proposals to add to the list of regions in France eligible for aid under the Directive on mountain and other less-favoured areas.

The first proposal was that this list should include the mountain areas and certain agricultural areas which were threatened with depopulation or had some other particular disadvantage – such as being situated on an island, with the consequent adverse effects on production costs – in the French Overseas Departments of Martinique, Guadeloupe, Réunion and Guyana.

On 20 July 1976 the Council accepted this proposal and adopted Directive 76/631/EEC,² making the farming population in those areas eligible for the financial benefits arising from the granting of the compensatory allowance relating to less-favoured areas.

In this context attention should also be drawn to Regulation (EEC) No 1795/76, adopted by the Council on 20 July 1976,³ extending the scope of the Guidance Section of the European Agricultural

¹ See paragraph 387 of this Review.

² OJ L 223 of 16. 8. 1976.

³ OJ L 201 of 27. 7. 1976.

Guidance and Guarantee Fund to include the French Overseas Departments so that they may receive Community finance for the improvement of agricultural structures.¹

The aim of the second Commission proposal was to extend the list of less-favoured areas to be considered in metropolitan France as less-favoured mountain areas,² by including some 930 communes or parts of communes, amounting to a surface of 440 000 ha, with natural disadvantages similar to those obtaining in regions already recognized as less-favoured mountain areas within the meaning of the basic Directive.

The Council accepted this proposal and on 6 April 1976 adopted Directive 76/401/EEC.³

Lastly it should be noted that the list of less-favoured areas concerning metropolitan France at present includes only mountain regions, and that the Council will shortly be called on to make a decision on a proposal submitted by the Commission on 14 December 1976 that this list should also include less-favoured areas other than mountain areas – in particular those where there is a danger of depopulation or which have specific grave disadvantages.

2. EXPERIENCE GAINED FROM APPLYING THE 1972 DIRECTIVES ON SOCIAL STRUCTURES⁴

386. Because the different Member States were slow to apply these Directives, and in some cases did so in a fragmentary way, it was not until 17 March 1976 that the Commission was able to submit an initial report on how they were functioning.

During the debates on this report within the different Council departments it was generally recognized that it would be very difficult to form a conclusive opinion at this stage regarding the merits or demerits of the different measures laid down in these Directives, and that the

¹ See paragraph 397 of this Review.

² See Directive 75/271/EEC, OJ L 128 of 19. 5. 1975.

³ OJ L 108 of 26. 4. 1976.

⁴ See Directives 72/159/EEC, 72/160/EEC and 72/161/EEC, OJ L 96 of 23. 4. 1972.

initial report – as the Commission itself stated – should be seen purely as a progress report on the implementation of the policy on structures laid down in 1972.

It was therefore considered advisable to wait until the Commission submitted a fuller report, as promised for spring 1977, before discussing in depth and in detail the part to be played by the joint policy on social structures and, more particularly, the improvements needed to ensure that this policy and the policy on the management of the markets dovetailed together as smoothly as possible.

In order to pave the way for these discussions within the Council, the Commission announced its intention of making a more thorough study, in collaboration with the Standing Committee on Agricultural Structure, of the specific problems which were encountered in each Member State when the 1972 Directives were first implemented, and their causes.

3. REVIEW OF THE LEVELS OF AIDS, PREMIUMS AND OTHER AMOUNTS LAID DOWN UNDER THE VARIOUS DIRECTIVES ON SOCIAL STRUCTURES

387. As indicated by the Commission in its report¹ on the implementation of the various Directives concerned, on 13 May 1976 a proposal was submitted to the Council seeking to adjust all the amounts laid down in the various texts relating to the policy on social structures, on the basis of the average depreciation of the equivalent, in terms of purchasing power, to all the amounts expressed in units of account in these texts, account being taken of certain occurrences in the monetary sphere i.e. adjustments to conversion rates – and of the date on which these amounts were fixed.

The Commission therefore proposed the following increases with effect from 1 January 1977:

- 33.33 % on the amounts specified in the Directives adopted in 1972 (relating to the modernization of farms, cessation of farming and provision of socio-economic guidance);²

¹ See paragraph 386 of this Review.

² Directives 72/159/EEC, 72/160/EEC and 72/161/EEC, OJ L 96 of 23. 4. 1972.

- 25 % on the amounts specified in Directive 73/131/EEC¹ relating to the guidance premium for beef and veal provided for by Directive 72/159/EEC;
- 15 % on the amounts specified in Directive 75/268/EEC relating to mountain and hill farming and farming in certain less-favoured areas.²

The Council discussed this proposal on several occasions, but so far has reached only partial agreement. As a result the Council increased, without prejudice to certain exceptions, the aid to farmers who keep accounts (600 u.a.) as referred to in Article 11 of Directive 72/159/EEC, and fixed the maximum investment eligible in the pigment sector for the incentives provided for in this Directive (Article 9 (2)) at 53.333 u.a. (an increase of 33.33 %).³

Whilst discussions on the advisability of adjusting the other amounts referred to in the Directives concerned are being actively followed up, nevertheless the prospect of a solution acceptable to all the Member States appears to be excluded until such a time as a satisfactory solution is found for certain basic problems raised by the question of future policy on social structure and its adjustment both to the economic situation in the different agricultural sectors and to economic, financial and social factors external to agriculture.

Briefly, it should be noted that, the Council intends to discuss this matter on receipt of a full report from the Commission on the operation of the 1972 and the 1975 Directives.⁴

388. The question of some kind of adjustment, in line with the inflationary trends in production costs, to all the aids, premiums or other amounts laid down in the different Directives on social structures remains open. However, at the time of fixing the agricultural prices for the 1976/77 marketing year, the Council – on a proposal from the Commission – decided to make provision for an increase of 2.81 % in these aids, premiums or other amounts, so as to avoid a reduction of

¹ OJ L 153 of 9. 6. 1973.

² OJ L 128 of 19. 5. 1975.

³ Directive 78/837/EEC of 25. 10. 1976, OJ L 302 of 4. 11. 1976.

⁴ See paragraph 386 of this Review.

these in terms of national currency resulting from the fixing of new representative rates to be applied when reconverting unit-of-account prices or other amounts into national currencies.¹

The Commission was instructed to adopt the procedure for applying this principle, and, on 15 March 1976, having consulted the Standing Committee on Agricultural Structure, decided to increase by 2.81 % the amounts of the different aids provided for in Directive 72/159/EEC (on modernization), and those referred to in Directive 75/268/EEC (mountain and other less-favoured areas).

389. A specific decision, concerning only one Member State, was made by the Council, on a proposal from the Commission, authorizing Italy to make more attractive those measures of aid designed to encourage farmers to submit a development plan.²

Under this decision, up to 31 December 1977 the interest rate subsidy provided for under Article 8 of Directive 72/159/EEC may be increased in Italy to 11 % in the Mezzogiorno and the less-favoured regions of northern and central Italy, and to 9 % in the other regions. Furthermore, whereas the rate of interest payable by beneficiaries may not as a general rule be less than 3 %, nevertheless it may be reduced to 2.4 % in the Mezzogiorno, and the regions of northern and central Italy. This exceptional measure was considered essential to ensure the effective application of Directive 72/159/EEC which was in danger of being impeded by reason of the present high interest rate in Italy.

It was further decided that the additional expenditure incurred by the Italian Government in increasing this aid should be eligible for assistance from the Guidance Section of the European Agricultural Guidance and Guarantee Fund, which will reimburse Italy with 25 % of the expenditure actually incurred.

¹ See paragraph 272 of this Review, and Regulation (EEC) No 557/76, OJ L 67 of 15. 3. 1976.

² See Directive 76/402/EEC, OJ L 108 of 26. 4. 1976.

4. NEW MEASURES AND PROSPECTS

(a) *Proposal for a Regulation concerning common action for the improvement of the processing and marketing conditions for agricultural products*

390. Throughout the year the Council was active in studying this proposed Regulation¹ and, at its meeting on 20 and 21 December 1976, managed to resolve the remaining problems. These were of a financial nature, and at the outset had been the cause of substantial differences of opinion.

Once the text of this Regulation has been finalized from the legal and linguistic points of view the Council will be in a position to adopt it formally at its first meeting in 1977.

This common action will constitute an important step towards rationalization of the structures of the agricultural market for the benefit, in the medium term, of producers of basic agricultural products.

It is anticipated that 400 million u. a., to be provided by the Guidance Section of the EAGGF, will be spent during the period 1 January 1978 to 31 December 1982 on investment projects concerned with the processing and marketing of agricultural products, under the rationalization programmes to be drawn up by the Member States. The Community's contribution to the financing of any given investment project selected by the Commission in accordance with certain criteria of priority, may, as a general rule, amount to a maximum of 25 %.

