



EUROPEAN PARLIAMENT

**Principal developments
in the
European Community**

JUNE 1983 - JUNE 1984

DIRECTORATE GENERAL FOR RESEARCH
AND DOCUMENTATION

NOTE TO READERS

Like its predecessors in previous years, this document, covering the period from June 1983 to June 1984, gives an account of the European Parliament's activities and attempts to place this Institution in the more general context of European integration.

It may be regarded as an updated version of the 'Fact sheets', the second edition of which was published early in 1984, in preparation and as a background document for the European elections.

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

This document contains details of the work carried out in the various parliamentary committees, and will thus be particularly useful to newly elected Members of the European Parliament.

The final draft was completed on 15 July 1984.

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The European Parliament as an Institution accepts no responsibility for the content of this document.

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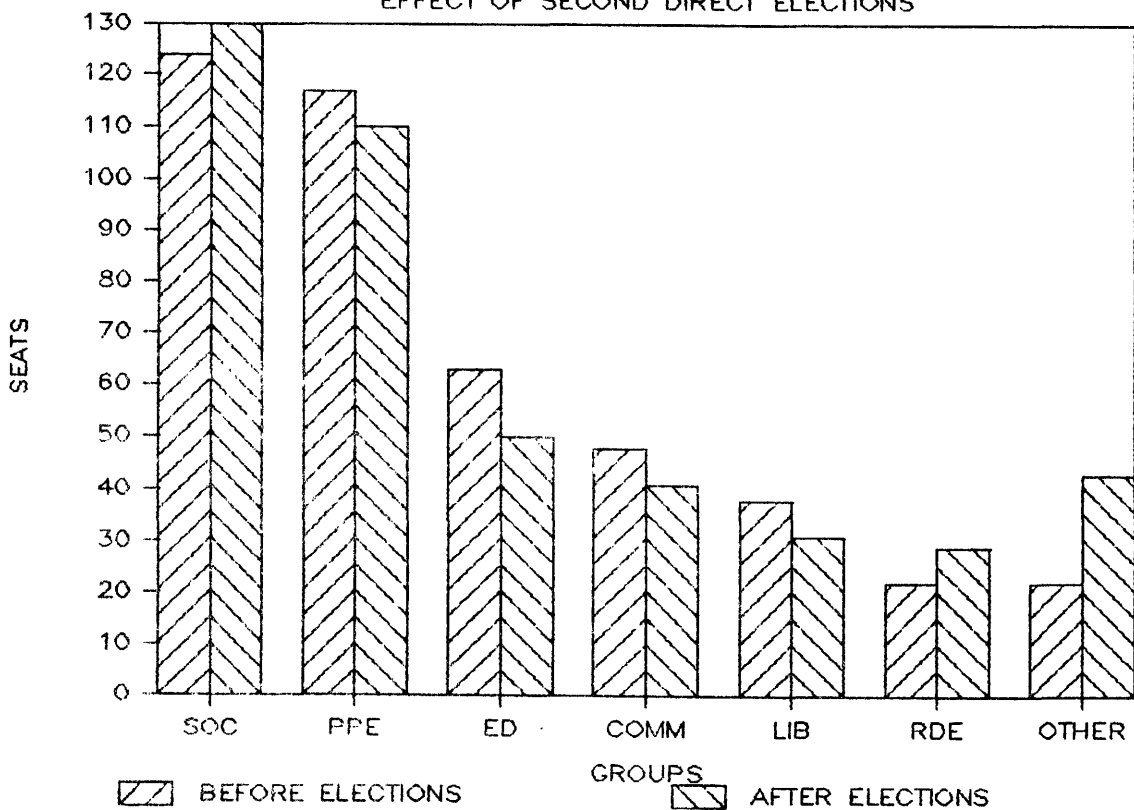
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Political Groups in the European Parliament, 1st August 1984

POLITICAL GROUPS	TOTAL	B	DK	D	F	GR	IRL	I	L	NL	UK
Socialists	130	7	4	33	20	10		12	2	9	33
European People's Party	110	6	1	41	9	9	6	27	3	8	
European Democrats	50		4								46
Communists	41		1		10	4		26			
Liberals	31	5	2		12		1	5	1	5	
European Democratic Alliance	29				20		8				1
Rainbow group	20	4	4	7				3		2	
Group of the European Right	16				10	1		5			
Non-attached	7	2						3		1	1
TOTAL	434	24	16	81	81	24	15	81	6	25	81

ALLOCATION OF SEATS BY POLITICAL GROUP
EFFECT OF SECOND DIRECT ELECTIONS



Summary Statistics of the European Community (1983)

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR 10
Population (mn)	61.6	54.8	57.4	14.4	9.9	0.4	56.4	3.5	5.1	9.9	273.4
GDP per capita (ECU)	11 879	10 506	6 867	10 193	9 081	9 750	8 752	5 402	12 414	3 966	9 353
Industrial production (percentage change)	+0.6	+ 1.1	-2.3	+1.3	+2.2	+1.1	+2.9	+6.6	+3.3	-0.7	+0.9
Retail prices (percentage change)	2.9	9.4	14.7	2.8	7.7	8.7	4.6	10.2	6.9	20.5	8.4
Total unemployment (%)	8.4	8.9	11.9	14.3	14.4	1.5	11.5	15.2	10.4	:	10.6 ⁽²⁾
Youth unemployment (1) (25 yrs; % of total)	23.6	44.5	48.6	38.8	37.1	49.9	39.5	31.0	27.8	:	41.6 ⁽²⁾
Social protection (3)- (percentage of GDP)	29.4	28.5	25.4	31.4 ⁽⁴⁾	30.1	29.1	23.5 ⁽⁴⁾	24.7	29.4	:	27.1 ⁽²⁾⁽⁵⁾
Steel production ('000 tonnes)	35 729	17 582	21 811	4 484	10 154	3 294	14 980	141	493	858	109 526
Automobile production ('000)	3 876	3 229	1 396	106	262	0	1 045	0	0	0	9 914
Intra-Community Trade Balance (mn ECU)	+5 007	-12 157	-823	+16 245		+745	-3 602	-732	-183	-2 573	:
Extra-Community Trade Balance (mn ECU)	+13 033	-3 392	-8 470	-13 102		-4 174	-6 082	+39	-42	-3 271	-25 461

(1) December 1983

(2) EUR 9

(3) 1 32

(4) 1 1

(5) Estimate

Sources: EUROSTAT;

Commission

EXCHANGE RATES

VALUE OF THE ECU

29th June 1984

1 ECU = ... national currency units

Belgian and) con.	45.49	Portuguese escudo	117.77
Luxembourg franc) fin.	46.10	US dollar	0.80
German mark	2.24	Canadian dollar	1.06
Dutch guilder	2.52	Swiss franc	1.87
Pound sterling	0.59	Swedish krona	6.58
Danish krone	8.20	Norwegian krone	6.42
French franc	6.86	Austrian shilling	15.71
Italian lire	1376.26	Finnish markka	4.74
Irish punt	0.73	Japanese yen	190.52
Greek drachma	88.58	Australian dollar	0.93
Spanish peseta	126.97	New Zealand dollar	1.27

Source: Official Journal C 171, 30.6.84

VALUE OF THE US \$

29th June 1984

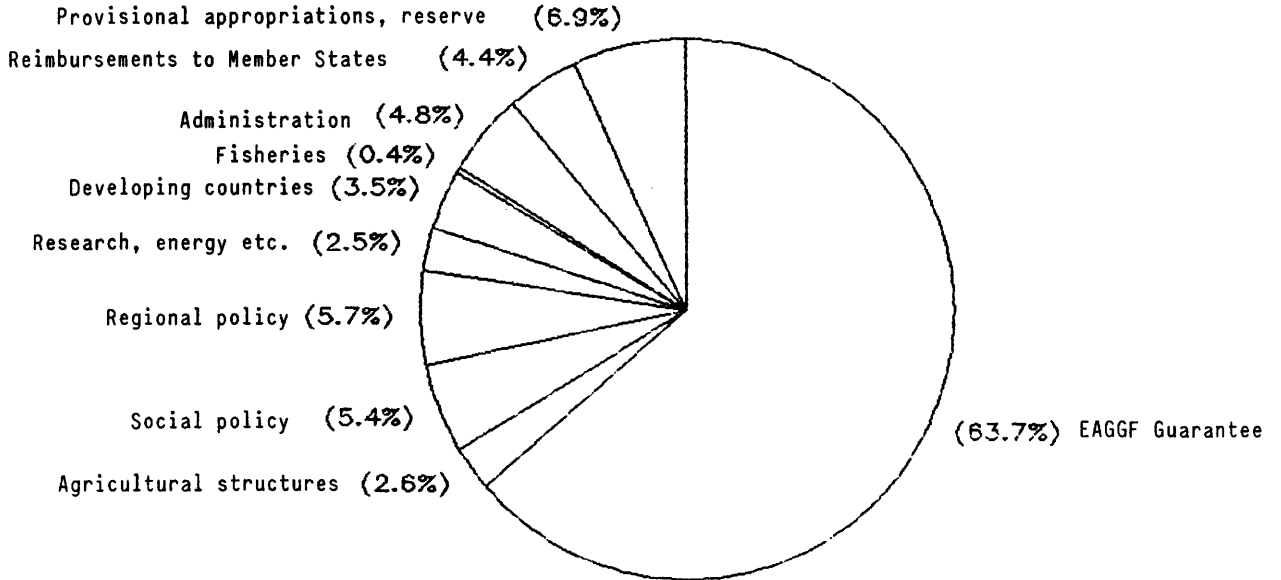
1\$ = ... national currency units

Belgian and) con.	56.60	Danish krone	10.20
Luxembourg franc) fin.	57.35	French franc	8.53
German mark	2.78	Italian lire	1710.50
Dutch guilder	3.14	Irish punt	0.91
Pound sterling	0.74	Greek drachma	110.35

Source: Financial Times, 2.7.84

1984 BUDGET

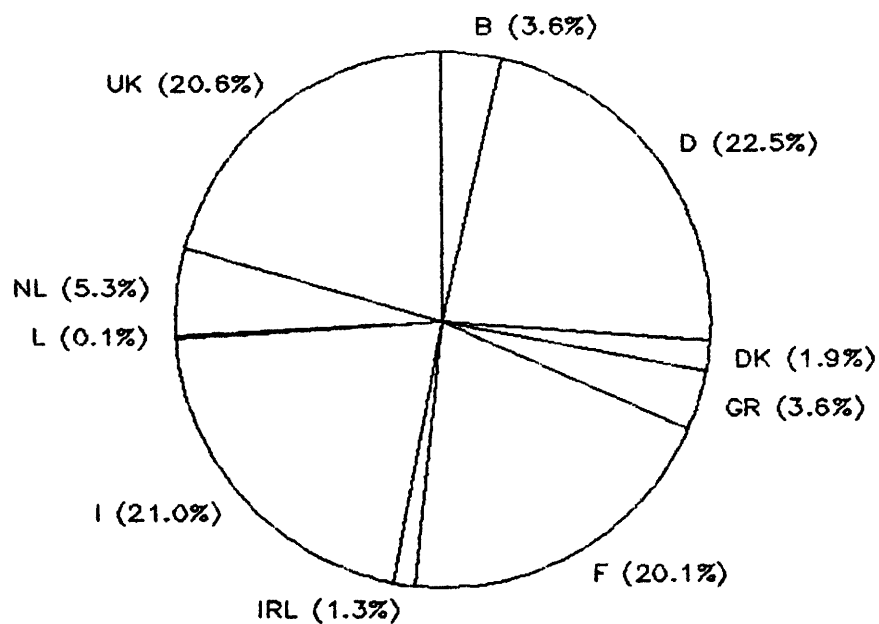
ESTIMATED DISTRIBUTION OF EXPENDITURE



Source: OJ No. L 12, 16/1/84

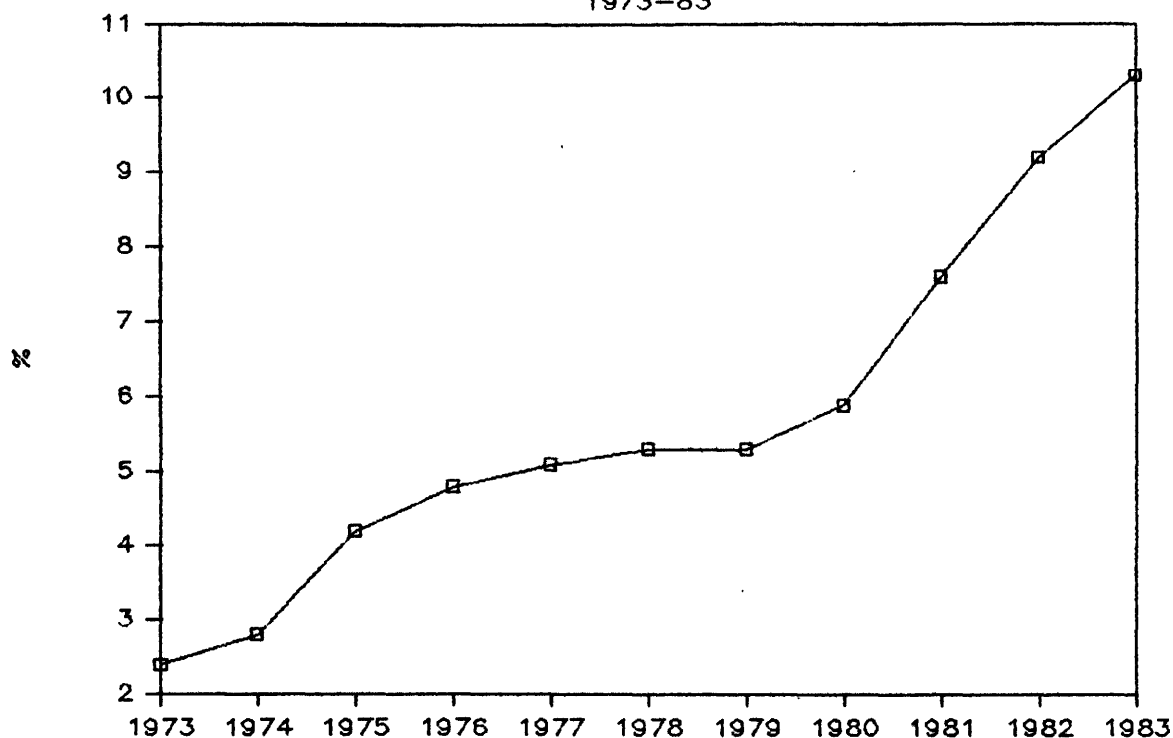
EUR10: DISTRIBUTION OF POPULATION

1983

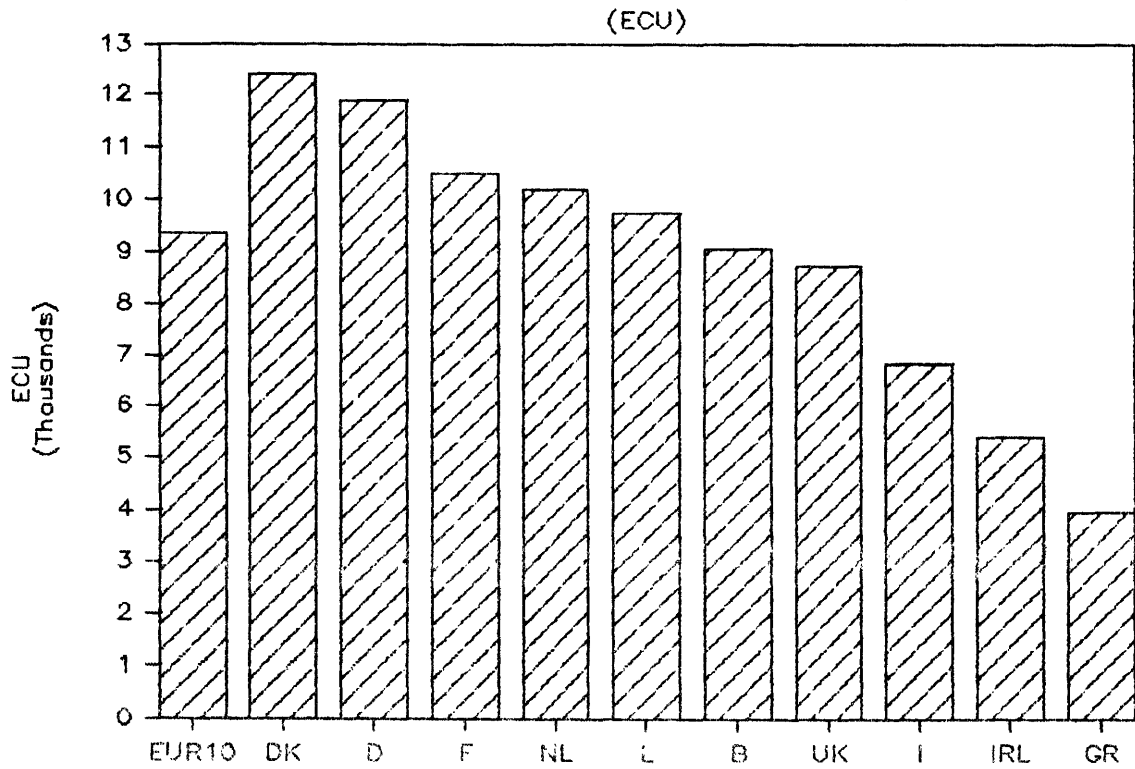


EUR 10: UNEMPLOYMENT RATE (%)

1973-83

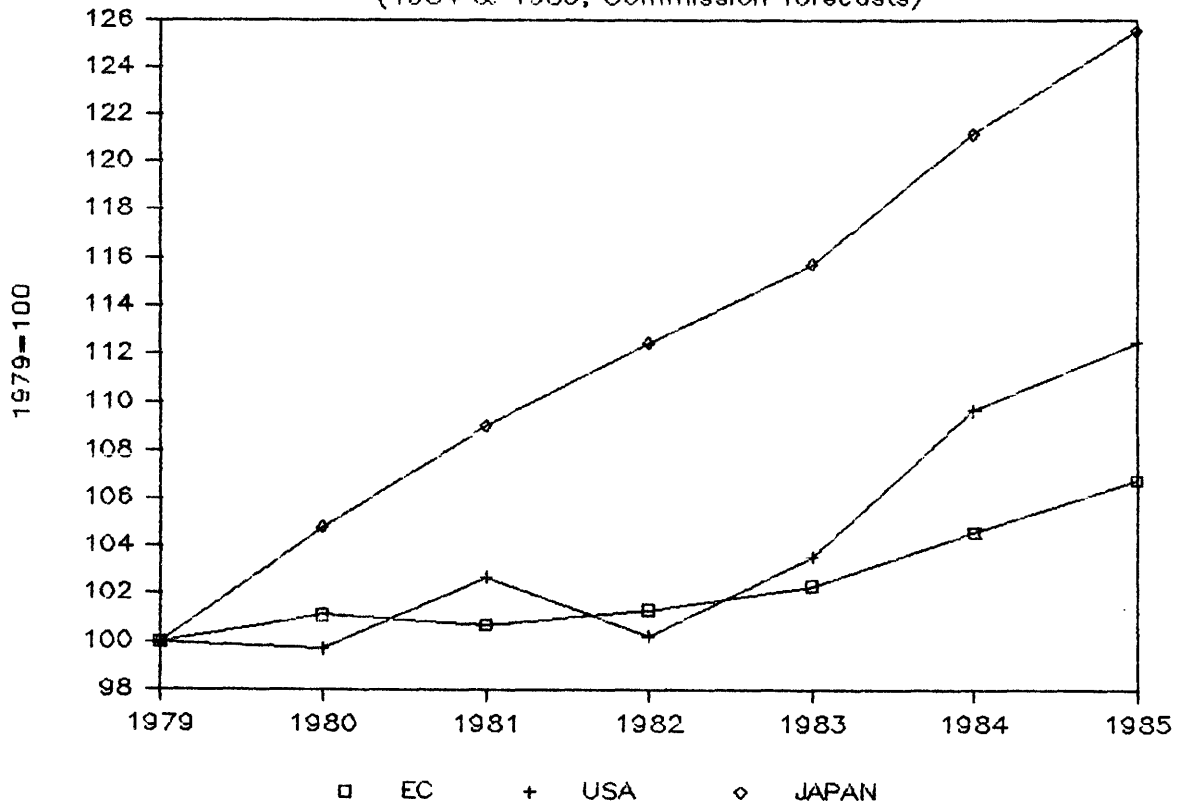


EUR 10: GDP PER CAPITA, 1983



GDP GROWTH, 1979-1985

(1984 & 1985, Commission forecasts)



A. POLITICAL ASPECTS

Introduction

Throughout the period under review, as in the previous year, public opinion was particularly concerned with the serious situation in the Lebanon, at least while the multinational peace-keeping force was stationed in Beirut.

Moreover, we should not underestimate the importance of the unilateral declaration of independence issued by the Turkish community in Cyprus, which heightened existing tensions in the Mediterranean area.

The opening of the Stockholm conference on confidence and security-building measures and disarmament in Europe enabled further progress to be made along the lines laid down by the Helsinki and Madrid conferences in anticipation of the forthcoming CSCE conference due to be held in Vienna in 1986.

Relations between Turkey and the European Community remain frozen; the Community institutions, particularly the European Parliament, have monitored developments there very closely and especially the situation with regard to human rights.

It was not until its meeting in Fontainebleau on 25 and 26 June 1984 that the European Council adopted decisions on the question of budgetary imbalance, more often referred to as the question of the British contribution, and decisions on increasing the Community's own resources. These decisions completed the package of agricultural measures approved at the Council meetings of 16 and 17 March and 30 and 31 March 1984 on rationalizing the common agricultural policy and fixing agricultural prices for the 1984/1985 marketing year.

Another major event was Parliament's adoption, in February 1984, of the text of the Treaty establishing the European Union, which was subsequently submitted directly to the national parliaments for ratification. In his speech to Parliament on 24 May 1984, the President of the European Council suggested that preparatory talks be held with a view to organizing a conference of the Member States on the subject of the draft Treaty on European Union and the Solemn Declaration of Stuttgart.

(a) Situation outside the Community

1 - Turkey

On 6 November 1983, Turkey held a general election in which only three parties were permitted to take part, while many politicians who had been active during the previous régime were prohibited from engaging in political activities.

The European Parliament adopted a resolution in October 1983 ~~deploring~~ the fact that the elections to be held on 6 November could not be regarded as genuinely democratic because of the rules governing their conduct. (1)

On 26 April 1984, the Political Affairs Committee of the European Parliament organized a public hearing on respect for human rights in Turkey, in which several human rights organizations took part. The Turkish government declined an invitation to attend the hearing.

Relations between the Community and Turkey have remained at a standstill because of the political situation in that country, although routine contacts under the Association Agreement have been maintained (2).

2 - Cyprus

On 15 November 1983 the leaders of the Turkish community in Cyprus, which had been separate from the Greek community since 1974, unilaterally proclaimed a 'Turkish Republic of Northern Cyprus', an act which was immediately condemned by the United Nations Security Council. The Ten also rejected this 'declaration of independence', while reaffirming their

'unconditional support for the independence, sovereignty, territorial integrity and unity of the Republic of Cyprus'. They asked all interested parties not to recognize this act, which created a very serious situation in the area. (3) In a resolution on the 'declaration of independence' by the Turkish Cypriot community in Cyprus, the European Parliament also condemned the declaration and called on the Council of Ministers to take all necessary measures to ensure that it remained a dead letter.

3 - Lebanon

Despite the stationing in Beirut of the multinational peace-keeping force of troops provided by France, the United Kingdom, Italy and the United States, the various Lebanese factions failed to reach a peaceful settlement. The complexity of the situation and the attacks to which the American and French troops were subjected eventually led the countries involved to withdraw their units in the multinational force from Lebanon.

In a declaration issued on 27 February 1984, the Ten urged all the parties concerned to establish a lasting and effective cease-fire agreement and called for a United Nations force to be sent to Beirut. They also emphasized the need for all foreign troops to be withdrawn from Lebanon, with the exception of those whose presence was approved by the Lebanese government (5).

The European Parliament adopted several resolutions on the situation in the Lebanon (6). In the last such resolution, which was adopted in April 1984, Parliament called once again for all foreign troops whose presence was not welcomed by the Lebanese government to be withdrawn from Lebanese territory, and called on the governments of the Member States publicly to acknowledge their continuing responsibility to help reach a peaceful solution to the conflict. Parliament also called on the Member States and the Commission to assist civilians affected by the fighting (7).

4 - The Middle East

The European Parliament adopted a resolution on a Middle East peace initiative (8) in which it expressed its concern at the extremely delicate situation created in the region by the Lebanese crisis and called on the Foreign Ministers meeting in political cooperation to take an immediate initiative to bring all reasonable pressure to bear on the various parties to negotiate a lasting settlement, possibly within the framework of the United Nations.

5 - Iraq - Iran

Once again, the European Parliament stated its position on the serious conflict between the two countries, in view of the lack of any prospect of a peaceful conclusion. In two resolutions adopted in January and March 1984 (9), the European Parliament called on the Foreign Ministers of the Ten to make every effort to achieve a cease-fire between the two countries and to restore peace.

In a declaration issued in February 1984, meanwhile, the Ten renewed their appeal to the two parties to attempt to reach a peaceful solution, asked the Secretary-General of the United Nations to make every effort to achieve that objective, and offered to cooperate in the process. The Ten also called on the warring parties to observe carefully the international rules and conventions concerning the protection of civilian populations (10).

6 - Afghanistan

Despite the pressure brought to bear by the international community and the United Nations' attempts to mediate, there was no improvement in the situation in Afghanistan. On the fourth anniversary of the Soviet invasion, the Ten once again condemned the continued violations of human rights and the attacks on Afghan civilians by Soviet forces in their efforts to suppress the Afghan people's determination to recover their independence and to resist foreign domination of their country (11).

A delegation of the Political Affairs Committee of the European Parliament composed of Lord Bethell, Mr Israel and Mr Ripa di Meana visited the Afghan refugee camps in February 1984. As a result of this mission, these Members tabled a motion for a resolution on the situation in Afghanistan, which was adopted by Parliament on 16 February 1984. In it, Parliament called once again for the withdrawal of Soviet troops from Afghanistan and condemned the military operations being carried out by those troops; it also called on the Secretary-General of the United Nations to make every effort to resume informal consultations with the governments of Pakistan and Afghanistan, urged the Foreign Ministers of the Ten to encourage those negotiations, and called on the Commission to consider methods of giving increased support to Afghan refugees.

On 24 May 1984, Parliament adopted a resolution on an emergency Community aid project for the Shamali-Paghma region, which had been subject to Soviet bombing.

7 - Southern Africa

In January 1984, the European Parliament adopted a resolution on the situation in Southern Africa condemning the use of violence by all parties involved; it also called for the withdrawal of all foreign troops from the region to enable Namibia to achieve independence as quickly as possible (13).

As a result of certain signs of improvement in the situation, the Ten noted with satisfaction the agreement reached in Lusaka on 6 February 1984 on the strengthening and monitoring of the military disengagement in Southern Angola and welcomed the understanding reached between South Africa and Mozambique (14).

In April 1984, Parliament adopted a resolution on the political and economic situation in Zimbabwe tabled by Sir James Scott-Hopkins on behalf of the Political Affairs Committee. In it, Parliament affirmed its desire to see the continued development of a prosperous, multi-racial and democratic state in Zimbabwe, and congratulated the government of that country on the initial integration it had achieved in the armed forces; it also condemned South Africa's activities outside its own borders, which were leading to instability in the region.

8 - Horn of Africa

In April 1984, Parliament adopted a motion for a resolution tabled by Mr Ripa di Meana on behalf of the Political Affairs Committee on the Horn of Africa, where tensions between states in the area, including Sudan and Kenya, the presence of Soviet troops and the serious problems of refugees, drought and famine combined to produce an alarming situation.

Parliament called on the Ten to adopt a common position towards the problems of the region, urged the Soviet Union and its allies to withdraw their troops from Ethiopia, and requested Ethiopia to reach a solution to the conflict in Eritrea; Parliament also asked the Community to take measures to help refugees and to increase its food aid to the states of the region, and called on those states to ensure respect for human rights (15).

9 - European Community - United States of America

In April 1984, Parliament adopted a motion for a resolution, tabled by Mr Hansch on behalf of the Political Affairs Committee, on political relations between the European Community and the United States of America (16).

In it, Parliament called for the permanent consultations in the framework of European political cooperation to be extended to include relations with North America, expressed the view that Europe's contribution to Western security within the Atlantic Alliance should be increased, and reaffirmed its conviction that close, trusting and lasting relations between the United States and the Community were vital to both partners and essential to the defence of their free way of life, the furtherance of the development of just and humane conditions in all parts of the world and the maintenance of world peace.

10 - Central and South America

In Central America, the violent conflicts between governments and opposition forces in Nicaragua, El Salvador and Guatemala continued unabated between July 1983 and July 1984. Despite persistent efforts by the Contadora Group states, which were formally approved by the states involved in such conflicts, the danger that the violent upheavals in that region would intensify and spread further afield increased continually. In the period under review elections were held in El Salvador; they are due to be held in July 1984 in Guatemala, and in November 1984 in Nicaragua.

In December 1983, democracy was restored in Argentina with the formation of a civilian government, while other Latin American countries promised to hold democratic elections.

Parliament adopted two resolutions on Argentina; in the first, it expressed its support for the democratic forces of that country, where a general election was to be held as a first step towards restoring democratic rule (17). In the second resolution, which concerned Argentina's missing persons (18) and was tabled by Mr Cariglia on behalf of the Political Affairs Committee, Parliament called on the Foreign Ministers of the Ten to take concerted action to ensure that all political prisoners and detainees were released, and to issue a further request to the Argentine Government elected on 30 October 1983 to provide exact details of the fate of missing persons and detainees.

Parliament also adopted various resolutions on Chile condemning General Pinochet's repressive régime (19). In the last of those resolutions, which was tabled by Mr Israel on behalf of the Political Affairs Committee, Parliament expressed the view that the current situation in Chile was unacceptable and that its existing régime was undemocratic; it also called for the holding of free elections and the release of political prisoners, and expressed its solidarity with the Chilean people in their struggle for their rights. Parliament also called on the Foreign Ministers of the Ten to take account of the human rights situation in Chile before granting funds to that country (20).

Parliament also passed a resolution on improved observance of human rights and civil liberties in Brazil and the defence of two imprisoned priests (21), and another resolution on the situation of forty-eight Uruguayan women detainees (22).

On the subject of Central America, Parliament adopted a resolution on the situation in El Salvador (23) in which it expressed its grave concern at continued serious violations of human rights in that country. A resolution was also voted on the situation in Grenada (24) noting that the intervention of the United States and the democratic states of the region in the island's affairs had followed a period of severe disruption and attempts by Cuba to destabilize the whole region; it called on the Community to resume its aid programme for Grenada.

Finally, Parliament adopted a resolution on the situation in Nicaragua (25) which noted with satisfaction that the Nicaraguan government had announced its intention to hold elections in 1984, and called on it to ensure the proper conduct of the elections by guaranteeing all the necessary civil liberties.

11 - Arms and security

In October 1983, Parliament adopted a motion for a resolution tabled by Mr Fergusson on behalf of the Political Affairs Committee on arms procurement within a common industrial policy and arms sales (26). Parliament subsequently agreed to a motion for a resolution tabled on behalf of the Political Affairs Committee by Mr Klepsch on drawing up an inventory of shared European interests, risks and requirements in the security field (27).

12 - Conference on confidence and security-building measures, and disarmament in Europe - CSCE

The Stockholm Conference on confidence and security-building measures and disarmament in Europe, which had been decided upon at the CSCE Conference in Madrid, opened on 17 January 1984. It was attended by the 35 countries which were already members of the CSCE. At the opening ceremony, Mr Cheysson, the French Minister of Foreign Affairs, spoke on behalf of the Ten and outlined three aims for the Conference:

- (1) further progress along the lines laid down at Helsinki,
- (2) the search for new ways of improving security in Europe,
- (3) the adoption of real confidence building-measures on military questions.

The Ten hoped that these objectives could be achieved by the spring of 1986.

On 19 January 1984, the European Parliament passed a resolution on the Stockholm Conference (29), describing the latter as a means of restoring the East/West dialogue; Parliament also emphasized the importance of the Ten demonstrating their unity, in the context of European political cooperation, by expressing the opinion of the Member States as a group within the West's defence system, and stressed that it was important to achieve greater trust between allies on either side of the Atlantic.

13 - Deployment of missiles in Western Europe

In November 1983, Parliament held a major debate on the call for the deployment of Pershing and Cruise missiles in Europe to be postponed and on the Greek government's proposal to extend the INF talks in Geneva. At the close of the debate, Parliament adopted a resolution on the deployment of the missiles in Western Europe (30) in which it rejected the proposals for the deployment of missiles to be postponed and supported the decision to maintain the necessary military balance to preserve the security of the countries of Europe and the West as a whole.

(b) Situation inside the Community

14 - Conciliation procedure

In July 1981 Parliament adopted a resolution on the relations between the European Parliament and the Council, which included certain proposals for the reform of the conciliation procedure (31). This procedure had been launched in the Joint Declaration of the European Parliament, the Council and Commission of 4 March 1975 (32).

Parliament adopted in December 1983 a new resolution on a draft joint declaration on the conciliation procedure (33) based on amendments adopted by Parliament to the Commission's proposal for a second joint declaration (34).

Parliament attached particular importance to three aspects of its amendments: those which extended the field of application of the procedure; those which provided for the procedure to be initiated at the request of Council or Parliament; and those which proposed the immediate holding of the first conciliation meeting between Parliament and the Council before either had adopted its position on the proposal under discussion.

The Commission agreed to all the amendments proposed by Parliament except that providing in the case of no agreement for further meetings of the Conciliation Committee in order to resolve disagreements.

Although the amendments and resolution adopted by Parliament have been discussed by the Council, it has to date been unable to reach a decision thereon.

N O T E S

- (1) OJ No. C 307 p. 79 of 14 November 1983
- (2) Commission of the European Communities, 17th General Report, par. 679
- (3) EC Bulletin 11-1983, par. 2.4.2.1
- (4) OJ No. C 342 p. 52 of 19 December 1983
- (5) EC Bulletin 2-1984, par. 2.4.
- (6) OJ No. C 277 p. 127 of 17 October 1983; OJ C 342 p. 51 of 19 December 1983; OJ No. C 342 p. 52 of 19 December 1983; OJ No. C 10 p. 70 of 16 January 1984
- (7) Minutes of 12 April 1984, PE 90.119, p. 17
- (8) OJ No. C 77 of 19 March 1984
- (9) OJ No. C 46 p. 79 of 20 February 1984; OJ No. C 104 p. 156 of 16 April 1984
- (10) EC Bulletin 2-1984, par. 2.4.3
- (11) EC Bulletin 12-1983, par. 2.4.1
- (12) OJ No. C 77 p. 83 of 19 March 1984
- (13) OJ No. C 46 p. 79 of 20 February 1984
- (14) EC Bulletin 2-1984, par. 2.4.3
- (15) Resolution adopted on 12 April 1984, Minutes 13, PE 90.119, p. 76
- (16) Resolution adopted on 12 April 1984, Minutes 13, PE 90.119, p. 36
- (17) OJ No. C 307 p. 81 of 14 November 1983
- (18) OJ No. C 322 p. 289 of 28 November 1983
- (19) OJ No. C 277 p. 129 of 17 October 1983; OJ No. C 307 p. 82 of 14 November 1983
- (20) Resolution adopted on 13 April 1984, Minutes 14, PE 90.120
- (21) OJ No. C 307 p. 83 of 14 November 1983
- (22) OJ No. C 307 p. 82 of 14 November 1983
- (23) OJ No. C 342 p. 56 of 19 December 1983
- (24) OJ No. C 342 p. 49 of 19 December 1983
- (25) OJ No. C 104, p. 155 of 16 April 1984
- (26) OJ No. C 322 p. 43 of 28 November 1983
- (27) Resolution adopted on 11 April 1984, PE 90.119
- (28) EC Bulletin 1-1984, par. 2.4.1
- (29) OJ No. C 46 p. 75 of 20 February 1984
- (30) OJ No. C 342 p. 29 of 19 December 1983
- (31) OJ No. C 234, 24.9.81, p. 52
- (32) OJ No. C 89, 22.4.75, p. 1
- (33) OJ No. C 10, 16.1.84, p. 34
- (34) COM (81) 816 final

B. DEBATE IN PARLIAMENT ON THE EUROPEAN UNION (*)

In July 1981, Parliament established a Committee on Institutional Affairs whose task it was to 'draw up amendments to the existing Treaties'¹. At a time when it was adopting a number of resolutions seeking to improve relations between the institutions, Parliament, aware of the bigger role that it ought to play after being elected by universal suffrage for the first time, considered that it also had a duty to submit and vote on proposals for reform relating to the tasks of the Community and consequently of its institutions.

On the basis of this mandate, the work of the Committee on Institutional Affairs led to the adoption of an initial resolution in July 1982 establishing the committee's responsibilities², a second resolution in September 1983 incorporating details of the possible substance of a preliminary draft treaty establishing the European Union and, finally, a draft treaty which was adopted by Parliament on 14 February 1984³.

The resolution on the substance of the preliminary draft treaty was summarized in the fact sheets prepared by the Directorate-General for Research and Documentation for the June 1984 elections. The text of the draft treaty has been published in various forms and it is advisable to refer to these before starting to read the summary of the debate held in plenary⁴.

Before summarizing the relevant speeches, it is worth recalling that part of the speech given on 24 May 1984 by Mr Mitterrand, President-in-Office of the European Council of the European Communities concerning a reform of the Treaties:

'This is why it is vital to consolidate the main Treaties that bind European countries together and constitute their fundamental law the Treaty of Rome. Yet the same movement is already carrying us beyond this Treaty to areas it

(*) Departing slightly from the standard practice for fact sheets, the authors deemed it advisable to present a detailed summary of the plenary debate. Owing to lack of space, however, this analysis has been restricted to the most representative speakers from each political group.

does not cover. I am thinking here of education, health, justice, security and the campaign against terrorism. And what do we find? Some people have talked about a Europe of different speeds or variable geometry. Such a step, which reflects a real situation, is one we must take. Care will be taken to ensure that it complements, rather than competes with, the central structure, the Community. Whenever problems of this kind have arisen, Europe has created a new institution - the European Council - or adopted a new legal act reflecting an established practice - the European Monetary System and the political cooperation as defined in the Stuttgart Declaration - or concluded a treaty ratified by the national parliaments - the Lomé Convention. And here is the House encouraging us to go further along this path by proposing a draft treaty on European Union. Those of us who are interested will observe that the same old method is being used. A new situation calls for a new treaty which must not, of course, be a substitute for existing treaties, but an extension of them to fields they do not currently cover. This is the case with the European political community'.

*

* *

Socialist Group:

Mr Moreau (France) was appointed rapporteur on the economic aspects of the Union by the Committee on Institutional Affairs. In his speech, he stressed the 'institutional illusions' of Parliament's approach which, in his view, did not clarify the questions facing the House: establishing the European Union was not the same as founding a State; it could result only from the combined efforts of the States, peoples and institutions of the Community. With regard to procedure, Mr Moreau would have liked Parliament to have agreed to draw up a provisional text which, after being discussed with the national parliaments and governments, could have been amended and finally adopted by Parliament. Mr Moreau abstained on the vote on the draft treaty as a whole and on the resolution as a whole. For Mr Glinne (Belgium), Chairman of the Socialist Group, the force of the draft treaty lay in its balance and its realism. He nonetheless regretted the fact that Parliament had not given a broader mandate to the Committee on Institutional Affairs, which should have

been called the Committee on the Reform of the Treaties, so that work on improving the operation of the present treaties could have been carried out at the same time. He also feared that the draft treaty might create the risk of a deadlock, by making discussion with certain national parliaments more difficult, if Article 82 did not allow for the possible dissolution of the Europe of the Ten. Without the permanent and irreversible commitment under the existing Treaties, governments and political parties could no longer discuss the project. Finally, Mr Glinne hoped that the draft treaty would not be submitted to the national parliaments as a 'take it or leave it' option: Parliament had to remain open to negotiations leading to improvements in existing institutional practices. Mr Glinne voted in favour of the draft treaty and the resolution. Mr Van Miert (Belgium) hoped that all references to any ideological content would be removed from the text of the draft, as this would merely reflect the balance between the political forces at any given time. He stressed the importance of the economic recovery which should take place simultaneously with the institutional revival. On behalf of the Flemish Socialists, he expressed his support for the draft treaty, but warned against the re-emergence of the idea of a permanent political secretariat which had already been rejected when the Fouchet Plan was considered. Mr Fajardie (France) found that the plans for European Union failed to come to terms with the issues currently facing the Community. The French Socialists in the European Parliament wanted to see the achievement of a European social area, Community action in the fields of industry and research and a common policy in the cultural sphere. On the institutional side, he proposed that a permanent secretariat be set up for the European Council. He announced that the French Socialists would abstain in the final vote.

Mr Rogers (United Kingdom) was unable to accept the conclusions reached by the Committee on Institutional Affairs, which he found presumptive and even arrogant. From the outset, the new committee had too many members who were already in favour of the federalist idea. This gave rise to the impression that sharing their ideas was the only way to be pro-European. Reality showed that very few people shared those federalist convictions and that other solutions should be sought to rescue the European Community from its present difficulties.

Mr Halligan (Ireland) stated his intention to vote for the draft treaty provided that it was open to amendment, that it did not jeopardize Irish neutrality and that regional policy was incorporated as an aspect of economic policy and not as part of policy for society.

Mr Petersen (Denmark) stated that the Danish Social Democrats opposed the Union plan for four reasons: its unrealistic nature, the encouragement to Member States to separate into two groups, namely, unionists and pragmatists, the impossibility of the plan's being accepted by the Member States' parliaments and, finally, the arrogance of the European Parliament in wishing to assume the competence of national parliaments.