However, this figure may be increased to 30 % if the Commission, after consulting the Standing Committee on Agricultural Structure, considers that a project will be particularly beneficial in improving the structures of a region which is having particular difficulty in adapting to the economic effects of the common agricultural policy.

(b) *Other proposals under study*

391. Three further proposals for common action intended to supplement the joint policy on agricultural structures are still under study

¹ See 23rd Review, paragraphs 352 and 353.

within the Council. Since not all the Member States are equally convinced of the advantages of these, the Council intends to discuss the texts shortly as part of a more general discussion on its future policy on social structures.

The texts are concerned, in the first instance, with measures intended to encourage the formation of producers' groups. The Council has been considering this topic since 1971¹ and certain Member States would like joint action of this kind to be implemented, since it would usefully supplement the joint action on processing and marketing discussed in the previous paragraph.

The other two proposals concern joint action to be taken in the sphere of production structures, – i.e. the granting of special aid to young farmers who are beginning to farm for the first time and who wish to submit a development plan² and to encourage the afforestation of agricultural land which produces little or nothing.³

5. STRUCTURAL POLICY IN THE FISHING INDUSTRY

392. In November 1975 the Commission submitted to the Council a proposal aimed at initiating joint action concerning the restructuring of the nonindustrial in-shore fishing sector.

This proposal stems from the objectives set out in Article 9 of Regulation (EEC) No 101/76 (consolidated version of Regulation (EEC) No 2722/72)⁴ laying down a common structural policy for the fishing industry, and is at present being studied in depth by the different Council departments.

It will also be recalled that the problems raised by the harmonization of the aids granted at national level to the fishing industry on the basis of the Commission's proposal, which has been before the Council since 1973⁵ are still being discussed. These are more

¹ See 20th Review, paragraph 96, and 23rd Review, paragraph 354.

² See 22nd Review, paragraph 290.

³ See also 23rd Review, paragraph 350.

⁴ OJ L 20 of 28. 1. 1976.

⁵ See 22nd Review, paragraph 294.

particularly concerned with the maximum levels of aid which can be granted and the relation to be established between these sectoral aids and other aids for which the fishing industry might be eligible, such as regional aids or aids designed to create new jobs.

6. AGRICULTURAL SURVEYS AND STATISTICS

(a) *Survey on the structure of agricultural holdings*

393. On 21 December 1976, on a proposal from the Commission, the Council adopted the Regulation on the organization of a survey on the structure of agricultural holdings for 1977.¹ The main aim is to improve the quality of the information available on the development in agricultural structures required for the purposes of the common agricultural policy by updating the data on the structure of agricultural holdings at Community level obtained by previous surveys, and particularly that carried out in 1975.²

Member States will receive a lump sum contribution to the additional expenditure incurred by reason of this survey. The total amount of the Community's contribution towards financing this survey may not exceed 1 million u.a., and will be attributed to the budget of the European Communities.

In order to ensure comparability of the data – which, as far as possible, should be broken down by less-favoured agricultural regions, as defined in Article 3 of Directive 75/268/EEC, and the other agricultural regions – the definitions to be used are in general those used for the 1975 survey.

(b) *Survey on bovine livestock*

394. On 29 June 1976 the Council decided³ that the statistical surveys on bovine livestock, on forecasts on the availability of bovine animals for slaughter and on statistics on slaughtered bovine animals be continued;

¹ OJ L 366 of 31. 12. 1976.

² See Directive 75/108/EEC, OJ L 42 of 15. 2. 1975.

³ Decision 76/581/EEC, OJ L 189 of 13. 7. 1976.

these surveys to be carried out by Member States under Directive 73/132/EEC,¹ valid for an experimental period of three years.

At the same time the Council decided that the expenditure necessary to carry out the surveys for 1976 would be met by the Community by way of a lump sum to be fixed in the budget of the European Communities.

(c) *Pig production survey*

395. On 20 July 1976 the Council adopted Directive 76/630/EEC² concerning surveys of pig production to be made by Member States. This new regulation constitutes a consolidation of the measures concerning surveys on pig production in the light of a report on the operation of these measures as provided for in the Directives previously in force regarding the series of surveys to be carried out.

(d) *Statistical surveys to be carried out by the Member States on the production potential of plantations of certain species of fruit trees*

396. In July 1971 the Council had adopted a Directive under which Member States were to carry out statistical surveys in order to determine the production potential of plantations of certain species of fruit trees, i.e. apple, pear, peach and orange trees.³ The object of these data was to enable a better opinion to be formed concerning the measures to be taken to stabilize these markets, where there was excess production in some cases. The first survey was carried out during the period 1972–74, and a report on this was submitted by the Commission to the Council, which took formal note of it on 20 July 1976.

On the basis of this report and in view of the accession of the three new Member States the Council decided to annul the Directive mentioned above and to replace it with a Directive more suited to the new situation. Under this Directive all the Member States must make surveys every five years on plantations of fruit trees for the production of dessert apples and pears, peaches and oranges.⁴

¹ Directive 73/132/EEC, OJ L 153 of 9. 6. 1973.

² OJ L 233 of 16. 8. 1976.

³ See 19th Review, paragraph 300.

⁴ Directive No 76/625/EEC, OJ L 218 of 11. 8.1976.

Lastly, on 1 December 1976, the Commission submitted a proposal to the Council to amend the latter Directive. The Council decided to consult Parliament on this proposal and instructed its departments to examine it after the issue of an opinion by Parliament.

F – Financing of the common agricultural policy

1. INCREASE IN EXPENDITURE BY THE GUARANTEE SECTION

397. In 1976 the expenditure incurred by the Guarantee Section of the EAGGF exceeded the appropriations allocated to it in the 1976 budget. Supplementary budget No 2¹ was therefore adopted providing for 700 million u.a. to cover the additional expenditure on agriculture.

This situation is a result of several factors. In the beef and veal sector the summer drought led to the slaughter of a substantial number of animals. This caused an increase in intervention activity on the markets and thus an unexpected increase in the expenditure of the EAGGF in this sector. On the other hand, in the milk and milk products sector the drought caused a smaller rise in expenditure than expected. Lastly, intervention expenditure on the wine and cereals markets was lower than forecast.

However, expenditure incurred in respect of the monetary compensatory amounts granted to offset the drop in particular in the exchange rate for the pound sterling, and also in respect of the accession compensatory amounts, exceeded estimates by some 500 million u.a.

Lastly, it should be noted that the agricultural prices for the 1976/77 marketing year, fixed by the Council in February–March 1976, resulted in a certain increase in expenditure. In the Commission's opinion, however, this should not have entailed an increase in contributions from the Member States, since the Community's own resources would be increased in the same proportion. Final figures for the 1976 financial year will not be available until mid-1977.

¹ OJ L 322 of 22. 11. 1976.

2. INCREASE IN EXPENDITURE OF THE GUIDANCE SECTION

398. Expenditure in 1976 by the Guidance Section of the EAGGF on the various joint actions was lower than estimated in the 1976 budget and did not exhaust the annual allocation of 325 million u.a., granted under Article 6 of Regulation 729/70 on the financing of the common agricultural policy. It was possible therefore to continue to allocate a Community contribution to financing individual projects under Regulation 17/64. In contrast to preceding financial years, the decision to increase the relevant budget appropriations did not take the form of a specific Regulation; the increase was effected by a transfer of appropriations.

3. AMENDMENT OF THE FINANCIAL REGULATION

399. Although in general Community regulations concerning the financing of the common agricultural policy underwent only routine amendments,¹ the Council Regulation of 20 July 1976 extending the scope of the Guidance Section of the EAGGF to cover the French Overseas Departments² calls for more specific mention.

By virtue of this Regulation the territories concerned become fully eligible, under the same conditions as the other regions of the Community, for financial contributions from the Guidance Section of the EAGGF towards the improvement of agricultural structures. The main effect of the Council's decision is that a large number of regions in these departments can take advantage of the aids granted by the Community to mountain and hill farming and farming in certain other less-favoured areas.

4. ACTION AGAINST IRREGULARITIES

400. A report was submitted to the Council on the beef and veal sector of the EAGGF from the Special Committee of Enquiry set up by the Commission. This report is at present being studied by the Council departments. Two similar reports had been drawn up following

¹ On this subject see Regulation (EEC) No 1917/76, OJ L 333 of 2. 12. 1976, updating the list of interventions annexed to Regulation (EEC) No 2824/72.