Mr Plaskovitis (Greece) noted the weaknesses and ambiguities in the draft treaty which consequently represented a premature and utopian initiative. People could not be led to believe that the legal framework proposed in the document could provide solutions which Community governments had hitherto been unable to find. The draft treaty foreshadowed a two-speed Europe and the dominance of the industrially developed countries as a result of the principle of unanimity being abandoned. At the very most, the Pasok Socialists could accept the creation of European political unity through a gradual process of rapprochement between the Member States in order to tackle and resolve their problems together and subsequently emerge as a third power between the two superpowers.

Group of the European People's Party

Mr Pfennig (Germany), rapporteur on policy for society for the Committee on Institutional Affairs, referred to several points in the draft treaty which he found unsatisfactory. He wished that the Committee on Institutional Affairs had succeeded in drawing up a list of fundamental and human rights, rather than entrusting this task to the Union itself which should adopt its own declaration on fundamental rights within five years. He subsequently regretted the fact that the committee had set down in the draft treaty the Member States' right of veto in the Council of Ministers, even if only for a ten-year period. Finally, Mr Pfennig thought that the draft treaty did not make a sufficiently clear statement on security policy.

Mr Croux (Belgium) defended the amendment tabled by his group on the objectives of the draft treaty where this referred to economic development in the context of a free market. (At the request of the Socialist Group, which wished to remove all references of an ideological nature, a secondary amendment changed the term 'free market' to 'free internal market'). He explained the reasons why the Committee on Institutional Affairs included the right of the veto for Member States. This right was subject to several conditions - a transitional period, the requirement that the grounds for invoking it be published, and support from the Commission - that reduced its scope substantially.

Mr Piccoli (Italy) spoke in favour of the draft treaty on behalf of his political group. In his view, Europe now had to have institutions capable of representing it singly and governing it politically. The draft treaty would be submitted to the parliaments and governments of the Member States for ratification. In supporting this initiative, the European Christian Democrats were aware that only the institutions representing the peoples of Europe, and not national bureaucracies, were capable of making these singleminded choices. Mr Piccoli recalled the EPP's commitment to a common defence policy, a common currency, political unity and a new European culture. He stressed that this new proposal, made during the run-up to the June 1984 European elections, was in the nature of a European constitution.

Mr Seitlinger (France) replied to objections based on the independence of Member States who rejected the formal delegation of sovereignty and would accept the scientific and industrial dependence of a fragmented continent. He countered objections that Parliament was being unrealistic in producing a document without having the means of putting it into practice with the fact that the draft treaty would become one of the key elements in the European debate and in the electoral campaign in spring 1984. Mr Seitlinger stated that the European People's Party would support the draft treaty unanimously.

Mr Estgen (Luxembourg) thought that the possibility of invoking the clause on vital national interests in order to postpone a decision was not a retrograde step in that in important circumstances, the Member States had to respect rights and a historical background from which Europeans could not escape. The clause would be a necessary safeguard for the smaller partners so that they could uphold their point of view in dealings with the large countries in the Union.

Mr Lucker (Germany) stated his opposition to the introduction of a secretariat for the European Council, the effect of which would be to distort even more the institutional structure of the Community and to gag the Commission which had to remain the driving force and guardian of the Treaties.

Mr Van Aerssen (Germany) stressed four points on which his group wanted greater precision. Fundamental rights should be secured in the draft treaty. In the economic field, the draft should incorporate the objectives of the 'magic square'. It should put forward a coherent financial framework. Finally, it should permit the growth of pluralism of the media.

European Democratic Group

The group decided to allow a free vote on the draft treaty. Mr Prag (United Kingdom), rapporteur for the powers of the Union in international relations, spoke of the differences within his group between those who believed in the need for written treaties in order to achieve a community of peoples and those who preferred the evolutionary process and pragmatism; in Mr Prag's view there was greater justification for the formal approach because it left the 'acquis communautaire' (Community patrimony) intact and enabled various existing provisions to be improved.

Addressing the members of his group, Mr Prag referred to the difficulties encountered by the European Council in Athens which revealed the inadequacy of the current decision-making procedures. He nonetheless believed that a vote in favour of the draft treaty did not necessarily agreement with every word. It basically meant a vote in favour of a more effective European Union. Mr Prag voted for the draft treaty.

Mr Robert Jackson (United Kingdom) described the challenge of the draft treaty as being the scope of its ambitions for Europe. Achievement of the objectives set out in the draft treaty implied a strengthening of the institutions. The problem was not a lack of political will but a historical and institutional setting which systematically limited not only objectives but also the means of action available to achieve them.

Mr Welsh (United Kingdom) had a different view of the problems raised by the draft treaty. He believed that the question was whether the people of Europe were ready for this quantum leap forward in European integration, whether the European Parliament was seriously capable of assuming the powers that it claimed and whether its record during its first term justified it seeking increased powers. Mr Welsh criticized a number of provisions in the draft treaty, especially the unrestrained right of the institutions of the Union to raise revenue and the limited right for Member States to invoke vital national interests. Mr Welsh abstained in the votes on the draft treaty as a whole and on the resolution as a whole.

Mr Newton Dunn (United Kingdom) noted that the European institutions were very slow to take decisions. He referred to the huge number of proposals which were being blocked by one country or another using its right of veto in the Council of Ministers. If the public were aware of this problem, they would be furious. He acknowledged that the draft treaty was perhaps not perfect, but it deserved to be discussed and improved. He called on his fellow countrymen to show greater awareness had hitherto of the importance of not missing the boat as they had done in the past.

Mr Prout (United Kingdom) believed that the draft treaty created confusion between form and substance. The new provisions introduced by the treaty would not change the political will of the Member States, and majority voting would only work if the states in the minority agreed to enforce legislation passed by the majority. The Luxembourg compromise was less at issue than the reasons why it had been so successful.

Communist and Allies Group

Mr Chambeiron (France) saw virtually no reason for his group to change the position it had adopted during the vote in September 1983. In his view, institutional reforms were not enough to alter the course of a policy in the absence of the will for change. The present Treaties still contained untapped potential which made it unnecessary to venture upon an enterprise which could prove to be a short-lived piece of wishful thinking. The French Communists and Allies regarded themselves as pragmatists, were in favour of cooperation among Member States and wished to see a change in policy before a change in the institutions. Finally, they were surprised that the President of the Commission had lent his authoritative support to a scheme which was outside the scope of the treaties, i.e. the opposite role to that of the vigilant guardian of the treaties claimed by the Commission. Mr Chambeiron stated that the French Communists and Allies would not take part in the voting on the amendments and would oppose the resolution contained in the report.

On the other hand, Mr Pajetta (Italy), beset that Europe, beset by crisis like the rest of the world, needed an effective instrument to overcome it and to establish a new economic order enabling the interests of workers and of the weakest groups in society to be protected. He recalled the view of the Italian Communists that whether people liked it or not, Europe had entered the constituent stage at the moment when the European Parliament was elected by universal suffrage. Events during the directly-elected Parliament's first term of office had been disappointing despite Parliament's many attempts to further European integration and develop Community policies. The draft treaty was a new step in this direction. Mr Pajetta stated that the Italian Communists would give it their full support.

Mr Ephremidis (Greece) rejected the European Parliament's right to draw up a draft treaty; it had received no mandate to do so. As far as Greece was concerned, a majority in its new Parliament had been elected with a view to withdrawal. In the circumstances, it was inconceivable that the Greek Government could support the draft treaty.

Mrs Boserup (Denmark) stated that she was totally opposed to the draft treaty because power would be transferred from national institutions to the Union and it might well not achieve its objectives of helping those who were intended to benefit from it. The party which had elected her was against centralization and harmonizations; it preferred to work for the extension of democratic rights and for decision-making power in local communities.

Liberal and Democratic Group

Mr De Gucht (Belgium) was appointed rapporteur on the Law of the Union by the Committee on Institutional Affairs. In his introductory speech, he refuted the argument that institutional provisions should be dissociated from those concerning the tasks of the Union, for in his opinion, all aspects were linked together. As a Liberal, he wanted to stress the importance of the four traditional freedoms enshrined in the Treaty of Rome: the free movement of persons, goods, services and capital. He was in favour of embodying the concept of vital interests in the draft treaty since he felt that the sense of reality essential to the success of the draft treaty had to be demonstrated. Parliament's task was to propose a structure in which it might play the role for which it had been elected. If all it did was to appeal to a sense of reality, it might as well drop the idea of future plans or political action straight away.

Mr Nord (Netherlands) stated at the outset that his group would be voting for the draft treaty. In his opinion, the draft treaty was not devoid of a sense of reality. All it did was to add to the existing Communities the instruments they needed to perform their tasks. The Liberal Group stressed the link between the initiative launched by the Committee on Institutional Affairs and the economic recovery to which Parliament attached a great deal of importance in the attempt to rescue Europe from its present stagnation and unemployment. He emphasized the need to present the draft treaty to the Member States in such a way that it did not appear to be a 'take it or leave it' option: Parliament must be able to make any further amendments to the draft that might seem necessary.

Mrs Veil (France) pointed out the two pitfalls threatening the Members of Parliament called upon to give their views on the draft treaty. The first would be to consider the draft as not dealing with the Community's immediate prospects and hence to fail to organize Europe as a political force capable of tackling any problems that might arise in an effective and democratic way. The second would be to ignore any other proposed institutional avenues along which gradual progress might be made, because the draft treaty, with its institutional reforms and new set of tasks, was the only solution. She felt that institutional reforms were not a miracle solution absolving everybody from the need to make the enormous effort involved in becoming real Europeans. In her opinion, voting for the draft treaty was above all an act of faith in the future.

Mr Haagerup (Denmark) felt that Parliament could not expect the Member States to accept the draft treaty as it stood. The document drawn up by the Committee on Institutional Affairs could be improved. The authorities of the Member States and the members of national parliaments must be allowed to express their views on the text. The authors of the draft should therefore prepare to be patient and realistic, in order to avoid any split within the Community.

Group of European Progressive Democrats

Mr de la Malène (France) said he was in favour of a move towards a politically united Europe so as to recover popular support, ensure greater security for the citizens of Europe and foster progress in the economic Europe that existed already. However, he had reservations about the role of the institutions. His group was not convinced that it was firstly and principally through institutional changes that progress could be achieved : institutional machinery could not make up for an absence of genuine political will. For that reason, he felt the draft treaty was inappropriate and unrealistic in its aims, since it did not tend to enhance either efficiency or legitimacy. It was also unsatisfactory from the procedural point of view, since the choice amounted to a case of 'take it or leave it'.

Group for the Technical Coordination and Defence of Independent Groups and Members

Mr Vandemeulebroucke (Belgium) said that his party (Volksunie) was in favour of the draft treaty. However, he felt that the draft contained a number of faults : it formally approved the principle of vital national interests which allowed Member States to blackmail one another; it was too vague about the seat of the institutions; it said nothing about the right of individual Members of Parliament to propose legislation; above all, it did not mention powers at the level of the the regions. As regards the drafting of the treaty, he would have preferred the aims of the Union to be more clearly defined, with some indication of the intermediate phases leading to the ideal model.

Mr Bögh (Denmark) said that he was frankly against the draft treaty. Thanks to this document, the long-term aims were at last apparent and revealed the federalist idea which was contrary to the wishes of 90% of the Danish people. The whole institutional apparatus envisaged in the draft was aimed at making the Union into a sovereign state. Denmark's right of veto would be abolished and replaced by majority decisions. The European Parliament would become a legislative assembly. Adoption of this text could only strengthen the Danes' resolve to withdraw from the Community.

Non-attached Members

Mr Romualdi (Italy) stressed the inadequacies of the draft treaty which, for example, made no mention of security or defence. He pointed out the dominant role of the Council of the Union and the excessive importance assigned to the European Council, whose chronic failures had given cause for regret. Despite those faults, he said he would vote for the treaty so that it might be adopted as soon as possible.

Mr Eisma (Netherlands) voted for the draft treaty but criticized certain aspects of it. It did not seem to him essential to state that the European Council expressed the identity of the Union. (In fact, this provision was deleted in an amendment). He wanted to see the motion of censure made more effective by providing for its use against individual Members of the Commission. Finally, he regretted that the draft treaty gave official recognition to what was no more than an agreement to disagree, namely the right to let vital national interests prevail.

References

- 1 OJ No. C 234, 14.9.1981
- 2 OJ No. C 238, 13.9.1982
- 3 OJ No. C 277, 17.10.1983
- 4 OJ No. C 77, 19.3.1984

See also the report by the Committee on Institutional Affairs, Doc. 1-1200/83, and the debate of 14 February 1984 in Annex No. 1-309 to the OJ.

The text of the draft treaty was published as a special feature in Commission Bulletin No. 2-1984 and in a brochure printed for the European Parliament by the Publications and Briefings Division of the Directorate-General for Information and Public Relations.

Draft treaty establishing the European Union
- vote by roll call on the text as a whole (14 February 1984)

Country \ Political group		SOC	EPP	ED	COM	L	EPD	CDI	NI	TOTAL
Belgium	+	6	10	-	-	1	-	2	1	20
	-	-	-	-	-	-	-	-	-	-
	o	-	-	-	-	-	-	-	-	-
Denmark	+	-	1	-	-	1	-	-	-	2
	-	4	-	-	1	-	-	4	-	9
	o	-	-	1	-	2	-	-	-	3
Germany	+	20	37	-	-	2	-	-	-	59
	-	-	-	-	-	-	-	-	-	-
	o	5	-	-	-	-	-	-	-	5
Greece	+	-	8	-	-	-	-	-	1	9
	-	-	-	-	2	-	-	-	-	2
	o	7	-	-	1	-	-	-	-	8
France	+	1	9	-	-	14	2	-	-	26
	-	-	-	-	6	-	-	-	-	6
	o	18	-	-	-	-	-	-	-	18
Ireland	+	1	3	-	-	1	-	-	-	5
	-	2	-	-	-	-	-	-	-	2
	o	-	-	-	-	-	-	-	-	-
Italy	+	12	26	-	22	5	-	2	4	71
	-	-	-	-	-	-	-	-	-	-
	o	-	-	-	-	-	-	-	-	-
Luxembourg	+	-	2	-	-	1	-	-	-	3
	-	-	-	-	-	-	-	-	-	-
	o	-	-	-	-	-	-	-	-	-
Netherlands	+	7	7	-	-	3	-	-	2	19
	-	-	-	-	-	-	-	-	-	-
	o	1	-	-	-	-	-	-	-	1
United Kingdom	+	1	-	22	-	-	-	-	-	23
	-	6	-	6	-	-	-	-	-	12
	o	3	-	5	-	-	-	-	-	8
TOTAL	+	48	103	22	22	28	2	4	8	237
	-	12	-	6	9	-	-	4	-	31
	o	34	-	6	1	2	-	-	-	43
Number of votes		94	103	34	32	30	2	8	8	311

(+) = for
 (-) = against
 (o) = abstention

February 1984

EXTERNAL ECONOMIC RELATIONSGeneral developments

After two years of stagnation and decline 1983 marked a slight recovery in world trade. In terms of volume, trade increased by 2%, whereas there was a further decline of 2% in value expressed in US dollars. The decline in value was partly caused by a further increase in the parity of the US dollar in relation to most other currencies, partly by a decline in fuel prices. Trade in mineral products declined for the fourth consecutive year due to the continuing decline in exports of petroleum.

Agricultural and manufactured exports, in contrast, continued to expand recording volume increases of 2% and 4% respectively.

Exports from industrial countries amounted to 1,133 billion dollars (- 1% in value, + 2% in volume) and imports to 1,210 billion dollars (- 1,5% in value, + 4% in volume). The traditional oil exporting developing countries suffered a further setback in exports from 217 billion dollars in 1982 to 177 billion dollars in 1983 (- 18,5% in value). A similar decline could be observed in their imports which fell from 166 billion dollars in 1982 to 140 billion dollars in 1983.

A more positive trend was recorded in the case of the non-oil developing countries whose exports amounted to 265 billion US dollars (+ 4% in value). The value of their imports fell by 6,5% to 293 billion dollars.

While the state trading countries continued to expand their exports in 1983 to 203 billion dollars (+ 5% in value) the 1,5% decline in imports in 1982 was followed by a 4,5% increase from 177 to 185 billion dollars in 1983.

The Community's total exports amounted to 303 billion ECU in 1983 while imports reached 328,5 billion ECU leading to an overall deficit of 28,5 billion ECU, see attached table. As in previous years Japan was the major contributor to this deficit (13,3 billion ECU), but also the state-trading countries accounted for large deficits in

1982 and 1983 (9,2 and 7,6 billion ECU respectively) which can be problematic in the longer run.

The deficit with the USA was sharply reduced, while the 'traditional' surplus with the EFTA countries was brought down to 2 billion ECU.

In April 1984, after nearly two years of discussion, the Council finally adopted the Community's 'new trade policy instrument' which will enable swift action against illicit trade practices on the part of third countries. This will put the Community on a more equal footing with such major trade partners as the USA and Japan, who already have an instrument of this kind at their disposal. In its resolution of 29.6.1984 1) based on a report by Mr. Blumenfeld 2) the European Parliament strongly supported the introduction of this instrument.

GATT

In spite of the awakening recovery in world trade observed in 1983, protectionism remained the main concern of the major industrial nations of the world as well as many developing countries. It was also one of the main topics during the meeting of representatives of the 'big Four' trading powers (EEC, USA, Japan and Canada) in Miami in February 1984 and at the London economic summit in June the same year.

The USA and Japan see a new GATT-round as the most appropriate countermeasure against a spread of protectionism. The Americans are first and foremost interested in a liberalisation of trade in services and in high technology products. In principle the Community has a favourable view of a new multilateral trade conference, but on several conditions: First of all the full and proper implementation of the outcome of the Tokyo-round should be checked and noted and, secondly, the programme decided by GATT at its Ministerial Meeting in November 1982 should be implemented. Further, the new conference should be carefully prepared so that the support of not only the industrialised countries but also that of the third world could be guaranteed. In the view of the Community these terms could be verified from 1985 onwards so that the conference could begin by the end of this decade. The USA and Japan, on the other hand, would like to see the conference begin as early as 1986.

In its resolution of 28 October 1983 on the delineation and further development of GATT 3) based on a report by Mr. Seeler 4), the European Parliament has given a clear indication of which topics a future GATT-round should concentrate on: The further proliferation of non-tariff barriers should be stopped by establishing uniform technical and environmental specifications for various products, problems related to trade in agricultural products should be examined by a special GATT committee for agriculture and trade in services should be brought under the GATT rules.

The examination of trade in agricultural products has been carried out in the GATT committee on agriculture which was reactivated after the GATT Ministerial Meeting in 1982. In this connection the Community's export restitution policy has been heavily criticised by the USA, Australia and Argentina. These former countries tend to be in favour of a general liberalisation of agricultural trade, while the Community is against radical changes which might be incompatible with the CAP.

As far as the American proposals of including services in a new GATT-round are concerned, the Community's position is not yet clearly defined and the various aspects are currently being examined by the Commission.

In the autumn of 1983 the Community proposed that the Western industrialised countries should speed up the tariff reductions foreseen under the Tokyo-round and implement already in 1985 the tariff reductions due in 1986. This proposal was adopted by the OECD Council in May 1984.

EFTA

1984 can be described as a particularly important year for EEC - EFTA relations. First of all the very last tariff barriers between the Community and EFTA were abolished on 1 January 1984. The EEC - EFTA area with more than 300 million inhabitants now constitutes the world's largest free trade area - larger in fact than the USA and Canada together.

In April 1984 ministers from the EEC and EFTA met in Luxembourg in a joint session for the first time in the history of the two groupings. The aim was to celebrate the completion of the free trade zone and to define goals and guide-lines for the future.

In the joint declaration 5) following the meeting the parties expressed their intention to improve the circulation of industrial products by eliminating technical and administrative barriers to trade. They also confirmed their desire to continue a pragmatic and flexible cooperation beyond the framework of the agreements in particular in the field of research and development and wanted particular attention to be given to certain industrial and technological fields of the future.

In its resolution of 13 April 1984 on economic and trade relations between the European Community and the EFTA countries 6), based on a report by Mrs. Pruvot 7), the European Parliament also stresses the importance of eliminating non-tariff barriers to trade in particular through harmonization of technical standards. The European Parliament further expresses the desire for closer contacts between the countries concerned and hopes that they will be able to take a united stand at major international conferences in particular within GATT.

USA

1983 saw a further deterioration of the US balance of trade which again led to a stimulation of the latent protectionist trends in various sectors of the American economy. While it is obvious to the outside world that the main reason for this development is a dollar parity with little relation to the internal purchasing power of the dollar, the fact that import prices in US dollars remain at their 1981 and 1982 level in 1983 or even in 1984 automatically leads to complaints of dumping from the competing American industries.

One of the major bones of contention is the CAP and the Community's rapidly expanding agricultural exports on third country markets, where it competes directly with the USA. Also bilateral trade gives rise to American dissatisfaction, although the Community's imports of agricultural products from the US are two and a half times its exports to the US. The main problem areas are at present American exports of

cereal substitutes to the Community, which stimulate the rise in Community cereal and dairy surpluses, the Community's plans for introducing a tax on oils and fats, which the Americans see as a threat against their exports of soya beans, soya flour and other oil seeds, and finally the Community's wine exports to the US (4 million hectolitres against American exports to the Community of only 75.000 hectolitres). The imbalance in the wine trade has led to repeated American attempts to limit imports from the Community. In order to prevent the situation from escalating the Council decided in July 1984 to ease the access of American wines to the Community market by also allowing imports of some wines produced by methods not authorised in the Community.

Steel exports from the EEC to the USA have in recent years given rise to difficulties but most problems were solved by the voluntary restraint agreement concluded in October 1982 8). A consultation between a Community delegation and representatives of the US administration in April 1984 confirmed the satisfactory working of this arrangement.

In July 1983 the US introduced special tariffs and import quotas in the specialty steel sector. The Community neither accepted the measures as such nor the American offers of a voluntary restraint agreement but chose to raise the matter within GATT. As no agreement could be reached between the two parties the Community introduced retaliatory measures (tariff-increases and quotas) on several American products outside the steel sector 9). It should, however, be underlined that the introduction of these measures, which the Americans agree are fully in accordance with the GATT rules, took place in an atmosphere of moderation and mutual understanding rather than confrontation. Among other bilateral problems during the last year one can mention the threat of US import restrictions on European footwear (primarily caused by the surge in imports from countries like Brazil, Taiwan and South Korea) and the 'Wine Equity Act', which the US administration to the great satisfaction of the Community has opposed.

The strong protectionist sentiment in the USA is a cause of grave concern to the Community. A list drawn up by Community experts in

the beginning of 1984 contains no less than twelve American bills or series of bills of a protectionist nature under preparation. In a declaration of 21 February 1984 the Council expressed its concern over the situation, while stressing that the problems of several sectors of the US economy could not be solved by protectionist measures, which could lead to a rapid erosion of the open multilateral trading system.

In a resolution of 12 April 1984 (10) on economic and commercial relations between the EC and the USA, based on a report by Mr. Rieger (11), the European Parliament expresses concerns similar to those of the Council. The European Parliament inter alia refers to the necessity of the two parties making a major effort to cooperate in the regulation of agricultural trade in a manner which protects the legitimate interests of all parties. The Parliament further points to the relationship between the parity of the dollar and the US trade balance and stresses the desirability of a high degree of cooperation in the management of international money markets. The resolution also points to the dangers of retaliatory measures escalating into a trade war. As far as the US proposals for a new GATT-round are concerned the Parliament shares the positive basic attitude of the Commission as well as the desire of the latter to see the Tokyo-round arrangements fully implemented before entering a new round of negotiations. Finally, the Parliament recommends the development of a regular, institutionalized dialogue between the Community and the USA as a means to avert present and possible future tensions.

Japan

1983 did not show any improvement in the Community's huge trade deficit vis a vis Japan. On the contrary it increased from 11,7 billion ECU in 1982 to 13,3 billion ECU in 1983. The continuation of this unsatisfactory development is due to several factors hindering European exports to Japan and favouring Japanese exports to the Community.

In one sector, consumer electronics, it is notably the lack of European competitiveness which has led to a Japanese market domination. In the case of motor vehicles severe competition between European and Japanese manufacturers combined with the existence of

numerous non-tariff barriers impeding European access to the Japanese market has created an unsatisfactory situation with a Japanese market penetration of 8 - 9% in Europe while European car exports to Japan remain negligible. Without the agreement on Japanese self-restraint in various national markets of the EC Member States the overall market penetration of Japanese cars in the Community might have been even higher than at present.

A third factor limiting European exports is the cultural and linguistic barriers facing European firms on the Japanese market. Although this factor is difficult to quantify, it may be one of the most important.

The discussions with Japan during the last year have, as in previous years, focused on two possible ways of creating a more balanced trade flow: Japanese self-restraint on exports of sensitive products and/or opening of the Japanese market for imports from the Community.

For 1984 there is an agreement between the Community and Japan that the latter 'moderate' its exports of the following products: Cars, light commercial vehicles, video recorders, colour TVs, colour TV tubes, numerically controlled machine tools, fork-lift trucks, motor-cycles, hi-fi equipment and quartz watches. In addition imports of these products will be subject to a Community surveillance.

In order to protect the European production of compact disc players against Japanese competition a provisional import duty of 19% (normal duty 9,5%) on such equipment was introduced on 1 January 1984. As compensation, in accordance with the GATT rules, the duty on magnetic tape recorders is provisionally suspended.

In April 1984 the Japanese responded to a series of requests forwarded by the Commission by announcing their fifth package of measures to make access to the Japanese market easier.

The package contained inter alia an abolition or reduction of customs duties on several agricultural and industrial products, liberalisation of import restrictions on processed agricultural products and an opening of the market in the high technology sector - for instance for communication satellites.

Other developments

Relations with Latin America which suffered a severe setback in connection with the Falkland's conflict in 1982 improved considerably after the installation of the Alfonsin government in Argentina. On this occasion a Community delegation led by Commissioner Burke held discussions on future cooperation with representatives of the new government.

The major problem of several Latin American countries remains their debt crisis which, if no viable solution is found, may have serious effects on their trade relations with the Community.

On 17 December 1983 a cooperation agreement (12) between the Community and the members of the Andean Pact (Bolivia, Colombia, Ecuador, Peru and Venezuela) was signed in Cartagena and the agreement entered into force on 11 June 1984.

An important event in relations with the state trading countries was the opening of informal talks with Hungary at the beginning of 1984 concerning the possible conclusion of an EEC - Hungary trade agreement. As already mentioned above, the development in trade with the state-trading countries was unsatisfactory for the second consecutive year for the Community which recorded large deficits. This development is partly due to the debt problems of some of these countries and partly to the attempts of the COMECON countries to increase their trade with each other.

List of references

1. O.J. C 205, 1983 p. 9-10
2. Doc. 1-376/83
3. O.J. C 322, 1983 p. 281-287
4. Doc. 1-493/83
5. Council press release 6254/84 of 9.4.1984
6. PE 90.120 p. 176-178
7. Doc. 1-1496/84
8. O.J. L 307 of 11.11.1982 p. 3
9. O.J. L 40 of 11.2.1984 p. 1
10. PE 90.119 p. 48-53
11. Doc. 1-37/84/B
12. O.J. L 153 of 8.6.1984

EC TRADE WITH THIRD COUNTRIES

(billion ECU)

	<u>All third Countries</u>			of which: <u>EFTA</u>			<u>USA</u>			<u>JAPAN</u>			<u>Developing Countries</u>			<u>State-Trading Countries</u>		
	<u>E</u>	<u>I</u>	<u>B</u>	<u>E</u>	<u>I</u>	<u>B</u>	<u>E</u>	<u>I</u>	<u>B</u>	<u>E</u>	<u>I</u>	<u>B</u>	<u>E</u>	<u>I</u>	<u>B</u>	<u>E</u>	<u>I</u>	<u>B</u>
1972	65.8	65.6	0.2	16.8	12.3	4.5	11.3	11.5	-0.2	1.5	2.7	-1.2	19.0	24.4	-5.4	5.3	5.1	0.2
1974	114.2	130.8	-16.6	27.9	20.5	7.5	15.9	20.3	-4.4	2.8	4.4	-1.6	34.9	61.3	-26.4	11.3	9.0	2.3
1976	141.3	159.6	-18.3	33.5	24.9	8.6	16.2	25.3	-9.1	2.7	6.4	-3.7	51.0	70.0	-19.0	14.2	12.4	1.9
1978	173.9	178.4	-4.5	39.2	32.8	6.4	23.1	28.3	-5.1	3.7	8.7	-5.0	66.5	71.2	-4.6	15.4	14.0	1.4
1980	224.4	271.6	-47.1	57.0	48.9	8.1	26.6	44.3	-17.7	4.6	12.5	-7.9	83.4	114.6	-31.2	18.7	21.9	-3.2
1981	267.0	303.8	-36.8	50.4	53.9	6.5	36.9	49.6	-12.7	5.6	16.2	-10.6	111.9	129.1	-17.2	21.4	24.8	-3.4
1982	286.5	308.5	-22.0	65.3	58.5	6.8	42.9	53.8	-10.9	6.3	18.0	-11.7	117.1	128.8	-11.7	19.9	29.1	-9.2
1983	303.0	328.5	-25.5	58.5	66.5	2.0	50.3	53.5	-3.2	7.3	20.6	-13.3	116.4	121.7	-5.3	23.7	31.3	-7.6

SOURCE: CRONOS, EUROSTAT
Monthly External Trade Bulletin and Microfiches

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

The figures for 1972 to 1980 refer to 9 Member States;
Greece is included in 1981, 1982 and 1983.

THIRD WORLD DEVELOPMENT POLICY

1. In matters of development policy, the end of 1983 and the first half of 1984 have been characterized by the continuation of measures already underway in particular with negotiations for a new convention to replace Lomé II and the implementation of certain provisions contained in the Commission Memorandum on Community development policy.

2. Negotiations between ACP and EEC representatives to renew the Lomé II Convention officially began with a ministerial conference held on 6 and 7 October 1983 in Luxembourg; and was followed by meetings in Brussels (9 and 10 February 1984) and Fiji (3-5 May 1984). It should be noted that the European Parliament was keen to express its own ideas on the future Convention before the official start of these negotiations. To this end it adopted a motion for a resolution at its plenary sitting of 16 September 1983¹.

At the conference of ministers in Fiji, considerable progress was achieved towards bringing together the various points of view of the ACP countries and the EEC; this was particularly true with regard to the acceptance by the ACP countries that a dialogue on policies and human rights should be initiated. For its part, the Community agreed to consider and examine problems connected with the debts of the ACP countries and the situation of ACP students and migrant workers in the Community. Moreover, the fight against desertification, the supply of Community agricultural produce at favourable prices, the cultural dimension of development, the specification of criteria governing the financial aspects of the future Convention and problems connected with fisheries are now an integral part of negotiations and a concrete agreement on them should be reached at the conference of ministers in Luxembourg on 28 and 29 June 1984. However, the talks on the use of STABEX funds, trade and the total appropriations for the future Convention present numerous difficulties which negotiators nevertheless hope to resolve before the Luxembourg conference so that the drafting phase of the new Convention can begin promptly.

It should also be noted that, whereas the ACP group consisted of 58 states at the time the second Lomé Convention was concluded, they now number 64. Angola and Mozambique, who are actively engaged in the current negotiations, will most probably join as well.

The European Parliament's Committee on Development and Cooperation is kept regularly informed by the Commission on the progress of these negotiations. Thus at the meeting of 23 May 1984, Mr PISANI, member of the Commission responsible for development, stressed the continuity of ACP-EEC relations and the existence of a common and mutually recognized heritage. The members of the Committee on Development and Cooperation, for their part, reaffirmed their vigilance in matters of human rights and the food situation in the various ACP countries.

3. The European Parliament's resolution of 8 July 1983² on the Commission Memorandum on Community development policy contained several proposals some of which have subsequently been enlarged upon both by Parliament and by the Commission.

For example on 24 May 1984³, the European Parliament adopted a motion for a resolution tabled by Mrs CARETONI ROMAGNOLI (Com. It.) on the firewood crisis in the Sahel region of Africa and the serious implications for the Third World. The report mentioned a number of ways in which the Community could contribute to the fight against desertification in Africa, a subject which will no doubt be of major importance in the future ACP-EEC Convention. Similarly, two resolutions were adopted, one on food aid⁴ and the other on the implementation in relation to food of alternative operations in place of food aid⁵. Satisfaction was expressed in the latter resolution at the fact that the Commission proposal provided for financial aid in the form of grants for agricultural and food development measures and for any upstream or downstream production projects.

However, the two resolutions also expressed the hope that references to Council Regulation EEC No. 3331/82 limiting the role of Parliament be deleted. This was not the first time that the European Parliament had raised objections to this regulation; a notable example being on 15 April 1983⁶, when a resolution adopted on the draft regulation concerning the implementation of the special programme to combat hunger in the world.

For its part, the Commission prepared a number of documents for the meeting of the Council of Development of Ministers on 5 June 1984, dealing largely with subjects of particular concern to Members of the European Parliament. Chief among these were the progress achieved in the implementation of food strategies, specific measures seeking to safeguard and exploit the agricultural potential of developing countries (fight against desertification, administration of water resources and livestock improvement), operations to replace food aid, the coordination of Community and Member States' aid*, relations between the Community and Africa and the fostering of trade in developing countries.

4. On many occasions, the European Parliament has expressed concern at the political and economic situation in southern Africa, particularly in Namibia. The latest resolution of 22 May 1984, drawn up on the basis of a report by Mr ENRIGHT (Soc. Brit.)⁷ deals with the international status of Namibia and the implementation of the United Nations plan (Security Council resolution 435), Community aid before the granting of Namibian independence and the problem of Namibian refugees. Furthermore, various measures are envisaged for the time when the country has achieved independence; these take into account priority sectors for development, namely teaching and training, agriculture, the rehabilitation of the fisheries industry, the exploitation of water resources and the improvement of energy supplies.

5. Aware of the importance of the refugee problem in developing countries, the Committee on Development and Cooperation drew up an own-initiative report (rapporteur: Mrs DURY (Soc. Belgium)) on the assistance which the Community could provide for such people. The European Parliament debated this issue at its sitting of 16 December 1983⁸. It approved Community measures in favour of refugees and noted with satisfaction that the Community was taking an active part in international aid programmes; however, a request was made for these efforts to be increased. More specifically, it called on the Commission to draw up an adequately funded programme, within the framework of the 1984 budget, for the self-sufficiency and reintegration of refugees. At the sitting of 24 May 1984 Mrs Dury also tabled and moved a resolution supporting the adoption of the Convention between the Community and the UNRWA on aid to refugees in the Middle East⁹.

*See special report on this subject by the Court of Auditors

6. The Sixth UNCTAD Conference (Belgrade; 6 June to 1 July 1983) was the only meeting of its kind held at international level in 1983 and the European Parliament took pains to specify what positions it wanted the Community bodies to adopt. This stand was approved at the sitting of 20 May 1983 on the basis of a report drawn up by Mr COHEN (Soc. Hol.)¹⁰. The recommendations made by Parliament and the results of the Sixth UNCTAD Conference have already been dealt with in the document 'Main aspects of the construction of Europe for the period June 1982 to June 1983'¹¹, which concludes as follows:

'Nevertheless, in relation to what was at stake, the Belgrade Conference may still be considered as a wasted opportunity. The only North-South meeting in 1983 neither resulted in a real constructive discussion nor mapped out a way for the future in a final declaration, even in general terms.'

The resolution, adopted by the European Parliament on 20 January 1984, on the results of UNCTAD VI confirmed this point of view and noted that a large number of the hopes and requests expressed in its resolution of May 1983 had not been met. It further stressed that protectionist measures should be kept down so as to enable developing countries to increase their revenue from trade and expressed the hope that the European Community would not use the current negotiations with the member countries of the Lomé Convention as an excuse not to act at world level.

7. The Joint Committee of the ACP-EEC Consultative Assembly, the parliamentary organ of the Lomé Convention, met in Brazzaville (Congo) from 20 to 24 February 1984 and naturally discussed the progress achieved in implementing the Lomé Convention and the negotiations for its renewal. Other subjects on the agenda were ACP-EEC cooperation on the development of fisheries and the fact-finding mission to Mozambique which an ACP-EEC joint group had just concluded. The Joint Committee also considered what follow-up action had been taken on previous resolutions on the fight against hunger, cooperation in the field of energy, industrial cooperation, cultural cooperation and the

situation of ACP students and migrant workers. Two new working parties concerned with the environment and the situation of women were also set up at this meeting and it was decided to create another working party on human rights. Lastly, in addition to resolutions on specific subjects and the final declaration, the committee adopted a solemn declaration ('Solemn Declaration of Brazzaville') dealing with broad policy ¹².

¹ PE 86.100, pp. 21 and 22, Doc. 1-605/83/I-II, OJ C 277/83

² Doc. 1-475/83, OJ C 242/83, COM(82) 640 final

³ Doc. 1-211/84, OJ C

⁴ Doc. 1-119/84, OJ C

⁵ Doc. 1-116/84, OJ C

⁶ Doc. 1-14/83, OJ C 128/83

⁷ Doc. 1-67/84/A and B, OJ C

⁸ Doc. 1-928/83, OJ C 10/84

⁹ Doc. 1-218/84

¹⁰ Doc. 1-255/83, OJ C 161/83

¹¹ PE 86.100

¹² CA/CP/469, CA/CP/470

PROTECTION OF FUNDAMENTAL RIGHTS IN THE COMMUNITY AND IN THE WORLD

I. INTRODUCTION

The European Parliament's efforts to protect and extend the fundamental rights of the individual in the Community are based on the provisions of the Community treaties which relate to its decision-making and supervisory powers. However Members have an important role conferred on them by the treaties¹ as representatives of the Community's citizens, and this role gained a new significance in 1979 when, for the first time, the Members of the European Parliament were directly elected by universal suffrage.

Action by the European Parliament within the Community generally meets with a successful response for two reasons: firstly, all the Member States of the Community are states under the rule of law and hence more sensitive than others to exposure of violations of fundamental human rights and secondly because such action often falls within the context of Community treaties or secondary Community legislation.

On the other hand, in the case of violations of human rights outside the Community the legal situation is not such that the European Parliament can take effective action, particularly as some countries hide behind the principle of non-interference in their internal affairs.

This de jure and de facto situation explains why violations of human rights within the Community fall within the terms of reference of Parliament's Legal Affairs Committee whereas violations outside the Community are the province of its Political Affairs Committee.

However it should be pointed out that certain questions relating to the protection of human rights can be referred to other parliamentary committees if this falls within their particular terms of reference and activities. The Committee on the Rules of Procedure and Petitions is a case apart. This committee is responsible for considering the petitions addressed to the European Parliament. The content of these petitions varies. However, the committee is able to consult other specialist committees before considering certain petitions, in particular when these seek changes in existing law².

In view of their importance in protecting human rights, a section of this document will be devoted to petitions addressed to the European Parliament.

II. PROTECTION OF HUMAN RIGHTS WITHIN THE COMMUNITY

Before dealing with the European Parliament's activities between June 1983 and June 1984 consideration should be given to the initiative taken by the European Parliament which led to the signing of the solemn declaration of 5 April 1977 in which the Council, Commission and Parliament undertook to protect fundamental rights in the framework of their various activities³.

Parliament's and the Community's resolve was also borne out by the adoption on 29 October 1982, on the basis of a report drawn up by Mr GONELLA on behalf of the Legal Affairs Committee, of a resolution requesting the Commission to submit to the Council a formal proposal on the accession of the Community to the European Convention of Human Rights and Fundamental Freedoms and 'to ask to take part in the current discussions within the Council of Europe on the incorporation into the Convention of other fundamental social, economic and cultural rights'⁴.

The work carried out in the Legal Affairs Committee on the basis of a motion for a resolution tabled by Mr GEURTSSEN and Mr DELOROZOY on behalf of the Liberal and Democratic Group⁵ is relevant to the extension of Community protection to certain social, economic and cultural rights during the period in question (June 1983 - June 1984). Because the first term of the elected European Parliament was coming to an end the Legal Affairs Committee was not able to complete its work on the relevant draft report drawn up by Mr LUSTER⁶.

It is evident that one of the European Parliament's most important tasks during the latter part of its term was the adoption on 14 February 1984 of the draft treaty establishing European Union⁷. Not content with laying the political foundations for the future European Union, this draft treaty draws attention to Parliament's commitment to the principles of pluralist democracy and respect for human rights. It is appropriate to quote it here.

- '1. The Union shall protect the dignity of the individual and grant every person coming within its jurisdiction the fundamental rights and freedoms derived in particular from the common principles of the Constitutions of the Member States and from the European Convention for the Protection of Human Rights and Fundamental Freedoms.
2. The Union undertakes to maintain and develop, within the limits of its competences, the economic, social and cultural rights derived from the Constitutions of the Member States and from the European Social Charter.
3. Within a period of five years, the Union shall take a decision on its accession to the international instruments referred to above and to the United Nations Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights. Within the same period, the Union shall adopt its own declaration on fundamental rights in accordance with the procedure for revision laid down in Article 84 of this Treaty.
4. In the event of a serious and persistent violation of democratic principles or fundamental rights by a Member State, penalties may be imposed in accordance with the provisions of Article 44 of this Treaty.'

One of the important subjects considered by the European Parliament was the protection of the freedom of education in the Community. The house considered this subject on the basis of a report drawn up by Mr LUSTER on behalf of the Legal Affairs Committee⁸. In its resolution of 14 March 1984⁹ the European Parliament calls for the recognition and protection of a number of principles with a view to ensuring the freedom of education.