² Regulation (EEC) No 1795/76, OJ L 201 of 27. 7. 1976.

investigations into the expenditure of the Guarantee Section of the EAGGF, one concerning milk and milk products and the other concerning olive oil and oil seeds. In December 1975 these reports had led to the adoption of a Resolution on the strengthening of preventive measures and the prosecution of irregularities.

The Council is also studying a Commission proposal concerning checks by the Member States on undertakings which receive amounts under the financing system of the Guarantee Section of the EAGGF. This work will continue in 1977.

G – Harmonization of provisions laid down by law, regulation and administrative action

1. GENERAL REVIEW

401. During 1976 substantial progress was made by the Council on harmonization in agriculture, as borne out by the different texts adopted and particularly by their importance as regards agriculture, especially in the veterinary, plant protection and animal feedingstuffs sections. The new regulations which were adopted constitute a major contribution to the dual objective of facilitating trade in animals, animal products, vegetables and vegetable products and ensuring a level of health protection for rearing and cultivation which will not merely maintain existing yields and quality standards, but increase productivity.

402. Work on harmonization in the sphere of foodstuffs has been concentrated on general aspects of the most important regulations in this sector. The topics dealt with were the different materials in contact with foodstuffs, basic rules applicable to the dietetic foodstuffs sector, lists of additives and labelling.

403. Side by side with this work on harmonization, and particularly in the spheres where it has now been achieved, the Council played an active part in the corresponding work of various international organizations. This entailed a great deal of cooperation with a view to defining the Community's attitude or simply coordinating the positions of the Member States on the subject concerned.

2. VETERINARY AND HEALTH LEGISLATION

404. In reviewing the exceptions provided for by the Accession Treaty regarding Denmark, Ireland and the United Kingdom in the veterinary sector, on 20 and 21 December 1976 the Council amended Directives 64/432/EEC, 74/461/EEC and 72/462/EEC.

The Council was aware of the need for an extension to the period required to introduce Community measures to combat swine fever and to make changes in the methods used when declaring a herd to be free of brucellosis and officially free of tuberculosis, and thus agreed to postpone the decision on these two points until 31 December 1977. Meanwhile the new Member States would retain their own national legislation.

Furthermore, as regards foot-and-mouth disease, the Council recognized the special situation obtaining in Ireland and therefore authorized Ireland and – as regards Northern Ireland – the United Kingdom to retain until 1982 their own national legislation governing, in respect of foot-and-mouth disease, imports of bovine animals and beef and veal.

On the other hand, the United Kingdom – apart from Northern Ireland – and Denmark are allowed to make exceptions only for live animals of the bovine species.

Lastly, the Commission was instructed to study possible solutions for other diseases not covered by the Community Directives and, where necessary, to make proposals to the Council.

405. On the same date the Council adopted a Decision on the financing by the Community of certain veterinary activities of an emergency nature. This Decision provides for Community financial support to eradicate cattle plague, exotic foot-and-mouth disease viruses, contagious bovine pleuro-pneumonia, African swine fever, blue tongue disease or contagious vesiculate stomatitis, in whatever part of the Community these epizootics may break out. Should the outbreak in a third country of one of the contagious diseases mentioned above constitute a possible danger for the Community, the Community may

support measures to eradicate the disease by supplying vaccine or financing its acquisition.

406. The Council also adopted two texts implementing Directive 72/462/EEC on health and veterinary inspections problems upon importation of bovine animals and swine and fresh meat from third countries.¹

Pursuant to Article 3(1) of this Directive, the Council thus drew up a list of countries from which imports may be authorized by the Community. In the course of 1977 the Commission will be able to carry out fact-finding and checking operations on the basis of that decision, with a view to amending or supplementing the list concerned in line with developments regarding health in these countries.

407. Furthermore, pursuant to Article 21 of Directive 72/462/EEC, the Council adopted a Directive² on the examination for trichinae upon importation from third countries of fresh meat derived from domestic swine.

In this Directive the Council lays down as a general rule that before any pigmeat is admitted into the Community it must have been examined for trichinae in the exporting third country and a negative reaction obtained.

However, realizing that in practice some third countries were unable to carry out such an examination, and wishing to continue certain long-established trade patterns, the Council made provision for possible departure from this principle, in so far as the examination may be carried out on the territory of the importing Member States.

408. Lastly, the Council adopted a Directive on health problems affecting intra-Community trade in meat products. The Directive lays down minimum health requirements for meat products intended for intra-Community trade.

This completes the list of Community regulations which were introduced in 1964 in the form of provisions governing intra-Community

¹ OJ L 302 of 31. 12. 1972.

² OJ L 26 of 31. 1. 1977.

trade in live animals and fresh meat, and extended in 1971 to cover trade in fresh poultrymeat.

409. The Council also discussed a proposal for a Decision establishing a Community project to eradicate brucellosis, tuberculosis and leukosis in cattle.

It will continue to study this matter in 1977.

The Council departments also continued their work on the Commission proposals regarding health conditions and inspections in respect of untreated whole milk and heat-treated milk.

Lastly, on 22 July 1976 the Commission submitted a proposal to the Council supplementing Directive 71/118/EEC in the matter of the process of chilling.

The Council consulted Parliament and the Economic and Social Committee on this proposal.

3. ANIMAL HUSBANDRY

410. During the period under review the Council departments have continued to study the Commission's proposal for a Regulation concerning the definition of pure-bred animals for herd replacement.

On 21 December 1976 the Council decided that these animals should come within the scope of the basic Regulation of beef and veal,¹ and at the same time agreed to make a decision on the proposal mentioned earlier by 1 April 1977.

4. LEGISLATION ON FOODSTUFFS

(a) *General provisions*

(i) Directives on harmonization

411. The Council adopted two important Directives: Directive 76/893/EEC of 23 November 1976 concerning materials and articles in

¹ See paragraph 290 of this Review.

contact with foodstuffs¹ and Directive 77/94/EEC of 21 December 1976 on foodstuffs for particular nutritional uses.²

They are both framework regulations. As such they indicate that specific Directives will be adopted by the Council at a later date on special, more detailed provisions relating to the different categories of products concerned. They do, however, comprise provisions of a general nature which are immediately applicable to the whole body of rules.

The Directive on materials and articles in contact with foodstuffs thus establishes the basis for further rules in this sphere and has two objectives: to harmonize the different rules which are or will be applicable and also to protect consumers by laying down the principle that materials and articles intended to come into contact with foodstuffs, either directly or indirectly, must be sufficiently inert not to transfer substances to the foodstuffs in quantities which could endanger health, bring about an unacceptable change in the composition of the foodstuffs or alter their taste.

It applies, with rare exceptions, to all materials and objects in contact with foodstuffs, including water. It lays down the scope of the specific Directives to follow (on ceramics, plastics, glass, metals, etc.) and gives outline rules on marking and labelling.

This text also lays down that the adaptation to technical progress of the specific directives and the provisional acceptance of materials and articles shall in future fall under the Commission's jurisdiction in accordance with the procedure of the Standing Committee for Foodstuffs. Lastly, the Directive contains a safeguard clause similar to that inserted by the Council in the Directive on preserved milk³ which allows a Member State, in case of danger, to suspend or restrict the use of a given material, article or one of its constituents until a decision has been made at Community level.

¹ OJ L 340 of 9. 12. 1976.

² OJ L 26 of 31. 1. 1977.

³ See 23rd Review, paragraph 458.

412. Similarly, on 21 December 1976, the Council adopted the bases for future Community rules on dietetic foodstuffs – an important and fast-growing sector of the food industry.

The aim of this text is to provide a common definition for all the foodstuffs in this category, to give consumer protection against frauds and abuses concerning the nature of these products, and lastly, to this end, to lay down rules for labelling which will apply to the name given to the goods and the claims regarding nutritional properties.

On the basis of these fundamental principles the Council plans at a later stage to adopt, in respect of the main categories of dietetic foodstuffs and also of baby foods and foods for young children, rules which will be more specifically applicable to these goods, and to determine the characteristics regarding their composition or manufacture which give them their specific nutritional value.

413. With regard to this same sector, on 26 March 1976 an important proposal of a general nature was submitted to the Council, concerning the labelling, presentation and advertising of foodstuffs designed for the ultimate consumer. As soon as the opinions of Parliament and the Economic and Social Committee had been received, study of this proposal was initiated and actively pursued, in view of the great interest shown and the special priority given to the proposed rules which affect the whole of the foodstuffs sector.