PE 90.700

The European Parliament has also considered other important subjects:

- European Charter on the Rights of Patients¹⁰;
- discrimination in the matter of passing on nationality¹¹;
- application of the non bis in idem principle in criminal law in the European Community¹²;
- the situation in Northern Ireland¹³;
- right of members of the armed forces to form associations¹⁴;
- broadcast communication in the European Community (the danger to diversity of opinion posed by the commercialization of new media)¹⁵;
- application of the Geneva Convention relating to the status of refugees¹⁶;
- professional secrecy¹⁷; and
- situation of gypsies in the Community¹⁸;

The statements made by the European Parliament on these issues are complemented by a large number of written and oral questions, too numerous to be listed here. However it is clear that questions have played an important role in the efforts by Members of the European Parliament during this period to draw the attention of the Commission and the Council to specific cases.

III. PROTECTION OF HUMAN RIGHTS IN THE WORLD

During the past year the European Parliament has stepped up its efforts with regard to human rights by denouncing the most flagrant violations and formulating proposals with a view to protecting these rights more effectively.

The following are some of the resolutions adopted by the European Parliament on problems of a general nature:

- the resolution on the context of the future ACP-EEC Convention to follow Lomé II, on the basis of a report drawn up by Mr IRMER¹⁹, which expresses the wish that human rights should be placed on the agenda of the negotiations as respect for human rights is closely linked to improving economic and social conditions;

- the resolution on economic and trade relations between the European Community and Latin America, on the basis of a report drawn up by Mr van AERSSEN²⁰. The European Parliament calls on the Community and the Member States to coordinate their various policies with regard to Latin America, having regard to the human rights situation in each of them, in order to 'remove all forms of violence and infringement' of human rights and fundamental freedoms';
- the resolution on the cooperation agreement between the Community and the countries of the Andean Pact, on the basis of a report by Mr van AERSSEN²¹, in which the European Parliament stresses that this cooperation agreement aims above all to consolidate human rights and democratic principles;
- the resolution on upholding the universal principles of human rights, on the basis of the report by Mr HAAGERUP²². In this resolution Parliament reiterates its proposal that agreements with third countries should contain a clause on the protection of fundamental human rights. The associated countries should undertake to provide information and give the Community's representatives free access to their territory to make investigations;
- lastly, the resolution for the year 1983-1984 on human rights in the world and Community policy on human rights. This resolution, which rounds off the work of the first directly elected European Parliament in this field and which was drawn up by Lord BETHELL²³, reviews the situation over the past year and expresses Parliament's wishes with regard to future Community policy. This resolution sums up the second report of the European Parliament's Political Affairs Committee²⁴.

It is clear that politically this is a very important resolution: it exposes the most serious violations throughout the world and the Community is urged to renounce ineffectual verbal condemnations in favour of practical steps to prevent such violations and to limit the sufferings they entail.

Whilst this resolution expresses Parliament's satisfaction with regard to the undertaking given by the new Argentinian government to punish those who have violated human rights and with regard to the setting up of a working party on human rights within the ACP-EEC Joint Committee, it deplores the shortcomings in the action taken in political cooperation and addresses various practical proposals to the Foreign Ministers meeting in political cooperation and the Commission.

This resolution and the report on which it is based bear witness to the European Parliament's determination to try to put an end to the most serious attacks on the physical and moral integrity of the individual.

The limited framework of this study makes it impossible to consider, the unceasing activities of the various political groups and Members of the European Parliament during the period in question. They have covered the general human rights situation in certain countries (Chile, the Republic of South Africa, the Soviet Union, Turkey and Poland, for example) and the situation of specific individuals. This is certainly to the credit of the directly elected Parliament which has greatly expanded the activities started in previous years.

REFERENCES

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2. Rule 109 of the Rules of Procedure
3. OJ No C 103/77
4. OJ No C 304/82
5. Doc. 1-476/80
6. PE 87.498
7. OJ No C 77/84
8. Doc. 1-1456/83
9. OJ No C 104/84
10. Pruvot Report - Doc. 1-970/83 - Resolution of 19 January 1984 - OJ No C 46/84
11. Cinciari Report - Doc. 1-1166/83 - Resolution of 20 January 1984 - OJ No C 46/84
12. De Gucht Report - Doc. 1-1397/83 - Resolution of 16 March 1984 - OJ No C 104/84
13. Haagerup Report - Doc. 1-1526/83 - Resolution of 29 March 1984(*)
14. Peters Report - Doc. 1-1307/83 - Resolution of 12 April 1984(*)
15. Hutton Report - Doc. 1-1523/83 - Resolution of 13 April 1984(*)
16. Chambeiron Report - Doc. 1-112/84 - Resolution of 13 April 1984(*)
17. D'Angelosante Report - Doc. 1-89/84 - Resoluton of 13 April 1984(*)
18. Vayssade Report - Doc. 1-1544/84 - Resolution of 24 May 1984(*)
19. Doc. 1-1605/83 - Resolution of 16 September 1983 - OJ No C 277/83
20. Doc. 1-580/83 - Resolution of 12 October 1983 - OJ No C 307/83
21. Doc. 1-1495/83 - Resolution of 13 April 1984(*)
22. Doc. 1-533/83 - Resolution of 13 April 1984(*)
23. Doc. 1-68/84 - Resolution of 22 May 1984(*)
24. The findings of the first report (Doc 1-83|83) were adopted by the European Parliament on 17 May 1983

(*) Resolution not yet published in the Official Journal when this document was drawn up.

PETITIONS TO THE EUROPEAN PARLIAMENT

I. PROCEDURE FOR THE CONSIDERATION OF PETITIONS

Every citizen of the Community has the right, either individually or jointly with others to submit petitions to the European Parliament.

When considering petitions, the Committee on the Rules of Procedure and Petitions may draw up a report or otherwise express its opinion on petitions it has declared admissible.

The committee may, particularly in the case of petitions which seek changes in existing law, request opinions from other committees.

It may also request the Commission to supply information, submit documents and grant it access to its facilities (Rule 109 of the Rules of Procedure).

Where appropriate, the Committee on the Rules of Procedure and Petitions submits to Parliament motions for resolutions on petitions which it has considered.

It may also request that its opinions be forwarded to the Commission or the Council.

The petitioners are informed of the decisions taken and the reasons therefor.

II. STATISTICS RELATING TO PETITIONS¹

1. Number of petitions

Between 1 July 1983 and 24 May 1984, Parliament received 100 petitions, an increase of approximately 25% over the preceding period.

2. Petitions considered

The Committee on the Rules of Procedure and Petitions concluded the consideration of 92 petitions (58 during the preceding period).

It endeavours to deal with them as quickly as possible, bearing in mind the need for thorough consideration.

3. Petitions under consideration

During the second half of 1983, 62 petitions were under consideration (6 from 1980, 6 from 1981, 22 from 1982 and 28 from 1983).

The Commission of the European Communities has been asked to provide supplementary information on 17 of them, while 25 have been forwarded to other committees for their opinions. The Committee on the Rules of Procedure and Petitions has decided to consider 17 of the petitions itself.

During the first half of 1984 (situation as at 24 May), 69 petitions were under consideration (5 from 1980, 2 from 1981, 13 from 1982, 30 from 1983 and 19 from 1984).

The Commission has been asked to provide supplementary information on 27 of them, while 19 have been forwarded to other committees for their opinions. The Committee on the Rules of Procedure and Petitions has decided to consider 19 of the petitions itself.

¹ See the Communication to Parliament on the committee's deliberations on petitions referred to it and the action taken by the Council or Commission on certain petitions (second half of 1983: PE 87.987, first half of 1984: PE 90.390)

III. SUBJECT MATTER OF THE PETITIONS CONSIDERED

Most of the petitions considered during this period (92) fall into one of three main categories:

1. Petitions concerning the application of Community Law

These constitute the largest category (47 petitions out of 92) and primarily concern the application of Community Law by the Member States.

The areas most frequently referred to are the free movement of persons and goods and the application of social security legislation (pensions, disability pensions, taxation, deportations). A number of petitions propose new developments within the European Community such as the harmonization of postal charges.

2. Petitions concerning human rights

26 petitions concern human rights in the widest sense, both within the Community and throughout the world.

The possibilities for action vary according to where the incidents in question take place.

Within the Community, it is not very difficult to take action if the allegations have some foundation. In addition, the petitioners have access to legal means of redress.

Outside the Community, where very serious violations of human rights occur and legal remedies are often ineffectual or non-existent, action may be taken at the political level through the intermediary of the Foreign Ministers meeting in political cooperation.

A number of petitions request Community aid for Third World countries.

3. Petitions concerning the environment, education and culture

These are the main areas covered by the third category of petitions (19 out of 92). Environmental protection is a major concern and the European

Parliament and the Community are often asked for their help in protecting natural, historic or agricultural areas from industrial development, public works (roads) or chemical pollution (rivers and seas).

IV. EXAMPLES OF PETITIONS DEALT WITH BY THE COMMITTEE ON THE RULES OF PROCEDURE AND PETITIONS

Three of the petitions which have had a successful outcome are of direct concern to European citizens and the European Community.

(a) Petition No. 52/80 by Mr Louis WORMS concerning a request for financial redress (Doc. 1-945/82)

Mr WORMS, an important Netherlands merchant who was engaged in the sale of scrap, had drawn attention to irregularities involving the entire scrap marketing network in the European Community. He claimed that as a result of his disclosures, he was subjected to considerable financial damage by other scrap merchants and was therefore asking for compensation.

At its February 1983 part-session, Parliament adopted the resolution contained in a report drawn up on behalf of the Committee on the Rules of Procedure and Petitions which called on the Commission 'to pay Mr Worms, on behalf of the European Community, compensation for reasons of natural justice, the amount of which should be proportionate to the compensation awarded by the Kingdom of the Netherlands' (20,000 guilders). By letter of 9 February 1984, the Commission informed Parliament that it had decided to make an 'exceptional' payment of 40,000 ECU to Mr Worms.

(b) Petition No. 12/83 by Miss Tracy SHORT concerning legal aid for tourists in Member States

Miss T. SHORT, a British citizen, was seriously injured in a road accident in France and subsequently underwent a number of operations in the United Kingdom. At the time of the accident, she was insured for medical expenses but not legal fees. She did not have the financial means to pursue her claim for compensation in the French courts.

In its answer, the European Parliament informed the petitioner of the existence of a Franco-British Convention of 15 April 1956 which allows nationals of the two States to be granted legal aid without any residence requirement.

The European Parliament also asked the Commission to draw up a proposal for a directive putting into effect its plans for the harmonization of aid granted to persons involved in accidents while travelling in the Community.

(c) Petition No. 40/83 by Mr Leo KEVER concerning the interpretation of a provision of insurance laws

The petitioner, a German national living in Belgium, requested the European Parliament's assistance in the matter of his application for an early retirement pension. The German authorities had refused to pay the pension on the grounds that the petitioner did not fulfil one of the conditions of eligibility for an early retirement pension.

The conditions specify that the insured person must: (a) have reached the age of 60; (b) have been insured for 190 months; (c) have been unemployed for at least one year.

The German authorities took the view that the petitioner was not "unemployed", since, under German law, an unemployed person must be registered as available for work with the German Employment Office. That condition had not been fulfilled, since the petitioner was resident in Belgium.

The committee called on the Commission to clarify the situation and find a suitable solution. After being contacted by the Commission, the relevant German authorities granted the petitioner an early retirement pension with effect from the month following his 60th birthday, thereby recognizing his claim.

COMMUNITY ACTION IN FAVOUR OF WOMEN

The Community's activities in previous years in favour of women have continued during the fifth and last year of the directly elected European Parliament's term of office.

However, the position of women is clearly deteriorating in terms of unemployment, and according to Eurostat estimates¹ the unemployment rate for women is approaching 15% whilst it is slightly less than 10% for men. The trend has been as follows:

- Dec. 1982	: 11.3% for women and 9.3% for men	2
- Dec. 1981	: 8.6% for women and 7% for men	2
- Dec. 1980	: 6.8% for women and 5.1% for men	2

Taking the period since 1979, it can be seen that the rate of unemployment among women has increased almost threefold, whereas the unemployment rate for men has only doubled. Whilst the unemployment rates for women under 25 years of age approaches that for young men (women 29%, men 25%) the rate of youth unemployment in general is, however much higher than the rate for adults.

The various Community institutions, but mainly the European Parliament and the Commission (at Parliament's instigation), have continued their efforts to combat this situation. In general terms it can be said that what were heralded in Community policy as measures to promote equal opportunities for women in the 1980's have in fact become measures to safeguard the 'acquis communautaire' and to counter unemployment among women and young women.

A. EUROPEAN PARLIAMENT

Work of the Committee of Inquiry into the Situation of Women in Europe

The Committee of Inquiry, which was set up on 8 July 1981³ and constituted on 15 October 1981, concluded its two-fold task in 1984. Its mandate was, firstly, to analyse the situation of women in the Community and to monitor the application of Community directives and, secondly, to monitor implementation of the demands contained in Parliament's resolution of 11 February 1981⁴.

(a) Inquiries

The Committee of Inquiry organized its work around 18 topics, each topic being allocated to a committee member and, after considerable preparatory work (questionnaires, on-the-spot visits, meetings, colloquies, public hearings), it completed its 18 reports in December 1983. On the basis of these it drew up a major motion for a resolution setting out demands with a view to improving the situation of women in Europe. This final motion for a resolution was submitted to Parliament during the January 1984 part-session, almost three years after Parliament's first important resolution on this subject, and was adopted on 17 January 1984 (5).

The resolution contains demands which can be grouped under the following headings :

- defence and development of equal opportunities
- defence and development of the employment of women

- equal responsibilities between men and women in political, cultural, social and family life,
- increasing public awareness of women's rights
- rights of migrant women
- women and development policy
- women in the Community institutions.

Throughout this resolution Parliament stresses that, in the first instance, existing directives should actually be applied and supplemented in some cases; it also calls for new Community legal instruments, for example a directive on positive action.

It hopes that the Community will implement a more satisfactory policy on education and vocational training in order to guarantee equal opportunities, in particular with reference to new technologies and in the framework of the European Social Fund; it stresses that there is a need to ensure balanced allocation of resources from this Fund between men and women, both for projects for young people aged under 25 and for people over 25.

Adoption of this resolution marked the completion of the first part of the mandate, i.e., the inquiry, and the committee was instructed by the European Parliament to continue with the second part until the new European elections.

(b) Other activities

As well as conducting inquiries, the committee drew up a number of opinions as part of the procedure whereby the Council consults Parliament on the proposals before it. The committee considered that it would not be fulfilling its task if it did not concern itself with work in progress before Parliament which related to women. In this way it ensured that aspects relating to women were taken into account as a matter of course in Community policies.

It should be noted that the opinions which it drew up for other committees concerned texts submitted by the Commission at the request of the committee of inquiry.

The committee drew up opinions on :

- the proposal for a recommendation on the reduction and reorganization of working time, which Parliament took into account in its resolution of 18 November 1983⁷;
- the proposal for a directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes, which Parliament took into account in its resolution of 30 March 1984⁷;
- the proposal for a directive on parental leave and leave for family reasons, which Parliament took into account in its resolution of 30 March 1984⁸;
- the proposal for a resolution concerning action to combat unemployment amongst women, which Parliament took into account in its resolution of 22 May 1984⁹;

- the proposal for a directive on the principle of equal treatment for men and women in self-employed occupations, including agriculture, and on protection during pregnancy and maternity, which Parliament took into account in its resolution of 23 May 1984¹²;
- the own-initiative report on Community policy on small and medium-sized undertakings and craft industries, which Parliament took into account in its resolution of 24 May 1984¹³;

The committee also tabled a number of amendments to:

- the motion for a resolution on the contribution of local employment initiatives to combating unemployment, incorporated by Parliament in its resolution of 30 March 1984¹²;
- the guidelines for the management of the European Social Fund, incorporated by Parliament in its resolution of 30 March 1984¹³;
- the amended Commission proposal on the European Regional Development Fund Regulation, incorporated by Parliament in its resolution of 13 April 1984¹⁴;
- the own-initiative report on the regional problems of Greece, incorporated by Parliament in its resolution of 13 April 1984¹⁵;

Lastly, during the budgetary procedure for the 1984 financial year, the Committee of Inquiry tabled amendments which were adopted by Parliament during its vote on 15 December 1983¹⁶.

The committee also considered two interim reports submitted by the Commission, the first on the implementation of the new Community action programme on the promotion of equal opportunities for women¹⁷ and the second on the application of Directive 79/71/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security (this directive is to enter into force at the end of December 1984)¹⁸.

Lastly, it drew up a number of oral questions and several resolutions, including that adopted by parliament on 12 April 1984 on the participation of the Community in the United Nations Conference to be held in Nairobi in 1985 to mark the end of the Decade for Women¹⁹.

B. COMMISSION OF THE EUROPEAN COMMUNITIES

a. Proposals

When the European Parliament adopted its resolution²⁰ on the new Community action programme for women on 12 May 1982, it criticized the lack of implementing proposals accompanying this programme. The Commission took note of this criticism and, during 1983-1984, it submitted to the Council and Parliament a series of measures the majority of which related directly and specifically to women. These followed up requests made either by Parliament or by the Committee of Inquiry.

Direct and specific proposals

The Commission submitted to the Council and Parliament:

- the proposal for a directive on parental leave and leave for family reasons²¹;
- the progress report on the implementation of the new Community action programme on the promotion of equal opportunities for women¹⁷;
- the interim report on the application of the directive on the progressive implementation of the principle of equal treatment for men and women in matters of social security¹⁸;

- the communication on unemployment among women in the Community²² followed by the draft resolution concerning action to combat unemployment amongst women²³;
- the proposal for a directive on the application of the principle of equal treatment as between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood²⁴;
- the draft recommendation on the promotion of positive action for women²⁵;
- the guidelines for the European Social Fund²⁶;
- the communication by Mr BURKE on the Commission's personnel policy as regards equal opportunities for men and women²⁷.

Indirectly related proposals

The Commission submitted

- an amended proposal for a directive concerning temporary employment and fixed duration contracts of employment²⁸;
- a communication entitled Community action to combat unemployment - the contribution of local employment initiatives²⁹;
- a proposal for a regulation amending that submitted in 1982 amending the regulation establishing the European Regional Development Fund³⁰;

b) Other activities

In preparation for the meetings of the Consultative Committee on Equal Opportunities, the Commission drew up a series of studies including the study of positive action programmes as a means of integrating female workers and other minority groups into the labour market, which was used as a basic working document at a major seminar held in Athens in December 1983 to study implementation of positive actions. Following on from these activities the Commission submitted a recommendation on this subject³¹.

In the context of its information policy the Commission has conducted a series of seminars and a second opinion poll to gain a better understanding of the attitudes of men and women to developments in the situation of women.

The Commission has also continued to monitor application of Community directives by the Member States. In this connection two cases are still pending against the Kingdom of Denmark, Case No. 143/83 of 18 July 1983 for incomplete application of Directive 75/117/EEC on equal pay and Case No. 149/83 of 21 July 1983 for incomplete application of Directive 76/207/EEC on equal treatment.

C. THE COUNCIL

The Council adopted a decision on the tasks of the European Social Fund and a regulation implementing this decision on 17 October 1983³¹.

It adopted a resolution on the promotion of employment for young people on 23 January 1984³².

The Council also adopted the new regulation on the European Regional Development Fund on 19 June 1984³³.

The Council has not yet been able to take a decision on the directives on part-time work and temporary work.

D. THE COURT OF JUSTICE

In connection with requests for preliminary rulings and direct actions the Court has delivered a series of important judgments for the promotion of equal opportunities for women:

- on 26 October 1983 in Case No. 163/82 (Commission v. Italian Republic), the Court ruled that, contrary to the view of the Commission, the Italian Republic had correctly incorporated into its national legislation Directive 76/207/EEC on equal treatment;
- on 8 November 1983 in Case No. 165/82 (Commission v. United Kingdom) the Court ruled that the United Kingdom had not incorporated Directive No. 76/207/EEC on equal treatment correctly into its national legislation;
- on 20 March 1984, in joint Cases 75 and 117/82 (Razzouk Beydoun v. Commission), the Court ruled that the survivor's pension referred to in the Staff Regulations of officials of the Communities should be paid to widowers in the same way as to widows until the relevant provisions of the Staff Regulations had been amended;
- on 10 April 1984 in Case No. 69/83 (Harz v. Deutsche Tradax) and in Case No. 14/83 (Colson v. Land Nordrhein Westfalen) the Court ruled that although Directive 76/207/EEC does not specify that in the event of discrimination the employer is obliged to conclude an employment contract with the applicant who has been discriminated against, it nevertheless implies that if a Member State chooses to penalize the breach of this prohibition by granting a compensatory payment, in order to have a deterrent effect this payment should be more than just a notion alone (e.g. reimbursement of the candidate's expenses) and that it is for the national court to interpret and apply the law enacted in implementation of the directive in accordance with Community law, insofar as its national law gives it a margin of discretion.

In all these cases the Court of Justice was able to define the field of application of Directive 76/207/EEC.

* * *

In conclusion, all the Community institutions have participated to a greater or lesser extent in the promotion of equal opportunities for women. However there is no doubt that to a large extent it is due to the activities and efforts of the European Parliament's Committee of Inquiry, which have in general been taken up by Parliament, that more account has been taken of aspects relating to women in Community policies.

A comparison of the Community's activities in favour of women in the 1970's and in the 1980's shows that, in the 1980's, the initiative for these actions has come largely from the European Parliament, which has pressed the Commission to continue its effective activities from the 1970's to promote equal opportunities.

- (1) Eurostat 1-1984 Employment and unemployment
- (2) Eurostat 2-1983 Employment and unemployment
- (3) OJ No. C 234, 14.9.1981
- (4) OJ No. C 50, 9.3.1981
- (5) OJ No. C 46, 20.2.1984
- (6) OJ No C 342, 19.12.1983
- (7) OJ No. C 117, 30.4.1984
- (8) OJ No. C 117, 30.4.1984
- (9) not yet published
- (10) not yet published
- (11) not yet published
- (12) OJ No. C 117, 30.4.1984
- (13) OJ No. C 117, 30.4.1984
- (14) not yet published
- (15) not yet published
- (16) OJ No. C 10, 16.1.1984
- (17) COM(83) 781 final
- (18) COM(83) 793 final
- (19) not yet published
- (20) OJ No. C. 149, 14.6.1982
- (21) COM(83) 217 final
- (22) COM(83) 653
- (23) COM(84) 74
- (24) COM(84) 57
- (25) COM(84) 234
- (26) COM(83) 711
- (27) PE 88.792
- (28) COM(84) 159
- (29) COM(83) 662
- (30) COM(83) 696
- (31) COM(83) 649
- (32) OJ No. L 289, 22.10.1983
- (33) OJ No. C 20, 4.2.1984

THE BUDGET ISSUES

Throughout the first electoral period, it was almost always the same problems which were raised during the annual budget debate: the preponderance of agricultural expenditure in the budget, and the many repercussions of this. However, it must be pointed out that there were other issues, during this period: interinstitutional relations, where there was a degree of improvement; and the own-resources system of finance, where the long-expected crisis has nevertheless been startling because of the size of the deficit, which had long been awaited.

Very shortly after the elections of 14 and 17 June 1984, the Fontainebleau European Council was able to reach an overall compromise on the budget issues. At the time of writing, the only information available on this agreement is contained in a press release: the precise terms still had to be defined and shaped into Regulations and Decisions.

1. Supplementary and Amending Budget No. 2/83

This budget has already been commented on in the section dealing with the last electoral period. To repeat the essential statistics: a substantial increase in expenditure on the guarantee section of the agricultural fund (+ 1,761 m ECU) and, therefore, an increase in the compensation, due to the United Kingdom and the Federal Republic of Germany (370 m ECU)¹ in line with the principle of 'risk-sharing'.

The supplementary budget was a first warning as regards the ceiling on value-added tax (VAT): the rate levied to finance the supplementary budget was 0.9980%, leaving a safety margin of only 28 m ECU before the level corresponding to 1% of VAT revenue to which the Community is entitled would be reached.

In October 1983, Parliament adopted two amendments to the draft supplementary budget, retaining the 64.5 m ECU of payment appropriations for

the European Social Fund, which in the first reading, the Council had proposed to delete, and restoring the level of aid to Poland to 14 m ECU. The Council considered Parliament's amendments without delay, and accepted them. Thus, final adoption of the supplementary budget by the President of the European Parliament took place on 24 October 1983².

2. Budget for the financial year 1984

Upon consideration of the Council's draft budget, Parliament found itself confronted still more clearly with the revenue problem referred to above³. It solved this problem, provisionally, by accepting certain undertakings:

- the Commission undertook not to carry forward to 1984 any deficit resulting from the 1983 budget;
- meeting in conciliation with Parliament, the Council undertook to observe the current ceiling on own resources, set at 1% of total VAT yield, and to base its decisions on a cautious estimate of revenue.

With regard to expenditure, Parliament considered the budget in anticipation of a global solution to the Community's problems, as envisaged at the Stuttgart European Council meeting in June 1983. Prior to the Athens Summit in December 1983, Parliament proposed various measures during the first reading:

- an increase in the reserve appropriations in Chapter 100 for expenditure on farm price guarantees - to 5% of 16,500 m ECU, or 825 m ECU - in order, in particular, to take account of the financial implications of the farm price decisions for the 1984/85 marketing year;
- transfer to the same chapter of reserve appropriations totalling 1,202 m ECU for Member States in an unacceptable financial situation, with the proviso that such appropriations be utilized in Community policy areas;
- allocation of 1,310 m ECU in order to promote a European industrial policy.

In addition, Parliament placed the emphasis on the continuing fight against unemployment: it adopted many amendments concerning professional training - with a view to enabling young people in particular to find productive employment - and job-creating investment.

The vote during the first reading finally gave Parliament the opportunity to provide a further demonstration of its concern with regard to combating hunger in the world, viz. by improving Community operations in developing countries and by stepping up activities for non-associated developing countries.

During this vote, 230 amendments and 13 proposed modifications were adopted, involving an increase in commitment appropriations and payment appropriations of 2,478 m ECU and 547.9 m ECU respectively vis-à-vis Council's draft budget.

The Council having given the draft budget its second reading on 23 November 1983, the budget for 1984 was finally adopted by Parliament on 15 December 1983. Parliament's main concern was that, in the current international and European economic situation, the Community should provide itself with a budget which would serve as a basis for its operation - none of the three motions to reject the budget as a whole was adopted by Parliament - though it realised that subsequent corrections to this budget would be necessary. However, the Athens European Council did not provide the long-awaited solutions. Thus, Parliament's decisions on the 1984 budget revealed a wait-and-see attitude with regard to the major areas of concern:

- it would not be possible to utilize the appropriations for a European industrial policy until the Community had the necessary resources;
- a decision on financial compensation measures was expected by 31 March 1984; the compensation appropriations for 1984 were frozen in Chapter 100;
- the Council, which had reduced the reserve proposed by Parliament for agricultural-guarantee expenditure from 825 m to 350 m ECU, was called on to take a decision, by 31 March 1984, on the reorganization of the common agricultural policy in order to stem the expenditure resulting from the production of structural surpluses.

However, Parliament could not accept the deletion of the appropriations entered, in the first reading, for the four priority areas (in the social, regional, economic and development-aid sectors). Thus, these amendments were amply reaffirmed in the second reading.

In the second reading, Parliament adopted a total of 183 amendments, increasing the commitment appropriations and the payment appropriations in the definitive budget by 3% and 2% respectively vis-à-vis the initial draft budget⁴.

Budget revenue, which is approaching exhaustion since the VAT rate levied to finance the budget adopted is 0.9971%, was the cause of a difference of opinion with the Council as regards Parliament's authority to decide on revenue on an equal footing with the Council. In the second reading, Parliament reaffirmed its amendment on entering own resources in an account opened in the name of the Commission, which would henceforth be interest-bearing.

3. The future financing of the Community

Parliament has already tackled this subject several times since Mr Spinelli submitted his report in April 1981; and, in November 1983, it delivered its opinion on the formal proposal submitted by the Commission on 6 May 1983. This opinion was intended as a follow-up to the Mandate of 30 May 1980, which seeks:

- (a) to restructure the budget with a view to greater provision for new policies,
- (b) to control expenditure resulting from the production of agricultural surpluses, and
- (c) to counter the unacceptable situations to which certain Member States are subjected.

Parliament takes the view that any decision on raising the ceiling on value-added tax (VAT) must be taken in parallel with the implementation of measures to reduce structural surpluses.

On the whole, Parliament endorsed the Commission's proposals with regard to the rate of increase in the VAT percentage. This percentage would have been increased immediately to 1.4% on the basis of a decision ratified by the Member States. Member States would also have ratified any increases greater than 0.4%, which would have been decided on by means of a Community procedure involving the Council, the Commission and Parliament.

However, Parliament was unable to accept the concept of variable VAT rates as proposed by the Commission. In its opinion, only the Member States' share of the agricultural products subject to common market organizations - and not their gross domestic product or the net operating surplus of the national economy - should be used as the criterion for deciding on variable VAT rates. It took the view that all three criteria could be used only if they were applied to aggregate VAT revenue; and the variable rate of VAT would be applied to the amount of net agricultural expenditure in excess of 33% of the total budget, as proposed by the Commission⁵.

In its concern at the Council's sympathies towards limiting the increase in the VAT rate to 1.4% without the possibility of a further increase by means of a Community decision-taking procedure, in March 1984 the Commission argued in favour of increasing the rate from 1 to 2 in order to avoid continual negotiations between the Community and the Member States. For the fact is that an extra margin of 0.4% means that proposals would need to be submitted now with a view to a further increase⁶.

The negotiations begun in Council produced an initial success at the Fontainebleau summit in June 1984, at which several budget-related solutions were proposed. The heart of the problem was the lack of a solution that would reduce the deficits of certain Member States vis-à-vis the Community budget - a solution which was essential if the issue of new own resources, and thus of the development of new policies, was to be successfully tackled⁷.

In addition to this set of issues, the question of 'budgetary discipline' arose: here the aim was to regulate the growth of Community expenditure by means both of annual and multi-annual financial guidelines, adopted by the two arms of the budgetary authority (before the formal procedure for adopting the budget begins) and of stricter financial directives on the fixing of farm prices and the management of price-guarantee appropriations. Parliament has supported the Council's and the Commission's efforts in this field, if only to ensure that it might be involved in laying down these new rules which, in its opinion, should remove the distinction between compulsory expenditure (agricultural expenditure, essentially) and non-compulsory expenditure⁸.

Meanwhile, the Community is running a deficit: the Commission has found it necessary to ask the Member States for a loan of 2,333 m ECU for 1984, their respective shares to be calculated by means of a VAT scale based on the 1984 budget. This loan would be repayable and interest-bearing.

Parliament has not supported this loan-based solution, which, in its opinion, is unsuitable for financing day-to-day expenditure: it prefers a solution involving advances of VAT receipts by the Member States, at the level expected as a result of raising the VAT ceiling. This solution would avoid the problems of repayment and of paying interest⁹.

In response to this, the Fontainebleau European Council proposed two solutions:

- it called for an increase in the maximum VAT call-up rate to 1.4% on 1 January 1986, with the possibility of a further increase (to 1.6%) on 1 January 1988;
- it called on the next meeting of the Council of Finance Ministers to take measures to cover requirements arising from the 1984 budget, in order to ensure the normal operation of the Community.

In addition, the European Council called on the Commission to submit a review, one year before the new ceiling is reached, on the results of budgetary discipline, the financial requirements of the Community and the distribution of budgetary burdens among the Member States in the light of their relative prosperity.

4. Budget contributions

The Commission refers to this problem as 'correction of budgetary imbalances'; and, in December 1983, it submitted three proposals, covering the 1984 financial year only, on introducing special measures of Community interest relating to employment, transport infrastructure and the energy sector. Furthermore, the corresponding appropriations were entered in the budget for this financial year, but were frozen by Parliament in the reserves chapter.

Parliament first spelt out what, in its opinion, constitutes an 'unacceptable situation' for a Member State: when its own economic performance compared to that of the other Member State is characterized by a blatant mismatch between the burdens and the discernible advantages to it of membership of the Community relative to the burdens and advantages of all the Member States, such an assessment taking into consideration all the advantages of membership of the Community¹⁰.

Parliament also delivered its opinion on the three abovementioned proposals, commenting on the lasting solution to be found to the problem of budget contributions: it rejected any notion of a 'juste retour' and the concept of a net contribution by Member States on the ground that such ideas would be contrary to the principle of financial autonomy for the Community, and took the view that financial imbalances incompatible with the economic efficiency of the Member States concerned should be rectified by expenditure measures within the context of Community policies. Parliament took a very

firm attitude towards the Commission and called on it to modify several specific points in its three proposals: the Community's financial contribution, effective monitoring of the implementation of these schemes and projects, the non-compulsory nature of this expenditure, and the autonomy of the Commission (the management committee's role to be purely consultative)¹¹. These proposals were adopted by the Council on 26 June 1984, and Parliament released the corresponding appropriations.

In June 1984, the European Council gave the Commission the following guidelines to observe when drawing up new proposals on this subject:

- correction would be based on the difference between Member States' share of VAT payments and their share of agricultural expenditure in accordance with current criteria;
- for 1984, a lump-sum rebate of 1,000 m ECU was fixed for the United Kingdom;
- from 1985, annual correction for the United Kingdom would be based on 66% of this difference (see first indent);
- the sum involved in this correction would be deducted from the United Kingdom's normal share of VAT payments and would be borne by the other Member States in accordance with their normal relative share of VAT payments, adjusted in such a way that the Federal Republic of Germany would pay only two-thirds of its share of the financing of the rebate;
- these correction arrangements would last until it became necessary to increase the VAT rate further.

Budget guidelines for 1985

During the April 1984 part-session, Parliament adopted the guidelines for the Community's budgetary policy for 1985. The main feature of these guidelines can be found in the conclusions that Parliament drew from the impending exhaustion of own resources at their current level and from the fact that it would not be possible to raise the VAT ceiling by the start of the 1985 financial year. In its opinion, the situation that has been brought about will seriously hamper the development of the Community, threaten the survival of the common agricultural policy and create unacceptable situations for certain Member States.

Nevertheless, Parliament reaffirmed the principal objective of removing the imbalances in the structure of the budget through across-the-board measures to reduce structural surpluses in agriculture, improve the effectiveness of Community financing, develop new policies and eliminate

the dangers posed by such unacceptable situations. In addition to this, it also expressed concern with regard to aid for the Mediterranean regions and the other under-developed regions of the Community.

Parliament also proposed that the budgetary policy guidelines for previous financial years - highlighting the combating of unemployment and of hunger in the world - be readopted.

Parliament pointed out that it would oppose any solution that involved placing the burden of budgetary constraints on structural policies¹².

During the May 1984 part-session, the Commission submitted its preliminary draft budget for the financial year 1985: 28,104 m ECU in payment appropriations and 30,228 m ECU in commitment appropriations. The salient feature of the budget document is the fact that it quoted a VAT rate of 1.12%, i.e. that the Commission takes it for granted that the VAT rate will be increased before the end of the financial year 1985 and that it will be possible to cover the revenue shortfall of 1,913 m ECU in this way. Farm price guarantees would account for 19,315 m ECU of this budget; this is an increase of 3.7% on total expenditure in 1984, which amounted to 18,631 m ECU. Non-compulsory expenditure would increase by 12.75%; the rate of increase, laid down by the Commission pursuant to Article 203, paragraph 9, of the EEC Treaty, would be 8.5%. This preliminary draft budget does not yet contain appropriations to cover the budgetary imbalances suffered by certain Member States; nor does it take into account the possible consequences of farm price decisions for the 1985/86 marketing year.

6. Revision of the Financial Regulation

Pursuant to Article 107 of the Financial Regulation, the Commission submitted to the Council and to Parliament an important proposal for a comprehensive revision of the Regulation¹². This proposal was referred to Parliament on 29 January 1981; its Committee on Budgets then considered this text in depth¹³. In the meantime, the Court of Auditors adopted a highly detailed opinion¹⁴. Parliament's report was publicly debated at the July 1983 part-session, and the amendments to it were voted on at the September 1983 part-session.

In response to this opinion, the Commission has submitted a modified proposal to the two arms of the budgetary authority, which takes ample account of Parliament's opinion¹⁵. In the coming months, the definitive text will be the subject of conciliation between Parliament and the Council.

References

- 1 Draft Amending and Supplementary Budget No. 2/83 established by the
Council on 22 July 1983 (Docs. 1-643/83 and 1-806/83)
The term 'risk-sharing' means that adjustment of the budget deficit to be
borne by the United Kingdom involves adjustment of the compensation it is
due. See Council Regulation (EEC) No 624/83 of 15 March 1983 (OJ L 73,
19.3.1983)
- 2 OJ L 331, 28.11.1983
- 3 Draft budget for the financial year 1984 (Docs. 1-800/83 and 1-870/83)
Parliament's resolution adopted in first reading (OJ C 322, 28.11.1983)
- 4 Parliament's resolution adopted in second reading (OJ C 10, 16.1.1984)
See definitive budget (OJ L 12, 16.1.1984)
There have always been quite a large number of amendments tabled:
approximately 600 in the first reading, and some 300 in the second
reading. To avoid burdening the House with amendments that have no
chance of being adopted, the Rules of Procedure have been amended: in
future, draft amendments and proposed modifications which have obtained
fewer than three votes in the committee responsible shall be put to the
vote in Parliament only if this has been requested in writing before the
start of the vote by a political group, a committee or at least 21
Members (OJ C 10, 16.1.1984)
- 5 Parliament's resolution of 16 November 1983 (OJ C 342, 19.12.1983)
- 6 COM(84) 140 final and 162 final, 1 March and 15 March 1984 respectively
- 7 Parliament's resolution of 29 March 1984 (OJ C 117, 30.4.1984)
- 8 COM(84) 83 of 6 March 1984 and Doc. 1-247/84
Parliament's resolution of 23 May 1984 (OJ C 172, 2.7.1984)
- 9 COM(84) 250 of 17 April 1984 and Doc. 1-79/84
Because there was no quorum, the vote on the Commission's proposal could
not take place at the May 1984 part-session.
- 10 See reference⁵.
- 11 COM(83) 696 final, COM(83) 697 final and COM(83) 698 final,
Docs. 1353/83 and 1-1476/83
Parliament's resolution of 12 March 1984 (OJ C 104, 16.4.1984)
- 12 Commission proposal (OJ C 119, 21.5.1981)
- 13 Parliament's opinion (Doc. 1-434/83 of 17 June 1983; OJ C 277,
17.10.1983)
- 14 Opinion of the Court of Auditors (OJ C 232, 11.9.1981)
- 15 Commission's modified proposal (OJ C 97, 9.4.1984)

QUESTIONS CONCERNING CONTROL OF THE COMMUNITY BUDGET

In 1979, the European Parliament made a clear distinction between its tasks of establishing the Community budget and those of exercising control over the collection and utilisation of Community funds by setting up a Committee on Budgetary Control separate from the Committee on Budgets.

The members of the Committee on Budgetary Control agreed to allocate more-or-less permanent responsibilities to individual members in following up the control aspects of the various policy sectors of the Community budget, thus providing continuity and facilitating the acquisition of expertise.

By its very nature, the control function of the European Parliament is repetitive ; the annual work cycle requires a considerable amount of time to be given to the annual discharge procedure¹, not only in respect of the Community budget, but also of the budget of Parliament itself, and of a number of "ancilliary" organisations, such as the European Foundation for the Improvement of Living and Working Conditions in Dublin, the European Centre for the Development of Vocational Training in Berlin, the Joint Research Centres and the European Schools.

It is however customary for Parliament to consider, in more detail and on the basis of reports from the Committee on Budgetary Control, a number of additional topics - which may be determined by the committee itself, or by specific request in a resolution of Parliament. Such reports have dealt with budgetary control aspects of the Common Agricultural Policy (Cereals ; exports to state-trading countries ; hill and mountain farming, for example), of the Social

and Regional Funds, of Food Aid, of Borrowing and Lending policy, and of Administrative matters (Data processing, Printing and Publications, Office supplies and equipment, Accommodation policy).

Parliament is also consulted on the appointment of members of the European Court of Auditors²: the task of preparing a report on such appointments is allotted to the Committee on Budgetary Control.

The Discharge Procedure

In the course of each budgetary year Parliament is engaged in monitoring the income and expenditure of that year, in preparing a report on the implementation of the budget for the preceding calendar year, and in following up specific weaknesses or irregularities identified in earlier years.

When submitting the 1982 management accounts in mid-summer 1983, the Commission also presented a report³ of the action taken in response to Parliament's criticisms and comments on the Commission implementation of the 1980 budget. This of course was the year for which Parliament had not only rejected the Draft budget but also - two years later - deferred the grant of discharge.⁴ The Resolution adopted by Parliament⁵, recognised that some improvements had been made, drew attention to the importance of inspection and verification to safeguard "own resources", and criticised the Council for failing either to provide adequate funding or to adopt the necessary legislation in the social and regional spheres.

In September 1983, the Commission submitted an interim report on action taken in response to the comments appearing in the Resolution accompanying the decision granting discharge in respect of the implementation of the 1981 budget.⁶ When this report was debated by the House on the 17 February 1984⁷ it was clear that there were still a number of points on which Parliament was far from satisfied.

PE 90.700

The Court of Auditors annual report on the 1982 budgetary year⁸ was submitted to Parliament in November 1983. On the basis of 13 working papers prepared by individual sub-rapporteurs⁹, after discussion with a number of specialist committees, and having received the recommendation of Council¹⁰, the Committee on Budgetary Control submitted a report to Parliament in April 1984.¹¹

The report was debated on 10 April 1984 and the Resolution was adopted the same day. Parliament did NOT recommend the discharge, but, following a precedent established in connection with the 1980 accounts, set out its reasons for deferral of the 1982 discharge to the Commission¹².

In effect Parliament sought to draw conclusions from its experience over the whole five-year period, while relating its conclusions as closely as possible to the 1982 accounts. The essential points of criticism were the Commission's failure -

- (i) adequately to use its rights of initiative,
- (ii) to take full account of Parliament's rejection of Supplementary and Amending budget No. 1 of 1982,^{12a}
- (iii) to take effective measures to correct alleged irregularities in the common organisation of the agricultural markets in the dairy sector,
- (iv) to introduce a "Christmas Butter" scheme in 1983 despite Parliament's resolution on this matter,¹³
- (v) to make sufficient progress towards the implementation of effective food aid policies,
- (vi) to make greater use of certain funds provided in the energy and industry sectors.

In addition, Parliament again drew attention to the inadequacies of the Commission's management, monitoring, appraisal, assessment and financial information systems, and to the unsatisfactory implementation of the budget.¹⁴

PE 90.700

At the same time Parliament granted discharge for the 1982 budgetary year

- to the Commission in respect of the 2nd, 3rd, 4th and 5th European Development Funds¹⁵ and the ECSC accounts,¹⁶
- to the respective Management/Administrative Boards of the European Centre for the Development of Vocational Training,¹⁷ and the European Foundation for the Improvement of Living and Working Conditions¹⁸
- to Parliament's accounting officer for the 1981 financial year.¹⁹

Ad hoc topics examined

Between June 1983 and June 1984 Parliament adopted a number of reports not directly arising from the discharge procedure (although closely related to it) :

- (i) Fruit and Vegetables²⁰
which examined the problems arising from the destruction of fruit and vegetables, called for improved distribution of such surpluses to disadvantaged social groups, and demanded stricter control to eliminate irregularities in this sector.
- (ii) Hill and mountain farming²¹
which criticised the loose formulation of the underlying directive leading to different interpretations in the Member States and called for more effective use of the limited resources available in future.
- (iii) Christmas Butter 1983²²
which again demanded the introduction of special schemes to reduce Community butter stocks by distribution at reduced prices to Community consumers.
- (iv) Satellite bodies²³
which accepted the need for some decentralisation but stressed the need for greater cost-effectiveness and strict observance of the Financial Regulation.

- (v) Management, Advisory and Consultative committees, etc.²⁴
which commended the new rationalisation scheme introduced by the Commission at Parliament's insistence, and urged continuous review to achieve further savings.
- (vi) Frauds against Community funds²⁵
which called for more positive action by both Council and Commission, notably by the adoption of proposals which had been long outstanding.
- (vii) Clearance of the EAGGF (Guarantee sector) accounts²⁶
which condemned the considerable delays which had been allowed to take place.

Other important matters dealt with

In conjunction with the Committee on Budgets, the Committee on Budgetary Control took part in a comprehensive review of the Financial Regulation, and made extensive recommendations to improve the existing rules.²⁷

Since the European Court of Auditors had been set up in 1977, six members of the Court had to be replaced (or to have their mandates renewed) in 1983 ; Parliament endorsed the Council's nominations, while deploring the inadequate time allowed for deliberation on these candidatures.²⁸

European Court of Auditors

In addition to its regular annual reports on the Community accounts, the European Court of Auditors published a number of special reports, inter alia :

- (i) on the application of EC Regulations Nos 1078/77 and 1041/78 introducing a system of premiums for the non-marketing of milk products and for the conversion of dairy herds²⁹
- (ii) on the budgetary management of the programme for supplying agricultural products and foodstuffs to Poland³⁰
- (iii) in response to the conclusions of the European Council of 18 June 1983³¹
- (iv) on aid to skimmed milk processed into casein and caseinates.³²

References and Notes

1. Article 206(b) EEC ; Article 78(g) ECSC ; Article 180(b) EAEC
2. Article 206(4) EEC
3. COM XIX/381/83
4. OJ C 125/82, p 28 and OJ L 46/83, p 19
5. Doc. 1-812/83 ; OJ C 10/84, p 292
6. COM XIX/521/83 of 29.9.83
7. Doc 1-1333/83, OJ Debates 1-309, p 300
8. OJ C 357 of 31 December 1983. This report also contains some 30 pages of comparative graphs and statistics which provide a useful overview of the structure of the Community budget.
9. Doc 1-111/84/Annex
10. Doc 1-34/84
11. Doc 1-111/84/A and B. The explanatory statement incorporates the opinions of the six specialist committees which chose to adopt this method of adding their views to the overall report.
12. In conformity with Article 85 of the Financial Regulation, OJ L 356 of 31.12.1977
- 12a. See, for further details "Fact Sheet" I[[/C/8 (PE 83.000)
13. OJ C 292 of 8.11.82, p 113
14. OJ C 127 of 14.5.84, pp 35 et seq
15. ibid pp 39 et seq
16. ibid pp 44 et seq
17. ibid p 47
18. ibid p 50
19. ibid p 43
20. Doc 1-271/83 ; OJ C 184/83, p 141
21. Doc 1-441/83 ; OJ C 277/83, p 65
22. Doc 1-604/83 ; OJ C 277/83, p 119
23. Doc 1-1002/83 ; OJ C 10/84, p 275
24. Doc 1-446/83 ; OJ C 277/83, p 195 (interim)
Doc 1-40/84 ; OJ C 127/84, p 56 (final)
25. Doc 1-1346/83 ; OJ C 127/84, p 52
26. Doc 1-77/84 ; OJ C 127/84, p 54
27. Doc 1-434/83 ; OJ C 277/83, pp 16 et seq
28. Doc 1-790/83 ; OJ C 307/83, p 35
29. OJ C 278/83, p 1
30. ibid p 17
31. OJ C 287/83, p 1
32. OJ C 41/84, p 1

PE 90.700

ECONOMIC SITUATION OF THE COMMUNITY

A. Figures and forecasts

1. Economic growth

	<u>Growth in the volume of GDP^(*)</u>	<u>Increase in productivity per person employed in the whole economy^(*)</u>
1981	-0.4%	1.2%
1982	0.4%	1.7%
1983(estimate)	0.5%	1.5%
1984(forecast)	1.5%	1.7%

2. Employment^(**)

At the end of April 1984, the number of unemployed (including Greece) was at 12.6 million, or 10.8% of the working population of the Community, thus reaching a record level (the number of unemployed at the end of April 1983, 11.7 million, was the equivalent of 10.1% of the working population).

3. Balance of payments^(*)

The balance of payments deficit fell to:

1981	: 0.6% of GDP
1982	: 0.6% of GDP
1983	: 0.2% of GDP
1984	: 0.0% (forecast)

4. Price and income changes

	<u>Consumer prices^(*)</u>	<u>Unit labour cost^(***) total economy</u>
1980	+11.2%	+12.1%
1981	+10.1%	+10.7%
1982	+ 8.7%	+ 7.1%
1983	+ 6.3%(estimated)	+ 4.6%
1984	+ 5.6%(forecast)	+ 3.8%(forecast)

Sources: (*)European Economy, No 18, November 1983, Commission of the E.C.
 (**)Unemployment, No 4, 1984, EUROSTAT
 (***)European Economy, No 19, March 1984, Commission of the E.C.

B. Economic Developments

On 12.12.1983, the Council adopted the annual report for 1983 and the policy guidelines for 1984⁽¹⁾.

The Commission is of the view that the further development of policy to strengthen the prospects for a durable and profound European economic recovery should be in the following directions:

- (i) use of room for manoeuvre to reduce interest rates further as and when international and domestic conditions allow;
- (ii) reduction of structural budget deficits and then their stabilization at a low level to facilitate a renewed growth of private investment, without, however, excluding recourse to the automatic stabilizing properties of the budget, where its basic financial condition is sound;
- (iii) a restructuring of public expenditure and taxation, notably to:
 - give priority to expenditure, particularly infrastructure expenditure, that helps expand productive potential,
 - stop and even reverse the growth of the tax burden,
 - further improve the fiscal environment for the enterprise sector;
- (iv) review of regulatory activities of government with a view to reducing inefficiencies and rigidities that depress productive potential;
- (v) a sustained effort to reduce unemployment through direct measures such as:
 - training and retraining schemes, especially for young people,
 - job creation initiatives, especially through stimulating local and small-scale employment units,
 - the reduction and reorganization of working time respecting the need to avoid cost increases;
- (vi) development of incomes in line with the conditions for economic recovery, in particular:
 - in many countries, further nominal deceleration in pay, which will reduce inflation and help financial policies have a more expansionary real effect.
 - real wage evolutions that allow for a major improvement of enterprise profitability to support an investment recovery, and growth in employment,

- greater flexibility in pay, through collective negotiations, to help clear the labour market more effectively, and an expansion of practices which relate pay to enterprise performance and boost employee participation in the financing of investment;
- (vii) strong support at the Community level for this concerted direction of national policies, notably through action under three headings:
- reinforcement of the Community's monetary mechanisms and determined action of the Community in pursuing improvements in the international monetary system and the environment for world trade,
 - building up Europe's potential in new growth sectors of advanced technology such as information technology, telecommunications and biotechnology, through complementary national and Community action,
 - large steps in fully opening up the Community's internal market, in which the remaining plethora of restrictions is barring the way to a new potential dynamic growth.

The EP gave its support to the annual economic report in the report by Mr. Bonaccini⁽²⁾.

The EP also adopted a report by Mr. Delorozoy⁽³⁾, on medium and long-term economic prospects in the Community, showing as well its interest in the economic situation through a number of written questions⁽⁴⁾.

The EP adopted the report by Mrs. Desouches on investment policy in the Community⁽⁵⁾. The report enumerates the general conditions for increasing investment in the EC and proposes measures to be undertaken to promote investments, as for example the elimination of taxation on apparent profits, the reduction of the basis of assessment of corporation tax by deducting a percentage of the investment made and charging any losses to previous or subsequent financial years, harmonizing the corporation tax within a certain bracket, granting tax concessions for research expenditure, coordination and improvement of existing tax incentives to encourage saving by investing in shares etc.

The Commission published its semestrial report on the situation of the operations of the NIC⁽⁶⁾ and its proposal for a decision empowering the Commission to contract further loans under the NIC⁽⁷⁾. The EP adopted

Mr. Moreau's report on the Commission's proposal⁽⁸⁾, asking among others that the NIC be made a permanent instrument and asking for clarification of some points relating to the distribution of the loans among economic sectors and Member States. Members of the EP also submitted various written questions on the NIC⁽⁹⁾.

The EP also adopted the report by Mr. Hopper on the role and functions of the International Financial Institutions in the present monetary situation⁽¹⁰⁾, its aim being to maintain a moderate level of net new credits to the debtor countries while their adjustment process is under way, followed by a limitation of future recourse to bank credits once countries have regained their creditworthiness. The policy for LDCs should be a relatively generous lending under multi-annual programmes by the IMF and expansion of the Compensatory Financing Facility. Concerning the financing by international institutions, their role and resources on disposal should be increased by increases in the subscribed capital, the paid-up element or a change in the borrowing ratios. Co-financing with commercial banks and export financing agencies in industrial nations should be continued. There should be a Community approach to official discussions on the international financial system.

The Commission, supported by the EP in the reports by Mr. Halligan and Mr. Rhys Williams, has submitted proposals on the capital market and financial integration⁽¹¹⁾. The EP proposed the following measures:

1. To continue the process of integration in the banking sector through the approximation of the various national legislative provisions;
2. To reduce the present compartmentalisation of stock exchanges in the Community;
3. To resume liberalisation measures in the insurance sector;
4. To take accompanying measures of regional policy (tax incentives etc) to avoid excessive outflow of capital from the more backward European regions;
5. To give priority to the provision of facilities for a European risk capital market by: a) removing the existing restrictions on operations related to securities issued by companies based in Member States and dealt with on the stock exchanges; b) eliminating all discrimination against securities issued in other Member States.

6. To introduce practical measures designed to create a unified network of financial services to encourage the efficient functioning of the capital and currency markets throughout the Community:
- a) To open up access of all house buyers to the facilities for house purchase finance which are available in other Member States;
 - b) To provide that cover for exchange risks can be obtained on the same terms in all Member States;
 - c) To ensure that traders in and users of commodities throughout the Community are granted unrestricted freedom of access to the market where they are able to cover their requirements on the most favourable basis from time to time.

The EP has also adopted the report by Mr. Rhys-Williams on the economic situation in accordance of the Council's convergence decision⁽¹²⁾. The report recommends the dismantling of restrictions and non-tariff barriers in internal trade, improvements in the functioning of the monetary system and the capital market, support for research into new technologies and the introduction of a system of warning lights which would create a presumption of action by the Member States and an obligation for the Council to make recommendations.

C. Convergence of the economies of the Member States

Consideration of the objectives of economic policy of the Member States show that there is a very great degree of agreement as to the goals, these being:

- a) Structural adaptation to the new economic conditions;
- b) To reduce inflation;
- c) To reduce unemployment.

The priorities and the instruments used differ from State to State, but in 1983 the agreement on them was higher than in 1982, in particular since France changed its order of priorities and undertook a rigorous programme of structural adaptation and to reduce further inflation. The results achieved were felt also in the EMS, where no serious tensions appeared after March 1983, achieving thus a record period of fifteen months to June 1983 without a new realignment.

Nevertheless, important differences remain in key economic variables such as inflation (ranging from an estimated 18% for Greece for 1983 to an estimated 2.5-3% for Germany for 1983), real interest rates, budget deficits, balance of payments etc.

Table 1

Gross Domestic Product per Capita (EUR 10 = 100)

	Based on purchasing power parities				Based on exchanging rates			
	1960	1975	1980	1981	1960	1975	1980	1981
FR GERMANY	114	110	114	115	114	130	128	123
FRANCE	99	110	110	111	115	123	118	117
ITALY	79	86	88	88	65	66	67	68
HOLLAND	105	105	106	105	84	116	115	109
BELGIUM	98	107	107	105	107	121	115	107
LUXEMBOURG	146	123	119	123	145	126	123	117
U.K.	117	99	93	92	119	79	90	98
IRELAND	63	64	63	63	55	50	51	54
DANEMARK	=	113	110	111	=	143	125	126
GREECE	37	56	56	56	37	44	40	42
EUR 10	100	100	100	100	100	100	100	100
SPAIN	=	78	71	71	=	57	55	55
PORTUGAL	=	43	48	49	=	30	25	28
U.S.A.	167	143	138	141	245	138	110	140
JAPAN	=	97	103	106	=	86	86	106

Source: National Accounts ESA-Aggregates, EUROSTAT

Table 2

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

	Dates of realignments						
	24	30	22	5	22	14	21
	September 1979	November 1979	March 1981	October 1981	February 1982	June 1982	March 1983
BFR	-	-	-	-	-8,5	-	+1,5
DKR	-2,9	-4,8	-	-	-3	-	+2,5
DM	+2	-	-	+5,5	-	+4,25	+5,5
FF	-	-	-	-3	-	-5,75	-2,5
IRL	-	-	-	-	-	-	-3,5
LIT	-	-	-6	-3	-	-2,75	-2,5
HFL	-	-	-	+5,5	-	+4,25	+3,5

Source: Eurostat and Commission Departments, European Economy No 12, July 1982, (revised).

Table 3

ECU exchange rates

(national currency per ECU, annual average)

	BLEU	DK	D	GR	F	IRL	I	NL	UK	USA
1958	54,8350	7,57507	4,60614	32,9010	4,61264	0,391678	685,438	4,16745	0,391678	1,09670
1959	52,8101	7,29535	4,43605	31,6863	5,21454	0,377215	660,126	4,01357	0,377215	1,05621
1960	52,8101	7,29535	4,43605	31,6863	5,21454	0,377215	660,126	4,01357	0,377215	1,05621
1961	53,3667	7,37224	4,30742	32,0202	5,26950	0,381191	667,084	3,89854	0,381191	1,06734
1962	53,4901	7,38928	4,27921	32,0943	5,28168	0,382073	668,626	3,87268	0,382073	1,06981
1963	53,4901	7,38928	4,27921	32,0943	5,28168	0,382073	668,626	3,87268	0,382073	1,06981
1964	53,4901	7,38928	4,27921	32,0943	5,28168	0,382073	668,626	3,87268	0,382073	1,06981
1965	53,4901	7,38928	4,27921	32,0943	5,28168	0,382073	668,626	3,87268	0,382073	1,06981
1966	53,4901	7,38928	4,27921	32,0943	5,28168	0,382073	668,626	3,87268	0,382073	1,06981
1967	53,2404	7,42293	4,25924	31,9446	5,25703	0,387652	665,506	3,85461	0,387652	1,06482
1968	51,4442	7,71663	4,11554	30,8667	5,07967	0,428702	643,052	3,72456	0,428702	1,02889
1969	51,1093	7,66640	4,02622	30,6657	5,29027	0,425912	638,866	3,70032	0,425912	1,02219
1970	51,1116	7,66675	3,74138	30,6668	5,67767	0,425931	638,895	3,70049	0,425931	1,02223
1971	50,8663	7,75264	3,64566	31,4328	5,77214	0,428583	647,414	3,65750	0,428583	1,04776
1972	49,3611	7,78909	3,57681	33,6533	5,65717	0,448941	654,264	3,59991	0,448941	1,12178
1973	47,8009	7,41598	3,27644	36,9519	5,46775	0,502321	716,460	3,42853	0,502321	1,23173
1974	46,3994	7,25927	3,08352	35,7810	5,73386	0,509803	775,743	3,20224	0,509803	1,19270
1975	45,5690	7,12266	3,04939	39,9941	5,31923	0,560026	809,545	3,13490	0,560026	1,24077
1976	43,1654	6,76176	2,81545	40,8842	5,34486	0,621578	930,150	2,95515	0,621578	1,11805
1977	40,8826	6,85567	2,64831	42,0353	5,60607	0,653701	1 006,785	2,80010	0,653701	1,14112
1978	40,0611	7,01946	2,55608	46,7829	5,73984	0,663898	1 080,216	2,75410	0,663920	1,27410
1979	40,1651	7,20912	2,51088	50,7738	5,82946	0,669492	1 138,498	2,74865	0,664402	1,37065
1980	40,5979	7,82737	2,52422	59,3228	5,86896	0,676007	1 189,205	2,76028	0,598498	1,39233
1981	41,2946	7,92256	2,51391	61,6241	6,03993	0,691031	1 263,180	2,77511	0,553120	1,11645
(1982)	44,4227	8,13665	2,39150	64,7323	6,36781	0,689203	1 318,499	2,63548	0,558673	0,99710

According to purchasing power parities in 1960, Luxembourg had the highest GNP per head (146) compared to Greece's lowest of 37. (These being calculated as percentages above or below the EC-10 average), the ratio being about 4:1. Luxembourg's GNP per head was 46% above the EEC average, Greece's 73% below. In 1981, Luxembourg still had the highest GNP per head, 123, Greece the lowest, 57, but the ratio was reduced to about 2,2:1. Luxembourg's GNP per head was in 1981 only 23% and Germany's 15% (Germany 1960: 14%) above the EEC average, Greece's 43% and Ireland's 37% (Ireland 1960: 37%) below the EEC average.

Although important differences remain, a long-run convergence of the economies of the Member States has taken place, as can be seen from Table 1.

D. The European Monetary System

No new realignment has taken place during the period under consideration, the last realignment being that of March 1983. This favourable result in achieving relative stability of exchange rates is due to a greater convergence of economic policies among the eight EC Member States fully participating in the exchange mechanism of the EMS.

Five years after its establishment, the EMS has not passed into the institutional phase and still remains a system of relative exchange rate stability. Its mechanisms have functioned well and have brought about an increased solidarity among the Member States (in particular for the functioning of the financial support mechanisms) and increased coordination of economic and in particular monetary policies. Another encouraging sign is the increased use of the ECU by the private sector, the ECU becoming the third most important currency on the Euro-market after the Dollar and the DM. The ECU seems to be on its way to developing into a true European parallel currency⁽¹³⁾.

The EP adopted Mr. Herman's report on the consolidation and completion of the EMS⁽¹⁴⁾. It contains the following main points:

1. Improving the mechanisms:

- (a) Intervention within the margins by central banks in Community

currencies to qualify for very short-term financing, subject to a ceiling.

- (b) To reinforce and broaden the role of the European Monetary Cooperation Fund (EMCF) by the establishment of a Standing Bureau operating under the authority of the Committee of Governors; the Bureau to gradually take over new responsibilities as and when consensus is achieved on each within the Council of Ministers of Economic and Financial Affairs.
- (c) The Bureau to effectively and autonomously manage the various existing systems of very short-term financing, short-term monetary support and medium-term financial assistance.
- (d) The Bureau to coordinate interventions in third currencies and policies vis-à-vis the dollar (bilateral swap agreements between the Federal Reserve and the main European central banks to be gradually replaced by a Fed-EMCF swap agreement).
- (e) Swap agreements within EMS to be consolidated and transfers in dollars to be made permanent. Acceptability level for the ECU in selling debts under very short-term financing between the central banks to be raised to 75% (instead of 50%).

2. Convergence:

- (a) To study a new "internal" system of indicators to complete the "external" divergence indicator. New indicators (i.e. wage costs, inflation differential, interest rates, budget deficits etc) to create a presumption of action by the Member States and an obligation by the Commission to make recommendations.
- (b) Sanctions for systematic and unjustified failure to observe Commission's recommendations by the suspension of certain Community credit facilities (i.e. NCI or medium-term financial assistance) or conditional granting of such facilities upon compliance with Commission's recommendations.

3. Opening of the EMS:

- (a) Promoting the international use of the ECU.
- (b) Authorizing approved third parties to acquire existing ECUs freely from the participating central banks.

- (c) Authorizing the EMCF (during the second stage) to create ECUs for approved third parties against contributions of reserved assets. In the longer-term the EMCF to issue ECUs for third parties either against deposits of Community currencies or in the form of credits.

4. Private use of the ECU:

- (a) 1) Recognition by all the Member States of the currency status of the ECU; 2) Access by Community residents to transactions in ECU-denominated bonds under the general law; 3) ECU trade-mark. The EMCF to lay down general rules and ensure their implementation in order to avoid divergent practices which could harm the development of the ECU.
- (b) Organisation of a system of multilateral compensation for inter-bank transfers in ECUs and on the introduction of the official quotation of the ECU on all the exchange markets of the Community.
- (c) To issue and circulate metal 1 ECU coins under the authority of the EMCF to popularise their use and to make Europeans more aware that they belong to a monetary community.
- (d) Concertation on the creation of a European savings account in ECUs in all the Community countries, as well as credit cards.
- (e) Liberalisation of domestic financial markets.
- (f) The pound sterling to join the exchange rate and intervention machinery of the EMS (possibly by allowing special fluctuation margins of 6%).

E. European Economic Recovery

In 1982, following the initiative of Sir Fred Catherwood, the EP asked two well-known economists, Mr. M. Albert and Prof. J. Ball, to submit a report on European Economic Recovery. After the two economists had submitted their report to the European Parliament in July 1983, the European Parliament created an ad hoc Committee on European Economic Recovery, electing Mr. J. Moreau as Chairman. The Committee discussed the Albert/Ball Report and organised numerous hearings with outside experts (for example from the OECD, the UNICE, the ETU, the Energy Agency and independent economists). The Committee then appointed Mr. F. Herman as its rapporteur, who submitted his report in Mars 1984. The main measures proposed in the report are : (15)

of a European space for industry and research (this containing the amelioration of the juridical and fiscal framework of the enterprises, the reinforcement of new technologies (research and application), action in favour of small and medium sized undertakings, the solution of the problem of sectors in difficulty and underdeveloped regions, the amelioration of transport and communications infrastrucutre), the achievement and maintaining of social consensus, a common policy for energy and research and the concertation of national economic policies, including monetary, fiscal, budgetary, income and social policies. A series of accompagnying actions is proposed, as the introduction of a true common industrial policy and the adaptation to the new working conditions. Lastly, the report takes position in favour of a stronger international concertation, with the USA and Japan in coordinating monetary and budgetary policies and with the developing countries in order to facilitate their participation in a durable world recovery.

Notes

1. OJ L378 of 31.12.83 and European Economy, No 18, November 1983.
2. Report by Mr. Bonaccini, Doc. 1-988/83 of 28.10.83.
3. Report by Mr. Delorozoy, Doc. 1-1490/83 of 12.3.84.
4. For example, No 632/83 by Mr. Kyrkos on the Williamsburg summit (in OJ C288/3 of 24.10.83, No 196/83 by Mr. Welsh on the combined impact of Community financial instruments (in OJ C197/36 of 25.7.83) and No 1804/83 by Mr. W. Vernimmen on the economic situation in the Community (in OJ C105/27 of 16.4.84).
5. Doc. 1-1264/83 of 16.1.84.
6. COM(84)30 final of 25.1.84.
7. COM(84)29 final - Doc.1-1389/83.
8. Doc.1-1536/83 of 12.3.84.
9. For example, No1265/83 by Mr. Dido (in OJ C52/20 of 23.2.84) on access to NIC loans for craft industries, No 227/83 by Mr. Cousté (in OJ C189/41 of 14.7.83) and No 465/83 by Mr. Vernimmen (in OJ C268/17 of 6.10.83).
10. Doc.1-1263/83 of 16.1.84.
11. See Report B. Halligan, "On financial integration in the Community", Doc. 1-1237/83 of 9.1.84 and Report B. Rhys Williams "On the creation of a European capital market", Doc. 1-1266/83 of 16.1.1984.
12. Doc. 1-210/84 of 8.5.84 and COM(84)108 final.
13. For an evaluation of the EMS see European Economy No 12, July 1982 "Documents relating to the EMS" and also the first part of "The drachma's adhesion to the EMS; Possible effects", Research and Documentation Papers of the EP, Economic Series No 5, May 1983.
For the EP views on the EMS see report by J. Purvis on the EMS, Doc. 1-971/81 of 18.3.82. For an alternative approach on European Monetary Union see N. Kyriazis, T. Paccoud "European Monetary Union, An alternative approach", Research and Documentation Papers of the European Parliament, Economic Series No 3, July 1981. For a summary of these documents see European Parliament "Principal developments in the EC from June 1981 to June 1982", October 1982, PE 79.000.
14. Doc. 1-1251/83 of 16.1.84.
15. Doc. 1-1552/83 of 12.3.84.

INDUSTRIAL POLICY

Although the Treaty of Rome does not explicitly provide for a Community industrial policy, certain articles in the Treaties establishing the ECSC, the EAEC and the EEC hint at such a policy or at least industrial cooperation between the Member States of the Community. These articles give the Community the opportunity to create a climate favourable to industry (cf. Articles 85, 86, 92, 93, 100, 101 and 103) and to draw up measures regarding trade and infra-structures. Moreover, the Commission was instructed - this was a feature of the Mandate of 30 May 1980, continued by the 'Stuttgart Mandate' of June 1983 - to devise a Community industrial strategy. In addition to future financing and a review of the Community agricultural policy, an important role was reserved for a Community strategy for a lasting recovery of the European economy. At the end of autumn 1983, the French, British and German governments published, with a view to discussion in the Council, memorandums in which they examined the various proposals regarding, among other matters, the creation of a European industrial area.

Industrial policy may be conceived in a broad or in a narrow sense. In a broad sense, it overlaps or touches on various other policies (regional, competition, research, transport, etc); in the narrow sense industrial policy is taken to mean the measures and political instruments aimed at specific industrial sectors.

In the mixed economies of the Member States of the European Community, the need for a national industry policy is recognized by everybody, as part of the effort not only to combat the crisis, but also to restructure industry on a permanent basis, the aim being to attain a competitive economy offering stable and adequately paid jobs. National measures, however, have a certain number of inherent defects.

- (a) national policies regarding structures and industry are not in harmony, which considerably reduces their effectiveness. The various efforts made by each country to stimulate industry often overlap or seek to eliminate from the national economy the harmful effects of the industrial policy of other Member States.

(b) the various national policies do not sufficiently acknowledge the advantages of a common market and a European industrial area such as lower cost prices owing to economies of scale, harmonisation, the possibility of coping with higher risks or gaining time in the technological race, and the strength of the Community in world competition. This is why a Community industrial policy might fit in well with both the various national industrial policies and other existing Community policies.

There is no real Community industrial policy except in the iron and steel sector, although the main reason for it is the present acute crisis in the sector, and it tends to limit or reduce production rather than provide real incentives.

In other industrial sectors, Community industrial policy is limited to the supervision which the Commission exercises on aid to these sectors in the various Member States. This means that subsidies can only be granted if they have been submitted to the Commission for vetting and approval. The aim of such vetting is to prevent national aid from causing distortions of competition between industries and to guarantee that they are in accordance with Community rules governing competition. Moreover, in many cases, the Commission has to consider whether the subsidies authorised are really used for restructuring purposes or to cut back production capacity in sectors where it is already under-utilized. In this case, subsidies are approved unless they are only being used to keep the firm(s) concerned alive, without any reorganisation whatsoever being carried out (in which case they are generally refused)¹.

Although the Commission's power to vet the granting of national subsidies for carrying out Community objectives may be considered as the first step towards a Community industrial policy, there is as yet no industrial policy completely integrated at Community level.

There can be no question of there being one until the Commission, the Council and Parliament are given the powers and the means necessary to draw up and implement such a policy according to Community guidelines. The Commission should become more than an authority which merely adjusts and supervises national subsidies - over which it has no influence either at the preparatory or implementing stage - and the European Parliament should be able to do more than just deliver opinions which are not binding on the other institutions and whose precise effect is difficult to measure.

I. Community industrial strategy and the European Parliament

The Albert-Ball report, commissioned by the EP, draws attention to the failures of economic and industrial policy of Europe after 1973. The European industrial policy, so far as it existed, was mainly defensive, concentrating on existing traditional sectors, like shipbuilding, steel and textiles, while only inadequate resources were given to sunrise industries like microelectronics, where duplication of national research was the rule. At least some progress has been achieved at a European level recently in this field through the adoption of the ESPRIT programme by the Council.

Discussions in the EP and in particular of the Economic and Monetary Committee reflect two views that are common in all discussions on industrial policy and also to be found in the Albert-Ball report. One view sees industrial policy only as providing an adequate framework (no national trade barriers, as far as possible etc) for free competition among firms to develop, this bringing about an optimal industrial structure. According to this view the Community should not intervene too much in the market. This view is advocated for example by Professor Ball in the Albert-Ball report.

The other view, while recognizing and promoting the common European framework for an industrial strategy, suggests that the Community should intervene actively on the market to bring about the necessary restructuration, for example by financing under preferential conditions, (for instance through interest rate subventions) specific industrial and infrastructure projects. This view is advocated by Mr. Albert in the report⁽¹⁾.

The Herman report sees⁽²⁾ industrial policy as a strategy which would provide a framework within which the predominantly national structures of industrial undertakings can be enlarged and made more competitive.

The specific contribution to be made by the Community, in addition to opening up the internal market and initiating practical measures in the energy and research sectors, it must supply the information and the framework required for the necessary consultations and coordinations between governments and between undertakings, and, where appropriate, provide financial backing for joint initiatives in the new sectors. Any concept of industrial intervention which simply has the effect of subsidising unprofitable enterprises and preventing industrial adjustment should be rejected.

The EP has shown its interest also through a number of motions for resolutions and questions⁽³⁾.

II. The main sectors of the Community industrial policy

In order to implement direct measures to combat the crisis in the main industrial sectors of the Community, the Commission has laid down the following criteria:

1. Government measures taken at national level must be aimed at adapting the sectors concerned and not merely keeping them going;
2. The agreement of all concerned is required for emergency aid;
3. Aid must be provisional and must not result in difficulties or unemployment in a specific industrial sector being transferred from one Member State to another;
4. Protective measures for a specific period may only be taken to enable reorganisation to be carried out more easily;
5. Sectors which are seriously handicapped or are of general interest call for special development programmes to be drawn up and implemented.

Shipbuilding

The European shipbuilding and shiprepairing industry has been in crisis for almost ten years due to: a) The world wide recession that affected all the Community's traditional industries; b) Strong competition from new shipyards, mainly in Asia; c) The chaotic state of international shipping, which particularly affects Community ship-owners, leading to a slump in their activities and the reduction of their orders for vessels.

Despite prospects for a world-wide economic recovery, there are as yet no signs of a spontaneous revival in European shipbuilding.

In 1983 shipbuilding and shiprepairing accounted for about 190.000 jobs in the Community, in regions where it is often the only major industry.

Faced, at the same time, by a fall in orders and in the price of vessels, the European shipbuilding industry is in the process of carrying out a major restructuration, providing a reduction in the number of people employed in shipbuilding in many Member and applicant states in 1982-83, as for example 2.700 redundancies out of 6.000 in Belgium, 1.100 out of 13.000 in the Netherlands, 9.000 out of about 27.000 in the U.K., 5.000 (planned) out of about 15.000 in France and 10.000 (planned) out of 39.000 in Spain.

According to the Association of West European Shipbuilders, annual orders between 1st January 1984 and 1st January 1989 will be roughly 13.3 million cgrt per year, consisting mainly of: 7.000 mio for non specialised cargoes, 1.8 mio for bulk carriers and 1.5 mio for oil tankers.

One of the main problems of the lack of competitiveness of European shipyards arises from too high labour costs, in comparison to the main Asian competitors. Taking the hourly wage costs of Germany as 100, the hourly wage costs of Japan were 68, of South Korea 16, of France 87, of the UK 65, of Norway 109 and of the Netherlands 94.⁽⁴⁾

There is not really any Community market in the field of shipbuilding since in 1983 no shipowner of any Member State placed an order with a shipyard of another Member State, placing their orders either in their own countries or in countries outside the Community.

In September 1983, the Commission published a report on the State of the shipbuilding industry in the Community as at the beginning of 1983⁽⁵⁾.

The Council adopted regulation EEC No 217/84, amending regulation EEC No 2617/80, instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry⁽⁶⁾, concerning the granting of aids for studies and consultancies for new projects and investment aid.

The European Parliament has shown its concern through a number of written and oral questions and motions for resolutions⁽⁷⁾.

The EP adopted the resolution contained in Mrs. Theobald Paoli's report on the Community shipbuilding industry (8) that asks :

a) The Commission, to devise a genuine policy for reactivating the shipbuilding industry (for example by encouraging European shipbuilders to place their orders with EEC shipyards, launch modernisation programmes, have fair competition rules respected, harmonise support conditions for financing etc).

b) the Council to: - urgently approve a social plan for shipyards;
- establish a specialised "shipbuilding industry"
Council.

It also approved the Commission's proposal modifying the 1981 Directive on aid to naval construction and extending the present system through the adoption of the resolution contained in Mr. Moreau's report (9). The EP added a "preamble" which specifies that the capacity reductions that have been realised have been "drastic" and that it is necessary to put an overall policy of maintenance and defence of the Community naval "industry" into practice. The EP is concerned about social repercussions of the reductions made in this sector during the period 1976-1982 which reduced the number of jobs by 43% (87.000 jobs).

The present serious crisis in naval construction demands a long-term policy, which should continue to have as its objective a competitive Community industry.

The Motor Industry

Sales and production of vehicles have revived in Western Europe in 1983 and the first half of 1984 and the prospects for the rest of 1984 and 1985 seem encouraging. Nevertheless, the European motor industry faces fundamental problems of competitiveness and productivity, which are clearly demonstrated by the increasing number of Japanese vehicles on the Community market and the structural fall in exports of European vehicles to non-member countries.

The Commission has recently published its progress report on the implementation of its statement "The European Automobile Industry of 1981"⁽¹⁰⁾. This document reviews the Commission's activities up to the end of 1983 in various areas, such as the internal market, structural development, employment, external relations, distribution, harmonization of technical regulations, taxation, trademarks, insurance and driving licences, energy conservation, research and development and trade policies.

The European Parliament continued its activity in this field⁽¹¹⁾, showing its concern through several questions and motions for resolutions⁽¹²⁾.

In May 1984, the EP adopted a motion for resolution by Mr. Welsh and others⁽¹³⁾ on selective and exclusive distribution agreements. According to this, in spite of the imperative necessity of respecting the freedom of competition, the particularities of the car sector justify, in the interest of users, manufacturers and distributors, the existence of selective and exclusive distribution systems. However, the conditions of distribution should not limit the customer's choice. Nevertheless, the method suggested by the Commission to minimise the effects of price differences (authorisation of parallel imports in certain specified cases) is not considered by the EP to be a suitable method. It felt that rather than act through arbitrary control, which would not be wholly effective due to differences in tax systems, it is necessary to harmonise the

structures and the rates of VAT and other taxes on consumption.

The EP also adopted the resolution contained in Mr. Bonaccini's report on the state of the European automobile industry⁽¹⁴⁾. The main points of the report are the following:

- a) research and development: this must be encouraged so as to make more reliable goods that do not cause pollution and are energy saving. There should be pre-competitive research in sectors such as laser technology and an interdisciplinary programme should be launched to research the application of new technologies in this sector.
- b) environment, safety and consumption: unilateral national measures should be avoided and account taken of the links between the various aspects.
- c) competition: the EEC Commission is invited to give a more thorough examination to the causes of the sometimes considerable price differences for cars from one Member State to another. It should also provide regular and fast information on retrospective checks on public aid to the car industry.
- d) trade policy: it is essential to maintain a common position in the trade negotiations with Japan in the motor vehicle sector (the truce resulting from the Japanese undertaking to restrict increases in its exports to the EEC is too brief and uncertain) and it is desirable to ask Japan to export its capital and know-how to the European industry in the form of joint ventures. Furthermore, the problem of the imbalance in trade in motor vehicles between the EEC and Spain must be discussed as a matter of priority in the accession negotiations.
- e) social aspects: the Commission is invited, together with the national governments, to promote programmes encouraging alternative activities, so as to prevent regions highly dependent on motor car production from being plunged into relative depression.

TEXTILES AND CLOTHING

The textile and clothing industry is going through a long period of crisis: more than 1.2 million jobs were lost between 1970 (when there were 3.3 million jobs) and 1981, (2.1 million or 9% of the Community work-force employed in industry); job losses have frequently occurred in the traditionally industrial areas affected by recession where few new jobs have been created or can be created immediately; particularly female employment has been affected in this sector. Although the figures for the textile and clothing industry, as a whole, indicate a decline, it has to be noted that this sector is highly heterogeneous, ranging from activities that are highly capital intensive to those that are very labour intensive and including some firms that are going through serious difficulties and others that are highly competitive on the world markets.

Community action in the textile and clothing industry is meant primarily to safeguard the industry's long term viability and to maintain an economic environment favourable to the industry.

In January 1984, the Council adopted a regulation (15) instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by the restructuring of the textile and clothing industry. The Commission is in the process of implementing this measure by examining the special programmes of the Member States concerned.

The Community's commercial policy has led to the conclusion of bilateral agreements with the supplier countries participating in the Multifibre Arrangement (MFA) by the end of 1982. The European Parliament has made a positive assessment of the workings of the MFA by adopting the resolution contained in Mr Filippi's report (16). The resolution points out that the future of the textile industry cannot be exclusively based on a policy which requires restricting imports; it must also be based on Community initiatives as part of an industrial policy and action within the framework of the regional and social policies. The general principles which would have to be respected under the present MFA and when it is shortly renewed, can be summarised as; consolidation and extension of a true 'give and take' at the

world level, the implementation of new and more effective instruments to combat dumping and subsidies, and a confirmation of temporary safeguards to enable the EEC to restructure its textile industry. The European Parliament welcomed the fact that China had joined the MFA.

In March 1984, the European Parliament adopted the motion for a resolution in Mr Nordmann's report (17) which calls for a Community strategy in the textile and clothing industry which involves measures -

- (a) to guarantee a better balance of trade with third countries (45% of EEC consumption in this section is covered by imports, compared with only 15% in the United States and 11% in Japan). For example, a more rigorous and efficient management of the Community's textile agreements must be exercised against fraudulent imports and counterfeits(18),
- (b) prevent distortions in the EEC, which requires greater transparency and stricter control of aids (19). Furthermore, agreements to reduce structural surplus capacities (notably in the synthetic fibres sector) must be made compatible with Community competition policy,
- (c) Promote the sector's general competitiveness by specific measures and by concentration of aid on some decisive projects so as to avoid duplication of effort,
- (d) accompany reconversion by social measures, since a loss of one million jobs is expected by 1990.

By adopting the motion for a resolution in the report of Mr Markopoulos (20), the Parliament approved the Commission's proposals on a multi-annual research and development programme, including a programme proposal designed to explore the possibilities for employing such new technologies as robotics and computing in garment manufacturing.

NEW TECHNOLOGIES

The development of an industrial strategy for the Community implies the conception and implementation of consistent measures to improve the competitiveness of European firms, particularly in those industries where new technologies are, or will be, commercialised in new products. In a number of communications to the Stuttgart and Athens Councils (June, December 1983), the Commission recommended that a number of priority decisions should be taken on actions to improve the international competitiveness of European enterprises, on telecommunications and on biotechnology⁽²¹⁾. Apart from specific sectoral proposals, the common denominator of Community action lies in the exploitation of the Community's internal market, standardisation, inter-firm cooperation, research and the development of advanced technologies.

ESPRIT

On February 28th 1984, the Council adopted the First European Strategic Programme for Research and Development in Information Technology (ESPRIT)⁽²²⁾. Under the 5-year ESPRIT programme, the Community and private industry will jointly fund research into and development of advanced micro-electronics, including software technology, advanced information processing, office systems, and computer integrated manufacturing. The cost - 1.5 bn ECU, will be shared 50-50 between the Community and private industry. The first pilot projects were begun in 1983. In March 1984, the Commission announced a first call for proposals to participate in ESPRIT⁽²³⁾.

The European Parliament has supported the ESPRIT proposals in October 1983 by adopting the motion for a resolution contained in the Veronesi report⁽²⁴⁾. It stressed the security of financing, without which the success of the programme could not be assured. It requested also that:

- national initiatives relative to information technology be integrated into the framework of a general programme coordinated at the Community level;
- the results of research be communicated 'for the greatest profit of the Community', while safeguarding the property rights of individuals and companies;

- Member States be encouraged to adopt Community standards in the area of telecommunications which could also be adopted by the ACP⁽²⁵⁾ ;
- guidelines for the implementation of the programme be followed, as laid down in the resolution of 29 October 1982⁽²⁶⁾ .