(ii) Adjustments to the rules on harmonization

414. This year the Council drew up new measures adapting Community rules which have been in force for several years regarding the lists of additives which may be used in foodstuffs. Three new amending Directives were adopted accordingly.

On 6 April 1976 the Council adopted Directive 76/399/EEC¹ amending the Directive of 23 October 1962 on colouring matters. In accordance with this amendment, with effect from 1 January 1977, the

¹ OJ L 108 of 26. 4. 1976.

use of certain colouring matters which are no longer considered harmless by modern standards is no longer authorized for foodstuffs.

The Council also adopted Directive 76/462/EEC¹ on 4 May 1976 and 76/629/EEC² on 20 July 1976, amending for the 11th and 12th time respectively Directive 64/54/EEC on preservatives.

The 11th amendment adds to the list of substances already authorized in the Community certain other substances which had been admitted on a transitional basis into the territory of the new Member States under the Accession Treaty. The 12th amendment extends until 31 December 1978 the authorization to use thiabendazole for protecting fruit.

Lastly, on 4 May 1976 the Council adopted Directive 76/463/EEC¹ amending for the second time Directive 65/66/EEC on criteria of purity for preservatives. The aim of this amendment is to insert new criteria into these rules concerning new preservatives which are authorized by the recently updated Community rules.

In the same sphere, in November 1976 a proposal for a Directive was submitted to the Council concerning the establishment of specific criteria for purity in respect of anti-oxydants. Work on this is to begin shortly.

(b) Specific provisions by product

415. On 20 July 1976 the Council adopted Directive 76/621/EEC³ relating to the fixing of the maximum level of erucic acid in oils and fats intended as such for human consumption and in foodstuffs containing added oil or fats. This Directive is one of the measures which the Council proposed to take in accordance with its Resolution of 13 February 1975,⁴ to resolve the problems raised by the presence of erucic acid in colza seeds.

¹ OJ L 126 of 14. 5. 1976.

² OJ L 223 of 16. 8. 1976.

³ OJ L 202 of 28. 7. 1976.

⁴ See 23rd Review, paragraph 426.

The main aim of these rules is to limit by stages, as a precautionary measure regarding human health, the erucic acid, content in fats and oils. With effect from 1 July 1977 the maximum erucic acid content must not exceed 10 %, and with effect from 1 July 1979 it must not exceed 5 %.

This Directive includes a safeguard clause which enables Member States to take exceptional protective measures provisionally, in the event of danger, to safeguard human health. Such measures must be taken in accordance with a Community procedure which might possibly lead to an amendment to the Directive by means of a decision adopted in accordance with the procedure involving the Standing Committee for Foodstuffs. It must be stressed that the Council has already adopted a safeguard clause of this nature when adopting the Directive on preserved milk.¹ Furthermore, as in the case of previous Directives which had been adopted, and which concern other foodstuffs, a number of implementing measures, i.e. on methods of analysis and sampling techniques, will fall within the jurisdiction of the Commission in accordance with the procedure involving the Standing Committee for Foodstuffs.

As regards new rules, the study of two proposals, one on jams (amended proposal) and the other on coffee extracts, was undertaken or continued during the year.

416. As part of its work of adapting the regulations, on 20 July 1976 the Council adopted a fourth amendment to its Directive 73/241/EEC of 24 July 1973 relating to cocoa and chocolate products.² This amendment adds to the existing regulations a scale of mandatory weights for the packaging and marketing of cocoa and chocolate products.

In the same sector, because of the expiry dates laid down in Article 14 of the Directive mentioned above, the Commission submitted a communication to the Council on 9 August 1976, stating that at the beginning of 1978 it was intended to submit to the Council a proposal containing definitive regulations for the whole of the Community on the subject of vegetable fats other than cocoa butter. Under current

¹ See 23rd Review, paragraph 458.

² OJ L 223 of 16. 8. 1976.

regulations certain Member States are allowed to make exceptions regarding the use of these fats in the different chocolate products.

5. LEGISLATION ON ANIMAL FEEDINGSTUFFS

417. On 23 November 1976 the Council adopted a Directive on the marketing of straight feedingstuffs for animals.

This section – ‘straight feedingstuffs’ – of the proposal submitted by the Commission in 1971 was adopted only after a certain period of time due to the difficulties encountered, and the Council agreed to adopt without delay the second and most important section concerning compound feedingstuffs.

Nevertheless this marks an important first step towards harmonization in this sector. The Directive covers descriptions, composition, properties, packaging and labelling of straight feedingstuffs. It thereby exerts a liberalizing influence on trade in these products while providing rearers with minimum guarantees regarding improvements in quality and productivity.

Furthermore, those Member States desiring to do so will be able to adopt similar rules for straight feedingstuffs supplied to manufacturers of compound feedingstuffs.

As in analogous Directives, this Directive contains a safeguard clause and lays down certain implementing measures to be adopted under the procedure involving the Standing Committee for Feedingstuffs.

6. LEGISLATION ON PLANT HEALTH

418. Two important Directives were adopted by the Council, one on public health concerned with limiting the residues in fruit and vegetables Resulting from the necessary use of pesticides, and the other on agriculture, concerning measures to protect vegetables against crop diseases.

Firstly it will be noted that as regards their application these two Directives provide that certain decisions must be taken in accordance with the procedure involving a Standing Committee on Plant Health, which the Council established by its Decision of 23 November 1976.¹

Under this Decision, the Committee must carry out the functions delegated to it by the Directives in the sphere of plant health according to the procedures laid down therein. Like all the other similar Committees, it may also act in an advisory capacity.

(a) *Council Directive of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables*²

419. For each category of fruit or vegetables the Directive lays down maximum permissible levels which take account of the requirements of agriculture and the need to protect human health. On this basis the aim of the regulations is to liberalize trade, since all fruit and vegetables with a level of residual pesticides less than or equal to the maxima laid down may henceforth circulate freely within the Community, and since in those Member States where less stringent levels may be fixed, these will be applied without discrimination.

Furthermore, this Directive contains a safeguard clause which can be invoked by the Member States in case of danger and which could lead to an amendment to the text if the Community so decided.

It also obliges the Member States to make the necessary checks and, in this respect, methods of sampling and analysis will be laid down later.

These two latter types of decision will be taken in accordance with the procedure involving the Standing Committee on Plant Health.

The implementing measures are to be adopted within two years.

¹ Decision 76/894/EEC, OJ L 340 of 9. 12. 1976.

² Directive 76/895/EEC, OJ L 340 of 9. 12. 1976.

- (b) *Directive adopted on 20 and 21 December 1976 on protective measures against the introduction into the Member States of harmful organisms of plants or plant products.*

420. This Directive is the most important so far adopted in the sphere of plant health, and essential to the Community's agriculture. It concerns all the disease which could harm agricultural production and all the plants and plant products which carry these diseases. The Directive has a dual aim: firstly it is intended to ensure an adequate degree of protection, not merely to avoid a reduction in yields, but to increase agricultural productivity; secondly, the present measures have been harmonized so as to attain as far as possible common protection, and in any case uniformity and relaxation of the measures taken by each Member State so as to liberalize trade in agricultural products.

In this connection the new regulations lay down in a uniform way the prohibitions and restrictions which must be observed in each Member State. There must be an inventory of harmful organisms whose introduction is prohibited, a list of plants whose introduction is prohibited if they are contaminated by certain harmful organisms, a list of plants whose introduction is prohibited if they originate from certain third countries, a list of the particular requirements in the case of certain plants, with regard to the possibility of their being contaminated and their origin. In addition, each of the Member States must carry out all appropriate checks at the outset in order to observe these requirements and where the findings of these checks are satisfactory a phytosanitary certificate will be issued by the consignor country.

In addition to these uniform rules, the regulations also provide for several derogations and exceptions in view of the necessity of taking account of the natural disparities between the different regions of the Community, e.g. geographical situation, climate, type of crops, and also of the current situation regarding plant health legislation in each of the Member States. The different lists mentioned above therefore include exceptions providing for specific prohibitions or restrictions which may be imposed by one or other of the Community Member States. Furthermore, the aim to dispense with checks – based on the principle of checking by issuing a phytosanitary certificate in the consignor country – can be attained only in stages, and conditions are laid down under which these checks can still be carried out in the country of destination. For

example, after a period of four years, checks on fruit and vegetables and also potatoes for human consumption, in the case of intra-Community traffic, will cease to be carried out in the Member State of destination.

The Directive also contains a safeguard clause allowing a Member State to take exceptional protective measures in case of danger, subject to a decision annulling or amending them in accordance with the Standing Committee on Plant Health procedure.