In February, the European Parliament adopted a resolution⁽²⁷⁾ urging the Council to make a decision on the ESPRIT programme. The EP is opposed to the finance for the ESPRIT programme, depriving other Community research activity for which the appropriations have been duly approved. It is also opposed to any reduction in the appropriations for the ESPRIT programme.

Telecommunications

In the next 10 years, Community countries will spend 150 bn ECU on telecommunications. The market in this sector is growing fast, although to a lesser extent in the Community compared to Japan and the USA. Moreover, the Community imports 83% of micro-electronic devices, although it still has a surplus of 2 bn ECU in the trade of telecommunications equipment. In June and September 1983, the Commission sent communications to the Council.⁽²⁸⁾ In May 1984, the Commission presented a programme for Community action in the telecommunications sector⁽²⁹⁾ which proposes the opening of national markets, the setting up of a research fund of 25-30 m ECU for four years (financed on a 50-50 basis by the Community and industry) and the improvement of telecommunications networks.

On 19 and 20 December 1983, the Committee on Economic and Monetary Affairs of the European Parliament organised a hearing on telecommunications to which the Commissioner for industrial affairs, Mr Davignon, representatives of industry, PTT organisations, experts and journalists were invited.

In March 1984, the Parliament adopted the resolution contained in the report by Mr Leonardi on telecommunications⁽³⁰⁾ calling for a speedy introduction of a European strategic plan, the guidelines of which, would revolve around five major poles: (a) stimulation of investment (b) establishment of European standards (c) launching of research and development initiatives to take maximum advantage of economies of scale (d) liberalisation of monopolies and more cooperative attitude by the PTTs (e) launching of pilot schemes at the European level (eg. to make mobile telephone systems mutually compatible).

Multiannual Programme in the field of Data-processing

In March 1984, the EP endorsed the proposals of the European Commission to extend and reinforce the first part of its multiannual data-processing programme by adopting the report and motion for a resolution by Mrs Desouches⁽³¹⁾. The EP particularly asks for real progress to be achieved in the implementation of the EEC Directive on public supply contracts in the sector of information technology and especially approves the activities planned in the field of normalisation. It stresses at the same time the need for action to be taken in the field of information protection and the need to measure the long-term consequences of the considerable change in life-styles and working methods brought about by the newly-emerging technologies.⁽³²⁾

Market of specialised information in Europe

European countries have conspicuous weaknesses in their information markets which risk becoming dependent upon non-European suppliers. To consolidate the results obtained during the three successive action plans, the Commission has proposed a five-year programme with resources of 10 m ECU for the development of the specialised information market⁽³³⁾.

In March 1984, the EP adopted the report by Mr Herman, dealing with the Commission's proposals⁽³⁴⁾. The EP is unreservedly in favour of extension of the EURONET-Diane concept and of an effort to create greater awareness of the opportunities opened up by the new information technologies. The Parliament would like the programme to be for five years, rather than three, and it asks the Commission to report to it once a year on the progress made.

Machine tools

The Community's share in world machine tool production is weakening. In 1971, the EEC's share was 40%; in 1981 it was 28% (United States position 20%, and Japan's was 18%). The machine tool industry is particularly important for the entire industry's competitiveness, because of its multiplier effect on productivity, working methods and product quality in other industrial sectors. Major innovations take place in the machine tool industry through the incorporation of micro-electronic devices in machine tools (eg. numerical control, robotics, flexible manufacturing, computer aided design and manufacturing). After the Commission's statement on the prospects of the Community's machine tool industry⁽³⁵⁾, the European Parliament

adopted in March 1984 the resolution presented by Mr Franz⁽³⁶⁾. The EP favours a European strategy in the machine tool industry. Such a strategy includes: an internal market that works properly, freedom of foreign trade, competition based upon a market economy, more advanced research, better training, funding of innovation and investment, encouragement for technical cooperation, better opportunities for small and medium-sized enterprises. The EP asks for a study to be carried out at Community level, surveying the market.

NOTES

1. Working document E.P. "Towards European economic recovery in the 1980s", 31.8.1983.
2. Report by Mr. F. Herman on "European Economic Recovery", Doc. 1-1552/83 of 12.3.1984.
3. For example, oral question by Mr. Cousté, Mr. Deleau and Mr. Nyborg on the organisation of a conference of EEC Member States on Community industrial policy, Doc. 1-1076/83 of 16.11.83, motion for a resolution by Mr. Piquet et.al., on industrial cooperation between leading firms in the EC, Doc.1-1300/83 of 16.1.84, oral question 0-161/83 by Mr.Piquet et al. on the same subject Doc. 1-1499/83 of 28.2.84.

Shipbuilding

4. Answer to written question No 1491/83 by Miss Quinn.
5. COM (83)483 final, 7.9.83.
6. In OJ L27/15 of 31.1.84.
7. For example written questions No 1214/83 and No 1215/83 by Mrs. Theobald-Paoli in OJ C 24/33 of 30.1.84, motions for resolution by Mr. Carossino, Mr Bonaccini et. al. on the Community Shipbuilding policy, Doc. 1-871/83 of 13.10.83, by Mr. Seeler and Mr. Glinne on the consolidation of Europe's shipbuilding industry, Doc.1-463/83, by Mr. Bangemann, Mr. Cecovini et. al., Doc. 1-715/83 and oral question by Mrs. de March, Mrs. Le Roux et al., Doc.1-14/84 of 14.3.84.
8. Doc. 1-1492/83 of 12.3.84.
9. COM(84)73 final and Doc.1-231/84 of 7.5.84.

Motor Industry

10. COM(83)633 final, of 21.12.1983.
11. See also EP "Principal developments in the EC from June 1982 to June 1983", PE 86.100, December 1983.
12. For example, written questions No 1036/83 by Mr. Welsh (in OJ C 350/22 of 23.12.83) oral questions No 0-145/83 by Mr. Pininfarina (Doc.1-1427/83 of 24.2.84) No 0-157/83 by Mr. Damette, Mrs. Hoffmann et.al. (Doc.1-15/84 of 14.3.84) and motion for resolution by Mr. Romualdi et.al (Doc.1-1169/83 of 12.12.83).
13. Motion for resolution by Mr. Welsh, Mr. Herman et.al. (Doc.1-905/83 of 21.10.83).
14. Doc. 1-1505/83 of 12.3.84.

Textiles and Clothing

15. Council Regulation 219/84/EEC (OJ L 27 of 31.1.1984)
16. Doc. 1-1517/83
17. Doc. 1-1494/83
18. Recently additional procedures have been introduced to forestall a deflection of trade and abuse in the field of textile imports from low-price countries (Council Regulation No. 3626/83, OJ L 360 of 23.12.1983, given Regulation 1681/81 on certificates of origin)
19. See Thirteenth Report on Competition Policy (paragraphs 248 to 263) for a survey on Commission policies and actions concerning state aid to enterprises in the textile, clothing and synthetic fibre industries. For example written questions to the Commission Nos. 217/83, 1312/83, 1382/83 and 1428/83.
20. Doc. 1-976/83 on proposals of the Commission COM(83)600 fin. and COM(83)350 final.

New Technologies

21. Supplement 5/83 - Bull. EC., 'Prospects for the development of new policies'
22. Council Decision 84/130/EEC (OJL 67, 9.3.1984)
23. OJ C 69 of 10.3.84, OJ C 47 of 20.2.84 and OJ C 355 of 30.12.83
24. Doc. 1-750/83 on Commission proposal COM(83)258 final
25. In March 1984, 12 large European firms involved in the ESPRIT programme, agreed to introduce international communication standards according to the Open Systems Interconnect reference model. This will facilitate penetration on the world market and the opening up of public contracts for computers at the Community level.
26. Doc. 1-682/82
27. Doc. 1-1446/83
28. com (83) 329 final and COM (83) 573 final
29. COM (84) 277 final
30. Doc. 1-1477/83
31. Doc. 1-1472/83; Commission proposal COM (83) 658
32. The Community research programme on forecasting and assessment in science and technology (FAST) 1983-1987 has similar objectives (Council Decision 83/519/EEC of 17.10.1983). Its main task is to analyse scientific and technological changes and their consequences for Community policies
33. COM (83) 661 final
34. Doc. 1471/83

Machine Tools

35. COM (83) 151 final
36. Doc. 1-1527/83

THE STEEL INDUSTRY

I. Developments in the steel industry

Community production of crude steel in 1983 was in the region of 110 million tonnes (1), nearly 2% down to the level in 1982 and 30% down compared to 1974. Although real demand and prices for steel products have risen in the first months of 1984, this improvement does not cover all products and is still basically fragile.

Over the past ten years, between December 1973 and December 1983, the numbers employed in the community steel industry dropped by 298,000, and therefore with 479,220 at the end of 1983 (excluding Greece), no longer represent more than 61.7% of those employed at the end of 1973. In the period 1980-1983, the annual loss of jobs in the steel sector averaged about 10% per year. The biggest cut backs were in the United Kingdom. In France and Luxemburg, they were above the community average.

In 1983, the average utilization rate for the production capacities for hot rolled products in the European Community well below 56%. It is expected to reach 67% in 1986 (2).

Restructuring

The improvement of the utilization rate supposes that capacity restrictions are effected in the different Member States. The Commission has called for such reductions by adopting decisions on 29 June 1983 (3) in application of the Aids Code of 7 August 1981 (4). Some Member States have already announced plans to reduce capacities beyond the tonnages called for by the Commission in the decisions of June 29, 1983. This means that the restructuring plans have to provide that at least 26.7 million of the 168.6 million tonnes of capacity for hot-rolled products existing in 1980 will be closed down by the end of 1985. (Table 1). The decisions provide that Member States must supply their final restructuring plans by 31 January 1984 at the latest (5). After that date it will no longer be possible for a Member State to pay aid to an undertaking unless the Commission is satisfied that the undertaking can become viable by the end of 1985 and the aid is justified by the amount of the net capacity reduction offered.

In the July 1983 session of the European Parliament, an urgent debate was held on the Community steel industry, in which a resolution (6) was adopted calling for:

- a) a European steel conference, such as advocated by the EP in May 1983 (7).
- b) the renewal of the quota system and the continuation of the anti-crisis measures until the end of 1985
- c) the implementation of the programme of social measures
- d) the increase of financial resources in the European Regional Development Fund, primarily for the steel areas hit by the crisis.

Crisis measures

On 28 July 1983, the Commission, acting under Article 58 of the ECSC Treaty, extended to 31 January 1984 the system of production quotas for steel (8). Apart from the products already covered, this decision includes reversing mill-plate, wide flats and heavy sections. It provides for the setting of quotas for deliveries to the Community market which take account of its foreseeable specific development. On 26 January 1984, the system of production quotas and monitoring for certain products of undertakings in the steel sector was extended until 31 December 1985 (9). Towards the end of 1983, the market in flats and heavy sections deteriorated to such an extent that the Commission took short-term measures, in addition to the existing crisis measures; it introduced minimum prices, a guarantee system, an accompanying document and a production certificate (10). These measures were implemented from 1 January 1984. The measures are aimed at better control of trade both within the Community and with non-Community countries. The production certificate and accompanying document make it possible to get a clearer picture of traditional trade patterns; the minimum price system enables a better control of supply and demand for steel products in addition to the production quota system.

By its resolution passed on 15 December 1983 (11), the European Parliament had asked for such additional measures to avert the chaotic market situation and the acute threat to the Community steel policy.

In February 1984 the Parliament discussed the extension of the system of production quotas (12). A motion for a resolution was adopted, which reaffirmed the need for complete transparency on the steel market. The Parliament urged the Community to take a firm line against protectionism in the United States, it called again for a steel conference, for the adoption of a social support programme and the implementation of regional policy measures (aid for reconversion) in the steel-producing regions worst affected by the crisis.

External Relations

Parallel with the Community's Restructuring programme and the beforementioned crisis measures, the external volet of the Community steel policy is equally important. In 1983 arrangements have been concluded with the main countries which export to the Community. Arrangements exist with 15 supplier countries, which account approximately 78% of imports into the Community (13). The Commission monitors quantities and prices for countries that are subject to the base import price system (14). This means that anti-dumping procedures can be instituted by the Commission.

Trade relations between the Community and the United States in the carbon steel sector have been governed since October 1982 by an arrangement in which Community exports to the United States are kept within limits. This arrangement operated successfully in 1983. Certain problems, however, have arisen because of a) the increase of other countries' exports to the US market, which have displaced community exports b) an anti-dumping petition filed by a US producer against Community exports of carbon steel products and c) the risk of further protectionist tendencies, particularly in the House of Representatives.

On July 5, 1983 the US authorities imposed restrictions on imports of special steels, in the form of quotas and increased tariffs. Following these restrictions, the Community requested compensation in accordance with Article XIX of the GATT. After inconclusive negotiations with the US, the Council adopted retaliatory measures (15).

The European Parliament adopted in April 1984 the motion for a resolution in Mr. Spencer's report on EEC-USA trade relations in the steel sector protesting the protectionist measures taken by the American Government against exports of specialty steels from the Community and approving the decision to counter this action in the GATT framework.

Aid to the Steel Industry

In March 1984, the Commission published its fifth report on the application of the rules governing aids to the steel industry (16). According to the 'Aids code' (4) and the decisions of 29 June 1983 (3), the Commission monitors the payment of aids and progress of restructuring. The Commission can take action to suspend aid payments if the conditions attached to the decisions are not respected or to impose additional conditions to the restructuring of an undertaking if it appears that the latter's return to financial viability by the end of 1985 is in doubt (17).

TABLE 1
Capacity reductions in the steel industry 1980-85

Member State	Hot-rolled products' capacity in 1980		Net reductions made since 1980 and reduction commitments by Member States	Further net reductions required in Commission decisions of 29.6.1983	Total net reductions 1980-85	
	'000 tonnes	% of EUR 9	'000 tonnes	'000 tonnes	'000 tonnes	% of 1980 capacity
Belgium	16 028	9.5	1 705	1 400	3 105	19.4
Denmark	941	0.6	66	—	66	7.0
FR Germany	53 117	31.6	4 810	1 200 ¹	6 010 ¹	11.3
Greece ²	p.m.	p.m.	p.in.	—	p.m.	p.m.
France	26 869	15.9	4 681	630	5 311	19.7
Ireland	(57) ³	—	p.m.	p.m.	p.m.	p.m.
Italy	36 294	21.5	2 374	3 460	5 834	16.1
Luxembourg	5 215	3.1	550	410	960	18.4
Netherlands	7 297	4.3	250	700	950	13.0
United Kingdom	22 840	13.5	4 000	500	4 500	19.7
EUR 9	168 601	100.0	18 436	8 300	26 736	15.9

¹ Without taking into account the particular case of one company.

² No figures available since Greece was not a Member of the Community in 1980.

³ The information on which the Commission based its decision is not sufficient to provide precise figures.

Source: Thirteenth Report on Competition Policy, Part Three, chapter I.

- 1) EUROSTAT, Monthly Bulletin Iron and Steel, 4-1984.
- 2) Comments on the General Objectives Steel 1985 COM(84) 89 final.
- 3) Decisions concerning Member States plans for aids to the steel industry and their corresponding restructuring programmes (OJ L 227 of 19.8.1983).
- 4) 'Aids Code' (OJ L 228, 13.8.1981).
- 5) Excluding France and the United Kingdom, all of the Member States have presented their restructuring plans (Agence EUROPE, No. 3853, May 19, 1984, p 6).
- 6) OJ C 242, 12.9.1983, p 57.
- 7) OJ C 161, 20.6.1983, p 142-148.
- 8) OJ L 208 of 31.7.83.
The production quota for steel were introduced on 30 June 1982 (OJ L 191, 1.7.1982).
- 9) OJ L 29 of 1.2.1984.
- 10) OJ L 373 of 31.12.1983.
- 11) OJ C 10 of 16.1.1984, p. 77-78.
- 12) OJ C 77 of 19.3.1984, p. 88.
- 13) Seventeenth General Report EC par 178.
- 14) OJ L 114, of 5.5.1977.
- 15) OJ L 40, 11.2.1984.
- 16) COM(84) 142 final.
- 17) For detailed information on state aids authorized, or considered incompatible; Thirteenth report on competition policy, Part Three, chapter I.

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INTERNAL MARKET

The European Parliament continues to devote much of its attention to strengthening the internal market. Following the debate on the Moreau-von Wogau report on the need to implement the internal European market¹, it adopted a resolution calling on the Commission to submit a programme for consolidating and developing the internal market for the approval of the Council as soon as possible². The Commission recently complied with Parliament's request by submitting to the Council a communication on consolidating the internal market³.

Implementing the internal market, which would cost virtually nothing, should offset the enormous cost caused by the lack of a unified market. In more general terms, the importance of having a single market lies in its great political value, embodying as it does the concept of a united Europe.

1. Simplification of customs formalities

(a) Goods

At the end of 1983, the Council adopted the directive on the facilitation of inspections and formalities in respect of the carriage of goods between Member States⁴ and the regulation introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States⁵. The directive covers the centralization of inspections, random checks, the mutual recognition of the results of inspections, the practical organization of inspections: working hours, staff levels and infrastructures. The regulation makes it possible for artistes, orchestras, businessmen etc. to obtain from any competent office of the Member State of departure, without having to lodge a deposit, a carnet enabling them, with a minimum of formality and no extra charge, to travel with their professional equipment with a view to using it in another Member State, and to bring it back to the country of departure⁶.

However, the Council has yet to deliver its opinion on the following proposals:

- proposal for a regulation introducing a specimen declaration form to be used in intra-Community trade⁷.

This form, which resembles the single document used in the Benelux countries (the 'Relevé Benelux 50'), would be valid throughout the Community and would replace the present forms (despatch, transit and import documents) which the Member States use as a basis for compiling statistics on intra-Community trade; it would contain a limited amount of data. The single document would facilitate a subsequent move to the exchange of data on an informal basis⁸.

- proposal for a Fourteenth Directive on the deferred payment of VAT on importation by taxable persons⁹.

The aim of this proposal is to make deferral of the payment of VAT for the importation of goods in the context of intra-Community trade to the time of the periodic declaration at the competent VAT office in the importing country, at the taxpayer's request, obligatory in all Member States. This means that no actual payment will be made at the time of importation.

(b) Persons

Leaving aside the proposals for directives on exemption from indirect taxation (see fact sheet No. 16 on the harmonization of taxation) we should also mention the recent resolution adopted by the Council and the Member States on easing checks on persons at frontiers¹⁰. Although Parliament has always insisted that the Member States should replace systematic checks with random checks¹¹, the resolution, which is not binding, merely regards it as a possibility: the Member States may 'carry out any checks which are considered necessary on (their) nationals by means of spot checks, unless this is not possible for reasons of public security'. These reservations relate specifically to the problems raised by terrorism and drugs trafficking. In order to ease formalities for nationals of the Member States when crossing the internal frontiers, the relevant authorities will accept the presentation of a standard European passport from 1 January 1985¹² as proof of nationality of one of the Member States.

We should point out that some Member States have concluded bilateral agreements to abolish the customs formalities applicable to private travellers (Netherlands-FRG, France-FRG, Benelux).

The Court of Justice has issued a judgement which is also likely to increase the mobility of travellers within the Community. It has in effect, established in law that transfers of currency for the purposes of tourism, travel for business and study purposes and medical treatment constitute payments in the sense of Article 106 of the EEC Treaty and not capital movements in the sense of Article 67 and that therefore all restrictions on these payments were abolished at the end of the transition period (Article 106 is directly applicable)¹³.

(c) Transport of goods and persons

In 1983, the Council decided to raise the amount of fuel contained in the fuel tanks of commercial vehicles admitted duty-free at the internal frontiers of the Community from 50 to 200 litres¹⁴; the Commission has now proposed that all fuel contained in standard fuel tanks should be admitted duty-free from 1 July 1984 in order to ease formalities for the passage of goods and persons at the frontiers¹⁵.

2. Technical barriers

The free movement of goods between the Member States enshrined in Articles 30 et seq. of the EEC Treaty (quantitative restrictions and measures having a similar effect) is still threatened by many national trade regulations likely to create barriers to intra-Community trade¹⁶. These technical barriers are caused by differences between national laws relating to health (e.g. veterinary and health checks), security (e.g. technical checks on industrial products), etc.

The Commission, which ensures that the Member States comply with the obligations imposed on them by the Treaty, regularly institutes proceedings for infringements, particularly of Articles 30 et seq. It has referred on a number of occasions to the decision in the Cassis de Dijon case, which states that any goods legally manufactured and marketed in one Member State should, in theory, also be accepted in the other Member States¹⁷. However, barriers to intra-Community trade which arise as a result of differences in national laws should be accepted where they are essential for compliance with the objectives set out in Article 36 or 'to satisfy mandatory requirements relating in particular to the effectiveness of fiscal supervision, the protection of public health, the fairness of commercial transactions and the defence of the consumer'¹⁸. Consequently, these 'justifiable' obstacles should be abolished gradually by harmonizing different national laws. As the process of harmonization progresses, the Member States will have less and less recourse to 'mandatory requirements' as grounds for technical barriers.

The interplay between simple direct abolition of a national technical barrier and its abolition in the indirect form of harmonization was clearly demonstrated by the directive of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations¹⁹. Under this directive, the Member States are required to notify the Commission of their draft technical regulations and to allow the Commission sufficient time to submit or adopt a Community directive (for harmonization) covering the subject of the national bill.

It should be pointed out that the Council has recently adopted 15 directives harmonizing technical regulations relating to industrial products²⁰ in addition to the 200 directives which it has already adopted in this field. Products which comply with the standards set out in these directives are granted type approval which is valid throughout the Community and do not require type approval or certificates of conformity for each Member State²¹.

As regards existing technical standards, Parliament and the Commission are in favour of 'framework directives' for harmonization. These directives would merely determine the objectives to be achieved and would delegate the task of defining the technical specifications of products at Community level to private standards institutes²². The Directive on the mutual provision of information on standards²³ requires the European standardization committees CEN and CENELUX to ensure consultation between national standards institutes before introducing new standards.

3. Opening public contract markets

In spite of the directives on opening markets for public supply and works contracts, the tendering procedure remains essentially national. Furthermore, these directives do not apply to government orders in the field of high technology, particularly telecommunications and arms. The opening of national telecommunications markets is linked with Community measures to ensure the mutual recognition of standard conformity tests and the harmonization of the use of identical standards. The Commission has recently approved a communication from the Council to this effect²⁴. As regards arms, all Community measures seem to be blocked by certain Member States who invoke the safeguard clause, i.e. the recourse to sovereignty enshrined in Article 223 of the EEC Treaty²⁵.

1. Working Doc. 1-32/84 of 26 March 1984
2. Paragraph 11 of the resolution OJ No. C 127 of 14 May 1984 pp. 8 et seq.
3. COM(84) 305 final of 4 June 1984
4. OJ No. L 359 of 22 December 1983, p. 8. The Commission has calculated that the implementation of this directive could reduce waiting time by 30% to 50% which represents a reduction in transport costs of between 1,000 m and 1,500 m ECU per year.
5. OJ No. L 2 of 4 January 1984, p. 1.
6. See Written Question to the Council No. 2028/83 by Mr Vernimmen, OJ No. C 122 of 7 May 1984, p. 18.
7. EP opinion, OJ No. C 161 of 20 June 1983; amended proposal, OJ No. C 209 of 5 August 1983.
8. The Council has recently adopted a resolution calling on the Member States to expand as soon as possible the computerization of the administrative procedures applicable in intra-Community trade: OJ No. C 137 of 24 May 1984, p. 1.
9. OJ No. C 201 of 5 August 1982; EP opinion, OJ No. C 42 of 14 February 1983.
10. Resolution of 7 June 1984, see press release 7734/84 (Presse 102).
11. See Moreau-von Wogau report, ref. footnote 1, p. 25.
12. Resolution of 23 June 1981, OJ No. C 241 of 19 September 1981, p. 1 and supplementary resolution of 30 June 1982, OJ No. C 179 of 16 July 1982, p. 1.
13. Cases Nos. 286/82 and 26/83, Luisi and Carbone, of 31 January 1984, not yet published, recital 37.
14. Directive 83/127 of 28 March 1983, OJ No. L 91 of 9 April 1983, p. 28.
15. OJ No. C 95 of 6 April 1984, p. 4; favourable opinion delivered by Parliament: adoption of Vandewiele report (Doc. 1-204/84 of 4 May 1984), see Minutes of 21 May 1984, p. 34.
16. For a breakdown of these regulations see the first annual report to the European Parliament on Commission monitoring of the application of Community law - 1983 - COM(84) 181 final of 10 April 1984.
17. Case No. 120/78 Rewe-Zentral vs. Bundesmonopolverwaltung für Branntwein of 20 February 1979, ECR 1979 p. 649. See also the communication from the Commission on this judgement, OJ No. C 256 of 3 October 1980, p. 2.
18. Ibid. recital 8, p. 662. See Case No. 174/82 Sandoz of 14 July 1983, not yet published, Case No. 227/82 Van Bennekom of 30 November 1983, not yet published.
19. OJ No. L 109 of 26 April 1983, p. 8 (implementation of the directive by the Member States within twelve months of its notification).
20. See the annex to press release IP(84) 140, which contains a list of the directives adopted, and press release 6992/84 (Presse 81) p. 5.

21. Adoption of these 15 directives was hindered for several years as a result of problems with Community technical certificates for products from third countries. This problem still exists, e.g. in the car sector.
22. See Moreau-von Wogau report, ref. footnote 1, p. 33 and communication from the Commission, ref. footnote 3, p. 4.
23. See footnote 19.
24. COM(84) 277 final of 18 May 1984, document published following Parliament's adoption of the Leonardi report, Doc. 1-1477/83 of 3 March 1984; see also COM(83) 572 final of 29 September 1983 and COM(83) 329 final of 9 June 1983.
25. As regards the policy to be pursued to promote military and technological cooperation between the countries of Western Europe, see the Greenwood report drawn up for the Commission (Annex to document PE 71.650 of 11 February 1981).

COMPETITION POLICY

A. General remarks

The preservation of genuine competition is a fundamental principle the application of which is guaranteed by the Commission, subject to the judicial control of the Court of Justice and the national courts. Competition policy in its broadest sense is designed to keep a check on state monopolies (Article 37), agreements between undertakings and the abuse of a dominant position by a single undertaking (Articles 85 and 86, also applicable to public companies by virtue of Article 90) and state aids (Articles 92-94).

Present competition policy is characterized by a strengthening of its fundamental principles and a certain adjustment in the way it is implemented. The economic crisis of recent years has given rise to several plans for restructuring in the form of agreements or state aids. The Commission is prepared to adopt a flexible approach to these restrictions on competition (see below).¹

B. Agreements and abuses of a dominant position

1. Procedure

The improvements announced by the Commission in its previous report on competition policy (1982) dealt by and large with the protection of the right of defence of undertakings which are subject to proceedings on grounds of a breach of the law.² The new report (1983) places greater emphasis on simplifying and speeding up the procedure in such cases.³

First, the Commission plans to continue the practice of sending administrative letters from the Directorate-General for Competition by which notified agreements are provisionally classified.⁴ Secondly, the Commission will adopt new block exemption regulations, which make the individual notification of an agreement unnecessary by automatically exempting it if it corresponds to the type of agreement described under these regulations. Similar regulations already exist in respect of exclusive distribution⁵, exclusive purchasing⁶ and specialization⁷.

The Commission is preparing others on research and development agreements⁸, selective motor vehicle distribution and servicing agreements⁹ and patent licensing agreements¹⁰. Furthermore, the Commission hopes to use opposition procedures under which notified agreements would automatically be deemed admissible if the Commission makes no objection within the specified time limit¹¹.

It should be noted that regulations on exemption by category are adopted by the Commission through a delegation of power by the Council; their adoption therefore does not require the formal consultation of Parliament. However, when the Commission has sufficiently defined its position on certain types of exemption, it informs the parliamentary committee responsible and both then enter into discussions on the draft regulations.

2. Substance

It has been noticeable of late that the Commission seems to realize that a more flexible, though not lax, application of competition policy may contribute to greater competitiveness of European undertakings. Three examples may serve to illustrate this flexibility.

First, the Commission has drawn up a draft regulation exempting certain categories of cooperation agreements on research and development; it is also considering a modification of the regulation on specialization agreements to the effect that the threshold of legality would be lowered¹². Second, in sectors undergoing restructuring, the Commission has given notice of its intention to grant an exemption to the agreement concluded between the ten main European synthetic fibre companies, with a view to reducing some of their production capacity¹³. Similarly the Commission intends to adopt a favourable position on joint specialization agreements, concluded by a small number of undertakings in the petro-chemical industry, which are designed to reduce surplus capacity¹⁴. It should however be noted that these joint measures to bring down structural overcapacity should not be accompanied by agreements on prices, quotas or market sharing which are incompatible with the Community's competition policy. Lastly it should be noted that the Commission has occasionally imposed relatively modest fines despite the length and seriousness of the infringements, because it has taken into consideration extenuating circumstances, such as operating in a declining market or having to bear considerable expense for the purpose of restructuring¹⁵.

As for distribution, the Commission has consolidated its policy; this is the case with regard to territorial restrictions¹⁶ as well as with regard to restrictions on the selection of approved retailers.

In order to fill a loophole in Articles 85 and 86, the Commission hopes to establish the systematic control of mergers. Accordingly it made a proposal for a regulation as long ago as in 1973, which was amended in 1982¹⁸. Parliament delivered an opinion at the end of 1983¹⁹, which resulted in an amendment by the Commission to its proposal²⁰. The Commission proposes to carry out prior investigation of mergers by requesting that notification be given beforehand when the total turnover of the undertakings concerned exceeds a specific threshold²¹. Furthermore, it would henceforth be possible to monitor not only mergers strengthening an already dominant position (see Continental Cann jurisprudence²²) but also those constituting a dominant position or even a position which is significant without being dominant.

It should be noted that the procedure for implementing the rules on competition in the transport sector has still not been established for sea and air transport. As regards sea transport, there is the 1981 proposal for a regulation²³ and for air transport, the 1982 proposal for a regulation²⁴.

C. State aids and public undertakings

1. Procedure

Two problems should be mentioned: the repayment of aid granted illegally by Member States and the accumulation of aid from various sources granted to the same undertaking. As regards the first of these, the Commission has sent a communication to Member States stating that it would henceforth gradually enforcement this repayment²⁵. As regards the second, the Commission is considering a procedure of prior notification in major cases of accumulation²⁶.

2. Substance

In accordance with Article 92(3) of the EEC Treaty, the Commission has a discretionary power to consider certain types of aid compatible with the common market despite the restriction imposed under Article 92(1)²⁷.

First there is sectoral and general aid. Aid for helping undertakings in difficulty may be considered as being compatible with the common market if it leads to a level of reorganization sufficient to ensure the medium or long-term viability

of the undertaking without the supply of further aid²⁸. Aid for innovation poses two basic problems. On the one hand, it must be distinguished from aid for normal investment and general modernization which undertakings are expected to finance from their own resources. On the other hand, aid even for genuine innovation must be shown to be necessary inasmuch as it would not be possible to implement the innovation without such aid. In addition, the Commission is currently preparing general guidelines on aid for research and development. Aid for employment, such as that designed to establish employment zones, in which companies setting up enjoy certain tax advantages, may be made available if certain conditions are met²⁹.

As regards regional aid, the Commission is currently preparing new principles on coordination which will replace those currently in force³⁰.

Where state aid takes the form of actual involvement in the undertaking, it is subject to the provisions of Directive No. 80/723 on the transparency of financial relations between Member States and public undertakings³¹. The Commission decided to examine the annual accounts of public undertakings connected with the automobile, synthetic fibre, textile machine, ship building and manufactured tobacco industries. This initiative led to the opening of proceedings, pursuant to Article 169 of the EEC Treaty, against France which had provided data only on its tobacco monopoly SEITA⁽³²⁾.

D. State monopoly of a commercial character

While the manufacture and marketing of a specific national product may be assigned to a national monopoly, the marketing of a similar imported product may not therefore be obstructed as a result. First, the adjustment of state monopolies calls for the abolition of the exclusive import and marketing rights which they enjoy³³. Thus the Italian government recently adjusted the tobacco monopoly by offering competitors from other Member States the opportunity of creating their own wholesale network³⁴. Other adjustments are essential for guaranteeing that all discrimination against imported produce is eliminated. Thus the French government still has to settle on uniform credit conditions for approved tobacco retailers so as not to obstruct the purchase and resale of imported tobacco³⁵. Lastly, mention should be made of two actions which the Commission brought for infringements of Article 37 connected with the resale prices of national and foreign tobaccos. In the first case, the Court condemned the official fixing of the retail price;³⁶ in the second case, it did not object to the official fixing of a uniform trading margin (within the freely chosen retail price) for retailers³⁷.

1. See 13th report on competition policy (1983), pages 14-15.
2. See 12th report, pages 38-43: the extent and limits of the investigative powers of inspectors, access to the file by the undertaking concerned, the installation of an impartial hearing officer.
3. See above, note 1, pages 65-67.
4. These letters are legally ambiguous because, for example, the Commission can always reopen the procedure at the request of a third party. In order to compensate in some way for this lack of legal security, the Commission initially publishes the basic contents of the notified agreement, inviting third parties to submit their comments, and subsequently decides whether to send a comfort letter.
5. OJ No. L 173, 30 June 1983, page 1. The Commission has twice published a communication containing general guidelines on the interpretation of this regulation: see OJ No. C 355, 30 December 1983, page 7 and OJ No. C 101, 13 April 1984, page 2.
6. OJ No. L 173, 30 June 1983, page 5. See also communications referred to above, note 5.
7. OJ No. L 376, 31 December 1982, page 33. The Commission plans to broaden the field of application of this regulation in order to encourage cooperation between undertakings, in particular those of small to medium size (see below, note 12).
8. OJ No. C 16, 21 January 1984, page 3.
9. OJ No. C 165, 24 June 1983, page 2. The European Parliament has adopted a resolution (report by Mr Welsh, Doc. 1-192/84) on this draft regulation: see minutes of sitting of 24 May 1984, not yet published. Parliament recommends that manufacturers should be able to oppose parallel imports even where these exploit a price differential in various States of over 12%. The Commission has declared that it would consider abandoning the 12% clause but would guarantee the possibility of parallel imports by other means; see Europe, 26 May 1984, page 13.
10. OJ No. C 58, 3 March 1979, page 12. The Commission is preparing a new draft, in the light of the maize seed judgment of the Court of Justice, Case 258/78 Nungesser and Eisele vs. the Commission, 8 June 1982, (1982) ECR 2025.

11. The Commission acknowledges that this procedure poses a conceptual problem in that it moves away from a system of prohibiting agreements, as enshrined in the EEC Treaty, and comes closer to an abuse system, by which an agreement would be legal until the Commission declares it otherwise. This procedure is nevertheless laid down by the draft regulations on research and development, specialization and patent licensing.
12. The block exemption would require that the total annual turnover of all the undertakings covered by the specialization agreement should not exceed 500 million ECU (instead of the previous 300 million ECU): see press release IP(84) 131.
13. OJ No. C 314, 19 November 1983, page 3. This is one of the communications which precedes the possible sending of a comfort letter. An agreement concluded between zinc producers which was similar to the synthetic fibre agreement was cancelled by the parties concerned, enabling the Commission to close the file.
14. OJ No. C 295, 2 November 1983, page 7. This is the same type of communication as that on the synthetic fibres agreement. Meanwhile the Commission sent a comfort letter to the undertakings concerned, AKZO and SHELL: see press release IP(84)182.
15. Decision on cast iron and steel rolls; OJ No. L 317, 15 November 1983, page 1.
16. Ford decision, OJ No. L 327, 24 November 1983, page 31; Polistil/Arbois decision, OJ No. L 136, 23 May 1984, page 9.
17. The Court of Justice pointed to the well-established case law on selective distribution in Case 107/82, AEG-Telefunken vs. Commission of 25 October 1983, not yet published: selection does not fall within the scope of Article 85(1), where the choice of retailers is made on a basis of objective and qualitative criteria regarding professional qualifications, determined in a uniform manner, vis-à-vis all potential retailers and implemented in a non-discriminatory fashion. As regards this last condition, mention should be made of the Murat decision, OJ No. L 378, 10 December 1983, page 20; the Commission states that it was able to give negative clearance because retailers meeting the criteria for selection determined by the manufacturer became approved distributors without requiring previous approval by the manufacturer; this, in the opinion of the Commission, guaranteed a non-discriminatory application of the criteria for selection.

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18. OJ No. C 36, 2 February 1982, page 3.
19. OJ No. C 332, 28 November 1983, page 26.
20. OJ No. C 51, 23 February 1984, page 8.
21. See also Article 66 of the ECSC Treaty, which subjects mergers to prior authorization of the High Authority.
22. Court of Justice Case 6/72 Europemballage, Continental Can vs. Commission of 21 February 1973, (1973) ECR 215.
23. OJ No. C 282, 5 November 1981, page 4; the European Parliament adopted a resolution (interim report by Mr Nyborg 1-249/84) on the proposal for a regulation: see minutes of sitting of 24 May 1984, not yet published.
24. OJ No. C 317 of 3 December 1982, page 3. This document cancels and replaces the former proposal published in OJ No. C 291, 12 November 1981, page 4, on which Parliament delivered an opinion published in OJ No. C 182 of 19 July 1982, page 120.
25. OJ No. C 318, 24 November 1983, page 3.
26. See 13th report, mentioned in note 1 above, page 149.
27. See Case 730/79 Philip Morris vs. Commission, 17 September 1980 (1980) ECR 2671, recital 17, page 2690.
28. See Case 323/82 Intermills vs. Commission pending before the Court, OJ No. C 23, 28 January 1983, page 4.
29. See position taken by the Commission on employment zones in Belgium, Bulletin EC No. 6/1983, page 47.
30. OJ No. C 31, 3 February 1979, page 9.
31. OJ No. L 195, 29 July 1980, page 35. The Court has confirmed the validity of this directive; Case 188-190/80, France, Italy and United Kingdom vs. Commission, 6 July 1982, (1980) ECR 2545.
32. Agence Europe, 21/22 May 1984, page 11.
33. For state monopolies of a commercial character in Greece, see generally the recommendation by the Commission in OJ No. L 233, 24 August 1983, page 29.
34. Gaz. uff. No. 224, 17 August 1983.
35. See 13th report, referred to in note 1 above, page 199.
36. See Case 90/82 Commission vs. France, 26 June 1983, not yet published.
37. See Case 78/82 Commission vs. Italy, 7 June 1983, not yet published.

MULTINATIONAL UNDERTAKINGS

Amended 'Vredeling' directive and Company Law

In the reference period the amended proposal for a directive on procedures for informing and consulting employees of complex undertakings, in particular those with a transnational structure (1), referred to as 'Vredeling Directive', has been pending before the Council. The Commission motivates its proposal by saying that the right of consultation of employees is now limited to the local level, and that this does not correspond to the reality of decision making in large multinational firms. Under the terms of the amended proposal, multinational firms in the Community which employ more than 1000 workers must, at least once a year, communicate information to the employees' representatives on decisions relating to the management of the undertaking which are liable to have serious consequences for the interests of the employees, provided that the dissemination of such information does not damage the undertaking's interests. It appears that objections have been raised in the Council by three Member States against the revised proposal; it is uncertain when the discussions in the Council will be completed (2).

The amended proposal for a fifth directive on company law (3) is related to the amended 'Vredeling' proposal, because both concern employee involvement in the affairs of the company for which they work. The proposed fifth directive, however, contains in addition to the rules for employee participation also provisions about the powers and obligations of the organs in public limited companies; it stipulates also that employee representatives are to be elected by secret ballot and in accordance with the systems of proportional representation. The proposed 'Vredeling' directive relates only to specific matters on employees' consultation; it applies to larger undertakings with a complex structure whatever their legal form and does not specify rules for the election of employee representatives (4). Besides the proposed two directives, there exists already a directive (5) which approximates the laws of Member States relating to the safeguarding of employees' rights in the event of transfer of undertakings, businesses or parts of businesses. The European Parliament has held a debate in september 1983 on the progress of the 'Vredeling Directive'. The debate was held on the basis of two oral questions concerning the election of main representatives and the contents of the amended proposal for a Directive (6).

Unitary Taxation

The Community and its Member States have expressed their concern to United States federal authorities, concerning the application of the principle of unitary taxation by 12 states in the USA (7). Under unitary taxation, subsidiaries of multinational companies are taxed not on a normal "arm's length" or "separate" accounting basis which reflects the operating results of the subsidiary in a given jurisdiction, but on a proportion of worldwide group results. This proportion is worked out through the application of a combination of payroll, property and sales figures in the state to the firm's worldwide figures. The European Community views the operation of a unitary taxation as running counter to the accepted principle of international taxation practice that an enterprise of one country carrying on business in another country should be taxed in the other country only on profits of activities carried on there. Therefore, there is a serious risk of double taxation for multinational firms with subsidiaries in the United States. In answer to a written question (8), the Commission has listed the various steps which it has taken to bring the question of unitary taxation to the attention of the US Government, particularly to the working group established by President Reagan to study the matter. In May 1984, this working group has agreed on recommendations that the states should tax foreign companies only on income earned in the US, i.e. "that taxation would end at "the water's edge". The European Parliament paid attention to this issue in April 1984 in the discussion of EEC-USA relations, urging to find a solution (9).

- 1) After the Parliament's resolution (OJ C 13, 1983 of 17.1.83) the Commission presented an amended proposal for a Council directive in June 1983 (OJ C 217, of 12.8.1983).
- 2) Written question to the Council, No. 2071/83 (OJ C 122 of 7.5.84).
- 3) OJ C 217 of 12.8.1983.
- 4) Written questions to the Commission, No. 1248/83 (OJ C 38 of 13.2.84) and No. 1581/83 (OJ C 71 of 12.3.84).
- 5) Directive 77/187/EEC (OJ L 61 of 5.3.77).
- 6) Doc. 1-601/83 and Doc. 1-671/83, debates in OJ No. 1-303, pp 238-250, 15.9.83.
- 7) Seventeenth General Report on the Activities of the European Communities 1983, par. 659.
- 8) Written question to the Commission, No. 1849/83 (OJ C 141, 28.4.84).
- 9) Doc. 1-37/84/A, par. 7.

SMALL AND MEDIUM-SIZED UNDERTAKINGS (SMU) *

SMUs are generally defined as independent undertakings with less than 500 employees; they are extremely important as sources of employment, and in terms of innovation, flexibility and diversification of the economy. SMUs are found in the industrial, commercial and trade sectors. They have a vital role to play in the process of economic recovery, as is emphasized in the report drawn up by the Temporary Special Committee on European Economic Recovery¹.

The European Year of SMUs and the Craft Industry

1983, which was declared the 'European Year of Small and Medium-sized Undertakings and the Craft Industry', on the initiative of the European Parliament², commenced with a conference in Brussels on 20 and 21 January. Following this opening conference, 1983 was marked by a large number of events devoted to SMUs organized by national committees in the ten Member States with the cooperation of professional organizations and national and regional authorities. The closing conference of 8 and 9 December, organized jointly by the European Parliament, the Commission and the Economic and Social Committee, adopted an action programme for a Community policy on small and medium-sized industrial and commercial undertakings and service and craft industries. In May 1984, during its debate on the own-initiative report by Mr Deleau on Community policy on small and medium-sized undertakings and craft industries, the EP called for rapid implementation of this action programme³.

The closing conference in Strasbourg was made up of ten working parties, each of which studied separate aspects of the action programme. The topics covered included the general problems facing SMUs; financing; the administrative, legal, economic and social environment; SMUs in peripheral areas; innovation and training.

* Recent publications or existing surveys:

- Action programme for a Community policy on small and medium-sized undertakings 1983 (programme available from the General Secretariat of the European Parliament).
- EP Directorate-General for Research and Documentation
 - . Principal developments in the European Community from June 1982 to June 1983, Chapter 14, Luxembourg, 1983.
 - . Fact sheets on the European Parliament and the activities of the European Community, Chapter III/H1, Luxembourg 1983.
- Commission of the European Communities, Documentation bulletin B31, SMUs in the European Community, Bibliography, 1983.
- Economist Intelligence Unit, The European Climate for Small Businesses, a 10 country survey, London 1983.

As regards the financing of SMUs and craft industries, the programme calls for:

- expansion of EIB and ECSC loans, an increase in ERDF aid and NCI loans and a 5% rise in ERDF resources for interest subsidies on Community loans to SMUs and craft industries; simplification of procedures for the granting of loans on a sufficiently decentralized basis, on terms equivalent to those obtainable by large firms;
- promotion of innovation and export financing (for example, risk cover - particularly for exchange risks - development of the market for venture or equity capital).

Other proposals contained in the action programme relate to:

- (1) The training of managers and workers.
- (2) The encouragement of innovation and new technologies in the SMUs.
- (3) Information, advice and assistance for SMUs.

The action programme emphasizes that the Community should be responsive to the needs of SMUs and craft industries. This means the elimination of technical and administrative barriers to trade, the simplification of frontier formalities and the control of direct and indirect national subsidies and other aids which may give rise to distortions of competition that are detrimental to SMUs. The European legal environment for SMUs could be improved by (1) the adoption of regulations on the establishment of a European cooperation grouping and of a European statute for limited liability companies. (2) The creation of a code of conduct to be adhered to by large firms in their dealings with SMUs. (3) Greater participation of SMUs in public sector contracts. The action programme also covers the fiscal environment and calls for (1) a reduction in the taxes on profits to encourage reinvestment in SMUs. (2) Tax relief for newly created undertakings and incentive premiums for the setting up of SMUs. (3) Reasonable amortization to encourage the modernization of industrial equipment. (4) The introduction in all the Member States of tax arrangements enabling losses to be spread over a number of years. Finally, the action programme underlines the need to encourage cooperation between SMUs in the Community and their counterparts in the Third World, and in the ACP States in particular.

Community financing and the SMUs

- Under the reform of the Social Fund⁴ a special category of aid was provided for training in the SMUs, as called for by the European Parliament in its resolution of 17 May 1983⁵.
- The European Regional Development Fund provides financial aid to SMUs as such by allocating resources under the non-quota section of the Fund to various regions of the Community (Mezzogiorno, areas of France at the Spanish border, certain regions in the United Kingdom and Belgium). In January 1984 the Council adopted the second series of non-quota measures, including measures to help SMUs in industrial sectors affected by restructuring (steel, clothing and textiles)⁶. Proposals have also been made to allocate 1,000 million ECU to SMUs and craft industries under the integrated Mediterranean programmes⁷. The European Parliament advocates that a larger share of European regional development fund aid to be allocated to the SMUs.⁷
- The third tranche of the NCI gave priority to the financing of investment projects designed to benefit SMUs⁸. The Commission has also submitted proposals to the Council for the introduction of a system of 'European innovation loans', to be financed by a special tranche of 100 million ECU under NCI III; the European Parliament has warmly welcomed this proposal and is expecting a Council decision without delay⁹.
- The Commission has approved the setting up of a European Venture Capital Association, consisting of participating companies, particularly those specialized in providing risk capital for small innovative undertakings¹⁰.

Information technology, competition and taxation

- The application of information technologies in small undertakings has been encouraged by the Community, which has included this category of firms in (a) the multiannual programme in the field of data processing¹¹, (b) the ESPRIT programme¹² and (c) pilot projects concerning vocational training measures relating to new information technologies¹³.

- The EP has called on the Commission (in its resolution on the eleventh report on competition policy)¹⁴ to ensure that SMUs are better informed of the scope for cooperation offered by the Community's rules on competition. The Commission has complied with this request by publishing a guide to the competition rules¹⁵.

On 1 July 1983 new regulations came into force on exclusive distribution and purchasing agreements. These regulations contain provisions allowing non-reciprocal exclusive agreements between manufacturers where one of the participating undertakings has a total annual turnover not exceeding 100 million ECU¹⁶. The Commission also proposes favourable treatment for the SMUs by allowing them to extend their cooperation to joint production.

- The Commission will shortly be proposing an amendment to the Sixth VAT Directive. This change is important for the SMUs since it will harmonize the various VAT regulations in force in the Member States. This applies, more specifically, to the exemption ceilings above which firms are required to pay VAT¹⁷.

With regard to the Fourth Directive (78/660/EEC) on the publication of annual accounts and the Seventh Directive on consolidated annual accounts, the Member States have the option of granting exemptions to small undertakings¹⁸.

References

- 1 EP Doc. 1-1552/83, plan for European economic recovery, paras. 8b, 8c.
- 2 Following the resolution of 19 February 1982 on the situation of small and medium-sized undertakings in the Community, OJ No. C 66, 15.3.1982.
- 3 EP Doc. 1-69/84.
- 4 OJ No. L 289, 22.10.1983, Decision on the tasks of the European Social Fund.
- 5 OJ No. C 161, 20.6.1983.
- 6 Council Regulations in OJ No. L 27, 31.1.1984, opinion of the European Parliament in OJ No. C 184, 11.7.1983.
- 7 EP Doc. 1-69/84/B, opinion of the Committee on Regional Policy and Regional Planning, and resolution Doc. 1-69/84/A, paragraph 16.
- 8 Seventeenth general report on the activities of the European Communities 1983, paragraphs 142 and 188.
- 9 COM(83) 241 final of 7.6.1983 Commission communication to the Council 'towards Community financing of innovation in small and medium-sized enterprises', EP opinion - OJ No. C 10, 16.1.1984.
- 10 Written Questions Nos. 1519/83 and 947/83.
- 11 Council decision 79/783/EEC, OJ No. L 231, 13.9.1979.
- 12 Council decision 84/157/EEC, OJ No. L 81, 24.3.1984.
- 13 Council resolution OJ No. C 166, 25.6.1983.
- 14 OJ No. C 13, 17.1.1983, paragraph 24 of the resolution.
- 15 Community competition rules - Guide for small and medium-sized undertakings, European documentation 1983/1984.
- 16 Thirteenth report on competition policy, 1984, H III, paragraph 24.
- 17 Written Question No. 1594/83.
- 18 Written Question No. 214/83.

FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE
SERVICES FOR THE PROFESSIONAL OCCUPATIONS

The free movement of self-employed persons, i.e. persons independently pursuing activities of a commercial, industrial, craft or intellectual nature, which are clearly covered in the Treaty by the term 'activities as self-employed persons', is governed by Articles 52 to 66 of the Treaty establishing the EEC, which deal with both freedom of establishment and freedom to provide services. The right of establishment and the right to provide services have been implemented by a series of stages laid down by the Treaty. The Commission has submitted numerous proposals for directives on the right of establishment of self-employed persons to the Council since 1967, and in 1974 the Council of Ministers of Education adopted a resolution on the mutual recognition of diplomas, certificates and other professional qualifications. Directives concerning doctors, lawyers, nurses, dentists, veterinary surgeons and midwives have now been adopted by the Council after protracted negotiations between the various Member States' experts and representatives of the Commission and of professional bodies, and after consulting the European Parliament and the Economic and Social Committee.

In the *Reyners*(1) and *van Binsbergen*(2) judgments, the Court of Justice found that, following the end of the transitional period on 1 January 1970, Articles 52 and 59 of the EEC Treaty were directly applicable, thus giving self-employed foreigners the same status as nationals. However, as these judgments only give equal status to foreigners who have obtained their qualifications in the host country Community measures are still required to cover the mutual recognition of professional qualifications and the coordination of legal provisions in order to create the greatest possible freedom of movement.

In implementing the directives relating to country of origin the Commission has brought numerous cases before the Court or delivered a reasoned opinion to some Member States pursuant to Article 169 of the EEC Treaty. Cases against the Federal Republic of Germany (Cases 239/83 and 223/83) and the Netherlands (Cases 232/82 and 219/83) are pending before the Court of Justice for incompatibility of national measures with the directives on doctors(3) and dentists(4); at present preliminary proceedings are in progress against Belgium and Luxembourg in relation to these directives. With regard to the directives on veterinary surgeons(5), the Commission has instituted proceedings against Italy (Case 221/83) and the Netherlands (217/83) and preliminary proceedings against Luxembourg and France. The Commission has delivered reasoned opinions(7), pursuant to Article 169 of the EEC Treaty, because of incompatibility with the directives on nursing(6) to Belgium, the Federal Republic, Luxembourg and the Netherlands.

Proposals for Council directives submitted to the European Parliament in February 1981 concern the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the fields of pharmacy, and the facilitation of the effective exercise of the right of establishment relating to certain activities in the field of pharmacy(8). This is, in fact, the Commission's third attempt to introduce freedom of establishment for pharmacists; it withdrew its two previous proposals, of 1969 and 1972, partly as a result of the European Parliament's unfavourable opinion. The European Parliament, whose Committee on Legal Affairs is the committee responsible in this instance, delivered its opinion on the Commission's new proposals on 16 September 1983(9). The Commission's proposal does not refer to the different conditions attached to establishment in the various Member States. In order to avoid an influx of pharmacists in those Member States which do not regulate the geographical distribution of dispensaries within their territory, the European Parliament proposes to authorize Member States to restrict freedom of establishment to existing dispensaries. In its amended proposal of 20 January 1984(10) the Commission took up all the European Parliament's proposals. The Council has not yet commented on this amended proposal.

In the field of company law and banking supervision, the Council has adopted three directives since June 1983: on 13 June 1983 the Seventh Directive on consolidated account (EEC Treaty Art. 54 (3)g) was adopted (11). On the

same day the Council adopted the Directive on the supervision of credit institutions on a consolidated basis(12). With the Eighth Directive on the approval of persons responsible for carrying out the statutory audits of accounting documents of 13 April 1984 a further step was taken in the harmonization of company law in the Community(13).

The Commission's 1967 proposal concerning the coordination of provisions laid down by law, regulation or administrative action in respect of the self-employed activities of architects has not yet been approved by the Council. Moreover, the European Parliament's request to be consulted again in view of the radical changes which have occurred in this profession has been ignored by the Council(14).

Similarly, the Commission's proposals for directives concerning the activities of engineers (1969) and self-employed commercial agents (1976)(15), which were submitted to the Council several years ago, have not yet been adopted.

- (1) Case 2/74, Reyners E.C.R. 631, 1974
- (2) Case 33/74, van Binsbergen E.C.R. 1299, 1974
- (3) Council Directive 75/362 of 16 June 1975, OJ No. L 167/75
- (4) Council Directive 78/686 of 25 July 1978, OJ No. L 233/78
- (5) Council Directives 78/1026 and 78/1027 of 18 December 1978, OJ No. L 362/78
- (6) Council Directives 77/452 and 77/453 of 27 June 1977, OJ No. L 176/77
- (7) This information comes from the Commission's first annual report to the European Parliament on monitoring of the application of Community Law (COM(84) 181 final), called for by Parliament in its Resolution of 9 February 1983 (OJ No. C 68/1983)
- (8) OJ No. C 35, 18.2.1981, p. 3 fol.
- (9) OJ No. C 277, 17.10.1983, p. 160
- (10) OJ No. C 40, 15.2.1984, p. 4
- (11) Council Directive 83/349, OJ No. L 193, 18.7.1983, p. 1
- (12) Council Directive 83/350, OJ No. L 193, 18.7.1983, p. 18
- (13) Council Directive 84/253, OJ No. L 126, 12.5.1984, p. 20
- (14) See Parliament Resolution of 17 October 1980, OJ No. C 291, 10.10.1980, p. 96 fol.
- (15) Pursuant to EP Opinion of 12 September 1978 (OJ No. C 239, 9.10.1978, p. 17) amended by the Commission on 15 January 1979 (OJ No. C 56, 2.3.1979, p. 5).

FISCAL HARMONIZATION

A. Background

Article 99 of the EEC Treaty entrusts the institutions of the EEC with the task of achieving harmonization of national legislation on indirect taxes. Although the Treaty contains no specific article on direct taxes, Articles 100 to 102, which provide the general basis for approximation of legislation, can also serve as a legal basis for harmonization of direct taxes.

The Court of Justice has stipulated that implementation of Article 99 does not constitute a prior condition for application of Articles 95 and 96; whatever the disparities between national fiscal systems, Articles 95 and 96, which apply with direct effect, are intended to eliminate, before any harmonization, any national fiscal measure liable to create discrimination between imported or exported products and equivalent national products. Article 99 is intended to reduce obstacles to free movement resulting from differences between national taxation systems, even if these systems are applied in a non-discriminatory way.¹

With a view to ensuring the introduction of a comprehensive tax harmonization programme in the Community, the European Parliament recently adopted a resolution on the basis of the own-initiative report tabled by Mr Rogalla². Tax harmonization is, of course, made difficult by the considerable differences that exist between the national taxation systems. In order to prevent an accentuation of these differences, the Commission submitted to the Council a proposal for a decision establishing a prior information and consultation procedure for tax matters³.

B. Indirect taxes

1. Value added tax

Harmonization has hitherto involved arrangements for levying VAT and establishing a common basis of assessment. The harmonization of VAT rates has not yet been embarked on and the Commission does not intend to address itself to the problem in the immediate future⁴.

The following proposals for directives are currently under consideration:

- amended proposal for a seventh directive on a common system of VAT to be applied to works of art, collectors' items, antiques and used goods⁵,
- amended proposal for a twelfth directive on expenditure not eligible for deduction of VAT⁶,
- amended proposal for a thirteenth directive on arrangements for the refund of VAT to taxable persons not established in Community territory⁷, and
- proposal for a fourteenth directive on the deferred payment of the VAT payable by taxable persons on the importation of goods originating in Member States⁸.

The Council has authorized Greece to defer introduction of the common system of value added tax until 1986⁹.

2. Excise duties

Harmonization is envisaged in respect of excise duties on manufactured tobaccos, spirits, beer, wine and mineral oils.

At present, only excise duty on manufactured tobaccos has seen the beginnings of structural harmonization. The Commission and Parliament disagree on the approach to be followed. Parliament takes the view that the present arrangement, notably harmonization of the ratio between the specific excise component and the ad valorem component, should be replaced by the alternative arrangement of harmonizing the percentage of the ad valorem duty in the retail price; it considers that this will be more likely to create uniform conditions of competition.¹⁰

Measures to harmonize excise duties on spirits, beer and wine are still at an embryonic stage. Parliament has recommended that the excise duty structure for these alcoholic beverages should be harmonized in accordance with the following principles: taxation of beer and wine on a volume basis and taxation of spirits and fortified wines on the basis of alcoholic strength.¹¹

3. Exemptions

A distinction has to be made between exemptions from import duties in respect of the international movement of travellers and exemptions from import duties for small consignments of no commercial value.

For the farmer, basic Directive 69/169 was amended most recently by Directive 82/443¹². Since then, three new proposals for directives have been published:

- proposal for a sixth directive recommending a progressive increase in intra-Community duty-free allowances from 210 to 400 ECU as from 1 January 1987; this proposal was approved by Parliament¹³,
- proposal for a seventh directive recommending that the level of duty-free allowances on goods brought in duty-free shops should be limited to that for duty-free allowances on goods bought in non-member countries; this proposal was rejected by Parliament¹⁴. The Commission has nevertheless drawn encouragement from the case-law recently established by the Court of Justice in the matter of 'butter cruises'.¹⁵
- proposal for an eighth directive recommending a progressive increase in duty-free allowances on goods bought in non-member countries from 45 to 60 ECU as from 1 January 1985 and to 85 ECU as from 1 January 1988; this proposal was approved by Parliament¹⁶.

As far as exemption for small consignments are concerned, the basic Directive was amended most recently by Directive 81/394¹⁷. A proposal for a fourth directive calls for an increase in the duty-free allowances from 70 to 105 ECU as from 1 January 1985, to 115 ECU as from 1 January 1986 and to 130 ECU as from 1 January 1987; Parliament has advocated even larger increases¹⁸.

The Council has also adopted Directive 83/181, which grants, inter alia, VAT exemption for consignments of negligible value, even if of a commercial nature; the allowance amounts to 22 ECU¹⁹. This same Directive provides for a number of other exemptions, such as those relating to fuel contained in the tanks of vehicles. A recent proposal calls for the abolition, in respect of intra-Community travel, of all restrictions on the amount of fuel that may be admitted free of VAT²⁰.

C. Direct taxes

The three old proposals for directives on taxation arrangements, the adoption of which would act as a powerful stimulus to cooperation between undertakings in different Member States, remain deadlocked. These proposals concern:

- the establishment of a common system of taxation applicable to mergers, hive-offs and transfers of assets between companies in different Member States²¹;
- the establishment of a common system of taxation applicable to parent companies and subsidiaries in different Member States²²; and
- the elimination of double taxation in connection with the adjustment of transfers of profits between associated enterprises (arbitration procedure)²³.

On the basis of a communication from the Commission²⁴, the Council held an exchange of views on these proposals, but was unable to reach overall agreement on their provisions²⁵.

As for the proposal for a directive concerning the harmonization of systems of company taxation and of withholding taxes on dividends²⁶, Parliament has not yet delivered its opinion²⁷, but the Commission is continuing its preparatory studies on harmonization of the rules concerning the determination of taxable profits²⁸.

- 1 Case 171/78, Commission v Denmark, of 27.2.1980 (1980) ECR 447, and Case 55/79, Commission v Ireland, of 27.2.1980 (1980) ECR 481
- 2 EP working doc. 1-903/83 of 26.10.1983.
- 3 OJ C 346 of 31.12.1981, p.6; see opinion of EP, OJ C 128 of 16.5.1983, p.103.
- 4 See its answer to Written Question No. 1143/83 by Mr Beyer de Ryke, OJ C 24 of 30.1.1984, p.27.
- 5 OJ C 136 of 31.5.1979, p.8; see opinion of EP, OJ C 93 of 9.4.1979, p.9. See also Written Question No. 1102/83 by Mr Kirk, OJ C 24 of 30.1.1984, p.21.
- 6 OJ C 56 of 29.2.1984, p.7; see opinion of EP, OJ C 342 of 19.12.1983, p.81.
- 7 OJ C 196 of 23.7.1983, p.6; see opinion of EP, OJ C 161 of 20.6.1983, p.111.
- 8 OJ C 203 of 6.8.1982, p.11.
- 9 See Fifteenth Directive, OJ L 360 of 23.12.1983, p.49.
- 10 See Moreau report, EP working doc. 1-907/83 of 24.10.1983.
- 11 See Hopper report, EP working doc. 1-49/84 of 2.4.1984. Compare with Commission working document XV/267/83.
- 12 OJ L 206 of 14.7.1982, p.35.
- 13 OJ C 114 of 28.4.1983, p.4; see Delorozoy report, EP working doc. 1-1003/83 of 21.11.1983; amended proposal, OJ C 81 of 22.3.1984, p.6.
- 14 OJ C 114 of 28.4.1983, p.7; see same Delorozoy report; amended proposal covering minor points, OJ C 72 of 13.3.1984, p.8.
- 15 Case 278/82, Rewe and Hauptzollämter, of 14.2.1984 (not yet published) and Case 325/82, Commission v FRG, of 14.2.1984 (not yet published). See also answer to Written Questions No. 1897/83 by Mr Beyer de Ryke (OJ C 105 of 16.4.1984, p.30) and No. 1677/83 by Mr Pearce (OJ C 141 of 28.5.1984, p.15).
- 16 OJ C 102 of 14.4.1984, p.10; see Moreau report, EP working doc. 1-209/84 of 7.5.1984.
- 17 OJ L 338 of 25.11.1981, p.25.
- 18 OJ C 3 of 6.1.1984, p.5; see Rogalla report, EP working doc. 1-1545/83 of 19.3.1984.
- 19 OJ L 105 of 23.4.1983; an increase in this allowance is unlikely: see answer to Written Question No. 1689/83 by Mr Seeler, OJ C 122 of 7.5.1984, p.6.
- 20 OJ C 95 of 6.4.1984, p.3; see Vandewiele report, EP working doc. 1-204/84 of 4.5.1984.
- 21 OJ C 39 of 22.3.1969, p.1.
- 22 OJ C 39 of 22.3.1969, p.7.
- 23 OJ C 301 of 21.12.1976, p.4.
- 24 SEC(84) 77 of 17.1.1984.

- 25 See press release 7464/84 (presse 97) of the Economic and Finance Ministers Council.
- 26 OJ C 253 of 5.11.1975, p.2.
- 27 See answer to Written Question No. 1862/83 by Mr Cousté, OJ C 122 of 7.5.1984, p.12.
- 28 See answer to Written Question No. 1866/83 by Mr Welsh, OJ C 144 of 30.5.1984, p.1.

SOCIAL POLICY

In the past year the Commission has submitted to the Council various texts aimed at promoting employment and ensuring equal treatment between men and women.

Apart from delivering opinions on these texts, the European Parliament has, on its own initiative, considered various other social policy questions such as the situation of migrant workers, the consequences of unemployment, the importance of voluntary work, equal treatment of widows and widowers as regards social security and farm retirement schemes.

The Council of Ministers of Employment and Social Affairs, which held two official meetings during the period in question as well as various informal meetings, adopted a resolution on the promotion of employment for young people¹ at its meeting of 8 December 1983. In its opinion of 13 October 1983², the European Parliament expressed the view that the Commission proposals were not really effective. The Council resolution is a weaker version of the Commission's draft and does not therefore meet the wishes of the European Parliament, which advocates an energetic and consistent policy for the young unemployed. On 8 December 1983, the Council also approved the content of a proposal for a regulation concerning exceptional financial support in favour of Greece for the construction of vocational training centres and centres for the rehabilitation of the mentally ill and mentally handicapped³.

At their meeting of 7 June 1984, the Ministers of Employment and Social Affairs adopted two resolutions⁴ on action to combat unemployment amongst women and local employment initiatives (cf I). At the same meeting, the Council stated that it had taken note of the communication from the Commission on technological change and social adjustment⁵ and confirmed that a Community strategy had to be implemented that gave priority to education and training in this field. At the same meeting, the Council also considered a recommendation on the reduction and reorganization of working time (cf I) and a proposal for a directive on informing and consulting workers (Vredeling proposal). However, these proposals met with opposition from some Member

States who felt that it was up to both sides of industry to negotiate these matters. It is also one of the reasons why the Council has still not adopted the proposal for a directive on voluntary part-time work.

I. Jobs and the labour market situation

In the past year, unemployment has increased in the Community. There were 11.7 million unemployed in April 1983, but 12.6 million in April 1984. 10.8% of the working population are thus unemployed. In its resolution of 12 July 1982 on Community action to combat unemployment, the Council stated that measures to bring about an economic revival should be accompanied by special measures to promote employment in the Community and by the application of measures to aid certain groups that were particularly threatened, such as young people and women. In December 1983, the Council adopted a resolution on the promotion of the employment of young people, and importance is attached to young people in the new provisions adopted concerning the activities of the Social Fund.

Women have been harder hit by unemployment than men and in February 1984 the Commission submitted a draft Council resolution concerning action to combat unemployment amongst women⁶ drawn up on the basis of a communication from the Commission to the Council published in November 1983⁷. In addition to the creation of jobs and recruitment, the Commission also proposes that Community and national action be taken on behalf of women to put an end to vocational segregation and to promote the employment of women. As regards training, women must be given a wider range of vocational possibilities and allowed easier access to training programmes connected with the introduction of new technologies. In its opinion of 22 May 1984, based on a report by Mrs SALISCH⁸, the European Parliament endorses the Commission's proposal and points out that measures to reduce and reorganize working time can help to bring about equal employment opportunities.

Local employment initiatives are a relatively new phenomenon. The importance and number of such initiatives have increased considerably in recent years and, although they are limited in scope, the Commission expresses the view in its communication of 22 November 1983, accompanied by a draft Council resolution⁹, that they make a constructive contribution to combating

unemployment. The Commission therefore proposes that the Member States take steps to support local initiatives, firstly by granting economic aid and secondly by facilitating the creation of new undertakings. At Community level, emphasis should be put on Social Fund aid for pilot projects to promote such initiatives. On 30 March 1984, the European Parliament delivered a favourable opinion on the proposal¹⁰, based on a report by Mrs SALISCH¹¹, but pointed out that public aid for local initiatives should not be concentrated in the poor regions to the exclusion of projects concerning sectors faced with an employment crisis in the prosperous regions of the Member States.

The Council recommendation on the reduction and reorganization of working time¹², submitted by the Commission in September 1983, is a further initiative in the employment field. The Commission feels that an active working time policy is needed as part of an overall strategy to combat unemployment. It points out that the problem has already been tackled by both sides of industry in most of the Member States and that giving it a Community framework would avoid any distortions of competition in the Community. The Commission has decided to submit a recommendation rather than a binding legal instrument since this is a field which, as a whole, is the responsibility of the social partners. In the opinion it adopted by a small majority on 18 November 1983¹³ on the basis of a report¹⁴ by Mr VAN MINNEN, the European Parliament stresses that 'the aim of a reduction in working time - job creation - must be consistent with the safeguarding of the basic social rights of workers and the interests of the lowest paid'. But this does not rule out the linking of a reduction in working time with an incomes policy to ensure that unit wage costs are not increased and to safeguard the competitiveness of undertakings. The European Parliament invited the social partners to reduce working time by at least 10% in the next two years. Lastly, the European Parliament urged that the recommendation call upon the Commission to propose a framework directive on the subject on the basis of reports by the Member States.

Acting on its own initiative, the European Parliament tackled the problem of unemployment and some of its consequences. In its resolution of 30 March 1984¹⁵ based on a report by Mr BOYES¹⁶, the European Parliament expressed concern at the increasingly tangible signs of social problems being exacerbated by an increase in unemployment and invited the Commission to establish a clear link between social problems and increased unemployment and to report to the European Parliament and the Council.

The European Parliament feels that the importance of and scope for voluntary work (unpaid work) are increasing in the different Member States and therefore, on its own initiative, considered the matter on 16 December 1983¹⁷ on the basis of a report by Mr EISMA¹⁸. It asked the Commission to draw up a 'statute for voluntary workers' in order to prevent voluntary work being used as a means of by-passing legislation and collective agreements. It points out that volunteer work should not be used to make economies in the public sector and invites the Commission to consider the possibility, on the basis of Article 118 of the Treaty establishing the EEC, of drafting a recommendation establishing the general criteria for a set of rules on the subject.

On 6 July 1983, the European Parliament adopted a large number of amendments to the Commission's proposal for a directive on part-time work. In April 1984, the Commission submitted an amended proposal for a Council directive¹⁹. The proposal, now entitled directive on temporary employment and fixed-duration contracts of employment meets the wishes expressed by the European Parliament on various points.

II. Social security

High unemployment and the economic recession have caused difficulties in the financing of social security schemes in the Member States. In November 1982 therefore the Commission published 'Social Security Problems: points for consideration'²⁰, which summarizes the rules in force for the social security schemes in the Member States and the problems of their financing, and submitted proposals for improving the situation. In its resolution of 22 May 1984 based on a report by Mrs MAIJ-WEGGEN²¹, the European Parliament called on the Commission to examine more closely the problems of financing the different schemes and to draw up a report on the subject. The European Parliament urged the Commission to ensure that further examination of the matter be linked to a gradual but real convergence and harmonization of the national systems of social security and that its proposals are compatible with the provisions in force in each of the Member States.

In 1978, the Council adopted a directive on equal social security treatment for men and women²². Women are however discriminated against in occupational social security schemes, i.e. schemes based on collective agreements or schemes run by undertakings and the Commission therefore submitted a proposal for a directive on this subject in April 1983²³. In its opinion of 30 March 1984²⁴ based on a report by Mr PETERS²⁵, the European Parliament endorsed the principle of the proposal but criticised certain points. The European Parliament feels for instance that the directive should also apply to part-time workers, temporary workers and those working at home. It also asks for provision to be made for the death of a spouse.

On 30 March 1984²⁶, on the basis of a report by Mrs MAIJ-WEGGEN²⁷, Parliament also considered the problem of the equal treatment of widows and widowers as regards social security. The European Parliament tackled this question on its own initiative in order to prompt the Commission to submit amendments as quickly as possible to the 1978 directive on equal treatment for men and women in matters of social security. This directive does not provide for equal treatment for men and women as regards survivors' pensions and in the majority of Member States social security schemes differentiate considerably between widows and widowers to the detriment of the latter.

In order to improve the professional status of women, the Commission submitted a proposal for a directive in March 1984 on the application of the principle of equal treatment as between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood.²⁸ The 1976 directive on equal treatment as regards access to employment and the 1978 directive on equal treatment in matters of social security also apply to the self-employed. They cannot however apply in full to workers whose status is not clearly defined. For instance, women working on a family farm often have neither a partnership agreement nor a contract of employment and thus have no rights as regards salary or social security benefits. Similarly, women who wish to exercise an independent profession often encounter difficulties in obtaining loans because banking practice and differences in legislation on the economic situation of the spouses mean that men and women do not receive the same treatment.

On several occasions the European Parliament has called for action in this area and, in its opinion of 23 May 1984 based on a report by Mrs MAIJ-WEGGEN²⁹, endorsed the Commission's proposal after making certain amendments and called for the directive to protect women exercising an independent activity from any direct or indirect discrimination.

In some Member States, farm retirement schemes are very poor compared with the schemes applicable to other workers. In its resolution of 16 January 1984³⁰ based on a report by Mr GHERGO³¹, the European Parliament therefore called on the Commission to undertake a comparative study in this area as a matter of urgency whilst acknowledging that social security schemes depend on the legislation of the different Member States, the European Parliament feels that the Community should consider and if necessary revise the retirement scheme applicable to farm workers.

III. Reform of the European Social Fund

As pointed out in the BARBAGLI report on behalf of the Committee on Social Affairs and Employment³², the purpose of the amendments proposed by the European Parliament to the Commission proposal for a review of the tasks of the Social Fund³³ was to have objective criteria set for intervention by the fund and to formulate new ideas for the fund's future activities.

Among these new ideas is the European Parliament's proposal that the Social Fund be conceived of as a 'structural instrument' of social policy aimed mainly at promoting employment by modernizing the operational structures of the labour market and at extending intervention to new categories of recipients such as small and medium-sized undertakings, including cooperatives, 'unemployed intellectuals' etc.

As regards the criteria, particular attention should be given to the amendment proposed by Parliament to Article 6 of the Commission proposal in which GDP should be a 25% factor in the establishment of a list of regions with a high rate of unemployment.

Few of Parliament's proposals were incorporated in the final Council decision³⁴. The only concession the European Parliament succeeded in obtaining from the Commission during the conciliation procedure with the Council is Article 6(2) of the Council decision under which the Commission must, in adopting common guidelines for the management of the Social Fund, take account of any views expressed by Parliament. Parliament was also consulted on the communication from the Commission to the Council on the means of increasing the effectiveness of the Community's structural funds³⁵. The Committee on Social Affairs expressed its position on the Social Fund proposals contained in the communication in the Patterson report³⁶ and, at its sitting of 17 November 1983, Parliament listed, in the resolution embodying its opinion³⁷, the differences of opinion that had emerged between the Council, the Commission and Parliament during the conciliation procedure on the reform of the Social Fund. It had for instance insisted that the Commission should in future involve Parliament from the outset in the definition of the fund's priorities and stressed the need to double budget appropriations for Social Fund expenditure over a period of two years rather than five as proposed by the Commission.

The outcome of the conciliation meeting with the Council was assessed by the Committee on Social Affairs in the Papaefstratiou report³⁸ and, at its sitting of 18 November 1983, Parliament adopted the final text of the resolution³⁹ which listed the points it considered to be essential during the conciliation procedure, particularly a fairer distribution of the fund's resources between men and women and measures to create new jobs.

Following the decision adopted by the Council on the reform of the Social Fund and a meeting with the European Parliament's Committee on Social Affairs, the Commission quickly defined the joint guidelines for the management of the fund in the financial years 1984 to 1986⁴⁰.

In accordance with the new procedure laid down by the Council in Article 6 of the above decision, the European Parliament's Committee on Social Affairs expressed its views in the Chanterie report⁴¹ on the guidelines for the period 1985/1987. At its sitting of 30 March therefore Parliament adopted a resolution in which it proposed inter alia that the list of high-unemployment regions of the Community should be revised for 1985. In the European Parliament's view, the present list does not take account of the latest instances of unemployment due to industrial restructuring in regions not included in the list.

The Commission has made it known that the joint guidelines⁴² for the management of the European Social Fund for the financial years 1984 to 1986 will not be changed for the financial years 1985 to 1987 but that some adjustments could be made should they prove necessary from experience gained in managing the fund in 1984.

IV. Improvements in living and working conditions

The European Parliament has always shown a keen interest in the problems of the family and this year therefore organized a hearing of family associations and organizations concerned with family affairs in the different Member States. The audition was held in Brussels on 22 and 23 February when a questionnaire drawn up by the European Parliament's Committee on Social Affairs⁴³ prompted an interesting debate on such topics as the reorganization of working time, youth unemployment, leave for family reasons etc.

Through the impetus given by the European Parliament, the Commission submitted to the Council a proposal for a directive on parental leave for family reasons⁴⁴ on which the European Parliament delivered its opinion at its sitting of 30 March 1984 on the basis of the ROBERTS report⁴⁵. In its resolution, the European Parliament calls for the scope of the directive proposed by the Commission to be extended to any person, even unrelated, who actually takes care of the child, and feels that it is important for workers of both sexes to be granted leave for family reasons on an equal footing.

The European Parliament has also turned its attention to the Community's current demographic problems and at its sitting of 12 April 1984, adopted a resolution on the need for a Community action programme to promote population growth in Europe. In its resolution, Parliament expressed concern that in the year 2000 the population of the EEC would represent only 4.5% of the world population and called on the Council of Social Affairs to meet to consider the practical measures to be taken and asked the Commission to submit proposals on the subject.

At the end of 1983, the European Parliament's Committee on Social Affairs dealt with the situation of migrant workers in Europe in the NIELSEN report⁴⁶.

The Commission has recently published a report on the implementation of Directive 77/486/EEC on the education of the children of migrant workers⁴⁷ as well as a report on pilot schemes relating to the subject⁴⁸ and was prompted to draw up a new action programme for migrant workers which will soon be submitted to the Council.

Two recent Commission proposals on the education and training of young people are of considerable interest. The most recent⁴⁹ deals with a third joint programme to encourage the exchange of young workers within the Community and the other⁵⁰ with a decision on the comparability of vocational training qualifications between the Member States of the European Community. The European Parliament delivered its opinion on the latter proposal at its sitting of 17 February 1984⁵¹ on the basis of the PRAG report⁵² drawn up on behalf of the Committee on Social Affairs.

Parliament amended the Commission proposals in order to stress the urgent need for an effective vocational training policy in the Community and stressed the need to establish the comparability of vocational training qualifications between the various Member States in respect of specific occupations or groups of occupations within five years.

In the European Parliament's view, the first stage should be completed in two years from the adoption of the proposed decision for level two, skilled workers.

In its opinion of 17 February 1984, the European Parliament recalled the need to take due account of the rapid rate of technological change and tackle its effects on unemployment, especially amongst young people.

At its sitting of 12 October 1983, the European Parliament also delivered an opinion on the memorandum from the Commission of the European Communities on employee participation in asset formation⁵³. On the basis of the BROK report⁵⁴, the European Parliament adopted a resolution⁵⁵ which, while recognizing the importance of savings by workers, urged the Member States to encourage the investment of such savings in small and medium-sized undertakings, particularly those owned by the workers, through

fiscal measures. It also urged the Member States to encourage migrant workers to invest in the productive sector in their countries of origin.

The SQUARCIALUPI report⁵⁶ on sexual discrimination at the work place was debated by the European Parliament at its sitting of 13 March 1984⁵⁷ when a resolution was adopted urging the Member States to abolish any laws which make homosexual acts between consenting adults liable to punishment, to apply the same age of consent to homosexual acts as for heterosexual acts, as recommended by the Parliamentary Assembly of the Council of Europe, to ban the keeping of special records on homosexuals, and to reject the classification of homosexuality as a mental illness.

At its sitting of 22 May 1984, the European Parliament discussed the CALVEZ report⁵⁸ on the harmonization of social legislation in the Member States and drew attention in the resolution it adopted to the need for close collaboration between Member States in the social field, particularly in such sectors as employment, vocational training, the right to work and social security.

- 1 OJ No. C 29/84
- 2 OJ No. C 307/83
- 3 OJ No. L 88/84
- 4 OJ No. C 161/84
- 5 COM(84) 6
- 6 OJ No. C 65/84
- 7 COM(83) 653
- 8 Doc. 1-170/84
- 9 OJ No. C 70/84
- 10 OJ No. C 117/84
- 11 Doc. 1-35/84
- 12 OJ No. 290/83
- 13 OJ No. C 342/83, p. 149
- 14 Doc. 1-909/83
- 15 OJ No. C 117/84
- 16 Doc. 1-1489/83
- 17 OJ No. C 10/84
- 18 Doc. 1-851/83
- 19 OJ No. C 133/84
- 20 COM(82) 716
- 21 Doc. 1-45/84
- 22 OJ No. L 6/79
- 23 OJ No. C 134/83
- 24 OJ No. C 117/84
- 25 Doc. 1-1502/83
- 26 OJ No. C 117/84
- 27 Doc. 1-1506/83
- 28 OJ No. C 113/84
- 29 Doc. 1-214/84
- 30 OJ No. C 46/84
- 31 Doc. 1-1004/83
- 32 Doc. 1-61/83

- 33 COM(82) 485 final
- 34 OJ No. L 289/83, p. 38
- 35 COM(83) 501 final
- 36 Doc. 1-906/83
- 37 OJ No. C 342/83, p. 91
- 38 Doc. 1-986/83
- 39 OJ No. C 342/83, p. 150
- 40 OJ No. C 5/84
- 41 Doc. 1-36/84
- 42 OJ No. C 126/84, p. 3
- 43 Doc. PE 88.186
- 44 COM(83) 686 final
- 45 Doc. 1-1528/83
- 46 Doc. 1-811/83
- 47 COM(84) 54 final
- 48 COM(84) 244 final
- 49 COM(84) 265 final
- 50 COM(83) 482 final
- 51 OJ No. C 77/84, p. 137
- 52 Doc. 1-1357/83
- 53 COM(79) 190 final
- 54 Doc. 1-758/83
- 55 OJ No. C 307/83, p. 68
- 56 Doc. 1-1358/83
- 57 OJ No. C 104/84, p. 47
- 58 Doc. 1-66/84

HEALTH POLICY

I. General remarks

Since the Treaties do not provide an adequate legal basis for the formulation of a Community health policy, any general measures in this area must be taken under Article 235 of the EEC Treaty. In certain sectors, where the Treaties do provide an adequate legal basis, specific measures may be adopted, for example, in respect of health and safety at work, the protection of the health of the population and of workers against the hazards of ionizing radiation or research into the social issues arising in the mining sector.

Health policy is characterized by the fact that certain measures, such as those concerning the protection of health from the environmental point of view and those concerned with the protection of the health of consumers, overlap with those taken in the more general framework of policies designed to combat pollution and defend consumer interests.

II. Activities

1. In respect of public health, at its sitting of 23 May 1984 Parliament delivered an opinion on the proposal for a directive relating to the protection of dialysis patients by minimizing the exposure to aluminium.

Following a resolution adopted by Parliament on 13 October 1980(1), on 15 December 1983 the Commission submitted a draft Council recommendation concerning the adoption of a European emergency health card - to be issued on request to those concerned - and intended for those whose health is particularly at risk.

On 19 January 1984, the European Parliament adopted a resolution on a European Charter on the Rights of Patients(2), in which it stressed the need for patients' rights to be defined at European level and invited the Commission to submit as soon as possible a proposal for a European charter on the Rights of Patients. The resolution contains a list of the rights which should be incorporated in the charter.

On 20 January 1984, Parliament delivered an opinion on the proposal for a second programme of action of the European Communities on Safety and Health at work from 1983 to 1988(3). Parliament was basically in favour of such a programme of action and recommended that more intensive efforts be made to prevent accidents, both directly and within the framework of vocational training.