It should be noted that amendments to the Directive made necessary by developments in scientific and technical knowledge will be adopted by the Council itself. However, several specific provisions regarding application and technical matters will be or may be taken in accordance with the Standing Committee on Plant Health procedure.

Implementing measures are to be adopted within two years.

(c) New proposals by the Commission

421. Still in connection with the prevention of crop diseases and related public health requirements, on 4 August 1976 the Commission submitted two new proposals to the Council. One of these concerns the placing of EEC-accepted plant protection products on the market, and the other prohibits the placing on the market and the use of certain other plant protection products.

These proposals are currently being studied.

7. LEGISLATION ON SEEDS AND SEEDLINGS

422. Although the Community regulations in this sector have been in existence for several years some adaptations or additions were made in the light of past experience. Thus on 17 May 1976 the Council adopted three new Decisions, one on the equivalence of field inspections carried out in third countries on seed-producing crops,¹ the second on the equivalence of seed produced in third countries² and the third amending

¹ Decision No 76/538/EEC, OJ L 162 of 23. 6. 1976.

² Decision No 76/539/EEC, OJ L 162 of 23. 6. 1976.

the Decision of 24 March 1975 on the equivalence of seed potatoes produced in third countries.¹ These supplement the decisions previously taken by the Council on equivalence for new species and new countries, or on certain points of a technical nature in the annexes.

Furthermore, by analogy with previous decisions covering the whole sector, certain provisions of a technical and administrative nature in the annexes will be amended in future in accordance with the procedure of the Standing Committee on Seeds and Propagating Material.

Lastly, Directive 76/307/EEC of 15 March 1976² provided for amendments extending the validity of the decisions on equivalence which the Member States had already taken on trade in seed potatoes and vegetable seeds.

8. COORDINATION OF MEMBER STATES CONCERNING INTERNATIONAL PROJECTS

(a) Codex alimentarius

423. The necessary coordination work of the Member States' delegations and the Commission's representatives continued as in the past.

It should also be emphasized that the Council has continued to study the important question of the possible acceptance by the Community itself of the Codex standards on 'food sugars', a subject on which Community regulations have already been adopted.

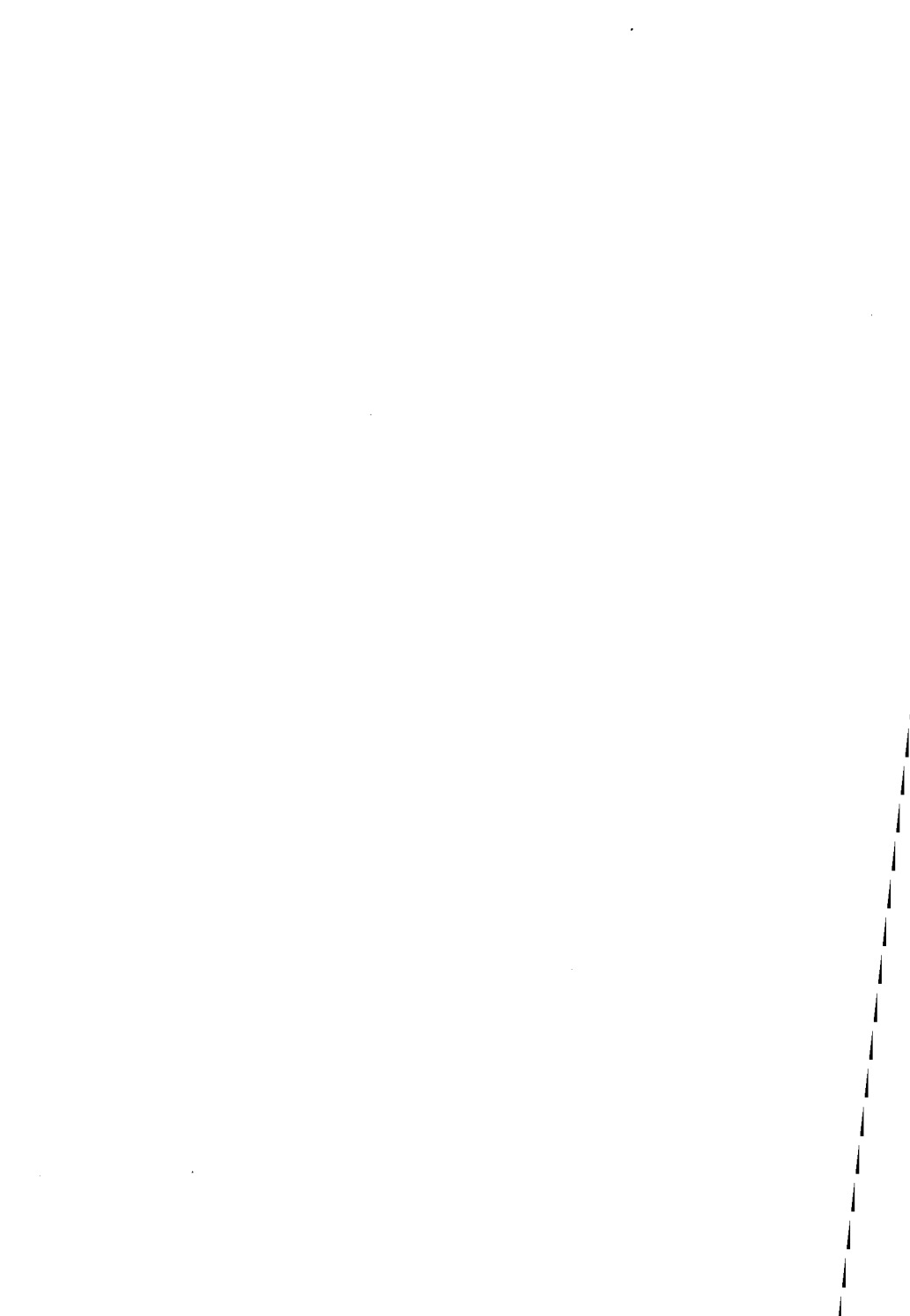
(b) Coordination of the positions of the Community Member States in international meetings on fisheries

424. The Member States and the Commission have on several occasions coordinated their positions in international meetings, particularly at the Conference on the Law of the Sea, and the position to

¹ Decision No 76/540/EEC, OJ L 162 of 23. 6. 1976.

² OJ L 72 of 18. 3. 1976.

be adopted during the different meetings of the North-East Atlantic Fisheries Commission (NEAFC) and the International Commission for the North-West Atlantic Fisheries (ICNAF). The main aim of these latter organizations is to conserve the ever-diminishing fish stocks. The coordination work was particularly concerned with the allocation of national quotas by fish species and fishing zones.



CHAPTER VI

Administrative matters – Miscellaneous

A – Budgetary matters

1. SUPPLEMENTARY AND RECTIFYING BUDGET NO 1 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1976

425. On 4 June 1976 the Commission submitted to the Council the preliminary draft supplementary and rectifying budget No 1/1976.

This preliminary draft budget is intended to provide emergency aid from the Community to the Friuli district which was devastated by the earthquake on 6 May 1976. The draft was sent to Parliament to enable it to make an initial study.

Because of the urgency of the matter the Council established the draft supplementary budget No 1 of the European Communities for the financial year 1976 by written procedure on 11 June 1976.

The supplementary appropriations in this draft budget total 61 026 185 u.a.

The draft budget was forwarded to Parliament.

At its sitting on 18 June 1976 Parliament approved the draft supplementary and rectifying budget No 1 for the financial year 1976, 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 1976 was finally adopted.

The supplementary and rectifying budget No 1 for the financial year 1976 was published in the Official Journal of the European Communities.¹

2. SUPPLEMENTARY AND RECTIFYING BUDGET NO 2 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1976

426. On 13 July 1976 the Commission submitted to the Council the preliminary draft of the supplementary and rectifying budget No 2/1976.

This preliminary draft budget combines a number of operations. It is basically intended to cover the supplementary expenditure arising from monetary factors, and to a much smaller degree, the effects of the agricultural economy on the appropriations for the Guarantee Section of the EAGGF. It also provides for a supplementary appropriation for food aid, following the decision taken by the Council on 3 March 1976, and a revised appropriation for aid to Portugal. Lastly there is a minor rectification in the research appropriations. The proposed supplementary budget likewise comprises a revision of all the estimates concerning own resources.

The preliminary draft budget was sent to Parliament so as to allow it to make an initial study of a political nature.

The Council took note of the guidelines laid down by Parliament, and also consulted the Commission.

At its meeting on 22 July 1976 the Council established the draft supplementary and rectifying budget No 2 of the European Communities for the financial year 1976.

The additional appropriations of this draft budget total 832 724 275 u.a.

However, it should be noted that this draft supplementary budget contains no actual supplementary expenditure to be borne by the Member States. In fact the contributions – calculated on the basis of the *ad hoc* key which is based on the GNP – are approximately 100 million

¹ OJ L 205 of 30. 7. 1976.

financial regulation concerning these three new sectors was adopted by the Council at its meeting on 21 December 1976.

The Council decided for its own part, that the increases for these new sectors would not be included in the figure of 120 million u.a. quoted above.

After deciding on each of the Parliament's amendments and proposed modifications, the Council accepted the amendments concerning the Social Fund and the environment with a view to giving the Commission additional means of action and demonstrating its wish to give priority to these sectors.

The Council also decided to enter Article 962 in the budget – financial cooperation with certain third countries – which was endorsed 'token entry', thus creating the instrument for its inclusion in the budget.

Lastly the Council decided to increase the appropriations in the draft budget, established at the first reading, for food aid (milk powder) in 1977.

The Council also adopted a decision, with a view to its inclusion when the budget was finally adopted, authorizing the Commission to make transfers between chapters arising from the structure of the operating budget.

The amended draft budget, and the memorandum of the Council's discussions on Parliament's amendments and proposed modifications were forwarded to Parliament on 29 November 1976.

436. At its sitting on 16 December 1976 Parliament gave a ruling on the modifications made by the Council to the amendments to the draft budget which it had adopted on 27 October 1976. It approved an increase in overall non-compulsory expenditure in the 1977 budget of 139 992 331 u.a. in relation to the draft budget for 1977 established at the first reading by the Council.

On the same day, during its 428th meeting, the Council also recorded its agreement to this increase.

The letter of amendment relating to the draft general budget of the European Communities for the financial year 1977 was forwarded to Parliament on 19 October 1976.

435. At its sitting on 27 October 1976 Parliament adopted amendments and proposed modifications to the draft general budget of the European Communities for the financial year 1977. By letter dated 29 October 1976 Parliament forwarded to the Council the draft general budget for the financial year 1977 thus amended together with the proposed modifications.

At its meeting on 23 November 1976 the Council took a decision concerning the draft budget forwarded by Parliament.

Before making a decision on this draft budget the Council met a delegation from Parliament with whom a wide-ranging exchange of views was held on the major problems raised by the preparation of the general budget of the European Communities for the following financial year.

It was observed firstly that there were problems concerning the introduction into the 1977 budget of commitment appropriations in a number of new sectors, in particular the applicability of the provisions of Article 203 of the EEC Treaty.

The Council agreed that meanwhile it would take a pragmatic line when studying the increases in appropriations which were expected to appear in the draft budget for 1977 – established in July, taking account of the amendments proposed by Parliament.

The Council agreed to accept that these increases might amount to 120 million u.a. for the whole of the non-compulsory expenditure, without prejudicing in any way the positions of either body regarding the problems mentioned above.

It also agreed to extend eligibility for commitment appropriations in the 1977 budget to three new sectors: pilot research projects on the elimination of poverty; uranium research and the second data-processing programme. A Commission proposal for an *ad hoc*

433. Estimated administrative and operating expenditure is broken down as follows:

Institutions and bodies	1976 budget	Draft 1977 budget including letter of amendment No 1/1977
<i>European Parliament</i> (Own expenditure)	51 379 313	54 457 915
<i>Council</i> (Own expenditure)	54 504 762	58 217 440
<i>Economic and Social committee</i>	9 204 000	11 199 600
<i>Audit Board</i>	1 240 762	1 364 244
<i>ECSC auditor</i>	243 030	229 040
<i>Commission</i> — Operating expenditure	347 192 050 ¹	383 963 640 ¹
<i>Court of Justice</i>	11 183 380	12 143 150
Total	474 947 297	521 575 029

¹ Including appropriations for staff, operating expenditure, information and aids and subsidies.

434. Staff authorized for each of the Institutions for the financial year 1977 are as follows:

Institution	Posts	
	Permanent	Temporary
<i>Parliament</i>	1 345	136
<i>Council</i>	1 502	6
Economic and Social Committee	305	
Audit Board	30	
ECSC auditor	5	
<i>Commission</i> — operating budget	8 032	208
— research and investment budget	2 184 ¹	184
<i>Court of Justice</i>	255	20

¹ 429 of whom are research establishment staff.

Draft 1977 budget ²				Variation column 5 column 1	%	Variation column 7 column 3	%
Commitment appropriations	%	Payment appropriations	%				
5	6	7	8	9	10	11	12
6 188 643 500	65·55	6 021 443 500	69·09	+397 661 000	+ 6·87	+230 461 000	+ 3·95
590 345 000	6·25	183 685 000	2·11	+ 59 744 999	+11·26	-268 915 001	-59·42
500 000 000	5·30	400 000 000	4·59	—	—	+100 000 000	+33·33
255 393 966	2·71	204 071 157	2·34	- 81 649 304	-24·23	+ 31 078 631	+17·97
238 007 200	2·52	238 007 200	2·73	- 98 248 550	-29·22	- 98 248 550	-29·22
560 000 000	5·93	560 000 000	6·43	+123 000 000	+28·15	+123 000 000	+28·15
8 332 389 666	88·26	7 607 206 857	87·28	+400 508 145	+ 5·05	+117 376 040	+ 1·57
268 237 600	2·84	268 237 600	3·08	+ 25 377 058	+10·46	+ 25 377 058	+10·46
85 668 740	0·91	85 668 740	0·98	+ 8 091 633	+10·43	+ 8 091 633	+10·43
7 400 000	0·08	7 400 000	0·08	+ 1 060 000	+16·72	+ 1 060 000	+16·72
22 657 300	0·24	22 657 300	0·26	+ 2 242 899	+10·99	+ 2 242 899	+10·99
383 963 640	4·07	383 963 640	4·41	+ 36 771 590	+10·60	+ 36 771 590	+10·60
4 000 000	0·04	4 000 000	0·05	+ 1 000 000	+33·33	+ 1 000 000	+33·33
528 916 348	6·17	582 916 348	6·69	+ 80 084 814	+15·93	+ 80 084 814	+15·93
9 303 269 654	98·54	8 578 086 845	98·42	+518 164 549	+ 5·90	+235 232 484	+ 2·82
137 611 389	1·46	137 611 389	1·58	+ 98 561 42	+ 7·71	+ 98 561 43	+ 7·71
9 440 881 043	100·—	8 715 698 234	100·—	+528 220 691	+ 5·93	+245 088 626	+ 2·86

N.B. This table has been prepared to facilitate an objective comparison between the appropriations for 1976 and 1977, necessary because it is planned to distinguish between commitment and payment appropriations to a much greater extent in 1977.

Expenditure estimates in the draft budget for 1977 compared with appropriations in the 1976 budget

Region	1976 budget ¹			
	Commitment appropriations	%	Payment appropriations	%
	1	2	3	4
I – Commission				
<i>A – Intervention appropriations</i>				
1. Agricultural sector	5 790 982 500	64·97	5 790 982 500	68·37
2. Social sector	530 600 001	5·95	452 600 001	5·34
3. Regional sector	500 000 000	5·61	300 000 000	3·54
4. Research-energy-industry-transport sector	337 043 270	3·78	172 992 526	2·04
5. Development cooperation sector	336 255 750	3·77	336 255 750	3·97
6. Reimbursements and aids to Member States, etc.	437 000 000	4·90	437 000 000	5·16
	7 931 881 521	89·—	7 489 830 777	88·42
<i>B – Operating appropriations</i>				
1. Staff	242 860 542	2·72	242 860 542	2·87
2. Operations	77 577 107	0·87	77 577 107	0·92
3. Information	6340 000	0·07	6340 000	0·07
4. Aids and subsidies	20 414 401	0·23	20 414 401	0·24
	347 192 050	3·90	347 192 050	4·10
<i>C – Contingency reserves</i>	3 000 000	0·03	3 000 000	0·03
<i>D – Reimbursement to Member States of 10 % of own resources</i>	502 831 534	5·64	502 831 534	5·94
Total Commission	8 784 905 105	98·57	8 342 854 361	98·49
II – Other Institutions	127 755 247	1·43	127 755 247	1·51
Total general	8 912 660 352	100·—	8 470 609 608	100·—

¹ Taking account of supplementary budgets Nos 1 and 2/1976.

² Including letter of amendment No 1/1977.

Source: Commission.