2. In respect of health and safety at work, the Council adopted on 19 September 1983 a directive on the protection of workers from the risks related to exposure to asbestos at work(4).

On 28 February 1984 the Council issued a resolution on a second programme of action of the European Communities on safety and health at work(5). The objective of the programme is to improve the protection of health at the place of work of the 100 million workers in the European Community; this programme is to include 20 priority actions and constitutes a follow-up to the first programme drawn up in 1978 by the Council(6).

On 26 March 1984, the European Parliament adopted the proposal for a Council Directive on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work: noise(7).

3. Concerning the safety of nuclear installations and the protection of public health, on 1 August 1983 the Commission forwarded to the Council a draft resolution on trans-frontier radiological problems. The European Parliament adopted this proposal at its sitting of 30 March 1984(8)

At its sitting of 13 April 1984, Parliament adopted the proposal from the Commission for a directive laying down basic safety standards for health protection against ionizing radiations.

4. A total appropriation of 11.5 million ECU has been allocated to research into the social issues involved in health protection in the coal and steel production sector.

Initially, financial aid was granted within the framework of the second programme of research into safety in mines. Concerning industrial hygiene in mines, the Commission has adopted the fifth programme of research to which it has allocated 11 million ECU over a period of five years (commencing in 1983), and in addition it has adopted an initial programme of research into safety in the iron and steel industry, to which it has allocated 1 million ECU.

- (1) OJ C 287 of 9.11.1981
- (2) OJ C 46 of 20.2.1984
- (3) OJ C 46 of 20.2.1984
- (4) OJ L 263 of 24.9.1983
- (5) OJ C 67 of 8.3.1984
- (6) OJ C 165 of 11.7.1978
- (7) OJ C 117 of 30.4.1984
- (8) OJ C 117 of 30.4.1984
- (9) OJ C 332 of 8.12.1983

CONSUMER PROTECTION POLICY

I. Council meetings

On 12 December 1983 in Brussels, for the first time in the history of the Community, the Council held a meeting devoted to consumer protection and information in the European Community.

At their second meeting, on 2 March 1984, the Ministers adopted a decision introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products¹. This system provided for the Member States and the Commission to exchange information to allow Member States to take appropriate urgent measures whenever it was found that a product constituted a danger for the health or safety of consumers.

On 28 and 29 June 1984, at its last meeting under French presidency, the Council adopted a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising².

This directive is intended to protect consumers, persons carrying on a trade or business or practising a craft or profession, and the interests of the public in general, against misleading advertising and the unfair consequences thereof. The directive provides that Member States should ensure that adequate and effective legal or administrative means exist to combat misleading advertising in the interests of consumers, competitors and the general public.

The Member States confer upon the courts or administrative authorities, powers enabling them, in cases where they deem such measures to be necessary, taking into account all the interests involved and, in particular, the public interest:

- to order the cessation of, or to institute legal proceedings for an order for the cessation of, misleading advertising or,
- if misleading advertising has not yet been publicized but publication is imminent, to order the prohibition of, or to institute legal proceedings for an order for the prohibition of such publication, even without proof of actual loss or damage or of intention or negligence on the part of the advertiser.

The Member States also envisage that these measures may be taken under a summary procedure. The directive does not exclude voluntary control of misleading advertising by self-regulatory bodies or recourse to such bodies by individuals or organizations.

No solution has yet been found for the following points:

- contracts negotiated away from business premises³;
- liability for defective products⁴ (in which connection debate has centred on the question of limiting the maker's financial liability).

II. Results and proposals

1. The following results have been obtained outside the framework of special Council meetings on consumer protection:

- Cosmetics: On 26 October 1983⁵, the Council, after consulting Parliament⁶, amended its directive of 27 July 1976⁷ on the approximation of the laws of the Member States relating to cosmetic products. This amendment mainly consisted of adding a list of permitted ultra-violet filters. The Commission, meanwhile, has adapted the directive to take account of technical progress on several occasions⁸. Furthermore, in September it adopted a third directive on the methods of analysis necessary for checking the composition of cosmetic products⁹.

- In order to simplify the application of the Council directive of 18 December 1978¹⁰, the Council adopted on 22 July a directive introducing temporary measures for the designation of certain ingredients in the labelling of foodstuffs for sale to the ultimate consumer¹¹. This directive provides for a temporary numbering system for those ingredients that have not yet received an EEC number.
- In order to take account of new production techniques and new textile products arriving on the market, on 25 November¹² the Council amended its directive of 26 July 1971¹³ on the approximation of the laws of the Member States relating to textile names.

2. Over the period covered by this report, the Commission submitted the following proposals to the Council:

- a proposal for a directive on consumer protection in respect of the indication of prices for non-food products¹⁴. This proposal introduces a requirement to indicate, in respect of such products, the purchase price and - in certain cases - the price per unit of measurement;
- a proposal for a directive on the safety of toys¹⁵. The Commission amended its initial proposal in the light of the opinion of the Economic and Social Committee and on the basis of amendments by the Committee on the Environment, Public Health and Consumer Protection. The new proposal consists of three parts presented as a single package, comprising an outline directive and two implementing directives concerning respectively the physical and mechanical properties of toys and their inflammability;
- a communication on unfair terms in contracts concluded with consumers¹⁶.

III. Role of the European Parliament

1. During the period covered by this report, the European Parliament has delivered opinions concerning consumer protection on the following proposals in particular:

- a directive amending the directive on the approximation of the laws of the Member States relating to the making-up by volume of certain prepackaged liquids¹⁷;
- a directive amending the directive on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer¹⁸;
- a proposal for a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit¹⁹.

2. In addition, the European Parliament adopted resolutions on the following subjects in particular:

- consumer policy in the Community²⁰: Parliament expressed indignation at the fact that the Council had not yet adopted many proposals for directives concerning the implementation of the proposals contained in the second Community programme for a policy to protect and inform consumers, which was adopted in 1981;
- a special Council meeting devoted to consumer protection²¹: Parliament criticized the Council's failure to act on the proposal for a directive on misleading advertising, and called on the Council to adopt that directive immediately;
- the export to third countries of various dangerous substances and preparations²²: Parliament called on the Commission to amend existing provisions to ensure that pesticides could only be exported subject to certain conditions. Parliament considered that it was important to create the necessary legal and market conditions to ensure that all exports of pesticides to developing countries complied with certain requirements;

- child resistant closures²³: Parliament called on the Commission to amend as quickly as possible the existing directives concerning the classification, packaging and labelling of dangerous substances with a view to encouraging the use of child resistant closures for household products, which are the main causes of accidental poisoning among children;

- safety of holidaymakers and other travellers²⁴: Parliament, referring to the Commission's initial guidelines for a Community policy on tourism²⁵, called for travellers and tourists in all Member States to be insured through the social security system and entitled to obtain any medical care they needed. It also called for measures to be taken at national level and, for users of non-scheduled transport, for more effective protection against the risk of accidents, and called on the Commission to harmonize at Community level the requirements to be met by persons engaging in professional activities in the tourism and travel business.

- 1 OJ No L 70 of 13 March 1984
- 2 Council press release No 8123/84
- 3 Commission proposal published in OJ No C 127 of 1 June 1978
- 4 Commission proposal published in OJ No C 271 of 26 October 1979
- 5 OJ No L 332 of 28 November 1983
- 6 OJ No C 397 of 14 November 1983
- 7 OJ No L 262 of 27 September 1976
- 8 Most recently, OJ No L 275 of 8 October 1983
- 9 OJ No L 291 of 24 October 1983
- 10 OJ No L 33 of 8 February 1979
- 11 OJ No L 255 of 15 September 1983
- 12 OJ No L 353 of 15 December 1983
- 13 OJ No L 185 of 16 August 1971
- 14 COM(83) 754 final
- 15 OJ No C 203 of 29 July 1983
- 16 COM(84) 55 final
- 17 OJ No C 104 of 16 April 1984
- 18 OJ No C 104 of 16 April 1984
- 19 OJ No C 242 of 12 September 1983
- 20 OJ No C 10 of 16 January 1984
- 21 OJ No C 10 of 16 January 1984
- 22 OJ No C 307 of 14 November 1983
- 23 OJ No C 46 of 20 February 1984
- 24 OJ No C 46 of 20 February 1984
- 25 COM(82) 385 final

ENVIRONMENTAL POLICY

I. General framework

1. The period under review was marked by the tenth anniversary of the Community's environmental policy on 20 November 1983 in Brussels.

In October 1972, the Heads of State and Government decided to introduce a common European environmental policy with a view to reconciling economic growth with environmental protection in Europe. On 22 November 1973, the Council of Ministers adopted the first programme of action of the European Communities on the environment, which was based on proposals from the Commission. In the same year the European Parliament, which was quick to recognize the need for a common policy in this area, set up its own Committee on the Environment.

The tenth anniversary of the common environmental policy provided an opportunity for organizations and associations concerned with the protection of the environment in Europe to carry out a critical review of the past decade and draw attention to the main problems which are expected to arise in the next decade.

2. Growing public interest in environmental protection is reflected in the response to a survey on environmental protection throughout the Community, carried out by the Commission, which published the results at the beginning of 1984¹. This survey, carried out in October 1982, covered 9,700 people aged 15 years or over, constituting a representative sample of the Community's population. Those questioned attached a high level of priority to environmental policy even at the cost of price stability and economic growth. The problems which most trouble Europeans are the damage to the marine environment and beaches caused by accidents

involving oil tankers or the discharge of hydrocarbon residues into the sea, and the ways in which industrial, chemical and radioactive waste are disposed of; finally, mention was made of atmospheric pollution in general and the risk of climatic changes caused by an increase in carbon dioxide in the atmosphere.

3. One of the problems mentioned above which most concerns the population of the EEC, that is to say the disposal of industrial waste of chemical origin, prompted the European Parliament to set up a committee of inquiry, following the disappearance of the 41 drums of dioxin from Seveso. Set up on the initiative of Mrs Beate Weber, this first committee of inquiry of the European Parliament discovered that, in most of the Member States, Council Directive 78/319² had not been incorporated in national legislation rapidly enough and that it was being inadequately implemented. This prompted Parliament at its part-session of April 1984 to criticize the Commission, on the basis of Mrs Pruvot's report³, for failing to keep to its role as guardian of the Treaties.

Parliament also condemned the attitude of the Council of Ministers which was preventing the adoption of the proposal for a regulation on the transfrontier shipment of wastes. Parliament called for a European waste management policy which would allow the creation within ten years of between 1 and 2 million extra jobs if between 70% and 90% of the 2,300 million tonnes of waste produced each year in the Community were recycled and reused.

This report and the discussion which it provoked in the House met with keen interest on the part of the associations concerned, the press and wide sections of the population. In the closing debate, members of various groups announced their intention of reviewing the list of measures proposed in the report after the direct elections.

4. In its first annual report to the European Parliament on Commission monitoring of the application of Community law⁴, the Commission pointed out that in environmental matters alone it had instituted 25 infringement proceedings against the Member States. In 1983, 33 such proceedings were terminated, the Member States in question having complied with Community legislation.

II. Results:

1. At its March sitting the Council adopted the regulation on the financing of action by the Community relating to the environment (ACE) from the budget of the Communities. This regulation provides for grants totalling 13 million ECU over a three-year period in support of:
 - demonstration projects for the development of new, 'clean' technologies, that is to say technologies which do not pollute the environment and are more economical in their use of natural resources;
 - demonstration projects to develop new measuring techniques and procedures;
 - promotional projects to implement the Council Directive of 2 April 1979 on the conservation of wild birds⁵, aimed at contributing towards the upkeep and re-establishment of seriously threatened biotopes which, as the habitat of endangered species, are of particular importance to the Community.
2. At its meeting of 26 September 1983, the Council adopted the directive on limit values and quality objectives for cadmium discharges into Community waters⁶. An initial implementing directive on mercury discharges into the aquatic environment by the chlor-alkali electrolysis industry was adopted by the Council on 22 March 1982⁷. Like the 1982 directive, the new directive meets a dual objective since it plays down both Community limit values and quality objectives. For those Member States which opt for limit values, the directive lays down the values to be respected by 1 January 1986 and to be replaced by more stringent values three years later, while those Member States which select quality objectives must conform to the standards laid down by the directive for inland waters, estuary waters and territorial waters.
3. At its meeting of 16 December, the Council adopted a proposal for a directive on mercury discharges by sectors other than the chlor-alkali electrolysis industry⁸, since the latter were already covered by the Council directive on 22 March 1982⁹. This document establishes limit values for mercury discharges from industrial plant and quality objectives for Community waters. In this context, certain deadlines are

established for fulfilling the conditions attaching to authorizations granted by the competent bodies of the Member States for existing discharges. Finally, the directive establishes a monitoring and measuring procedure to determine the mercury content of discharges and of the aquatic environment.

4. At its meeting of 1 March 1984, the Council adopted a directive on measures to combat air pollution from industrial plants. This directive, which is the first general directive concerned with combating air pollution, stipulates that Member States must introduce a prior authorization procedure for operation of the industrial plants concerned. No authorization will be granted until the competent authority is satisfied that all the appropriate preventive measures have been taken, and in particular that the best available technology has been used, and that the operation of the plant will not give rise to air pollution likely to endanger human health or harm living resources and ecosystems. This directive is concerned essentially with plant used in the energy sector, the metal industry, the non-metallic mineral industry, waste disposal and certain chemical industries. The directive also requires Member States to adopt policies and strategies to adapt existing plant, step by step, to the most recent technologies. Finally, the directive states that, wherever necessary, the Council will fix limit values for the Community as a whole; these must be based on the best available technology, must not entail excessive costs and must take due account of the nature, quantity and harmfulness of the emissions in question.

5. At its meeting of 28 and 29 June 1984¹⁰, the last under the French presidency, the Council adopted a directive on the supervision and control of transfrontier shipments of hazardous wastes. The directive provides that, where a holder of waste intends to ship it to another Member State, to have it routed through one or more Member States or to ship it to a Member State from a third country, he must notify the competent authorities. The transfrontier shipment may not be executed before acknowledgement of receipt of the notification by the competent authority of the Member State concerned. Waste intended for recycling or reprocessing is covered by special provisions which must be applied in a non-discriminatory way and may not hinder the free movement of goods and services in the Community. In accordance with the 'polluter pays'

principle, the cost of implementing the system will be chargeable to the holder of the waste. Without prejudice to national provisions concerning civil liability, irrespective of the location of the disposal sites, the producer of the waste must take all necessary steps to dispose of or arrange for the disposal of the waste so as to protect the quality of the environment.

The Council also adopted a directive laying down limit values for discharges of hexachlorocyclohexane (HCH) from industrial plant and time limits for compliance with these values, together with quality objectives for HCH discharges in the aquatic environment.

This directive also establishes a surveillance and monitoring procedure and reference methods of analysis. This directive falls within the framework of Council Directive 76/464, of 4 May 1976, on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community.

III. International cooperation

1. At a Diplomatic Conference in Bonn on 13 September 1983, the Commission, with the Council's agreement, signed, on behalf of the Community, the Agreement for Cooperation in Dealing with Pollution of the North Sea by Oil and Other Harmful Substances. This Agreement updates the 1969 Agreement while differing from the latter in that it extends the geographical area to which it applies, strengthens cooperation between the Contracting Parties, (now including the Community) and enlarges the scope of the Agreement to cover action to combat harmful substances other than oil.
2. At its meeting of 1 March 1984, the Council adopted the Decision concluding, on behalf of the Community, the fourth Protocol to the 1976 Barcelona Convention concerning Mediterranean specially protected areas¹¹. Under the terms of the Protocol, the Contracting Parties, i.e. the Mediterranean States, have undertaken to implement all appropriate measures to protect areas of the Mediterranean important for safeguarding natural resources, natural sites and the cultural heritage of this region. They have agreed to do all they can to establish protected areas and to take whatever action is necessary to conserve and,

where necessary, restore them as rapidly as possible. Another objective of the Protocol is to encourage research and to increase public awareness of the protected areas, in close collaboration with the parties concerned.

3. On 28 November 1983, acting on the advice of Parliament¹², the Council amended its regulation of 3 December 1982 on the implementation of the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)¹³.

IV. Work in hand

Despite a degree of success in achieving a common environmental policy, certain major projects had not yet been completed in the report period.

These projects include: measures to combat atmospheric pollution by formulating air quality standards for nitrogen dioxide¹⁴, the proposal for a directive on the limitation of emissions of pollutants into the air from large combustion plants¹⁵ and the use of sewage sludge in agriculture¹⁶.

V. The role of the European Parliament

1. In the period under review, the opinions delivered by the European Parliament have directly influenced the Commission's legislative proposals especially in the following areas:

- that the Commission amended the essential points of its initial proposal for a Directive on the transfrontier shipment of hazardous wastes¹⁷ on the advice of the European Parliament¹⁸.
- The Commission also amended its initial proposal for a directive on containers of liquids for human consumption¹⁹ on the advice of the European Parliament²⁰. The Commission also adopted the whole of the simplified text on which Parliament had voted, except for the amendments concerning its legal form and scope²¹.
- The Commission also amended²², in accordance with the technical modifications called for by the European Parliament²³, its initial proposal for a Directive of January 1982 concerning airborne noise emitted by household appliances²⁴.

2. The influence of the European Parliament on the Council's legislative activity during its first term as a directly elected Assembly was considerable.

According to a statistical document drawn up by the European Parliament's Directorate-General for Research and Documentation and covering the period from 14 december 1979 to 20 January 1984, the Committee on the Environment Public Health and Consumer Protection delivered 32 opinions on Commission proposals. Of the 237 amendments tabled by Parliament, the Council of Ministers adopted 59 in whole and 53 in part. 125 amendments tabled by Parliament were not incorporated in the Council's decisions.

3. During the period under review, Parliament adopted resolutions on the following subjects, which are of concern to the European public:

- in respect of water pollution

- . resolution on measures to combat the pollution of the North Sea²⁵, in which Parliament recommends the formulation of a single convention on the protection of the North Sea and the creation of a central consultative body, and calls for measures to prevent the discharge of waste and the illicit flushing of oil tanks and for sanctions to be imposed on vessels infringing these provisions, including their detention in North Sea ports or their exclusion from these ports.

- with regard to atmospheric pollution:

- . resolution on acid rain²⁶, in which the Commission is requested to draw up as soon as possible a general programme of measures to combat air pollution, in order to limit or prevent damage caused to the environment by acid rain;
- . resolution on the lead content of petrol^{27,28};
- . resolution on limiting the emission of pollutants into the air from large thermal power stations²⁹.

- with regard to industrial waste:

- . resolution on the need for Community measures for the final storage of radioactive waste and the reprocessing of irradiated nuclear fuel³⁰;
- . resolution on the dumping of radioactive waste at sea³¹;
- . resolution on waste management policy³²;
- . resolution on waste management in the European Community³³.

- with regard to the protection of the environment and natural resources

- . resolution on the urgent need to improve measures to combat forest fires, especially in those Mediterranean regions which are particularly affected³⁴;
- . resolution on a Community forestry policy³⁵;
- . resolution on the protection of the monk seal³⁶;
- . resolution on the import of ivory into the Community³⁷, in which the Commission is requested to prohibit the import into, or transit through, the Community of all ivory from countries not party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

- 1 The Europeans and their Environment, document published by the Commission
of the European Communities, XI/446/83
- 2 OJ No. L 84/43 of 31.3.1978
- 3 Document 1-109/84
- 4 COM(84) 181 final
- 5 OJ No. L 103 of 25.4.1979
- 6 OJ No. L 291 of 26.9.1983
- 7 OJ No. L 81 of 27.3.1982
- 8 OJ No. L 74 of 17.3.1984
- 9 OJ No. L 81 of 27.3.1982
- 10 Council Press Release No. 8129/84
- 11 OJ No. L 68 of 10.3.1984
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- 13 OJ No. L 344 of 7.12.1983
- 14 Commission proposal published in OJ No. C 258 of 27.9.1983
- 15 COM(83) 704 final
- 16 OJ No. C 77 of 19.3.1984
- 17 OJ No. C 53 of 25.2.1983
- 18 OJ No. C 186 of 12.7.1983
- 19 OJ No. C 204 of 13.8.1981
- 20 OJ No. C 242 of 12.9.1983
- 21 OJ NO. C 312 of 17.11.1983
- 22 OJ No. C 334 of 10.12.1983
- 23 OJ No. C 277 of 17.10.1983
- 24 OJ No. C 181 of 19.7.1982
- 25 OJ No. C 46 of 20.2.1984
- 26 OJ No. C 46 of 20.2.1984
- 27 OJ No. C 184 of 11.7.1983
- 28 Resolution of 24.5.1984
- 29 Resolution of 24.5.1984
- 30 OJ No. C 46 of 20.2.1984
- 31 OJ No. C 104 of 16.4.1984
- 32 OJ No. C 104 of 16.4.1984
- 33 Resolution of 24.5.1984
- 34 OJ No. C 277 of 17.10.1983
- 35 OJ No. C 307 of 14.11.1983
- 36 OJ No. C 77 of 19.3.1984
- 37 OJ No. C 104 of 16.4.1984

REGIONAL POLICY

1. The European Council of June 1983 in Stuttgart placed great emphasis on budgetary discipline, in particular in the context of agriculture and of the Community's structural funds. On 29 July 1983 the Commission submitted a report to the Council¹ on ways of increasing the effectiveness of the Community's structural funds, including the ERDF, and especially through improving their co-ordination and management. Unfortunately the review of policies and priorities which was to have followed submission of this report does not seem to have taken place, perhaps because of the other major problems which have faced the Community.

2. However the Commission also submitted in November 1983 a revised version of its 1981 proposals for the revision of the ERDF regulation of 1975.² The Council had been unable to reach agreement on the first proposal, and in the absence of agreement the Commission continued to administer the fund in accordance with the national quotas laid down in the 1975 regulation, although the validity of these expired at the end of 1981. The major difference between Member States concerned the degree of concentration of fund resources on the worst-off regions and the linked question of changes in the quotas of Member States.

3. The revised proposal was approved in principle by the Council in May 1984 and following a conciliation meeting with the European Parliament on 19 June the new regulation was at last adopted.³ It will enter into force on 1 January 1985. The Commission's suggestion of indicative ranges for the shares of Member States in the fund and an emphasis on multiannual programme contracts to be jointly financed by the Fund and Member States have been approved but with some modifications. The Parliament had strongly supported the Commission's proposal subject to various amendments⁴;

in particular it wished to entrust management of the ERDF exclusively to the Commission (thus limiting the role of Member States' representatives on the Regional Policy Committee), it supported greater geographical concentration of resources on the most disadvantaged regions and it called for ERDF contributions to be additional to national efforts. The indicative ranges now accepted by the Council will provide for less concentration of resources than was sought by the Commission or the EP; other concerns of the EP have been met outside the new regulation in a joint declaration of Parliament, Council and Commission which refers in particular to the importance of contacts between the Commission and regional (or local) authorities and to the 'additional' character of ERDF assistance. Annual meetings of the three bodies are to be held to examine the application of the new regulation and to evaluate it.

4. The non-quota section of the ERDF will now disappear and will be replaced by specific Community regional development programmes (as opposed to national programmes of Community interest). However under the existing regulation the second series of non-quota operations, originally proposed to the Council in November 1982, and approved by the EP with amendments in June 1983, was at last put into effect by Council Regulations adopted on 18 January 1984.⁵ These measures provide 700 million ECUs over 5 years, firstly for an extension of earlier assistance to EC regions affected by enlargement in France and Italy, to improved energy supply in Italy and Greece and to support for shipbuilding areas in Germany and the UK, and, secondly, for new measures to support areas of Greece affected by enlargement and for the textile and clothing industry.

5. The total 1983 allocation for the ERDF in the budget of the Communities amounted to 2,010 million ECUs, all but 100 million ECUs being distributed among national quotas. 89% of this quota section was accounted for by infrastructure projects with the remainder going to industrial and service projects (except for 5 million ECUs which helped to finance studies).

6. The 1984 budget provided 2,140 million in appropriations for commitments for the ERDF. It seems unlikely that an increase in real terms in the resources of the fund can be achieved in the near future, given the severe difficulties in reaching agreement on the general budgetary contributions of Member States and continuing high levels of unemployment even in the most advanced regions of the EC. As in the case of the 1983 budget, the Parliament's first reading reduced the Commission's initial appropriation for the ERDF (from 2,500 million to 2,350); the final result was only 40 million ECUs more than the Council's second draft. The total available for commitments amounts to 7.82% of the budget, compared to 8.74% in 1983.

7. Apart from grants made under the ERDF, the Community supports regional development through its other structural funds and through loans made by the European Investment Bank. Efforts have been made in recent years to coordinate operations involving several financial instruments. "Integrated operations" have been pioneered in Naples and Belfast and several projects have been financed (although so far action in Belfast has been limited to the exceptional Community measure to promote urban renewal - and in particular housing - which was approved in June 1983 and discussed in last year's edition of this document).

8. Various studies are being undertaken for integrated operations elsewhere in the Community, but the major new initiative in the period under review has been the integrated Mediterranean programmes (IMPs) for which a budgetary allocation of 6.6 billion ECUs over six years is proposed.⁶ The programmes are intended to provide a comprehensive means of developing rural areas of France, Italy and Greece. Pilot projects for a total of 7 million ECUs were approved by the Commission in January 1984; of the 22 measures, 10 are small integrated projects intended to further development in specific districts, 3 are pilot projects for fisheries and aquaculture and others are training schemes and studies on research and the environment. The EP has proposed

substantial changes to the Commission's proposal for a Council Regulation concerning the IMPs but strongly supports the principle.⁷

9. A major new initiative by the European Parliament bore fruit in January 1984 with the organisation of the first Conference of the Regions in Strasbourg on the theme 'The Role of the Regions in the Construction of a Democratic Europe.'⁸ The Conference called, inter alia, for a greater participation of local and regional authorities in the formulation of Community policies and resolved to hold a second conference within 2 years.

10. Finally, in April 1984 the Commission published its Second Periodic Report on the social and economic situation and development of the regions of the Community.⁹ The report examines regional disparities and their development since 1973 as well as regional aspects of the forthcoming enlargement of the Community. It classifies the relative intensity of regional problems in particular by means of a 'synthetic index' based on GDP and unemployment rates. The EP's Committee on Regional Policy and Regional Planning will be examining this report in the autumn of 1984.

- 1 COM(83)501 final
- 2 OJ C 360 of 31.12.83
- 3 Council Regulation (EEC) No. 1787/84; OJ L 169 of 28.6.84
- 4 EP Resolution of 13.4.84; OJ C 127 of 14 May 1984
- 5 COM(82)865 final; EP Resolution of 10.6.83 in OJ C 184/83;
OJ L 27 of 31.1.84
- 6 COM(83)24 final and OJ C 251 of 19.9.83
- 7 EP Resolution of 29.3.84
- 8 Final declaration PE 88.600/fin and EP Resolution of 13.4.84
- 9 COM(84)40 final/2

THE COMMON AGRICULTURAL POLICY

The period July 1983 to June 1984 has undoubtedly marked an important turning-point for the CAP: not only political discussions but also the main management rules have focussed on reforming the CAP during that time.

For several years, the Commission had drawn attention to the need to change some aspects of the common agricultural policy and adapt it to new developments both in general economic conditions and in the agricultural sector itself.

The first ideas put forward in 1981 (1) had the merit of opening the debate on the reform but there were few practical consequences as the Council did not entirely follow through the Commission's ideas.

Nor, although it acknowledged the need to reduce surpluses in the Community, did the European Parliament (2) entirely agree with the Commission.

The period began in July 1983 with the submission of Commission proposals for the rationalization of the market organizations and guidelines for the main sectors. This document (3), which was drawn up at the request of the heads of state and government meeting in the European Council in Stuttgart in June 1983, sets out the Commission's proposals for adapting the common agricultural policy to changes in the economic environment of the CAP.

In fact, as the increase in productivity and production was not followed by an equivalent increase in consumption, the Community became more than self-sufficient in a large number of key agricultural products. As a result,

the Community must rely more and more on exports for which the Community grants refunds or on subsidized sales in the Community as outlets for its products, and this has serious repercussions on the Community budget.

The European Parliament examined this document closely and, following thorough discussions in the Committee on Agriculture, delivered its opinion on all the problems touched on by the Commission in the above-mentioned documents on 18 November 1983 (4).

The European Parliament is aware of the budgetary and market constraints the Community has to face in the mid-'80s and feels that guarantees for sectors in which there are structural surpluses must be limited.

Nevertheless, Members of the European Parliament have allocated priority to:

- compliance with the basic principles of the CAP: market unity, financial solidarity, Community preference;
- maintenance of reasonable earnings for farmers;
- safeguarding family farms and farmers in the poorest regions of the Community.

Parliament has therefore agreed to important changes such as the introduction of the system of quotas in the dairy sector for a limited period of time.

It has also tried to go further than does the Commission document by suggesting some changes that could reduce current causes of tension and crisis in the CAP: for instance, more stringent management of the market to provide greater control of imports of products that compete with Community products.

The proposals for reforming the CAP were immediately applied to all measures related to the fixing of prices for the 1984/85 marketing year. The adverse trend in markets and world prices has in fact aggravated the Community's budgetary problem; estimated expenditure in the EAGGF Guarantee Section was for instance exceeded for products with unlimited guarantees. This negative price trend together with exhaustion of the Community's own resources - the ceiling of 1% of VAT has been reached - has led to a disastrous financial situation in the Community.

It was for this reason that the Commission had less difficulty in getting its 1984/85 agricultural price proposals adopted by the Council before 1 April 1984, the deadline set for some CMOs. The Council has endorsed the substance of the Commission's proposals although some of them had to be adjusted during negotiations in the Council.

As a whole, the Council decisions on the 1984/85 agricultural prices (5) reflect the need to reform the CAP in view of the economic, social and budgetary problems with which the Community is confronted. The Council's decision was in fact prompted by a desire to control the markets and can be summarized as follows:

- a cautious price policy and limitation of the guaranteed quantities for the most important agricultural products;
- the need to maintain the quality of products more rigidly in order to achieve a better balance on the agricultural products market;
- attempts to establish a new balance between agriculture in the southern and northern regions of the Community.

In the resolution it adopted in March 1984 (6), the European Parliament criticized the Commission's proposals and expressed concern at the effect they could have on agricultural earnings, which is why it called for slightly higher price increases than those originally proposed by the Commission.

On the other hand, the Council decision brought about a slight reduction in prices expressed in ECU (-0.5%) compared with the 1983/84 marketing year. That was the first time the Council fixed prices lower than those proposed by the Commission which had proposed an average increase of 0.8% expressed in ECU along with related measures which in fact reduced this amount.

It is also true that, in view of the agri-monetary measures, the final result is an average increase of 3.3% in prices expressed in national currencies although the price bracket varies widely, from -0.6% for Germany and the United Kingdom to +17.6% for Greece and different price brackets exist for different products. The increases for products from the Mediterranean regions are higher than the Community average expressed in national currencies.

The beginnings of a solution emerged in 1984 for another important problem, the dismantling of monetary compensatory amounts (MCAs) which had preoccupied farmers in weak-currency countries and, for quite different reasons, farmers in strong-currency countries. The European Parliament had long argued in favour of dismantling (7). The final Council decision is that positive MCAs should gradually be dismantled by 1987 by applying a correcting factor to the rates used in the ECU. The correcting factor is calculated so as to reduce German positive MCAs by 3 points in the 1984/85 marketing year and by 5 points as from 1985, thereby reducing the prices expressed in German marks. The same system is applied in the Netherlands where, admittedly, positive MCAs were much lower.

This negative effect on the formation of agricultural earnings will be offset by special aid granted by applying VAT to agricultural products to which the Community will contribute 120 million ECU in 1985 and 100 million ECU in 1986. If the Netherlands request and are authorized to apply national measures similar to those in Germany, it will also be eligible for Community aid.

Negative amounts will be abolished as from the 1984/85 marketing year in Italy and Greece and 50% of them will be dismantled in France.

The idea of compensation for German farmers reminds one of the system introduced in 1967 when the first common prices entered into force and led to a loss of earnings for German farmers who until then had obtained higher prices. The idea of compensation was first put forward by the European Parliament.

Another important theme of agricultural debates in 1983/84 was structural policy as a whole. The main regulations and directive concerning Community structural policy expired at the end of 1982. This provided Parliament with an opportunity to express an opinion on the Community's structural policy as a whole (8) and on the regulations and directives that had just expired. On the whole, the European Parliament was rather critical of the results produced by the 1972 socio-structural directives (9) and much more impressed by those achieved by Regulation 355/77 on the marketing and processing of agricultural products (10).

In general, the European Parliament came out in favour of a more important role for structural policy and emphasized aspects of it that should be developed such as research, training and the strengthening of family farms and cooperatives. The gist of the resolution adopted by the European Parliament was that traditional agriculture should be given preference over non-traditional agriculture in which there was a high capital investment and a very high ratio between the amounts produced and the area cultivated.

Parliament outlined the trend the new agricultural structures policy could take in the future so that, with increased regionalization, it could be applied more flexibly to the poorest regions.

The Commission's proposal for a regulation on reform of the socio-structural directives and that on the integrated Mediterranean programmes (IMPs) go some way towards meeting the wishes of the European Parliament but have not yet been adopted by the Council.

In conclusion, radical changes have been made in the management of the CAP between July 1983 and June 1984. It will be up to the Members of the newly elected Parliament to ascertain what effect those measures have on production, the budget and agricultural earnings and to decide how effective they are.

LIST OF REFERENCES

- (1) Guidelines for European agriculture, COM(81) 608 final
- (2) Plumb resolution on possible improvements to the CAP, OJ No. C 172/81
- (3) Common agricultural policy: proposals of the Commission, COM(83) 500 final
- (4) Curry resolution on the communication from the Commission to the Council on the common agricultural policy, OJ No. C 342/83
- (5) Decision of the Council of Ministers of Agriculture of 31 March 1984, press release 6131/84
- (6) Woltjer resolution on Commission proposals on the fixing of prices for agricultural products and related measures, 1984-1985, OJ No. C 104/84
- (7) Marck resolution on the gradual dismantling of MCAs, OJ No. C 104/84
- (8) Thareau resolution on new guidelines for structural policy, OJ No. C 342/83
- (9) Provan and Bocklet resolutions on improving the effectiveness of agricultural structures, OJ No. C 117/84
- (10) Vitale resolution on the marketing and processing of agricultural products, OJ No. C 117/84

THE COMMON FISHERIES POLICY (1)

Whilst the year 1983/4 marked a turning-point for agriculture, the same period saw a stabilization in the common fisheries policy after the Council decision of 25 January 1983 (2). The common fisheries policy has thus entered its final stage, thanks to the relative stability achieved between Member States. This policy covers a common organization of the market, a structural policy, management of resources, with annual fishing quotas being set, and relations with third countries.

The common organization of the market in fishery products, which was set up in 1970 and was last amended in 1981 (3), is modelled on the COM for agricultural products, with a guide price for certain products, and withdrawal prices applied with the assistance of producers' organizations. The COM also lays down a reference price for imports and refunds for the export of products.

The structural policy, introduced in October 1983 for a period of 10 years, provides for the restructuring, modernization and development of fishing and aquaculture, as well as a system of support for experimental fishing and cooperation in the context of joint ventures. It also lays down measures for adapting fishing capacities (4). Restructuring is particularly necessary in view of the changes made at international level after the creation of the 200-mile exclusive economic zone in 1976 and the need to conserve and manage fishery resources.

Management of resources: every year the Commission, on the basis of expert opinions, has to determine the quantity of catches (TAC - total allowable catches) to be made in Community waters and how they are to be allocated among the fleets of the various Member States concerned. For the first time since the system was introduced, the Council was able to set the national quotas in January 1984 (5), which allowed fishermen to plan out their work. The agreement on the allocation of the TAC for 1984 gives reason to hope that in future the national quotas may be fixed within the agreed time limits.

As far as relations with third countries are concerned, the Commission concluded new agreements with East African countries in 1983/4 and renewed existing ones (6).

All these decisions together are of great importance, not only for the Community but also for the negotiations with the applicant states, Spain and Portugal. Once the Community fisheries policy was finalized, the Commission was able to submit its proposals for negotiation to the applicant states. It is well-known that the fisheries issue is of great importance both for the Community and for these two countries.

The European Parliament has ~~always~~ striven to bring the common fisheries policy into being and has drawn up a large number of reports on the subject. It has likewise always pointed out the basic principles which ought to be observed (7). In spite of this, the new regulations adopted following the Council decision of 25 January 1983 do not provide for the consultation of Parliament, except in a very few cases. The European Parliament's reaction to this has been to examine the legal aspects in detail and to refer the matter to the Presidents of the Commission and the Council, in order to find a satisfactory answer to the question of what role it should play in administering the fisheries policy (8). So far no solution has been found but it is to be expected that the new European Parliament will take up this sensitive institutional matter again, in order to reestablish more effectively its right to be consulted.

LIST OF REFERENCES

- (1) For a fuller description of the common fisheries policy see Research Paper, Agriculture series no. II, DG V, June 1984
- (2) See "A Year of European integration, 1982/3", Number 22a.
- (3) Reg. 3796/81, OJ L 379/81
- (4) Reg. 2908/83, Reg. 2909/83, Dir. 83/151, OJ L 290/83
- (5) Reg. 320/84, OJ L 37/84
- | | | | |
|-------------------|------------------|---------|----------------------------------|
| (6) Canada | Council Decision | 83/652 | OJ L 371/83 |
| Norway | Reg. | 2214/80 | OJ L 226/83 |
| Sweden | Reg. | 2209/80 | OJ L 226/80 |
| Faeroe Islands | Reg. | 2118/83 | OJ L 205/83 |
| USA | Reg. | 1220/77 | OJ L 141/77 (expires: 1/07/1984) |
| Equatorial Guinea | Reg. | 415/83 | OJ L 237/83 |
| Guinea Conakry | Reg. | 971/83 | OJ L 111/83 |
| Guinea Bissau | Reg. | 707/83 | OJ L 84/83 |
| Seychelles | Council Decision | 84/170 | OJ L 79/84 |
| Sao Tome | Reg. | 477/84 | OJ L 54/84 |
- (7) All the European Parliament's reports on the subject of fisheries during the period from 1979 to 1984, Doc. PE 87.243 + Addendum
- (8) Details to be found in Documents PE 88.256 and PE 89.352

TRANSPORT POLICY

During the last year of the directly elected European Parliament's first term of office, i.e. between June 1983 and June 1984, a total of 22 reports from the Committee on Transport were considered in plenary; nine resulted from the consultation of Parliament by the Council on proposals from the Commission, while the other thirteen were own-initiative reports from the Committee on Transport.

The consultations mostly concerned the transport of goods by road. Mrs von Alemann reported on the proposals concerning the standardization of certain rules relating to authorizations for the carriage of goods (1) and Mr Moreland on the conditions under which non-resident carriers may operate certain national transport services within a Member State ('cabotage') (2). This question should already have been settled during the transitional period in accordance with Article 75(1b) of the EEC Treaty. Mr Karl-Heinz Hoffmann drew up the annual report on the Community quota (3) and Mr Buttafuoco reported on the Commission's proposals concerning the use of hired vehicles, own-account carriage of goods by road and discrimination in transport rates (4). Mrs Scamaroni submitted a report on the worrying question of the introduction, as a preventive measure, of fuel rationing procedures (5), while Mr Vandewiele reported on the Commission's proposals concerning an increase in the quantity of fuel contained in the fuel tanks of commercial vehicles to be admitted duty-free (6). This report reflected the impact of the blockades at the beginning of 1984. In mid 1983 the Council had already increased this limit to 200 litres instead of the 100 litres proposed by the Commission. Following the dramatic events of March and April 1984, the Commission proposed that all the fuel contained in the normal fuel tanks of commercial vehicles should be admitted duty-free. Mr Gabert reported on the crossing of frontiers, cooperation in the commercial management of rail traffic and piggyback transport (7). Mr Baudis reported on the planned implementation of a 'multiannual transport infrastructure programme' which is due to follow the 'experimental programme' (8). There was a detailed debate on the communication from the Commission to the Council of 9 February 1983 'towards a common transport policy - inland transport'. Mr Carossino presented a report on this subject for the Committee on Transport (9).

Own-initiative reports by Parliament concerned rates for intra-Community telephone calls (report by Mr Marshall) (10), transport problems in the peripheral regions of the European Community (report by Mr Cardia) (11), the proposal concerning the creation of a European Foundation for Safety at Sea (report by Mr Kaloyannis) (12) and relations between the European Community and Yugoslavia in the transport sector (report also by Mr Kaloyannis) (13). Mr Klinkenberg drew up a summary table of transport infrastructures in the Community (14). With regard to road safety, Mr Baudis also presented a large report (15) accompanied by various proposals for European action in this area. The reports by Mr Gabert on improving transalpine railway links (16) and by Mr Klinkenberg on problems of transport between Greece and the other Community Member States (17) covered many relevant points.

Mr Moreland reported on postal charges in the Community (18) while Mr Ripa di Meana presented a highly regarded report on the safety of air transport in Europe (19). Mr Moorhouse reported on airport charges in the European Community (20), Mr Hoffman on airport planning in the European Community (21) and Mr Albers on Community measures to improve the situation in the inland waterways sector (22).

Parliament was dissatisfied with the progress made with Community action, the Commission's proposals and the decision-making process in the Council of Ministers in connection with all these issues.

There is no doubt that during the period in question the Council of Ministers wished to demonstrate an increased level of activity as a result of the proceedings for failure to act which Parliament had brought against it before the Court of Justice of the European Communities at the beginning of 1983.

Up to the time of completion of this report the Court of Justice had not delivered judgment. It has so far merely rejected the Council's application for the admissibility and substance of the action to be considered separately. The oral proceedings are scheduled to be held in Luxembourg on 17 September 1984.

Meanwhile the Council of Transport Ministers met on 1 and 20 December 1983 under the presidency of the Greek Minister of Transport, Mr Akritidis, and on 22 March and 10 May 1984 under the presidency of Mr Fiterman, the French Minister of Transport. The Ministers have also held informal meetings.