As regards the adaptations to be made to the establishment plan, the Council decided not to accept the changes in posts proposed by the Commission; the report and conclusions of the Commission working party on the long-term career structure of officials will be studied by the Council departments.

431. The appropriations in the draft general budget of the European Communities for the financial year 1977 following the establishment of the letter of amendment total 8 715 698 234 u.a.

It should be noted that appropriations for the EAGGF alone amount to more than 6.1 thousand million u.a.

432. The following table compares estimated expenditure in the 1977 draft budget with appropriations in the 1976 budget:

Following the collaboration procedure between the Council and Parliament, before establishing the draft budget the Council held an exchange of views with a delegation from Parliament. As a result it was possible to continue discussing certain budgetary matters which the two Institutions had begun to study in the tripartite inter-institutional meetings. The exchange of views produced a broad consensus, particularly regarding the introduction of the system of commitment appropriations and payment appropriations in certain new sectors.

429. The appropriations in the draft general budget of the European Communities for the financial year 1977 to 8 646 278 339 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 the lump sum repayment to Member States of costs incurred in collecting the Community's own resources.

The draft general budget together with an explanatory memorandum was forwarded to Parliament on 6 September 1976. It was presented to this body during the September part-session by the President of the Council.

430. On 27 September 1976 the Commission submitted to the Council a letter of amendment relating to the preliminary draft of the general budget of the European Communities for 1977.

This letter of amendment concerns the following: appropriations relating to the Guarantee Section of the EAGGF, appropriations relating to financial cooperation with non-associated developing countries, revised estimates of own resources, transfer of the expenditure relating to aid to beekeepers from the Guidance Section to the Guarantee Section, adaptation of the appropriations for food aid, establishment of a new heading intended to cover the Community's guarantee of loans granted by the EIB to Yugoslavia and adaptation of the establishment plan.

At its meeting on 18 and 19 October 1976 the Council established the letter of amendment relating to the draft budget.

u.a. less than the amounts shown in supplementary budget No 1 for 1976.

The draft budget was forwarded to Parliament.

At its sitting on 16 September 1976 Parliament approved without amendments the draft supplementary budget No 2, thus finally adopting the supplementary budget No 2 of the European Communities for the financial year 1976.

The supplementary and rectifying budget No 2 of the European Communities was published in the Official Journal of the European Communities.¹

3. RECTIFYING BUDGET NO 3 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1976

427. This item is dealt with in Chapter III ('Research').

4. BUDGET OF THE EUROPEAN COMMUNITIES FOR 1977

Draft general budget of the European Communities for 1977

428. On 17 May 1976 the Council decided to accept the Commission's suggestions concerning the adjustment of the schedule for the budget procedure, on an experimental basis, for drawing up the 1977 budget.

In view of this new schedule, the preliminary draft of the general budget of the European Communities for 1977 was submitted by the Commission to the Council on 14 June 1976. An additional letter regarding the budgetary estimates of the Guarantee Section of the EAGGF was forwarded to the Council on 8 July 1976.

The Council established the draft general budget of the European Communities for the financial year 1977 during its meeting on 22 July 1976, after consulting the Commission and the Court of Justice.

¹ OJ L 322 of 22. 11. 1976.

Parliament therefore adopted the budget, still on 16 December. Since the procedure laid down in Articles 203 of the EEC Treaty, 78 of the ECSC Treaty and 177 of the EAEC Treaty had been completed, the President of the European Parliament took note that the budget of the European Communities for the financial year 1977 was finally adopted.

He so informed the Council by letter dated 16 December 1976.

The general budget of the European Communities for 1977 will be published in the Official Journal by order of the President of the European Parliament.

5. OTHER BUDGETARY MATTERS

(a) Inter-institutional dialogue on certain budgetary matters

437. Following a Resolution adopted by Parliament on 13 May 1976 on the inter-institutional dialogue on certain budget questions, at its meeting on 21 June 1976 the Council decided to inform Parliament of the observations which it had to make on the following matters: inclusion of loans in the budget, inclusion of financial cooperation and EDF appropriations in the budget, commitment appropriations and supplementary budgets.

(b) Transfer of appropriations from one chapter to another within the budgetary estimates of the Institutions for 1976

438. The Council approved various requests for appropriations to be transferred from one chapter to another, as proposed by the Commission.

(c) Carry-over of appropriations from the financial year 1975 to the financial year 1976

439. The Council approved requests for the following appropriations to be carried over as submitted by the Commission:

At its meeting on 17 May 1976 it approved the list of appropriations which the Economic and Social Committee had asked to be carried over to the financial year 1976, and also an initial list of appropriations which the Commission had asked to be carried over to the financial year 1976 on 26 March 1976.

Parliament delivered its opinion on this first list of requests at its sitting on 13 May 1976.

At its meeting on 19 July 1976 the Council took note of the favourable opinion given by Parliament with regard to the second list of non-automatic appropriations to be carried over to the financial year 1976, which had been submitted to the Council and forwarded to Parliament by the Commission on 26 May 1976.

The Council decided not to take a contrary decision with regard to this list.

At its meeting on 4 November 1976 the Council took note of the list of appropriations carried over *de jure* from the financial year 1975 to the financial year 1976, which the Commission had submitted to it for information.

(d) *Discharge given to the Commission in respect of the implementation of the budgets for 1972, 1973 and 1974*

440. At its meeting on 31 May 1976 the Council gave a discharge to the Commission in respect of the implementation of the budgets of the European Communities for the financial years 1972, 1973 and 1974.

By letter dated 3 June 1976 the President of the Council communicated this decision to Parliament.

At its sitting on 14 December 1976 Parliament gave a final discharge to the Commission in respect of the implementation of the budgets for the financial years 1972, 1973 and 1974.

6. FINANCIAL REGULATIONS

441. During its meeting on 31 May 1976, the Council adopted the Regulation containing financial provisions applying to the European Centre for the Development of Vocational Training, and also the Regulation on the financial provisions applied to the European Foundation for the Improvement of Living and Working Conditions.

These Financial Regulations were published in the Official Journal of the European Communities.¹

442. At its meeting on 21 October 1976 the Council adopted the Regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities, and introducing into the 1977 budget the distinction between commitment appropriations and payment appropriations for hydrocarbons projects, the three-year plan of action on scientific and technical information and documentation, the Social Fund, the Guidance Section of the European Agricultural Guidance and Guarantee Fund and operations for which a future Financial Regulation will lay down that they should be entered under commitment appropriations.

Parliament was consulted with regard to this Financial Regulation before the draft budget for 1977 was established on 22 July 1976.

The Financial Regulation was published in the Official Journal of the European Communities.²

443. At its meeting on 23 November 1976 the Council decided to extend the distinction between commitment and payment appropriations in the 1977 budget to three other sectors: pilot research to combat poverty, uranium research and the second data-processing programme.

Following this Council meeting, on 25 November 1976 the Commission submitted to the Council a proposal for a Financial Regulation with a view to extending this distinction to the three sectors mentioned above.

This proposal was forwarded to Parliament which delivered its opinion on 16 December 1976.

The Council adopted this Financial Regulation during its meeting on 21 December 1976.

¹ OJ L 164 of 24. 6. 1976.

² OJ L 333 of 2. 12. 1976.

The Financial Regulation was published in the Official Journal of the European Communities.¹

444. On 26 May 1976 the Commission submitted to the Council a proposal for a Regulation amending the Financial Regulation of 25 April 1973.

The aim of this proposal is to make a series of amendments to the Financial Regulation necessitated by changes which have been made in the budgetary powers of the different Institutions. It takes account of the development in Community policy and past experience.

On 11 June 1976 the Council decided to consult Parliament on this proposal.

The Commission decided, in accordance with paragraph 2 of Article 149, not to include in this general proposal for a Financial Regulation the section on applying the unit of account in the budget for the financial year 1978, and on 6 October 1976 submitted to the Council a proposal for a Regulation providing for the application of the European Unit of Account (EUA) to the acts done by the European Institutions.

On 12 October 1976 the Council decided to consult Parliament on this latter proposal for a Regulation.

Parliament delivered its opinion on these proposed Regulations on 14 December 1976.

Practical work on the amendments to the Financial Regulation has continued steadily within the Council.

B – Staff Regulations

1. REMUNERATIONS

445. Under Regulation No 1592/76 of 29 June 1976² the Council adjusted the weightings applied to the remunerations and pensions of

¹ OJ L 362 of 31. 12. 1976.

² OJ L 177 of 2. 7. 1976.

officials and other servants of the European Communities, in view of the substantial rise in the cost of living which took place during the second half of 1975 in most of the countries where Community staff are employed.

446. Under Regulation No 3177/76 of 21 December 1976¹ the Council adjusted the remunerations of officials and other servants of the European Communities for the reference period 1 July 1975 to 30 June 1976.

The latter Regulation contains provisions under which the weighting for Belgium and Luxembourg is fixed at 100 % with effect from 1 January 1977, and the weightings for the other countries are adjusted accordingly.

These decisions form part of the new method of adjusting remunerations adopted by the Council on 29 June 1976.²

447. At its meeting on 29 June 1976 the Council adopted a new method of adjusting remunerations of officials and other servants of the European Communities.

This method replaces that decided on by the Council on 21 March 1972 for an experimental period of three years (1971–1974).

When adopting the new method, which falls under Article 65 of the Staff Regulations, the Council specified that it did not intend 'to restrict its freedom of review over and above anything resulting from the application of Article 65.'

On behalf of the Commission its President, Mr Ortoli, made a statement requesting the following text to be included in the Council's proceedings:

'In approving the new method, the Commission states that it reserves the right to propose non-linear adjustments to remunerations to the Council.'

¹ OJ L 359 of 30. 12. 1976.

² See paragraph 447 of this Review.

Under the new method there is no longer a bracket, composed of two indicators, within which the figure decided on by the Council must lie. Instead, the principle is conformed whereby movements in the remunerations of European officials should – in the medium term – be parallel with the average movements in the remunerations of national officials in the Member States.

In connection with this new method the Statistical Office of the European Communities has a fundamental part to play. In its capacity as the competent neutral body its task is to establish the main indicators on the basis of data obtained from the national government departments. In addition it will check at intervals the equivalence of purchasing power as between the different countries where Community staff are employed.

2. ADJUSTMENT OF DAILY SUBSISTENCE ALLOWANCES ON MISSION

448. Under Regulation No 3178/76 of 21 December 1976¹ the Council decided to increase the daily subsistence allowances paid to officials on mission.

3. CONDITIONS OF EMPLOYMENT OF STAFF OF THE EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING AND THE EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS

449. Following Regulations Nos 337/75 and 1365/75 establishing the European Centre for the Development of Vocational Training and the European Foundation for the Improvement of Living and Working Conditions – referred to below as ‘the Centre’ and ‘the Foundation’ – at its meeting on 29 June 1976 the Council adopted two Regulations laying down the conditions of employment of the staff of these two bodies.²

It should be noted that these bodies do not in law form part of the Community Institutions and that therefore their staff are not officials or other servants of the European Communities. However, the Council considered it advisable to establish identical regulations for these two bodies and to take an existing set of regulations as a basis, i.e. the

¹ OJ L 359 of 30. 12. 1976.

² OJ L 214 of 6. 8. 1976.

conditions of employment of other servants relating to temporary staff, laying down exceptions only as appropriate, in view of the particular circumstances of each of these two bodies. These exceptions are mainly concerned with length of contract, social security and the grading of the staff of the Centre and the Foundation.

4. NEW CONDITIONS OF EMPLOYMENT OF STAFF PAID FROM THE RESEARCH AND INVESTMENT APPROPRIATIONS

450. During its meeting on 21 October 1976, the Council adopted the Regulation concerning the new conditions of employment of staff of the Joint Research Centre (JRC) paid from the research and investment appropriations.¹

The main object of this Regulation is to give sufficient mobility to the JRC staff by setting up a system of contracts based on that used for temporary staff, and provided for in the conditions of employment of other servants of the European Communities, with certain necessary exceptions, in particular regarding the length of contracts.

The most significant provisions of the new system of contracts are as follows: new staff in any category will be recruited as temporary staff, the conditions of employment of establishment staff (Section II, Title VI of the Staff Regulations) are annulled; establishment staff in post may obtain contracts of employment similar to those for temporary staff, carrying remunerations fixed at 95 % of those for staff in grades C or D; the period of validity of employment contracts for staff in grades A or B; performing scientific or technical duties is limited to five years, but is renewable; it is indefinite for staff in category A or B required to perform administrative duties; and lastly staff in category C or D may be engaged for an indefinite or definite period.

¹ OJ L 299 of 29. 10. 1976.

ANNEX

Resolution

COORDINATION AND HARMONIZATION OF DEVELOPMENT COOPERATION POLICIES WITHIN THE COMMUNITY

The Council:

1. considers that, having regard to the Resolution of 16 July 1974 on the coordination and harmonization of development cooperation policies within the Community,
 - the aim of harmonization and coordination is to make the cooperation policies of the Member States and the Community more consistent and more closely complementary, thereby making a more effective contribution to development, taking particular account of international objectives formulated in the framework of the United Nations, in the form in which they were accepted by the Member States;
 - the strengthening of coordination is also intended to affirm Community cohesion and enable the Community to continue to play a constructive part in relations between developed and developing countries;
 - progress on coordination and harmonization will depend to a large extent on whether a consensus may be reached on the thinking underlying the development cooperation policies of the Member States and the Community;
 - this objective can only be attained in so far as the Resolutions of 30 April 1974 and 16 July 1974 are effectively applied in parallel and it has consequently been possible to record substantial progress in the matter;

2. notes that considerable progress has already been made, especially in 1976, in bringing Member States' positions together, both for the purposes of presenting joint positions externally and for operational coordination particular when implementing the Lomé Convention;
3. considers that, while these efforts at coordination should be continued and intensified – taking into account paragraph 1 above – the process of harmonizing policies to an appropriate extent is a long-term task, the first stage of which might consist of intensifying by stages the general approaches (aims, principles and methods) of the policies of Member States and the Community:
 - where sectoral topics are tackled, an analysis will be made to ascertain to what extent the substance of the individual Member States' policies is in harmony;
 - the conditions under which more intensive forms of cooperation may be achieved between Member States in each sector should be determined.

(a) *As regards coordination on 'general aspects', the Council agrees to:*

- increase exchanges of information and experience concerning the general guidelines (objectives, principles and methods) of policies pursued by Member States and the Community with a view to ensuring concerted action;
- intensify efforts to formulate a Community position for international conferences dealing with development cooperation;
- examine periodically the implementation of the various Resolutions and conclusions adopted by the Council in the matter of development cooperation:
 - in this connection work will have to be undertaken to compare Member States' intentions in the official aid sphere, including aspects concerned with the amount, conditions and geographical and sectoral distribution of aid.

(b) *As regards operational coordination, including the sectoral aspects thereof, the Council agrees:*

- on the need to continue and improve the coordination of all aid activities by the Member States and the Community, as is currently practised with regard to ACP;
- to strengthen existing cooperation between the various Representatives of the Member States and the Commission Delegate to the ACP States, taking into account other coordination activities, notably those organized by the recipient countries;
- to make provision for coordination between Community activities and aid from the Member States with regard to the Maghreb and Mashrek countries with which the Community has concluded Preferential cooperation agreements:
- to implement mutual consultation on the subject of those developing countries in which the Community is carrying out some specific activity or in which two or more Member States are undertaking development projects, in accordance with the Resolution of 16 July 1974 and for the purposes indicated therein.

In the context of operational coordination, the Council considers that particular attention should be given to sectoral activities. With this in mind, it notes that, with a view to stepping up cooperation in specific sectors, the Commission will be organizing a number of seminars in 1977 and plans to hold others later.

(c) *As regards procedure, the Council:*

- agrees to start work on defining procedures enabling the objectives set forth in this Resolution to be implemented at Community level;
- agrees that the Commission should draw up an annual report on the development cooperation policies of the Community in order to provide wider information of its aid contributions to the Third World, including therein statements drawn up by the Member States outlining their own contributions;
- agrees to define procedures which will make it possible to obtain an overall view of the reciprocal implications between the Community's internal and external policies on the one hand and development cooperation policy on the other.'

TABLES

TABLE 1

Number of days spent on Council meetings and meetings of preparatory bodies

Year	Ministers	Ambassadors and Ministerial Delegates	Committees and Working Parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 ^{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	1 253
1969	69	129	1 412 ^{1/2}
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}
1976	65 ^{1/2}	108 ^{1/2}	2 130

TABLE 2

Intergovernmental conferences on the subject of patents

Period	Plenary	Groups
1. 8. 70–31. 12. 70	—	37
1971	8	37 ^{1/2}
1972	19	61
1973	24	9

TABLE 3

Interim committee of the European patent organization

Period	Plenary	Groups
1974	2	76 ^{1/2}
1975	10	142
1976	11	162

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