The results of these meetings have been unconvincing, however, and certainly do not give cause to believe that the legal action is serving no useful purpose.

During the period in question, the Council took a decision on the commercial independence of the railways, vis-à-vis governments, in the management of their international passenger and luggage traffic, in order to facilitate cooperation at European level (23). This independence should assume its final form within five years. A directive was also adopted concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States (24); this directive was suggested by Parliament, but its scope has been substantially reduced by the fact that the authorization is limited to aircraft with a capacity of not more than 70 passenger seats and with a maximum take-off weight of not more than 30 tonnes.

The Council also adopted a regulation on the fixing of rates for the carriage of goods by road between Member States (25); this does not constitute a step forward in the transport policy sector, however, but merely replaces the previous regulation which expired on 31 December 1983. The dual system of reference tariffs and compulsory bracket tariffs has been retained and a final solution deferred until 1987.

Finally, on 1 December 1983 the Council adopted a directive on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States (26); this directive enabled the Council to save face when the strikes by Italian customs officers blocked the Alpine passes in March and April 1984 and the lorry drivers spontaneously expressed their anger by organizing a counter blockade which paralysed traffic in the Alps and adjacent areas.

Given the 'grass roots' support for this demand for improvements in border crossing procedures, which has always been one of the European Parliament's demands, the Council has endeavoured to shorten the deadlines set out in the December directive so that actual improvements will be made starting in July 1984. The governments of several countries have started negotiations, some of them at the level of Heads of State and Government, to abolish border controls or at least to ease them. Various bilateral and multilateral

agreements have been signed outside the Community institutions. As this report is being completed it must nonetheless be expected that the customs and financial authorities, as well as the Member States' internal security services and ministerial bureaucracies, will try to put up stout resistance (and they are quite capable of doing so) to the simplification of customs controls.

Overall it can be said that despite the considerable efforts by the first directly elected Parliament to get a common transport policy off the ground, in its second term of office Parliament faces the same problems that confronted it during its first term, as a result of the Council of Ministers' inability to reach decisions.

- (1) Doc. 1-465/83 of 4.7.1983
- (2) Doc. 1-759/83 of 28.9.1983
- (3) Doc. 1-917/83 of 26.10.1983
- (4) Doc. 1-921/83 of 28.10.1983
- (5) Doc. 1-1332/83 of 31.1.1984
- (6) Doc. 1-204/84 of 7.5.1984
- (7) Doc. 1-1521/83 of 19.3.1984
- (8) Doc. 1-979/83 of 8.11.1983
- (9) Doc. 1-1138/83 of 5.12.1983
- (10) Doc. 1-502/83 of 15.7.1983
- (11) Doc. 1-755/83 of 28.9.1983
- (12) Doc. 1-773/83 of 10.10.1983
- (13) Doc. 1-920/83 of 28.10.1983
- (14) Doc. 1-1347/83 of 13.2.1984
- (15) Doc. 1-1355/83 of 13.2.1984
- (16) Doc. 1-1520/83 of 19.3.1984
- (17) Doc. 1-1525/83 of 15.3.1984
- (18) Doc. 1-1539/83 of 12.3.1984
- (19) Doc. 1-1551/83 of 16.3.1984
- (20) Doc. 1-7/84 of 19.3.1984
- (21) Doc. 1-63/84 of 27.3.1984
- (22) Doc. 1-43/84 of 2.4.1984
- (23) OJ No. L 237/83, p. 32
- (24) OJ No. L 237/83, p. 19
- (25) OJ No. L 359/83, p. 1
- (26) OJ No. L 359/83, p. 8

THE DEVELOPMENT OF COMMUNITY ENERGY POLICY¹
FROM JUNE 1983 TO JUNE 1984
AND PROSPECTS FOR THE IMMEDIATE FUTURE

After the dramatic rise in crude oil prices in 1979-1980 and the serious disturbances that this caused to the economies of all the Member States of the Community, more pressing calls were made for the development of a Community energy policy. However, only a modicum of genuine progress was made in the field of Community energy policy between June 1983 and June 1984. As already emphasized in last year's report on the main aspects of European unification, this has not been due, contrary to a widely-held opinion, to any lack of resolve or initiative on the part of the Commission or the European Parliament, but simply to the fact that most of what was possible within the limits of what the Member States were prepared to accept within the Council on the matter of a common policy has been done.

Energy savings and rational use of energy

Energy saving and the rational use of energy are priority areas in Community energy policy objectives - a point already stressed in the Council resolution of 9 June 1980² concerning Community energy policy objectives for 1990 and convergence of the policies of the Member States. The objectives for 1990 were again examined at the last meeting of the Council of Energy Ministers of 22 May 1984 in the light of the progress made so far. It is clear from the assessment of the progress made that the Community has achieved an undeniable success with regard to the objective of

controlling the growth of energy consumption and, in particular, reducing dependence on oil by using energy more rationally, and by extending its sources of supply. Consequently, the Community's total primary energy production was raised to 509.2 million tonnes of crude oil in 1983 compared to 368.1 million tonnes in 1975. Success on the demand side was even more striking than on the supply side. For the Community as a whole (EUR 10), energy dependence (dependence on oil), in other words the ratio of net imports to gross internal consumption, fell from 61.4% (55.2%) in 1975 to 41.9% (31.9%) in 1983. However, it should be remembered that the considerable success achieved in reducing dependence on oil was basically due to the rise in energy prices and the Member States' weak economic growth.

Solid fuel policy

In addition to the above-mentioned Community energy policy objectives for 1990 of energy savings and reducing energy dependence, the replacement of oil by coal is a priority objective. The particular importance of coal was again stressed in the Commission's documents³ on the role of coal in the Community's energy strategy and in Parliament's opinions⁴ on these documents. In the period under review, the Commission presented proposals⁵ on the granting of Community financial support for industries producing solid fuels and other proposals⁶ concerning a balanced policy in the solid fuel sector. In Parliament's report on the matter⁷ and its resolution of 16 March 1984⁸, it regrets that the measures taken so far in the solid fuel sector (in addition to coal, lignite and peat) are inadequate. Parliament expressly called for Member State producers and the other Member States to cooperate closely in stepping up their efforts in the coal policy sector in order to guard against future international energy crises with the help of indigenous coal which is the one sure source of energy.

In a report⁹ and the associated resolution¹⁰ of 13 April 1984, Parliament launched an appeal for a solidarity programme on the use of European coal and proposed concrete measures to this end (extension of the electricity grid across the whole Community, improvement of infrastructures for the transport of coal and measures to reduce environmental pollution caused by existing coal-fired power stations).

Gas policy

The importance of natural gas for balancing Community consumption has increased considerably in recent years. In addition to various Commission proposals¹¹, Parliament also dealt, during the period under review, in a major own-initiative report¹² and the associated resolution¹³ of 30 March 1984, with Community gas policy. A large number of specific proposals were made concerning the incorporation of natural gas policy in the Community's energy policy and the future measures needed in this sector (increasing transparency on the Community gas market, diversification and guarantee of supply).

The role of nuclear energy

Nuclear energy ranks alongside coal in its importance as an energy source for the development of Community energy strategy, which may be viewed as an attempt to reduce dependence on oil. This is especially true for countries which - like the Member States of the Community - have a high energy consumption but lack adequate reserves of crude oil and natural gas. In the past, the European Parliament has not been opposed to the development of nuclear energy but has always attached particular importance, in this context, to the safety aspects connected with environmental and health protection. In the period under review, all these problems were dealt with in detail by the European Parliament, in the light of the Commission's proposals¹⁴, in a report¹⁵ and the associated resolution dated 18 November 1983¹⁶ on a research programme on the decommissioning of nuclear

installations (1984-1988), on a research programme on reactor safety (1984-1987) and on a research programme on the development of nuclear fission energy (1984-1987). By virtue of Decision 84/60/EURATOM of 31 January 1984, the Council adopted this research programme on the decommissioning of nuclear installations¹⁷.

During the period under review, the European Parliament emphasized, as the Commission had previously, in various communications¹⁸, in a major report¹⁹ and the associated resolution dated 19 January 1984²⁰, the need for Community measures for the final storage of radioactive waste and the reprocessing of irradiated nuclear fuel.

The European Parliament's position, which is that adequate use must also be made of nuclear energy to cover the Community's future needs, was reaffirmed in the report²¹ and the associated resolution dated 25 May 1984²² on the development of advanced reactors. Parliament called for increased Community action - chiefly in the areas of research and development - with regard to fast-breeder and high temperature reactors.

In order to guarantee a balanced supply of nuclear fuels for all the Member States, Chapter VI "Supplies" was included in the EURATOM Treaty of 1957. Since, up to the present time, there has been no shortage of nuclear fuels, this chapter has not been applied in practice. It is for this reason that the Commission presented proposals for the revision of the Treaty²³. The European Parliament's Committee on Energy, Research and Technology has given its opinion on these proposals to revise the EURATOM Treaty in an interim report²⁴. However, as pointed out in its resolution²⁵ of 24 May 1984, Parliament was not able to deliver its final opinion on this revision during its first term of office.

Future oil supplies and price trends

Parliament has always been in favour of reducing the Community's dependence - particularly on oil. In a report²⁶ and the associated resolution²⁷ dated 24 May 1984, Parliament again adopted a position on the future of Middle-East oil supplies and on oil prices. It again insisted that fresh efforts be made to guarantee adequate energy supplies at the most attractive prices possible, diversify the geographical distribution of supply countries and take appropriate measures to tackle the danger of further oil price increases.

Energy pricing policy and specific tax

Energy pricing policy is one of the main instruments for achieving, in a coherent and rational manner, fixed objectives with regard to supply and demand. In accordance with the importance repeatedly attached to pricing policy in the past, Parliament delivered its opinion in a report²⁸ and the associated resolution dated 13 April 1984²⁹ on a specific Community tax. Having regard to the difficulty of assessing the effects of such a tax on energy consumption, competitiveness and inflation, Parliament called on the Commission to continue its work.

Research, development and demonstration prospects

In this field, the Community's role is unanimously recognized. There are two arguments in favour of Community action, namely economies of scale (for example, the JET programme) and the interests of industrial policy.

The Community's contribution to total public spending on research currently amounts to a bare 2%. This relatively low figure gives a misleading impression of the Community's real importance since, during the period under consideration, it stepped up its specific measures in the spheres of energy savings, alternative energy sources and new energy technologies -

especially coal gasification and liquefaction³⁰ - and the measures that the Community has launched or encouraged in these forward-looking areas are first-rate (see No. 25 on the development of Community research and technology policy for further details).

International dialogue

International dialogue is an important aspect of Community energy policy. In the period under consideration, it was increasingly acknowledged that the Community should take part as a single body in international negotiations with other industrialized countries, with the oil-producing countries and with the developing countries and do more to further cooperation. A resolution of 7 July 1983³¹ on the Twelfth World Energy Conference in New Delhi, at which Parliament was represented by a delegation, stressed the need for the Community to strengthen international cooperation and, in particular, step up efforts to resolve the energy problems of Third World countries.

The role of the European Parliament

Despite the measures and efforts made to implement a common energy policy, there has still been very little progress in this field. A common policy worthy of the name seems to be a long way off. National considerations in the energy sector are the main hindrance to the implementation of a common energy policy.

In view of this situation, the European Parliament has always considered that one of its main functions was to persuade Member States that long-term common interests are more important than short-term national interests which give priority to other solutions. On a number of occasions, the European Parliament has expressed its concern at the lack of a genuine common energy policy and called upon the Council to bring about - at last -

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substantial progress in this field. As was evident during the period under review, the European Parliament has clearly stressed in its numerous resolutions and opinions - some of which have been referred to - its concern to start wheels turning in the important field of energy policy.

It was also evident during the period under consideration that some progress has been made in this field. However, it should not be forgotten that there is no genuine Community energy policy, and it will be difficult to introduce one in the immediate future, in view of the different situations obtaining in the Member States and the fact that they tend to cling on to their sovereign powers in this area. Whether it will be possible in this field to progress beyond the minimal level of agreement achieved on energy saving measures and alternatives to oil with a view to a coherent overall strategy for the Community which would also encompass a certain transfer of resources between Member States and the partial abandonment of national jurisdiction seems, at the very least, to pose something of a problem.

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(1) Numerous Community projects in the research and technology field deal with the energy sector. See also the following chapter "Research and Technology".

At the last meeting of the Committee on Energy, Research and Technology held in April 1984, an important working document drawn up by Mr Seligman (PE 88.595/rev.) dealing with the main problem areas and the committee's working methods and activities was considered. Possible implications for the reorganization of the committee's working methods will be considered after the elections.

- (2) Council Resolution of 8.6.1980, OJ No C 149/80.
- (3) See COM (83) 305 final and COM (82) 31 final.
- (4) Doc. 1-1200/82 and OJ No. C 96/83.
Doc. 1/204/82 and OJ No. C 149/82.
- (5) COM (83) 447 and OJ No. C 232/83.
- (6) COM (83) 309 final.
- (7) Doc. 1-1386/83.
- (8) OJ No. C 104/84.
- (9) Doc. 1-98/84.
- (10) OJ No. C 127/84.
- (11) COM (81) 530 final; COM (82) 45 final; COM (82) 653 final; COM (82) 603 final.
- (12) Doc. 1-1512/83.
- (13) OJ No. C 117/84.
- (14) See COM (83) 300 final.
- (15) Doc. 1-935/83.
- (16) OJ No. C 342/83.
- (17) Council Decision 84/60/EURATOM of 31.1.1984; OJ No. L 36/84.
- (18) COM (82) 37 final; COM (83) 262 final.
- (19) Doc. 1-1129/83.
- (20) OJ No. C 46/84.
- (21) Doc. 1-224/84/A and Doc. 1-224/84/B.
- (22) PE 90.565 (OJ not yet published).
- (23) COM (82) 732 final.
- (24) Doc. 1-228/84A and Doc. 1-228/84B.
- (25) PE 90.564 (OJ not yet published).
- (26) Doc. 1-244/84.
- (27) PE 90.564 (OJ not yet published).
- (28) Doc. 1-92/84.
- (29) OJ No. C 127/84.
- (30) On this subject, see the report (Doc. 1-1151/83) and the resolution of 16.12.83 (OJ No. C 10/84) on the granting of financial support for demonstration projects relating to the liquefaction and gasification of solid fuels; Regulation (EEC) Nos. 1971/83 and 1972/83 of the Council of 11.7.83, OJ No. L 195/83.
- (31) OJ No. C 242/83.

DEVELOPMENT OF THE COMMUNITY RESEARCH POLICY
BETWEEN JUNE 1983 and JUNE 1984
AND PROSPECTS FOR THE IMMEDIATE FUTURE

A formal basis for a Community research policy, based on Article 235 of the EEC Treaty and transcending the areas covered by the ESCS and EURATOM treaties, was only created in 1974, in a Council resolution¹ on the coordination of national policies and the definition of projects of interest to the Community in the field of science and technology. This research policy was introduced in 1974 and evolved further during the period covered by this report (June 1983 to June 1984).

Implementation of the Community's research and development programmes

Community research programmes are implemented either directly on behalf of the Community at the Joint Research Centre (JRC), where over 2,000 people are currently employed (especially in Ispra in Italy, but also in Geel in Belgium, Karlsruhe in Germany and Petten in the Netherlands), or indirectly by means of research contracts in national research laboratories, whose activities are coordinated and often also subsidized by the Community.

European strategy in the field of science and technology (Framework Programme 1984 - 1987)

The Commission's 1984-1987 Framework Programme² is a medium-term programme and financing plan which for the first time covers all the scientific and technical activities of the Community in the field of research, development and demonstration (R, D and D) and relates them to the Community's sectoral policies and tasks. Parliament wholeheartedly welcomed this Framework Programme in its report³ and the accompanying resolution⁴ of 10 June 1983.

The Council finally adopted the Framework Programme in its Resolution of 25 July 1983⁵.

This Framework Programme represents the first step in a continuous process of examination and global decision-taking which should make for greater qualitative and quantitative accuracy over the next few years. The period 1984-1987 should thus lay the foundations for a strategy of action to be taken in the '90s. This requires, first of all, the gradual development of an adaptation strategy under which the Community's activities will be reorientated, expanded and complemented on the basis of the three treaties. With these objectives this framework programme answers the European Parliament's repeated demand for an independent Community research policy which will enable Europe to meet the economic, industrial and technological challenges of our time⁶.

On the basis of three principles:

- greater priority for scientific and technical activities in the expansion of Community activities and policies (with an increased percentage of staff and financial resources),
- work geared to major economic and technical aims,
- enhancement of the Community's scientific and technical potential,

the Framework Programme, as the basis for a joint strategy in the field of science and technology, covers 7 key areas (the so-called socio-economic options), the scientific and technical goals in each area and the resources earmarked for each of them for the period 1984-1987. 3,750 million ECU (1982 value) have been allocated to this Framework Programme for the years 1984 to 1987, which will mean that the share of resources for research in the general budget of the Communities would increase from about 2.6% in 1983 to approximately 4.0% in 1987. The seven key areas of this Framework Programme are as follows (the percentage share of the total volume of finance for the framework programme is shown in brackets):

1. Agriculture and fisheries	(3.5%)
2. Industrial competitiveness	(28.3%)
3. Raw materials	(2.1%)
4. Energy sector	(49.3%)
5. Developing countries	(4.0%)
6. Living and working conditions	(7.2%)
7. Stimulation and horizontal activities	(5.6%)

The planned distribution of appropriations in the framework programme attests to an intensification of the trend followed by the Community's research policy to date, whereby energy research, in the widest sense, is given priority. This concentration of resources on a particular high-priority area is perhaps the best way to achieve significant results rather than spreading the resources over a large number of relatively insignificant programmes - even though they would then cover almost all areas in which Community research activity could prove useful. Appropriations in the energy field go to the following sectors:

- development of nuclear energy (particularly safety aspects),
- controlled thermo-nuclear fusion (JET),
- development of renewable energy sources,
- rational use of energy (systems analysis, hydrocarbons, coal, energy saving).

In its report⁷ and accompanying resolution of 16 December 1983⁸, Parliament urged that, in the implementation of the framework programme, the options which have a positive effect on employment and vocational training should be given preference.

The implementation of this framework programme calls for the modification and strengthening of structures and procedures for decision-making and for management and coordination. The Commission has put forward proposals⁹ on this subject which were welcomed by Parliament in a report¹⁰ and the accompanying resolution¹¹ of 14 October 1983.

FAST programme

Closely connected with the 1984-1987 programme, is the Community's second research programme on forecasting and assessment in science and technology (FAST), which is to last from August 1983 to the end of 1987.

The object of the second FAST programme is the establishment of long-term priorities for Community research and development together with the ascertainment of their repercussions on economic and social development. The Commission's proposals concerning the second FAST programme¹² were favourably received by the European Parliament in a report¹³ and the accompanying motion for a resolution of 10 June 1983¹⁴. The programme was adopted by the Council by Decision of 17 October 1983¹⁵.

Research and development in the information technology sector (ESPRIT)

Over the last few years, increasing difficulties have beset the international competitiveness of the rapidly expanding industries in the field of information technology, an industrial sector whose scale invites comparison with the car industry or the steel industry. The Community has become aware that the information technology sector, which is of vital importance for the revival of the economy, needs to receive greater support for its development if it is not to be overwhelmed by the massive pressure from the United States and Japan. Furthermore, the financial resources required for studies and research in this area are on such a scale that they can only be provided by trans-national cooperation with a greater concentration of private and public resources, which will also help to prevent possible losses through overlapping. Following the launching of aid to research in 1979, the experimental phase of the ESPRIT programme (European Strategic Programme for Research and Development in Information Technology) was introduced at the end of 1982 to which the European Parliament had always been favourably disposed¹⁶. The Commission's proposals¹⁷ for the overall ESPRIT programme, which was to last ten years, were then wholeheartedly supported by the Parliament in a report¹⁸ and the accompanying resolution¹⁹ of 14 October 1983. With explicit reference to the Council's inability to reach a decision on the Commission's proposals, Parliament in its resolution²⁰ of 16 February 1984 urged adoption of the programme once again. No doubt spurred on by this insistence, the Council took the Decision²¹ adopting the ESPRIT programme on 28 February 1984. For this programme, which is a component of the above-mentioned framework programme, 1.5 thousand million ECU are earmarked for the first five years (beginning on 1 January 1984), half of which is to be provided by the Community and half by industry. In the light of current trends, five priority sectors were established:

- advanced micro-electronics,
- advanced information processing,
- software technology,
- office systems,
- computer-integrated manufacturing

The main aim of the ESPRIT strategy is to set up an information system accessible to all those interested, to ensure as wide as possible a distribution of the results of the research.

Joint Research Centre (JRC)

In the past the European Parliament has always favoured expansion of the JRC, even if its views were not always able to prevail against those of the Council of Ministers on the continuation of certain programmes (e.g. SUPER-SARA on reactor safety). This commitment of the European Parliament to the JRC was also demonstrated in the period covered by the report, in the report²² and the accompanying resolution²³ of 14 October 1983 on the Commission's proposals²⁴ on the research programmes to be implemented by the JRC (for the period 1984-1987)²⁴. This research programme (to run for a period of 4 years from 1 January 1984), which is also a component of the above framework programme, was adopted by the Council by Decision²⁵ of 22 December 1983; the programme covers the following areas: industrial technologies, nuclear fusion, nuclear fission, non-nuclear energies, environment.

The interest of the European Parliament in a smooth and efficient method of working for the JRC was apparent during the period of the report and during the lengthy consultation procedure on the Commission proposals²⁶ on the establishment of the JRC board of governors. Parliament's reports²⁷ and the resolution²⁸ of 24 May 1984 can be consulted on this point.

JET and nuclear fusion

An important area under the research framework programme described above is nuclear fusion. Within the framework of the Community's current fusion programme (1982-1986) the JET (Joint European Torus) fusion pilot project was

developed. The nuclear fusion research centre set up in Culham in the UK for this project was opened in April 1984. For the transition from the JET pilot project to the NET (Next European Torus) follow-up programme the Commission has put forward proposals for the period from 1985-1989²⁹, which make provision for a contribution of 790 million ECU from the European Community to the total cost of 1,860 million ECU.

Other research activities and promoting the utilization of joint research

The Commission has put forward proposals³⁰ for a research and development programme in the field of non-nuclear energy, to supplement direct action by the Joint Research Centre and demonstration projects under the Framework Programme mentioned above. In its report³¹ and the accompanying resolution³² of 28 October 1983 the European Parliament gave its express support to this programme as a further contribution to reducing the Community's energy dependence.

The Commission's proposals³³ for a five-year programme on energy and energy research in the Community also have this important end of reducing energy dependence in view; this programme is also intended to supplement the afore-mentioned Framework Programme in the field of energy. In its report³⁴ and resolution³⁵ of 19 January 1984 the European Parliament gave its wholehearted support to this programme. One of the aims of the above framework programme was the reinforcement of industrial competitiveness. To further these aims the Commission has put forward proposals³⁶ for a multi-annual Community research and development programme in the field of basic technological research and the application of new technologies. In its report³⁷ and resolution³⁸ of 18 November 1983 the European Parliament endorsed this programme and at the same time drew up a number of demands to be met when the programme is implemented.

After consulting the European Parliament³⁹ the Commission modified its original proposals⁴⁰ concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer. The Council approved this plan by Decision⁴¹ of 25 November 1983.

With a view to better use of the results of research and development financed by the Community, the Commission put forward proposals⁴² which were approved by Parliament in its report⁴³ and resolution⁴⁴ of 18 November 1983.

Moreover, during the period covered by the report the European Parliament, in its report⁴⁵ and resolution of 14 October 1983⁴⁶ approved the Commission's proposals concerning this second phase of the multi-annual research and training programme for the Community in the field of biomolecular engineering⁴⁷. This programme was brought into force by Council Decision of 26 October 1983⁴⁸.

The role of the European Parliament

Despite all the above-mentioned efforts aimed at intensifying expansion of the Community research policy, expressed in particular in the framework programme on research for the years 1984-1987, and despite the tight budget situation, further increased efforts are crucial for the attainment of greater independence especially in the area of energy policy, and for the safeguarding of European industry's competitiveness in the new-technologies sector, which is at present under threat.

As its intensive efforts in the seventies for the maintenance and expansion of the Joint Research Centre prove, the European Parliament has always considered one of its important tasks to be that of ensuring an increase in Community activities also in this sector, and of bringing home to the Member States the fact that Community research activities are, in the long term, of more use to them than isolated research programmes. As proved clearly by the many above-mentioned resolutions on research policy questions adopted during the period covered by the report, the European Parliament has always endeavoured to give strong impetus and encouragement in this area and to further the intensification of research at Community level.

- 1 Council Resolution of 14.1.1974, OJ No C 7/74
- 2 COM(82) 865 final
- 3 Doc. 1-382/83
- 4 OJ No C 184/83
- 5 OJ No C 208/83
- 6 see Doc. 1-654/82 and Resolution of 18 November 1982, OJ No C 334/84
- 7 Doc. 1-981/83
- 8 OJ No C 10/84
- 9 see OJ No C 111/83 and OJ No C 351/83
- 10 Doc. 1-752/83
- 11 OJ No C 307/83
- 12 OJ No C 89/83 and OJ No C 200/83
- 13 Doc. 1-397/83
- 14 OJ No C 184/83
- 15 Council Decision (83/519/EEC), OJ No L 293/83
- 16 Doc. 1-682/82 and Resolution of 29 October 1982, OJ No C 304/82
Doc. 1-978/82 and Resolution of 17 December 1982, OJ No C 13/83
- 17 COM(83) 258 final; OJ No C 321/83
- 18 Doc. 1-750/83
- 19 OJ No C 307/83
- 20 OJ No C 77/84
- 21 OJ No L 67/84
- 22 Doc. 1-753/83
- 23 OJ No C 307/83
- 24 COM(83) 640 final; OJ No C 250/83
- 25 Council Decision (84/1/EURATOM, EEC), OJ No L 3/84
- 26 COM(83) 377 final; OJ No C 225/83
- 27 Doc. 1-1481/83 and Doc. 1-229/84
- 28 PE 90.564 (OJ not yet published); see also vote of 30 March 1984 on this
subject OJ No C 117/84
- 29 COM(84) 271 final
- 30 COM(83) 311 final
- 31 Doc. 1-808/83
- 32 OJ No C 322/83
- 33 COM(83) 315 final
- 34 Doc. 1-1172/83
- 35 OJ No C 46/84
- 36 COM(82) 808 final; COM(83) 350 final; OJ No C 230/83
- 37 Doc. 1-976/83
- 38 OJ No C 342/83
- 39 Doc. 1-1313/82 and Resolution of 11 March 1983, OJ No C 96/83
- 40 see (COM(82) 251 final; COM(83) 277 final; OJ No C 155/83
- 41 Council Decision (83/624/EEC), OJ No L 353/83
- 42 COM(83) 18 final
- 43 Doc. 1-931/83
- 44 OJ No C 342/83
- 45 Doc. 1-751/83
- 46 OJ No C 307/83
- 47 COM(83) 356 final; OJ No C 180/83
- 48 Council Decision (83/533/EEC), OJ No L 305/83

EDUCATIONAL AND CULTURAL POLICY

None of the provisions of the Community Treaties deal explicitly with education and culture. However, if the spirit and not only the letter of the Treaties is respected, Community action in these sectors is fully justified. Since the Community's purpose is the economic and social development of the Member States, it must ensure the free movement of persons, goods and services and the protection of workers in all sectors of employment. It follows that legislative measures and initiatives are also needed in the sector of education and culture.

As far as education is concerned, there is a basis for specific Community action in Article 57 of the EEC Treaty concerning the recognition of diplomas, certificates and other evidence of formal qualification. Although progress has been very slow in this field, qualifications have already been recognized at Community level for certain professions such as those for physicians and lawyers. However, the Community's general policy is in fact based on a single resolution, that adopted by the Council on 9 February 1976 which provides for an action programme in several sectors: schooling for the children of migrant workers, improving coordination between the various educational systems in Europe, cooperation in the field of higher education, the teaching of foreign languages and equal opportunities for access to education¹.

The purpose of such action is not to interfere with the autonomy of individual states or educational systems, but rather to encourage mutual understanding by intensifying an exchange of knowledge at all levels. This policy of cooperation in education should result in Community measures such as exchanges of information, pilot projects in the field of language teaching, joint study programmes for higher education and research on the introduction of new technologies into education.

In connection with this policy, the European Parliament adopted a number of resolutions between June 1983 and June 1984 which demonstrate the importance of promoting the above-mentioned measures, especially for young people. Mr Schwencke's outline report on the academic recognition of diplomas and of periods of study² expresses regret at the slow progress made in this

field, attributing it not only to the complex nature of the question but also to the desire to work on the basis of bilateral recognition between individual states, which shows a lack of Community spirit.

Mrs Pery's report on higher education³ analyses the guidelines which higher education in the ten Member States should follow in order to cope with the social changes mainly brought about by the new technological challenges. It also emphasizes the need for cooperation in this particularly sensitive field and expresses the desire that the present study programmes aimed at promoting exchanges of teachers and students between institutions of higher education in all the Member States be converted into a real Community policy.

At the European Parliament's request the Ministers of Education now meet regularly.

The last meeting of Ministers of Education, which was held in June 1983 adopted a decision on vocational training, the new information technologies and their introduction into education. Finally, projects concerning language teaching are about to be set in motion. Recently, on 26 April 1984, Mr Alain Savary, the French Minister of Education and President-in-Office of the Council of Ministers of Education, told the Committee on Youth, Culture, Education, Information and Sport in Brussels that the next Council meeting, planned for June, would deal mainly with several aspects of the relationship between education and society, such as:

- the integration of the handicapped;
- measures to combat illiteracy;
- the learning of modern languages;
- schooling for the children of migrant workers;
- the mastery of new technologies.

The Council of Ministers of Education duly met in Luxembourg on 4 June 1984 and adopted a series of 'conclusions' defining future guidelines on various topics: lowering the retirement age for teachers, part-time work, adult-education courses and the development of pre-school teaching. The Ministers also discussed new criteria for assessing the efficiency of educational systems. Education should not be limited to training an élite, but should prepare young people for working life. The combating of illiteracy, the schooling of the children of migrant workers and the integration of the disabled were also discussed at the meeting⁴.

The concrete results of these conclusions remain to be seen. However, even if the Member States finally manage to agree on Community measures in the education sector, they will soon come up against a financial obstacle since the financial resources are by no means sufficient to enable it to have a real impact on the educational systems of the ten Member States of the Community. (The education budget for 1984 amounts to approximately 17 million ECU).

In the cultural sector, the summit meetings of heads of State or Government between 1969 and 1973 stressed the need for Community action in the cultural sector. In 1975, the Tindemans report on European Union advocated cultural cooperation in the form of specific measures such as the safeguarding of the cultural heritage, joint activities aimed at spreading culture, organizing exchanges of writers and creative artists and helping to circulate their works. The draft treaty establishing the European Union, adopted by the European Parliament in January 1984⁵, confers wide-ranging powers upon the Union in the cultural sphere. The European Parliament feels that it is not a matter of drawing up a Community cultural policy nor trying to coordinate the policy of its Member States. Community action in the cultural sphere should mainly aim to encourage the spread of ideas and cultural exchanges between countries, with emphasis on the free exchange of cultural assets, enhancing public awareness and the preservation of the architectural heritage.

The European Parliament has also given its opinion on the implementation of this policy in the form of various resolutions adopted during the last year of its first electoral period and has proposed solutions to specific problems:

- the report by Mr Fanti⁶ on stronger Community action in the cultural sector, which was drawn up on the basis of a communication from the Commission to the Council⁷, may be considered as a programme report.

This report stresses that justification for Community action in the cultural sector is no longer in doubt and requests that a Community cultural policy be progressively implemented on the basis of a 'programme for the development of cultural life and the organization of culture in Europe', which calls for close cooperation between workers in the cultural sector and the Community institutions. The Community should have sufficient funds available for this purpose. It is thus proposed that 1% of the Community budget be allocated to the cultural sector (the figure for 1983 was only 0.0069%) within a reasonable period of time. The report also calls for the adoption of

directives on social security protection for people working in the cultural sector, the harmonization of legislation on endowments to the State, local authorities or other public bodies, the free movement of works of art, a legal definition of 'cultural heritage' and aid to cultural research and cultural foundations. Finally it advocates establishing a regular Council of Ministers of Culture.

- Mrs Pruvot's report⁸ on the promotion of film-making in the Community countries draws attention to the difficulties encountered by the European film industry caused by the practices of major American distributors and asserts that national aid is essential national production is to be maintained. Moreover, it calls on the Commission to encourage distributors in Community countries to set up distribution bodies strong enough to compete on equal terms with their American counterparts. The film industry must also tackle the special problems raised by the development of means of communication such as television and above all the transmission of films by cable, video recording and satellite. Film-makers must be effectively protected. Finally, the report expresses the desire that an annual European film festival may be created in order to encourage the distribution of films deserving a wider circulation.

- In Mr Schwencke's report⁹ on the European Foundation, the European Parliament tackled the problem of its difficult relationship with a body yet to be set up, which is an intergovernmental and non-Community institution, although the Community contributes to its financing and runs the risk of overlapping with other activities in view of the wide-ranging powers assigned to it. Parliament, therefore, asks to be able to exercise institutionalized control over the activities of the European Foundation.

The Ministers adopted a resolution on the combating of audio-visual piracy, which calls on the Member States to ratify as soon as possible the international conventions designed for this purpose; to bring their criminal law, especially, into line with these agreements in order to provide the services responsible with the means needed to seek out and prove acts of counterfeit, and give the judicial authorities the essential weapons to deal with such offences; to consider all suitable measures likely to enable the competent administrative authorities to establish and develop effective cooperation among themselves in order to combat audio-visual piracy; to implement a policy of cooperation among administrative authorities, in order to keep track of the development of piracy and to adapt their methods of prevention, detection and punishment of fraud accordingly.

The Ministers also brought up the urgent question of promoting and developing a European industry for audio-visual programmes and decided to set up a group of experts with the task of studying a 'multilateral system of support' in collaboration with the Commission.

The second resolution adopted by the Ministers refers to the 'preference' to be granted to artistic works and programmes of European origin. It calls on the Member States of the Community to encourage the development of the creativity of those who make programmes designed for all the audio-visual media.

A third resolution calls on the Member States of the Community to implement the measures needed to ensure national distribution of works for all the audio-visual media.

In the sphere of 'cultural cooperation' the Ministers, anxious to stimulate the European consciousness of the people of Europe, decided to implement the principles relating to culture contained in the Solemn Declaration on European Union (Genscher-Colombo Act) and undertook to set in motion priority measures in the following sectors:

- the promotion of language-teaching,
- meetings and exchanges between individuals,
- improving reciprocal knowledge of culture and history,
- preserving the common cultural heritage,
- cultural cooperation between the 'Ten' in third countries.

¹ Resolution adopted by the Council on 9.2.1976
OJ C 38 19.2.76, p.1

² Doc. 1-1354/83 - Resolution adopted by Parliament on 14.3.84
OJ C 104 16.4.84, p. 64

³ Doc. 1-1351/83 - Resolution adopted by Parliament on 13.3.84
OJ C 104 16.4.84, p. 50

⁴ Source: Agence Europe no. 3863 of 4 and 5 June 1984 (new series)

⁵ Doc. 1-122/83 - Resolution adopted by Parliament on 20.1.84
OJ C 77 14.2.84, p. 53

⁶ Doc. 1-927/83 - Resolution adopted by Parliament on 18.11.83
OJ C 342 19.12.83, p. 127

⁷ COM(82) 590 final - Resolution adopted by Parliament on 18.11.83
OJ C 342 of 19.12.83 p. 127

⁸ Doc. 1-504/83 - Resolution adopted by Parliament on 10.10.83
OJ C 307 of 14.11.83, p. 16

⁹ Doc. 1-757/83 - Resolution adopted by Parliament on 28.10.83
OJ C 322 28.11.83, p. 291

Applications for Accession of Spain and Portugal

1. The prospects for the accession of Spain and Portugal brightened in the period under review. All Member States have repeatedly affirmed the desirability of enlargement and under the French presidency a programme of negotiations was prepared with a view to reaching a conclusion by September or October 1984. If negotiations are completed as planned, then accession of both countries will take place on 1st January 1986. Much remains to be done, but this objective was reaffirmed by the meeting of the European Council at Fontainebleau in June 1984.

2. The general environment for the enlargement negotiations has been much improved, firstly by the Council agreement of 31 March 1984 which marked a turning point in attempts to reform the Common Agricultural Policy¹ and, secondly, by the much-delayed solution to the vexed question of the future financing of the Community, eventually found at the Fontainebleau summit. The agriculture and budgetary agreements have removed the principal internal sources of disagreement and friction within the Community and have smoothed the path for enlargement. In fact the Community had been able to present its proposals for the agricultural chapter of the negotiations to Spain and Portugal before this agreement, but it has been generally believed that progress on the linked questions of reforms to the CAP and the EC budget needed to be achieved before enlargement took place.²

3. This is not to say that the remaining rounds of negotiations with Spain and Portugal will be easy. Negotiations are being carried on separately and are further advanced in the case of Portugal but even here there remain major obstacles to a successful

conclusion. The difficulties with Spain, particularly in regard to finding a way to integrate the Spanish agriculture and fishing sectors with those of the EC, may yet prove to be insuperable.

4. However, the conclusions of the Presidency following the Fontainebleau summit meeting have committed the Community to make every effort to create the right conditions for the success of this enlargement, both in the negotiations with Spain on fisheries to ensure the conservation of fish stocks and also by reforming the common organisation of the wine market to ensure that the quantities of wine produced in the Community are controlled and by means of a fair balance between agricultural and industrial agreements.

Details of the negotiations with each partner are given below.

A. Portugal

5. Negotiations since June 1983 have concentrated on agriculture and, more recently, on fishing. On the former, agreement has been reached on the principle of integration of Portuguese agriculture into the CAP in two stages each of five years. The Community has also agreed to provide a specific agricultural development programme over 10 years costing 700 million ECUs. Some further details such as the transitional regime for individual products still remain to be elaborated.

6. With regard to fishing, the Community's position was outlined in detail only in May 1984 and is generally acceptable to Portugal except in regard to the proposed transitional period for removing EC duties on Portuguese exports of sardines. The EC also proposed that for 10 years no Portuguese fishermen would be authorised to fish in the waters of the Ten, or vice-versa, without special licences.

7. Other points outstanding include the Community's request for a derogation for Luxembourg from the rules on free movement of labour and commercial relations between Portugal and Japan (whose exports are still subjected by Portugal to quantitative restrictions) and between Portugal and Spain. Negotiations also have yet to be undertaken on Portugal's contribution to the EC's 'own resources' and its participation in the Community's institutions and the EIB.

8. Since June 1983, the European Parliament/Portuguese Assembly Joint Committee has held two meetings (November 1983 in Brussels and February 1984 in the Azores).³ The Joint Committee has discussed the enlargement negotiations, in particular regional and agricultural aspects, and has opposed the request for a derogation for Luxembourg from the rules on migrant workers.

B. Spain

9. Although the Community and Spain have been working hard in the negotiations and have made some concrete progress since June 1983, the negotiations on the agriculture chapter of the negotiations, which opened with presentation of its position by the Community in February 1984, have not been progressing well. The EC is seeking a ten-year transitional period but with arrangements that vary according to the product; thus, for fruit and vegetables removal of existing EC import restrictions would not begin until 4 years after accession. For wine the EC is seeking a self-limitation of Spanish production. It was only in July 1984 that a proposal was submitted for the most difficult product, olive oil.

The Spanish reaction to the agricultural proposals has been negative, especially since the EC has proposed a longer transitional period than for industrial products.

10. Decisions taken since October 1983 in regard to the Community's Common Fisheries Policy have provided for a relative stability of the division between national quotas of the available

resources.⁴ They have also made possible the preparation of the Community's mandate for this aspect of the negotiations with Spain, which are likely to be difficult given the size of Spain's fishing fleet (more than 70% of the Community fleet in regard to vessels over 100 tons) and its importance to the national economy. The European Parliament has expressed serious concern⁵ at the prospect of an expansion of Spanish fishing activity and it is unlikely that Spanish vessels will be permitted to increase their fishing in the waters of the Ten for many years after accession. Irrespective of the difficulties being encountered in this chapter of the negotiations the problems of the agricultural chapter alone will make it difficult to meet the deadline for conclusion of negotiations mentioned above, especially since the Spanish negotiators have stated that they do not wish to be rushed into an unsatisfactory agreement.

11. The refusal of Spain to be bound by the timetable for negotiations established by the French Presidency was first announced at the meeting of the European Parliament/Spanish Cortes meeting in Madrid in May 1984. Two other parliamentary meetings were held during the period under review (September and December 1983 in Madrid and Strasbourg). The Joint Committee has monitored progress in the negotiations and has emphasised the political aspects of enlargement and the need to ensure that the importance of accession is widely understood in Spain.⁶

- 1 See Number 22 of this Document
- 2 viz Stuttgart Declaration of the European Council (June 1983), where it is stated that enlargement negotiations should be pursued "with the objective of concluding them, so that the accession Treaties can be submitted for ratification when the result of the negotiation concerning the future financing of the Community is submitted
- 3 Final Communiqués of EP/Portuguese Assembly Joint Committee meetings: 29 November/1 December 1983 (PE 87.982); 27 February/1 March 1984 (PE 89.674)
- 4 See Number 22A of this Document
- 5 EP Resolutions of 15 December 1983 (OJ C 10 of 16.1.84) - Pery and d'Ormesson reports - and of 16 March 1984 (OJ C 104 of 16.4.84)
- 6 Final Communiqués of EP/Cortes Joint Committee meetings: 26/28 September 1983 - PE 86.793; 13/14 December 1983 - PE 88.263; 3/4 May 1984 - PE 90.377